ANTECEDENTS AND CONSEQUENCE OF ENTREPRENEURIAL STRATEGIC ORIENTATION IN MICRO BUSINESS UNIT IN JAKARTA

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ABSTRACT

This research aims to investigate about the effect of the information communication technology readiness and knowledge management on entrepreneurial strategic orientation, and their implication to firm performance. The methodology of this research was explanatory research with hypothesis testing for examining seven hypotheses. Populations were the small medium enterprises, which were located in Jakarta, with sample size were 392 SMEs, data for this study were collected using questionnaires and SEM (Structural Equation Modeling) was employed for data analysis techniques.

The resulted of this research were as follows: (1) information communication technology readiness positively and significantly influenced entrepreneurial strategic orientation; (2) knowledge management positively and significantly influenced entrepreneurial strategic orientation; (3) information communication technology readiness and knowledge management positively and significantly influenced entrepreneurial strategic orientation; (4) information communication technology readiness positively and significantly influenced firm performance; (5) knowledge management positively and significantly influenced firm performance; (6) entrepreneurial strategic orientation positively and significantly influenced firm performance; (7) information communication technology readiness, knowledge management, and entrepreneurial strategic orientation positively and significantly influenced firm performance. Mediating effect of entrepreneurial strategic orientation increased the effects of information communication technology readiness and knowledge management on firm performance. the resulted of this research in general there was the effect of information communication technology readiness, and knowledge management on entrepreneurial strategic orientation, information communication technology readiness, and knowledge management on entrepreneurial strategic orientation on firm performance of SMEs of Jakarta.

All of seven hypotheses which proposed in this research were being given can be accepted. Information communication technology readiness as an independent variable was the strongest influence on entrepreneurial strategic orientation, and entrepreneurial strategic orientation was the strongest influence on firm performance. This reserach also provides discussion on the findings as well as limitations, theoretical and practical contribution, theoretical and managerial implications of the study, and suggestions for future research.

Keywords: Entrepreneurial Strategic Orientation Firm Performance, Information Communication Technology Readiness, Knowledge Management, SMEs.

INTRODUCTION

Entrepreneurship is an activity and value creation process by bringing together a unique set of resources to be exploited on an entrepreneurial opportunity for various businesses (Omisakin et al., 2016). The importance of entrepreneurship activities in the community has recognized the entrepreneurial literature (Omasakin et al., 2016), where it is suggested that the application of entrepreneurial strategies, especially in the case of entrepreneurship orientation, can contribute greatly to entrepreneurial performance (Reynolds, 2000). Small Medium Enterprises has an important role in the local and national economy, not only because of its contribution to national income but also has a role in reducing poverty and creating jobs. Developing countries like Indonesia have the potential to achieve rapid and sustainable economic development by building Information Communication Technology readiness in small and medium enterprise (UNDP, 2004). The study of SMES and ICT readiness easily demonstrates the heterogeneity associated with the availability of resources, the role played by the owner/manager and the attitude toward ICT itself (Parker and Castleman, 2009).

Their research indicates a difference in ability, especially with regard to management and technology (Caldeira and Ward, 2002). Most of the previous studies on ICT readiness in the context of SMES focus on the problem of adoption and its associated effects (Parker and Castleman, 2009). But no SMEs company profile has consistently discussed their ability to use ICT significantly. ICT readiness in SMEs is also constrained by the characteristics of the SMEs organization itself (Kartiwi and Mac Gregor, 2007). The true ICT will greatly help improve the competitiveness of SMEs is still experiencing major obstacles in terms of its readiness. It is estimated that less than 40% of the 56.5 million SMES actors who have used ICT in running their business (Spinelli et al., 2013). In Indonesia, ICT readiness of SMEs is constrained by its inadequate infrastructure readiness (Sheth and Sharma, 2005), still low average incomes (Hawk, 2004) and cultural issues (Paul, 2002). Lack of understanding of the strategic role of ICT in the context of new approaches in marketing, active customer relations and product and service development, as well as continuous innovation in products and services, is thought to be the low ICT readiness of SMEs, despite the unique phenomenon of users internet that increased significantly in Indonesia. In this paper, ICT readiness concepts are used in SMEs profiles with respect to their readiness to use ICT (Spinelli et al., 2013). In line with global economic developments, SMEs continues to experience intense competition not only from local competitors but also from outside competitors (Matlay and Westhead, 2005). Several studies have been conducted to examine the factors that affect SMEs. One of the variables studied for its effect on small medium entreprises performance according to Gharakhani and Mousakhani (2012) is knowledge management.

Since the study was conducted, the concept of Knowledge Management has been studied over the last two decades (Maddan, 2009). Nonaka and Takeuchi (1995), in their theory of knowledge-based organizations, emphasized the importance of knowledge. The core of their research is that knowledge is one source of sustainable competitive advantage and that knowledge is the basic foundation for economic performance. Knowledge is an important asset for SMEs in today's global competition (Gharakhani and Mousakhani, 2012). Knowledge can be said to be a critical determinant of SMES success and is undoubtedly one of the sources of sustainable competitive advantage. Gharakhani and Mousakhani (2012) argue that the dimension of Knowledge Management consists of Knowledge Acquisition, Knowledge Sharing and Knowledge Application. Knowledge acquisition or knowledge acquisition is one dimension of Knowledge Management which is defined as a critical knowledge management process to meet

existing needs. Identify and exploit existing and existing knowledge assets and to develop new opportunities (Quinstas et al., 1997). Knowledge acquisition is the process by which knowledge is acquired (Huber, 1991). Knowledge gained can be tacit, explicit or a combination of both. This research is intended to examine the influence of the three variable knowledge management, ICT readiness and Entrepreneurial Strategic Orientation either individually or together (simultaneously) to Organization Performance and to test whether Entrepreneurial Strategic Orientation becomes intervening variable that strengthen relationship Communication Information Readiness and Knowledge Management to SMEs Performance. Referring to the background and limitations of previous research, the problems to be discussed in this research are:

