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**PERCEPTION OF BENEFICIARIES REGARDING ROLE AND BEHAVIOUR OF HIMACHAL PRADESH BACKWARD CLASSES FINANCE & DEVELOPMENT CORPORATION (HBCFDC)**

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**ABSTRACT**

*Development motive of initiatives is to support the section which was ignored and for this purpose, in India, a series of initiatives in the form of organizations to support and schemes have been introduced. Amongst the different such classes and strata of the society, backward classes have faced the challenges to pace-up with the main stream of development and as such, states have introduced programmes to strengthen them. Backward classes population in Himachal Pradesh is between 15 to 16 percent of its total population. With a view to support backward classes, Himachal Pradesh Backward Classes Finance & Development Corporation was set-up on 31st January, 1994 as a Government of Himachal Pradesh Undertaking under the aegis of Ministry of Social Justice and Empowerment. The main motives of the Corporation were to assist the backward classes for uplifting them socially, economically and educationally. In this regard, the Corporation has a package of schemes and programmes. The present research paper attempts to analyze the role and behaviour of HBCFDC as per the perception of beneficiaries.*

**KEYWORDS**

Himachal Pradesh Backward Classes Finance & Development Corporation, backward classes.

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E60

**THE CONCEPT**

**D**evelopment has ever been the pivot of shifting the society towards a comfortable and qualitative life but at the same time, it has been proved a step to divide and creating disparity in the society by spreading it into social strata of prosperous and weak in terms of different criteria of financial, religious, caste based, region- based, creed-based and other ways. The division of the society has impacted to strengthen one segment at the cost of others. This has been observed from the ancient times and when today, democratic, developed and unbiased society is talked about, promulgation of regulation and their implementation has the prime preference to remove all sorts of disparities. The motive of initiatives is to support the section which was ignored and for this purpose, in India, a series of initiatives in the form of organizations to support and schemes have been introduced. Amongst the different such classes and strata of the society, backward classes have faced the challenges to pace-up with the main stream of development and as such, states have introduced programmes to strengthen them.

Himachal Pradesh being in the Himalayan ranges has a tough life-style. The state is bounded within a small landscape of 55673 square kilometers and having nearly 70 lakh population as yet. The State has 12 administrative districts and the population of Backward classes in the State is between 15 to 16 percent. With a view to support these backward classes, Himachal Pradesh Backward Classes Finance & Development Corporation was set-up on 31<sup>st</sup> January, 1994 as a Government of Himachal Pradesh Undertaking under the aegis of Ministry of Social Justice and Empowerment. The main motives of the Corporation were to assist the backward classes for uplifting them socially, economically and educationally. In this regard, the Corporation has a package of schemes including Term-loan, Margin Money Loan, General Loan, Swarnim Loan, New Education Loan and Interest Free Study Loan Schemes. Apart from these schemes, the Corporation has programmes like Skill Up-gradation and Capacity Breeding Development Programmes to boost-up these segments of the society. In this regard, the Corporation propagates masses through awareness camps and programmes. How far, the Corporation has succeeded in its venture is a research issue which is based upon the perception of the beneficiaries and the present research paper attempts to analyze the role and behaviour of HBCFDC as per the perception of beneficiaries.

**REVIEW OF LITERATURE**

The selective researches relevant for the research area have been reviewed as depicted below:

**Sujatha (2002)**<sup>1</sup> has stated in her researched work "The Other Backward Classes Composition, Characteristics and Empowerment", that the term backward classes had a less fixed and definite reference. It had been there but had a variety of referents. It had shifted rapidly in meaning and it had come to mean different things in different places. According to the author, there are ten denotations of the term backward classes. These include depressed classes, untouchables, SCs, aboriginals and hill tribes and criminal tribes etc., and all communities deserving special treatment excepting the untouchables, all communities above the untouchables but below the most advanced ones, communities other than the highest or most advanced, and communities meeting non-communal tests of backwardness.