1. Is there a positive influence of information communication technology readiness on entrepreneurial strategic orientation?
2. Is thre a positive influence of knowledge management on entrepreneurial strateegic orientation?
3. Is there a positive influence of information communication technology readiness and knowledge management collectively towards entrepreneurial strategic orientation?
4. Is there a positive influence of information communication technology readiness to firm performance?
5. Is there a positive influence of knowledge management on firm performance?
6. Is there a positive influence of entrepreneurial strategic orientation on firm performance?
7. Is there a positive influence of information communication technology readiness and knowledge management and entrepreneurial strategic orientation together with firm performance?

LITERATURE REVIEW AND ASSESSMENT

Performance aims to determine how a company reaches objective or objective standards (Okeyo et al., 2016). In business research, the definition depends on the discipline or field of study. Wu (2009) links performance to the value that customers and other stakeholders of a company have. Performance means achieving the interests of stakeholders in a way that is superior to competitors (Okeyo et al., 2016). Therefore, having superior performance requires an organization to achieve its goals effectively and efficiently (Gathungu et al., 2014). Efficiency and effectiveness have become a popular step and a series of steps in manufacturing, finance and marketing that have been used in the past. In manufacturing Kombo et al. (2015), Atalay, Anafarta and Sarvan (2013), Wu (2009), have advocated measuring organization five key dimensions consisting of reliability, quality, product price or cost and the flexibility to determine performance. The goal is to use a multidimensional approach that takes into account the combination of factors affecting performance, thereby combining stake and stakeholder interests (Okeyo et al., 2016). Operationalization of performance remains a problem in academic research until this research is written. Information is usually regarded as a contextual issue. Therefore, the measurement becomes more a factor of what is being determined and even where and when measurements are measured. In general business, and in more specific areas such as entrepreneurship, there is general consensus that a company's main concern is performance (Gathungu et al., 2014). Despite the consensus, no agreed measures of performance. According to Odhiambo (2015), previous studies have been conducted to justify the selection of indicators to measure performance and tend to follow tradition. Performance measurements have changed in the last few decades, from pure financial indicators to non-financial performance (Okeyo et al., 2016).

MSME owners are described by Stewart and Roth (2001) as growth-oriented, while Jenkins and Johnson (1997) define MSME entrepreneurs as individuals who build and manage businesses for the purpose of advancing personal goals. Carland et al. (1988) describe an

entrepreneur as an individual who operates a small business for profit and growth. Carland, Hoy, and Carland (1984) distinguish the owners of SMEs from entrepreneurs in terms of extending the personalities of small business owners, the continuation of personal goals, and the generation of family income. This position is corroborated by Jenkins and Johnson (1997) which suggests that small business owners engage in a coherent personal strategy such as earning a living and having more leisure time. High entrepreneurial spirit among MSME owners enhances the establishment and activation of personal strategies that impact on business growth and performance. Entrepreneurial behavior affects employers and MSME owners in their involvement in business and product innovation and market development (Carland et al., 1984). It is clear that SMEs entrepreneurs are involved in business innovation. In today's business environment, more organizations are utilizing information technology to improve their competitive position (Martinez-Caro and Cagarra-Navarro, 2010).

Information Communication Technology Readiness is a term usually applied to assess the development of ICT (Spinelli et al., 2013). This study uses the concept of Spinelli et al. (2013) to focus on developing ICT infrastructure in level of SMEs companies. With ICT Readiness means the presence of a series of strategies, organizational and structural features that are a prerequisite for MSMEs to fully exploit the potential of ICT (Dyerson and Spinelli, 2011). In other words, research is interested in exploring the extent to which small firms can reap the rewards of strategy, through previous investments in ICT infrastructure and ICT capabilities. Operationally, this translates into whether companies have access to up to date ICT, and importantly, understand what to do with technology. Haug et al. (2011) argues that although many studies have explored the decision to adopt ICT in SMEs, the empirical facts show that attention is far less (Spinelli et al., 2013). To emphasize the focus on the decision-making process, Haug et al. (2011) uses the term ICT Readiness, which refers to relevant operational processes both in selecting ICT projects and in making enterprises willing to accept and implement ICT projects. These factors include external pressures for change and experience and support for ICT by senior managers, as well as employees. Nevertheless, the Haug et al. (2011) study is limited to three longitudinal case studies. Similarly, the idea of ICT Readiness is also evident in Chen's et al. (2006) about the adoption of web services, in which case the simulation is used. Previously Johnston and Carrico (1998) suggested that organizational readiness should include both leadership in the managerial team and the development of internal knowledge base as a precursor to strategic integration of ICT. In contrast, Daniel et al. (2004) sees ICT Readiness as varied depending on the culture and strategic goals of individual companies. Knowledge management is a combination of values, experiences, contextual information, expert views, which form a framework evaluating and incorporating new experiences and information. In organizations, knowledge sereing is adapted in norms, norms, practices and processes (Ke and Wei, 2007). This construct is recognized that knowledge is an important strategic resource for a company to maintain its competitive advantage.

Knowledge is an asset that needs to be properly managed (Davenport and Prusak, 1998). Knowledge Management is an emerging concept in the field of management and is widely adopted in the organizations of developed countries to enhance Organizational Performance (Gharakhani and Mousakhani, 2012). It is promoted as an important foundation for companies to develop sustainable competitive advantage and to stay at the forefront of excellence in the marketplace. Past research suggests that Knowledge Management is the source of sustainable competitive advantage, and is the basic foundation for economic performance (Gharakhani and Mousakhani, 2012). Knowledge Management has been a significant research area for the past

two decades (Maddan, 2009). Novak and Bojnec (2005) stated the importance of knowledge for economic growth in Slovenia. Knowledge is an important asset for small and medium enterprises in the event of global competition (Gharakhani and Mousakhani, 2012). Knowledge management can determine the important factors in the success of MSMEs (Gharakhani and Mousakhani, 2012). Gloet and Terziovski (2004) conclude that Knowledge Management as a conception and access to experience, knowledge and expertise that creates new capabilities enables strong performance, innovation and leverage value added. Knowledge Management has grown significantly in recent years, with many researchers and practitioners recognize that knowledge potential can stimulate innovation and improve performance (Cavaleri, 2004). Some researchers define Knowledge Management as a discipline with the aim of promoting knowledge growth, knowledge communication and knowledge preservation within an organization (Steel, 1993), in order to achieve better exploitation of this important resource. Knowledge Management is important for any modern organization. Knowledge Management has gained attention through in-depth research, especially in developing countries (Bruton et al., 2007). Entrepreneurial Strategic Orientation has been studied extensively beyond the limits of the final decade (Wiklund et al., 2009). Most have various disciplines of entrepreneurship and strategic management, and are growing rapidly in the relationship between entrepreneurial orientation and performance.

Entrepreneurial Strategic Orientation proves to have an atmosphere of entrepreneurship in the company (Okeyo et al., 2016). Entrepreneurial Strategic Orientation has become a key concept formed from several disciplines: entrepreneurship, strategic management, organizational behavior, marketing and operations (Dess et al., 2011). Covin and Slevin (1989) define Entreprenuerial Strategic Orientation as a managerial characteristic that is a combination of risk taking, innovativeness and proactiveness. The entrepreneurship literature has examined the relationship between Entrepreneurial Strategic Orientation and firm performance (Wiklund and Shepherd, 2005). Empirical evidence from Wiklund and Dess (2001) suggests that Entreprenurial Strategic Orientation positively affects the performance of a company. Other research studies have found that Entrepreneurial Strategic Orientation leads to higher market growth rates and firm performance (Wang, 2008).

RESEARCH METHODS

Based on the strategy in conducting the research, this research uses survey (survey research), which uses data collection techniques by compiling questions and submitted to the respondents (Sekaran and Bougie, 2013). Based on the unit of analysis, this study uses an individual analysis unit, ie collecting data from each individual (Sekaran and Bougie, 2013). Based on the time, this study used cross sectional studies, which is done with data, only once collected in daily, weekly or monthly periods in order to answer research questions (Sekaran and Bougie, 2013).

The period of questionnaire distribution was conducted in September-October 2017. This research uses explanatory research, which is analyzing the concepts and problems studied to see the causality relationship, then explain the variables causing the problems studied. The variables in this research are Information Communication Technology Readiness, Knowledge Management, as independent variable and Entrepreneurial Strategic Orientation as intervening variable to dependen SMEs Performance variable. In this study analyzed the relationship between variables, through hypothesis testing (hypothesis testing). The hypothesis tested is the result of modeling based on theories and models that have been tested from the results of previous studies.

This research uses verifikatif method that is explaining and describe the relation between independent variable with dependent variable, then analyzed to get the best result of study. Structural Equation Modeling (SEM) is used to test the relationship between variables. SEM is one of the multivariate analysis methods that are a combination of path analysis and factor analysis to empirically test the measurement model and structural model constructed through specific theoretical studies. Some other terms of SEM are Latent Variable Analysis, Covariant Structural Analysis, Linear Structural Relationship (LISREL) (Hair et al., 2013). To qualify the number of samples that must be met if using an analysis using SEM, the number of samples ranges from 100-200 and a minimum of ten times the number of indicators. Because the indicators used in this study amounted to 18 then the minimum sample used is 10 X 18=180 respondents, while the instrument test samples of 30 people.

Validity Test

The validity test is to find out whether or not the questionnaire instrument is used in data collection. Test validity is done to determine whether the items presented in the questionnaire is really able to reveal with certainty what will be examined.Type of validity used is the validity of constructs (validity constructs) that determine the validity by correlating between scores obtained each items that can be questions or questions with a total score. This total score is the value derived from the sum of all item scores. The correlation between the item score with the total score should be significant based on statistical measures. If it turns out the score of all items are arranged based on the concept dimension correlated with the total score, then it can be said that the measuring tool is valid.