**Yadav (2002)**<sup>2</sup> in her research article "Other Backward Classes: Then and Now" discussed about the first Backward Classes Commission in context to the issues of reservation among these backward classes. She admits that reservation is acquiring a greater salience in electoral politics, however, the question remains whether the other backward classes as a category for public policy in contemporary India is still a measure for social and educational empowerment or has it dovetailed to a mere political trump card. She admits that in India, backward classes constitute an important section of the society.

**Sinha (2005)**<sup>3</sup> in his work entitled "Backward Classes in India: Various Dimensions", discussed that OBs is one of the major segment of Indian society. He believes that in order to make progress it is very important to understand and give importance to this section of society. Accordingly, Government has implemented various programmes and policies in order to uplift their social, economic and educational condition. In order to step ahead for the development of this section government has taken the step of reservation for disadvantaged groups in various forms.

**Kewal Krishan, (2008)**<sup>4</sup> in his research work, "A Critical Evaluation of Himachal Pradesh Scheduled Castes and Scheduled Tribes Development Corporation Schemes on Beneficiaries" studied the role of Himachal Pradesh SC and ST Development Corporation in development of SCs and STs of the state on the basis of various schemes offered by this Corporation for financial assistance for their socio-economic development.

**Devnath and Biswas (2015)**<sup>5</sup> in their book entitled "Other Backward Classes in India" have made an attempt to go through the genesis of emergence of backward classes in India and also have discussed various backward communities in general in India. In this book government policy related to backward communities has also been analyzed. In this book they have made an attempt to analyze the socio-economic and educational condition of the backward communities in India.

Based upon the researches it is observed that socio-economic dimension of development of the backward classes has been paid emphasis by the scholars but the perspective of role and behaviour of the assisting agencies in this direction according to the beneficiaries has not been covered much. The present research is an endeavor in this direction.

## OBJECTIVES OF THE STUDY

The objectives of the research paper are as under:

1. To examine the role of HBCFDC for assisting the beneficiaries as per their perspective.
2. To analyze the perception of beneficiaries regarding behaviour of employees of the Corporation while dealing with them.

## SCOPE AND RESEARCH METHODOLOGY

The research was conducted on the basis of primary data collected from beneficiary respondents as per the list of beneficiaries with the Corporation. The information and data were collected from Shimla district and three blocks; Rampur, Theog and Mashobra were selected. Sample of 90 respondents was taken from all the three blocks. Data collected from the respondents has been analyzed by applying the descriptive tools of analysis like Mean, Standard Deviation, Skewness and Kurtosis. The results and findings are as under:

## RESULTS AND FINDINGS

Based upon the responses taken from the beneficiary respondents the results and findings are as under:

**TABLE 1: ROLE OF HBCFDC FOR ASSISTING THE BENEFICIARIES AS PER THEIR PERSPECTIVE**

Statement	N	Mean	Std. Deviation	Skewness	Kurtosis
Awareness	90	3.1	1.3	-.08	-1.30
Preference	90	3.6	1.0	-.99	.49
Change in Economic Status	90	3.5	1.0	-.87	.06
Change in Social Status	90	3.5	1.0	-.67	-.33
Time gap between request and procurement of loan	90	3.0	1.2	-.10	-1.37
Convenience for taking loan	90	3.7	1.1	-.97	.11
Risk factor	90	4.2	0.9	-1.56	2.70
Time frame for repayment of loan	90	2.7	1.2	.42	-.99
Encouraging repayments	90	2.6	1.2	.39	-.94
Improvement in Financial Status	90	3.4	1.0	-1.00	.19
Services satisfaction	90	3.8	1.0	-1.17	.94

Regarding the awareness of Schemes with the Corporation it is analyzed that the people are uncertain as the mean score has been calculated 3.1, however it lies between the response falling under "Agree" and "Disagree" as the value of Standard Deviation is 1.3. It is needless to mention that the responses in majority fall under "Agree" as the value of Skewness is -.08 and is platykurtic. Thus, it can be stated that regarding awareness people agree that they are aware of the schemes of the corporation.