Test Reliability

This test is conducted to determine the level of consistency of measurement results if measured against the symptoms and the same measuring instrument. The obsolescence with reliability is a very important proof to know whether an instrument can be used to be used as data data because it is already tested. Reliability shows a certain level of reliability. Reliable means, reliable, reliable. (Arikunto, 2002). To perform reliability test, the author uses alpha formula, Calculate the coefficient to test reliability by using the alpha formula as follows (Sinambela, 2014):

$$r_{11} = \left[\frac{k}{k-1}\right] - \left[\frac{\sum \sigma \frac{2}{b}}{\sigma_1^2}\right]$$

Information Below:

r_{11} = instrument reliability
k = total questions
$\sum \sigma \frac{2}{b}$ = varian
σ_1^2 = varian total

Test Result Validity and Reliability Instruments

The result of testing the validity of question items in the questionnaire for each variable with r>0.2 (Nisfiannoor, 2013) or r>0.3 (Sugiyono, 2006), that indicates that all items have a

larger correlation value. This means all question items are valid. The results of the validity test for each instrument of these research variables can be seen in Tables 1-4 below:

Table 1
ICT READINESS VALIDITY TESTING RESULT

Item Questions	Validity Value	Validity Criteria	Conclusion Validity Test
ICT1	0.713	>0.3	Valid
ICT2	0.659	>0.3	Valid
ICT3	0.698	>0.3	Valid
ICT4	0.633	>0.3	Valid
ICT5	0.786	>0.3	Valid
ICT6	0.79	>0.3	Valid
ICT7	0.761	>0.3	Valid
ICT8	0.72	>0.3	Valid
ICT9	0.787	>0.3	Valid

Table 2
KNOWLEDGE MANAGEMENT TESTING RESULT

Item Questions	Validity Value	Validity Criteria	Conclusion Validity Test
KM1	0.680	>0.3	Valid
KM2	0.746	0.3	Valid
KM3	0.762	>0.3	Valid
KM4	0.832	>0.3	Valid
KM5	0.843	>0.3	Valid
KM6	0.836	>0.3	Valid
KM7	0.647	>0.3	Valid
KM8	0.693	>0.3	Valid
KM9	0.720	>0.3	Valid

Table 3
ENTREPRENEURIAL STRATEGIC ORIENTATION TESTING RESULT

Item Questions	Validity Value	Validity Criteria	Conclusion Validity Test
ESO1	0.648	>0.3	Valid
ESO2	0.737	>0.3	Valid
ESO3	0.764	>0.3	Valid
ESO4	0.765	>0.3	Valid
ESO5	0.539	>0.3	Valid
ESO6	0.573	>0.3	Valid
ESO7	0.755	>0.3	Valid
ESO8	0.750	>0.3	Valid
ESO9	0.712	>0.3	Valid
ESO10	0.715	>0.3	Valid
ESO11	0.641	>0.3	Valid
ESO12	0.657	>0.3	Valid
ESO13	0.736	>0.3	Valid

ESO14	0.613	>0.3	Valid
ESO15	0.703	>0.3	Valid

Table 4
FIRM PERFORMANCE TESTING RESULT

Item Questions	Validity Value	Validity Criteria	Conclusion Validity Test
UP1	0.783	>0.3	Valid
UP2	0.782	>0.3	Valid
UP3	0.719	>0.3	Valid
UP4	0.647	>0.3	Valid
UP5	0.613	>0.3	Valid
UP6	0.777	>0.3	Valid
UP7	0.780	>0.3	Valid
UP8	0.803	>0.3	Valid
UP9	0.788	>0.3	Valid
UP10	0.821	>0.3	Valid

According to Hair et al. (2010) retrieval in the reliability test as follows:

1. If the coefficient cronbach alpha ≥ 0.6 then declared reliable.
2. If the cofffficient cronbach alpha ≤ 0.6 then declared unreliable.

The results of reliability testing for each research variable can be seen in Table 5.

Table 5
RELIABILITY TEST RESULT VARIABLE OF RESEARCH

No	Variable Reserach	Value of Cronbach's Alpha	Decision
1	ICT Readiness	0.924	Reliabel
2	Knowledge Management	0.932	Reliabel
3	Entrepreneurial Strategic Orientation	0.938	Reliabel
4	Firm Performance	0.939	Reliabel
Sources : Data Analys with LISREL 8.80			

Each variable obtains Cronbach's Alpha value>0.6 means that the instrument can be said to be reliable.

RESULT AND ANALYSIS

In resulted of data analysis by using method of Structural Equation Model (SEM) and by using tool processing software application LISREL 8.80 hence obtained summary index of suitability model as in Table 6.

Based on above tables there are eight conformity index models obtained have a good fit conformity index (good fit), namely: RMSEA, NFI, NNFI, CFI, IFI, RFI, GFI and AGFI. Thus it can be continued on the next analysis. Furthermore, there are results containing information about the estimation results of structural equations or equations of the structural model (Table 7).

Table 6 CONFORMITY INDEX MODEL			
Indicator GOF	Size of Fit	Estimated	Conclusion
Size Absolute Fit			
RMSEA	RMSEA<0.08	0.073	Good Fit
Size Incremental Fit			
NFI	NFI>0.99	0.91	Good Fit
NNFI	NNFI>0.90	0.92	Good Fit
CFI	CFI>0.90	0.92	Good Fit
IFI	IFI>0.90	0.92	Good Fit
RFI	RFI>0.90	0.91	Good Fit
GFI	GFI>0.90	0.92	Good Fit
AGFI	AGFI>0.90	0.90	Good Fit
Sources : Data Analys with LISREL 8.80			

Whereas, in this section relates to the evaluation of the coefficients or parameters that indicate the causal relationship or the influence of one latent variable against other latent variables.

Table 7 THE RESULTING STRUCTURAL MODEL EQUATION
Structural Equations
E.S.O=0.48*I.C.T+0.25*K.M, Errorvar=0.66, R^2=0.34 (0.058) (0.052) 8.29 4.79
U.P=0.39*E.S.O+0.12*I.C.T+0.097*K.M, Errorvar=0.063, R^2=0.80 (0.028) (0.023) (0.020) (0.0089) 13.75 5.14 4.87 7.11
Sources : Data Analys with LISREL 8.80

This value is a predetermined value used as a benchmark of t-value to test the hypothesis of the study. The results of this evaluation can be summarized in the Table 8 below which are accompanied by assumption of hypotheses from the research model as follows:

Table 8 COEFFICIENT EVALUATION OF STRUCTURAL MODEL			
Path	**Estimated**	**t-value**	**Conclusion**
ICT Readiness have a positive and significant effect on Entrepreneurial Strategic Orientation	0.48	8.29	Accepted
Knowledge Management have a positive and significant effect on Entrepreneurial Strategic Orientation	0.25	4.79	Accepted
ICT Readiness dan Knowledge Management have a positive and significant effect on Entrepreneurial Strategic Orientation	F Count 212.651	R Square 0.34	Accepted
ICT Readiness have a positive and significant effect on	0.12	5.14	Accepted

Firm Performance			
Knowledge Management have a positive and significant effect on Firm Performance	0.097	4.87	Accepted
Entrepreneurial Strategic Orientation have a positive and significant effect on Firm Performance	0.39	13.75	Accepted
ICT Readiness, Knowledge Management and Entrepreneurial Strategic Orientation have a positive and significant effect on Firm Performance	F Count 235.529	R Square 0.80	Accepted
Source : Data Analysis with LISREL 8.80			

Below we will describe the hypothesis testing in more detail in each of the previously proposed hypotheses, as follows:

ICT Readiness Affects against Entrepreneurial Strategic Orientation, in this section will be testing hypotheses about the influence of ICT Readiness on Entrepreneurial Strategic Orientation. The results obtained using the LISREL 8.80 program for the proposed hypothesis can be seen in Table 9.

Table 9
HYPOTHESIS TEST RESULTS ICT READINESS AGAINST ENTREPRENEURIAL STRATEGIC ORIENTATION

Influence between Latent Variable	Path Coefficient	t-value
ICT Readiness → Entrepreneurial Strategic Orientation	0.48	8.29
Source : Data Analysis with LISREL 8.80		

Based on the results, it is known that ICT Readiness directly affects Entrepreneurial Strategic Orientation with t-value value is 8.29 (t-value>1.96) which means hypothesis 1 is accepted. The influence of ICT Readiness on Entrepreneurial Strategic Orientation is positive and significant. Means the higher/positive ICT Readiness then the higher/positive Entrepreneurial Strategic Orientation. The big influence of ICT Readiness on Entrepreneurial Strategic Orientation is 0.48.

Knowledge Management Influence Against Entrepreneurial Strategic Orientation

In this section will be testing hypotheses about the influence of Knowledge Management on Entrepreneurial Strategic Orientation. The results obtained using the LISREL 8.80 program for the proposed hypothesis can be seen in Table 10.

Table 10
HYPOTHESIS TEST RESULTS KNOWLEDGE MANAGEMENT AGAINST ENTREPRENEURIAL STRATEGIC ORIENTATION

Influence between Latent Variable	Path Coefficient	t-value
Knowledge Management→Entrepreneurial Strategic Orientation	0.25	4.79
Source : Data Analysis with LISREL 8.80		

Based on the result obtained know Knowledge Management directly influence to Entrepreneurial Strategic Orientation with value t-value equal to 4.79 (t-value>1.96) which means hypothesis 2 accepted. The influence of Knowledge Management on Entrepreneurial Strategic Orientation is positive and significant. Means the higher/positive Knowledge Management then the higher/positive Entrepreneurial Strategic Orientation. The large partial influence of Knowledge Management on Entrepreneurial Strategic Orientation is 0.25.

ICT Readiness affects Firm Performance. In this section will be testing hypotheses about the influence of ICT Readiness to Firm Performance. The results obtained using the LISREL 8.80 program for the proposed hypothesis can be seen in Table 11.

Table 11
TEST RESULTS HYPOTHESIS ICT READINESS AGAINST FIRM PERFORMANCE

Influence between Latent Variable	Path Coefficient	t-value
ICT Readiness → Firm Performance	0.12	5.14
Source : Data Analysis with LISREL 8.80		

Based on result obtained know that ICT Readiness directly influence to Firm Performance with t-value value equal to 5.14 (t-value>1.96) which means hypothesis 3 accepted. The influence of ICT Readiness on Firm Performance is positive and significant. Means the higher/positive ICT Readiness then the higher/positive Firm Performance. The big influence of ICT Readiness to Firm Performance is 0.12.

Knowledge Management Affects Firm Performance. In this section will be tested hypothesis about the influence of Knowledge Management to Firm Performance. The results obtained using the LISREL 8.80 program for the proposed hypothesis can be seen in Table 12.