It is analyzed that the people prefer to take loan from HBCFDC as the mean score has been calculated 3.6, which is more towards "Agree" and the value of Standard Deviation is 1.0 which ensures that people prefer to take loan from the corporation for many reasons. The value of Skewness is -.99 which finally confirms that majority of responses lie towards "Agree". Therefore, it can be stated that people prefer taking loan from the Corporation.

Regarding the change in economic status it is analyzed that the response of the respondents is falling under "Agree" as the mean score has been calculated 3.5 and value of standard deviation is 1.0. So, it is observed that the majority of responses fall under "agree" as the value of skewness is -.87. Thus, it can be stated that people find some changes in their economic status after availing the financial assistance from the corporation.

The mean score for change in social status has been calculated 3.5 and the value of Standard deviation is 1.0, indicating that the responses of majority of people fall under "Agree". The value of Skewness is -.67 which finally gives a confirmation that majority of people agree that they feel change in their social status after availing loans from the corporation under various Schemes.

It is analyzed that people are uncertain regarding the gap between applying for the loan and procurement of loan is too long as the mean score has been calculated 3.0, however it lies somewhere between "Agree" and "Disagree" as the value of Standard Deviation is 1.2. Yes, people believe that there is a long gap between applying for loan and procurement of loan as the value of Skewness is -.10 which tells us that the majority of people "Agree" to the statement.

Regarding the Convenience felt while taking loan from the corporation it is analyzed that people feels that it is very convenient to take loan from the corporation as the mean score has been calculated 3.7, the majority of responses lies towards "Agree" as the value of Standard Deviation is 1.0 and value of Skewness is -.967. Thus, it can be stated that people find it convenient to take loan from HBCFDC.

Regarding the risk factor involved in taking loan from the corporation it is analyzed that people strongly believe and "Agree" that taking loan from the Corporation is less risky. This is proved as the mean score has been calculated 4.200 and falls under "Agree" and further Standard Deviation is calculated.93 and value of Skewness is -1.56. Therefore, it can be strongly stated that beneficiaries believe that taking loan from the Corporation is less risky.

For the statement that more time is required for the repayment of loan it is analyzed that people don't want more time for repayment as the mean score has been calculated 2.7, however it lies in between "Disagree" and "Uncertain". The value of Standard Deviation is 1.26 and Skewness is calculated as.42, in case of Kurtosis, the values are negative which depicts that the distribution is platykurtic i.e., flatter than normal distribution with a wider peak. Thus, it can be further stated that the beneficiaries believe that they don't need more time for the repayment of loan.

Regarding the encouragement of taking loan due to repayment time it is analyzed that people disagree as the mean score has been calculated 2.6. The value of Standard Deviation is calculated 1.2 that is towards uncertain. It is needless to mention that the majority of responses lie in between "Disagree" and "Uncertain" as value of Skewness is.388 and in case of Kurtosis, the values are negative which depicts that the distribution is platykurtic i.e., flatter than normal distribution with a wider peak. So, it can be stated that the repayment time is not a factor which encourages the beneficiaries to take loan from the Corporation.

While analyzing the improvement in financial status of OBCs, it was observed that people were uncertain as the mean score has been calculated 3.4, however it lies somewhere in between "Agree" and "Disagree" as the value of Standard Deviation is calculated 1.0. The value of Skewness is -1.003, which indicates that majority of people fall under "Agree" and the value of Kurtosis is.19, which depicts that the distribution is Lacto Kurtic. Thus, it can be stated that beneficiaries agree that they have improved financially after availing the financial assistance from the Corporation.