Table 12
TEST RESULTS HYPOTHESIS KNOWLEDGE MANAGEMENT AGAINST

Influence between Latent Variable	Path Coefficient	t-value
Knowledge Management → Firm Performance	0.097	4.87
Source : Data Analysis with LISREL 8.80		

Based on the results obtained know that Knowledge Management directly affects Firm Performance with t-value of 4.87 (t-value>1.96), which means hypothesis 4 accepted. The influence of Knowledge Management on Firm Performance is positive and significant. Means the higher/positive Knowledge Management then the higher/positive Firm Performance. while big influence of Knowledge Management to Firm Performance is equal to 0.097.

Entrepreneurial Strategic Orientation Influence against Performance Firm. In this section will be testing hypotheses about the influence of Entrepreneurial Strategic Orientation to Firm Performance. The results obtained using the LISREL 8.80 program for the proposed hypothesis can be seen Table 13.

Table 13
HYPOTHESIS TEST RESULTS ENTREPRENEURIAL STRATEGIC ORIENTATION AGAINST FIRM PERFORMANCE

Influence between Latent Variable	Path Coefficient	t-value
Entrepreneurial Strategic Orientation → Firm Performance	0.39	13.75
Source : Data Analysis with LISREL 8.80		

Based on the results obtained, it is known that Entrepreneurial Strategic Orientation directly affects Firm Performance with a t-value of 13.75 (t-value>1.96) which means hypothesis 5 is accepted. The influence of Entrepreneurial Strategic Orientation on Firm Performance is positive and significant. Means the higher/positive Entrepreneurial Strategic Orientation then the

higher/positive Firm Performance. The major influence of Entrepreneurial Strategic Orientation to Firm Performance is 0.39.

ICT Readiness and Knowledge Management Together Influence Entrepreneurial Strategic Orientation. In this section will be testing hypotheses about the influence of ICT Readiness and Knowledge Management collectively to Entrepreneurial Strategic Orientation. The results obtained can be seen in Table 14.

Table 14
TEST RESULTS HYPOTHESIS ICT READINESS AND KNOWLEDGE MANAGEMENT TOGETHER AGAINST ENTREPRENEURIAL STRATEGIC ORIENTATION

Influence between Latent Variable	F Count	R Square
ICT Readiness dan Knowledge Management → Entrepreneurial Strategic Orientation	212.651	0.34
Source : Data Analysis with LISREL 8.80		

Based on result obtained know that ICT Readiness and Knowledge Management together influence to Entrepreneurial Strategic Orientation with value of F equal to 212.651 (Fcount> Ftabel) which means hypothesis 6 accepted. The influence of ICT Readiness and Knowledge Management together against Entrepreneurial Strategic Orientation is positive and significant. Means the higher/positive ICT Readiness and Knowledge Management then the higher/positive Entrepreneurial Strategic Orientation. While big influence together ICT Readiness and Knowledge Management to Entrepreneurial Strategic Orientation is equal to 0.34.

ICT Readiness, Knowledge Management and Entrepreneurial Strategic Orientation Together Affects Firm Performance. In this section will be testing hypotheses about the influence of ICT Readiness, Knowledge Management and Entrepreneurial Strategic Orientation together against Firm Performance. The results obtained can be seen in Table 15.

Table 15
TEST RESULTS HYPOTHESIS ICT READINESS, KNOWLEDGE MANAGEMENT AND ENTREPRENEURIAL STRATEGIC ORIENTATION TOGETHER AGAINST FIRM PERFORMANCE

Influence between Latent Variable	F Count	R Square
ICT Readiness, Knowledge Management dan Entrepreneurial Strategic Orientation → Firm Performance	235.529	0.80
Source : Data Analysis with LISREL 8.80		

Based on the results obtained is known that ICT Readiness, Knowledge Management and Entrepreneurial Strategic Orientation together affect the Firm Performance with a value of F of 235.529 (Fcount>Ftabel) which means hypothesis 7 accepted. The influence of ICT Readiness, Knowledge Management and Entrepreneurial Strategic Orientation together with Firm Performance is positive and significant. Means the higher/positive ICT Readiness, Knowledge Management and Entrepreneurial Strategic Orientation then the higher/positive Firm Performance.Adapun big influence ICT Readiness, Knowledge Management and Entrepreneurial Strategic Orientation together influence on Firm Performance is 0.80. Here is the picture Full Model in Figure 1.