For the purpose of analyzing the satisfaction of people towards the services of HBCFDC, the value of mean has been calculated which comes to be 3.8, which presents that people are "uncertain" but the value of Standard Deviation is 1.0 which takes it more towards "Agree". The value of Skewness is -1.2 which again indicates that the majority of people replied "Agree". The value of Kurtosis is.955 and is leptokurtic thus further indicating that people are satisfied with the services of the Corporation.

TABLE 2: PERCEPTION OF BENEFICIARIES REGARDING BEHAVIOUR OF EMPLOYEES OF THE CORPORATION

Statement	N	Mean	Std. Deviation	Skewness	Kurtosis
Honest	90	3.9	1.16	-1.10	.52
Timely & Good Services	90	3.8	1.11	-1.13	.52
Friendly Behaviour	90	3.8	1.02	-1.20	.94
Qualified Staff	90	3.9	.97	-1.43	2.09
Faith & Confidence	90	3.9	1.18	-1.30	.84
Strict Supervision	90	3.5	1.29	-.69	-.76
Fair Dealing	90	3.9	1.18	-1.15	.36
Favoritism	90	2.3	1.26	.71	-.75
Aggressive	90	2.3	1.27	.79	-.56
Provides Information	90	3.6	1.05	-1.12	.46
Good Behaviour	90	3.8	1.16	-.87	-.27
Helpful	90	3.7	1.23	-1.00	-.08

Regarding the honesty of employees of the Corporation it is analyzed that the people are uncertain but more towards agree as the mean score has been calculated 3.9, however indicating that the responses towards "Agree" as the value of Standard Deviation is 1.06 and Skewness is -1.10. The value of Kurtosis is .52, which is a positive value showing that the distribution is leptokurtic. So, it can be well analyzed that the majority responses are in "Agree". Therefore, it can be stated that beneficiaries feel that the staff of the Corporation is honest.

While analyzing the staff towards providing timely and good services the mean score is calculated as 3.8. This indicates that people are uncertain but more towards agree as the value of Standard Deviation is 1.11. It is meaningless to mention that the responses in majority fall under "Agree" as the value of Skewness is -1.12 and value of Kurtosis is .52 showing that the distribution is leptokurtic. Thus, it can be stated that the people believe that the staff of Corporation provides timely and good services to the beneficiaries, whenever they visit the Corporation.

Further it is analyzed about the behavior of the employees that it is friendly as mean comes out to be 3.8 which indicates "uncertain" but again more towards "Agree" as the value of Standard Deviation has been calculated as 1.01 and value of Skewness is -1.20. Thus, indicates that more responses are towards "Agree". The value of Kurtosis is .94, a leptokurtic distribution. From the above analysis it can be stated that people agree that the behavior of employees of the Corporation towards them is good and friendly.

The mean of the perception of beneficiaries towards the qualification of the staff is calculated 3.9, Standard Deviation is calculated .96 and Skewness is calculated as -1.43. This indicates that the majority of responses fall under "Agree". Further Kurtosis has been calculated 2.08, showing a mesokurtic distribution. Thus, from the above analysis it can be stated that the beneficiaries agree to the statement that the employees of the Corporation are well qualified.

Regarding Faith and Confidence towards the employee of the Corporation the beneficiaries are uncertain as the mean score has been calculated as 3.9, however it lies in between the response falling under "Agree" and "Disagree" as the value of Standard Deviation is 1.17. The value of Skewness is -1.30. Thus, it is clear that the majority of responses fall under "Agree". The value of Kurtosis is .836 means that the distribution is leptokurtic. Thus, it can be stated that the beneficiaries have faith and confidence on the employees of the Corporation.

The analysis is also made about the strict supervision of the staff of the Corporation. The mean score for the same is calculated as 3.5 which show that people are uncertain about the strict supervision. The value of Standard Deviation is 1.29, which indicates that the responses lie somewhere in between "Agree" and "Disagree". The value of Skewness is -.69 which indicates that maximum responses are under "Agree". The value of Kurtosis is -.76, which is a platykurtic distribution. Thus, it can be stated that the beneficiaries find there is strict supervision while lending and repayment of loans.