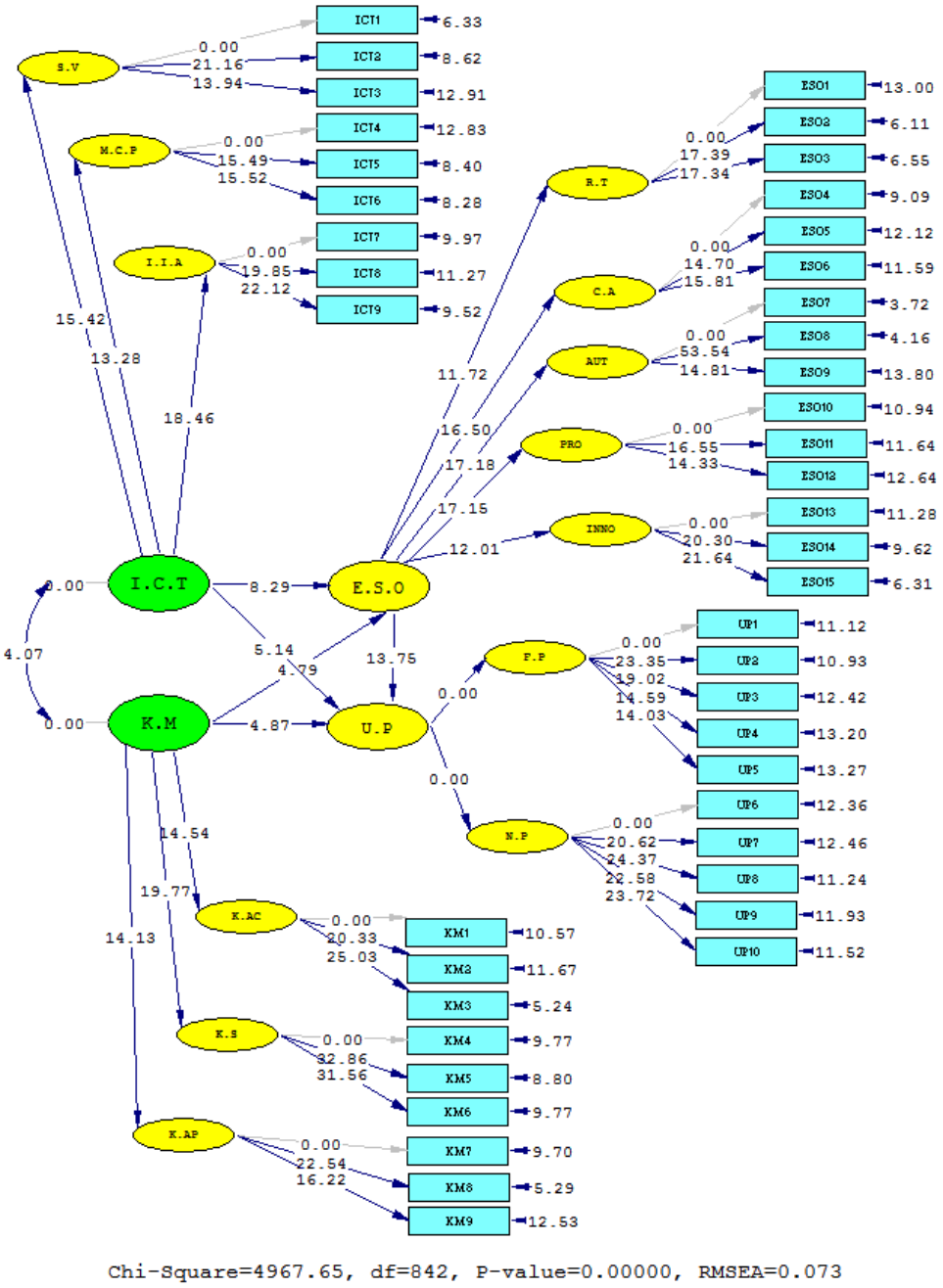

FIGURE 1
FULL MODEL OF STRUCTURAL

In result of data analysis by using method of Structural Equation Model (SEM) and by using tool processing software application LISREL 8.80 hence obtained summary index of suitability model as in Table 16.

Table 16
TEST OF FIT INDEX

Indicator of GOF	Size	Estimate Result	Conclusion
Size Absolute Fit			
RMSEA	RMSEA<0.08	0.073	Good Fit
Size Incremental Fit			
NFI	NFI>0.99	0.91	Good Fit
NNFI	NNFI>0.90	0.92	Good Fit
CFI	CFI>0.90	0.92	Good Fit
IFI	IFI>0.90	0.92	Good Fit
RFI	RFI>0.90	0.91	Good Fit
GFI	GFI>0.90	0.92	Good Fit
AGFI	AGFI>0.90	0.90	Good Fit
Source : Data Analysis with LISREL 8.80			

SUMMARY AND CONCLUSION

This study aims to find the factors that affect the Firm Performance. This research uses survey method to know the general description about the influence of ICT Readiness and Knowledge Management on Entrepreneurial Strategic Orientation and its implication to Firm Performance. Based on the results of hypothesis testing and discussion in the previous chapter, it can be concluded some research results as follows:

1. ICT Readiness has an effect on Entrepreneurial Strategic Orientation. The influence of ICT Readiness on Entrepreneurial Strategic Orientation is positive and significant. Means the higher/positive ICT Readiness then the higher/positive Entrepreneurial Strategic Orientation means the more respondents feel always trying to make the introduction of the latest products available in the market to employees; using the latest equipment in producing goods/services; and take advantage of social media in marketing products/services, the more respondents feel dare to take risks to stay innovative despite having to shell out more; strive to respond to each competitor's actions; and products/services that are created have uniqueness that has not existed in the market.
2. Knowledge Management has an effect on Entrepreneurial Strategic Orientation. The influence of Knowledge Management on Entrepreneurial Strategic Orientation is positive and significant. Means the higher/positive Knowledge Management then the higher/positive Entrepreneurial Strategic Orientation means the more respondents feel that management utilizes knowledge in creating added value; apply knowledge to solve existing problems; and support the cooperation between individuals in creating knowledge, the more respondents feel dare to take risks to stay innovative despite having to shell out more; strive to respond to each competitor's actions; and products/services that are created have uniqueness that has not existed in the market.
3. ICT Readiness and Knowledge Management together have an effect on Entrepreneurial Strategic Orientation. The influence of ICT Readiness and Knowledge Management collectively on Entrepreneurial Strategic Orientation is positive and significant, with ICT Readiness variables having a more dominant influence on Entrepreneurial Strategic Orientation. This shows that positively improving the effectiveness of ICT Readiness and Knowledge Management will result in increased Entrepreneurial Strategic Orientation.
4. ICT Readiness affects Firm Performance. The influence of ICT Readiness on Firm Performance is positive and significant. Means the higher/positive ICT Readiness then the higher/positive Firm Performance means the more respondents feel always trying to make the introduction of the latest products available in the market to employees; using the latest equipment in producing goods/services; and utilizing social media in

marketing the products/services, the more respondents feel they apply the principles of good financial governance; have confidence in the eyes of investors; and management has a good ROE.