Regarding fair dealing of the staff of the Corporation it is analyzed that people are uncertain as the mean score has been calculated 3.9. The response lies in between "Agree" and "Disagree" as the value of Standard deviation is 1.18. The value of Skewness is -1.15 which shows that majority of responses fall under "Agree". The distribution is leptokurtic as the value of Kurtosis is .36. Therefore, it can be stated that the staff of the Corporation is fair enough in dealing with the beneficiaries.

Favoritism from employee is another aspect studied to analyze the behavior of the employees of the Corporation. The mean score has been calculated 2.3 which show that the beneficiaries disagree about any favoritism. Further the value of Standard Deviation is 1.26 which indicates that the responses lie somewhere in between "Strongly Disagree" and "Uncertain". The value of Skewness has been calculated .71. The distribution is platykurtic. Thus, it indicates that beneficiaries are uncertain whether the employees of the Corporation have some favoritism or not towards the beneficiaries of the Corporation.

Regarding the aggressive approach of the employees of the Corporation it has been analyzed that beneficiaries disagree as the mean score has been calculated 2.3. However, it lies between the response falling under "Strongly Disagree" and "Uncertain" as the value of Standard Deviation is 1.27. The responses in majority fall under "Uncertain" as the value of Skewness is .79 and it is a platykurtic distribution. Thus, it can be stated that the beneficiaries are not sure about the aggressive behavior of the employees of the Corporation.

Further the perception of beneficiaries is analyzed whether the employees of the Corporation provides all the required information or not. It has been analyzed that beneficiaries are uncertain as the mean score has been calculated 3.6. It lies somewhere in between "Agree" and "Disagree" as the value of Standard deviation is 1.04. the value of Skewness has been calculated -1.12 and the distribution is leptokurtic, which indicates that the majority of responses fall under "Agree". So, it can be said that the employees of the Corporation are cooperative and provides all the required information to the beneficiaries at the time of their visit to the Corporation.

Regarding the behavior of the employees of their Corporation it has been analyzed that the beneficiaries are uncertain as the mean value is 3.8. The responses somewhere lie in between "Agree" and "Disagree" as Standard Deviation has been calculated as 1.15. Further the value of Skewness is -.87 indicating that the majority of responses fall under "Agree". The distribution is platykurtic as the value of Kurtosis is -.27. Thus, it can be stated that according to the responses of the beneficiaries it is clear that the behavior of employees of the Corporation is good.

Further it is analyzed that the employees of the Corporation are very helpful. This can be said as the mean score is calculated 3.7 which shows uncertain response but the value of Standard Deviation that is 1.23 indicates that the response lies in between "Agree" and "Disagree". The value of Skewness is -1.00 and distribution is platykurtic which further proves that the majority of the responses lie under "Agree" stating that employees of the Corporation are helpful and render their help whenever required. They help beneficiaries in order to understand the schemes.

## CONCLUSION AND SUGGESTIONS

From the above study it is clear that this class of population is not much aware about the function and schemes of the corporation. In order to spread awareness among the OBCs about the corporation and the schemes which can benefit them, the corporation should organize awareness camps in backward areas so that more people can avail the benefits from the corporation. The management of the corporation should search for appropriate methods of making people aware about the corporation and benefits given by the corporation to OBCs.

The behavior of the staff of the corporation should be proper and patient so that they may properly provide guidance to the people who are not aware about the schemes offered by the corporation.

For the effective implementation of schemes of the corporation proper technical supervision and guidance is required at different levels of the corporation. Informative campaigns and awareness camps should be started and organized at village level by taking the help of village development officer, field staff and gram panchayats in order to achieve the desired goals. In the study it is revealed that the potential beneficiaries are scattered and are left ignored of various facilities, incentives and consideration available from the corporation. The implementation of informative campaigns and awareness camps will be a informative step for the potential beneficiaries to know about the schemes of the corporation.

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**THE EFFECT OF ENTREPRENEURIAL ORIENTATION, MARKET ORIENTATION AND LEARNING ORIENTATION  
ON COMPETITIVE ADVANTAGE AND BUSINESS PERFORMANCE  
(STUDY ON SMALL BUSINESSES OF FOOD PROCESSING IN PALEMBANG)**

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**ABSTRACT**

*The relationship between entrepreneurial orientation, market orientation, learning orientation, competitive advantage and business performance, especially small business of food processing is interesting to study. 179 people involved in small business of food processing are the sample of this study. Path analysis is used in this study to measure the magnitude of the influence between variables. The findings indicate that the entrepreneurial orientation variable and learning orientation has a significant effect on competitive advantage. Market orientation variable has no significant effect on competitive advantage. The competitive advantage variable has a significant effect on business performance. The results of this study can contribute to small businesses in increasing business excellence and performance.*

**KEYWORDS**

entrepreneurial orientation, market orientation, learning orientation.

**JEL CODES**

L26, M21, M10.

**INTRODUCTION**

Competition among business firms has increased with the rapid globalization of markets and has led to more dynamic and numerous markets all over the world (Kwak et al., 2013). In this scenario, small businesses are relatively more open to external pressures than large firms. Due to its size, small businesses tend to face difficulties in acquiring human resources and modern technology to make a profit. These businesses must rely on the resources and capabilities of the owners. Thus, these owner skills are critical to the success and survival of a small business. Both market orientation and entrepreneurship not only enable business to absorb the pressures created by the dynamic and complex business environment, but also help them to reap the benefits of new business opportunities. Businesses that do not adopt a market orientation and entrepreneurship soon disappear from the market. Resource Based View (RBV) explains that market orientation and entrepreneurship are two different complementary strategic orientations (Miles and Arnold, 1991).

Market orientation is described as a company's tendency to create and deliver superior value to customers (Narver and Slater, 1990b). This requires the recognition and understanding of customers and competitors to achieve a sustainable competitive advantage (Johnson et al., 2012). Market-oriented activities and behaviors involve proactively seeking opportunities in the marketplace, delivering superior customer value and future market positioning. Raju et al., (2011) in their conceptual study provide a summary of the studies conducted on SMEs and show that 13 of the 16 cases show a significant positive relationship between market orientation and firm performance. Liao et al., (2011) provide a summary of 38 studies and conclude that 36 studies show that market orientation contributes to performance in various ways such as customer focus, delivering superior customer value and shaping organizational culture. Some researchers have suggested that firms should adopt a market orientation and entrepreneurship to achieve more than normal returns (Kwak et al., 2013).

An entrepreneurial orientation is considered an important driver of sustainable growth and superior performance (Kraus et al., 2012). The entrepreneurial orientation construct represents the strategic posture of the organization and considers various aspects such as entrepreneurial methods, practices and decision-making styles (Lumpkin and Dess, 2001). According to Shane and Venkataraman (2000), entrepreneurial orientation represents the company's tendency towards identifying and exploiting market opportunities to achieve competitive advantage. The positive relationship of entrepreneurial orientation with performance in several cultural and operational environments has been studied in several studies (Rauch et al., 2009). In this context, entrepreneurial orientation has been viewed as a multidimensional construct, and should have a significant influence on firm performance. Although the effect of entrepreneurial orientation on firm performance is influenced by firm size and nation's culture (Rauch et al., 2009), learning orientation also plays an important role in improving firm performance (Wang, 2008). Therefore, this study attempts to investigate the effects of entrepreneurial orientation, market orientation, and learning orientation on competitive advantage and Small Business performance.