5. Knowledge Management affects the Firm Performance. The influence of Knowledge Management on Firm Performance is positive and significant. Means the higher/positive Knowledge Management then the higher/positive Firm Performance means the more respondents feel that management utilizes knowledge in creating added value; apply knowledge to solve existing problems; and support the cooperation of individuals in creating knowledge, the more respondents feel they apply the principles of good financial governance; have confidence in the eyes of investors; and management has a good ROE.
6. Entrepreneurial Strategic Orientation affects Firm Performance. The influence of Entrepreneurial Strategic Orientation to Firm Performance is positive and significant. It means that the higher/positive Entrepreneurial Strategic Orientation, the higher/positive Firm Performance means that the more respondents feel dare to take risks to stay innovative even though they have to spend more expenses; strive to respond to each competitor's actions; and products/services created have uniqueness that is not yet available in the market, the more respondents feel they apply the principles of good financial governance; have confidence in the eyes of investors; and management has a good ROE.
7. ICT Readiness, Knowledge Management and Entrepreneurial Strategic Orientation together affect the Firm Performance. The influence of ICT Readiness, Knowledge Management and Entrepreneurial Strategic Orientation together with Firm Performance is positive and significant, with Entrepreneurial Strategic Orientation variables having the most dominant influence on Firm Performance. This shows that positively improving the effectiveness of ICT Readiness, Knowledge Management and Entrepreneurial Strategic Orientation will result in increased Firm Performance.

THEORETICAL IMPLICATIONS

Theoretically, this research found that Information Communication Technology Readiness has a positive and significant influence on Entrepreneurial Strategic Orientation, Knowledge Management positively and significantly influence to Entrepreneurial Strategic Orientation, Information Communication Technology Readiness and Knowledge Management simultaneously influence positively and significantly to Entrepreneurial Strategic Orientation , Information Communication Technology Readiness has a positive and significant influence to Firm Performance, Entreprenerurial Strategic Orientation positively and significantly influence to Firm Performance, Information Communication Technology Readiness, Knowledge Management and Entrepreneurial Strategic Orientation simultant effect on Firm Performance.

MANAGERIAL IMPLICATIONS

The results of this study found that there is a positive influence of ICT Readiness andKnowledge Management on Entrepreneurial Strategic Orientation as well as implicate on Firm Performance, can be described as follows:

1. This study found that ICT Readiness has a positive and significant impact on Entrepreneurial Strategic Orientation. The implication is that if it will increase Entrepreneurial Strategic Orientation it is necessary to improve ICT Readiness. The effort to improve ICT Readiness can be done with efforts such as; always strives to introduce the latest products on the market to employees; using the latest equipment in producing goods/services; and utilize social media in marketing products/services.
2. This study found that Knowledge Management has a positive and significant impact on Entrepreneurial Strategic Orientation. The implication is that if it improves Entrepreneurial Strategic Orientation then it is necessary to improve Knowledge Management. Improvement efforts Knowledge Management can be done with efforts such as; management uses knowledge to create added value; apply knowledge to solve existing problems; and support the cooperation between individuals in creating knowledge.
3. This research found that ICT Readiness have positive and significant effect to Firm Performance. The implication is that if it will improve Firm Performance it is necessary to improve ICT Readiness. The effort to improve ICT Readiness can be done with efforts such as; always strives to introduce the latest products

on the market to employees; using the latest equipment in producing goods / services; and utilize social media in marketing products/services.

4. This study found thatKnowledge Management has a positive and significant impact onFirm Performance. The implication is that if will improve the Firm Performance it is necessary to improve Knowledge Management.Upaya Knowledge Management improvement can be done with efforts such as management use knowledge in creating added value; apply knowledge to solve existing problems; and support the cooperation between individuals in creating knowledge.
5. This study found that Entrepreneurial Strategic Orientation has a positive and significant effect on Firm Performance. The implication is that if it will improve the Firm Performance it is necessary to improve Entrepreneurial Strategic Orientation. Entrepreneurial Strategic Orientation improvement efforts can be done with the effort to take risks to stay innovative even though it should cost more; strive to respond to each competitor's actions; and products/services that are created have uniqueness that has not existed in the market.
6. This research found that there is a positive and significant influence together ICT Readiness and Knowledge Management to Entrepreneurial Strategic Orientation. The implication is if it will increase Entrepreneurial Strategic Orientation, it is necessary jointly improvements in ICT Readiness and Knowledge Management. Upaya improving the effectiveness of ICT Readiness and Knowledge Management can be done with effort; always strives to introduce the latest products on the market to employees; using the latest equipment in producing goods/services; and utilizing social media in marketing products/services; and management leveraging knowledge in creating added value; apply knowledge to solve existing problems; and support the cooperation between individuals in creating knowledge.
7. This research found that there are positive and significant influence together ICT Readiness, Knowledge Management and Entrepreneurial Strategic Orientation to Firm Performance. The implication is that if it improves the Firm Performancemaka there is a need for joint improvement on the IC.

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