**LITERATURE REVIEW****ENTREPRENEURIAL ORIENTATION**

The concept of entrepreneurship has received much attention by researchers over the last two decades (Eggers et al., 2013). It refers to an activity, based on opportunity and which creates value and is strongly linked to risk and innovation (Sexton and Kasarda, 1991). Entrepreneurial orientation refers to the strategic management style of companies that have entrepreneurial tendencies (Becherer and Maurer, 1997). Lumpkin and Dess (2001) define innovation as a company's tendency to engage in and support new ideas, novelty, experiment, and creative processes that can result in new products, services, or processes. Rauch et al., (2009) describe it as the willingness of entrepreneurs to encourage and support experimental creativity in the form of launching new or better products or services or in terms of technological supremacy through research and development in organizational procedures.

**MARKET ORIENTATION**

Market orientation being a fundamental construct in the marketing literature has attracted the interest of many researchers over the last two decades (Theodosiou et al., 2012). Market orientation is considered as an important driver of business performance and its importance cannot be denied regardless of culture and market as its strong relationship with business performance (Kwak et al., 2013). Several studies have emphasized the relationship between the level of market orientation and business performance (Dubihlela, 2013). The majority of studies investigate market orientation from either a cultural or behavioral perspective (Theodosiou et al., 2012). Narver and Slater (1990) define market orientation from a cultural perspective as the organizational culture that most effectively creates the behaviors necessary to create superior value for buyers and, thus, sustainable superior performance for the business. The cultural perspective emphasizes organizational values and norms related to market orientation and consists of three components, namely competitor orientation, customer orientation and coordination between functions (Narver and Slater, 1990).

**LEARNING ORIENTATION**

Learning orientation is conceptualized as basic attitudes towards learning, for example, organizational and managerial characteristics that facilitate organizational learning processes (Real et al., 2012). In this context, learning orientation is seen as corporate values that influence the company's tendency to create and use knowledge (Zhao et al., 2011), and management's commitment to support a culture that encourages learning orientation as one of the main values (Real et al., 2012). As the company gets bigger, commitment to learning plays an important role in developing assets and capabilities related to its main activities (Wang, 2008). If a company is small and less learning-oriented than its competitors, it may have less innovation (Pesämaa et al., 2013) and substantial difficulties in terms of survival (Rhee et al., 2010). Previous studies have found that learning orientation has a significant impact on the performance of SMEs (Real et al., 2012). Maes and Sels (2014) considers that learning is the main component of any effort to improve competitive advantage and organizational performance.

**COMPETITIVE ADVANTAGE**

Competitive advantage is the company's ability to create superior value by utilizing various available resources. Competitive advantage is a set of features of a company and its products that are accepted by the target market as an important factor in competition (Lamb, Hair, and McDaniel, 2001). There are three types of competitive advantage, namely cost competitive advantage, differential competitive advantage and niche competitive advantage. Competitive strategy is divided into three general strategies, namely differentiation, cost advantage and focus strategy. Differentiation is a strategy to provide a different offer compared to the offers provided by competitors. Cost advantage is a strategy to streamline all production costs so as to produce products or services that can be sold cheaper than competitors. Competitive advantage can be achieved through customer focus, achievement of quality, integrity and responsibility, innovation and creativity, low-cost production.

**BUSINESS PERFORMANCE**

Improving performance is the main target of entrepreneurial organizations (Wiklund and Shepherd, 2003). Various performance measures, which were applied in different entrepreneurship studies, however, did not provide a justification for choosing a course of action (Murphy *et al.*, 1996). According to Murphy *et al.*, (1996), most of the empirical studies of entrepreneurial orientation research are associated with performance as the dependent variable. Stam and Elfring (2008) contribute to the performance of learning orientation as a measurement of organizational performance through the speed of service delivery. O'Sullivan and Abela (2007) contributed market share as a measurement dimension of contextual performance measurement. A review of the literature shows that measurement can be carried out both subjectively and objectively for many researchers and realize that self-reported data or subjective measurements are easier (Stam and Elfring, 2008).



**OBJECTIVES OF THE STUDY**

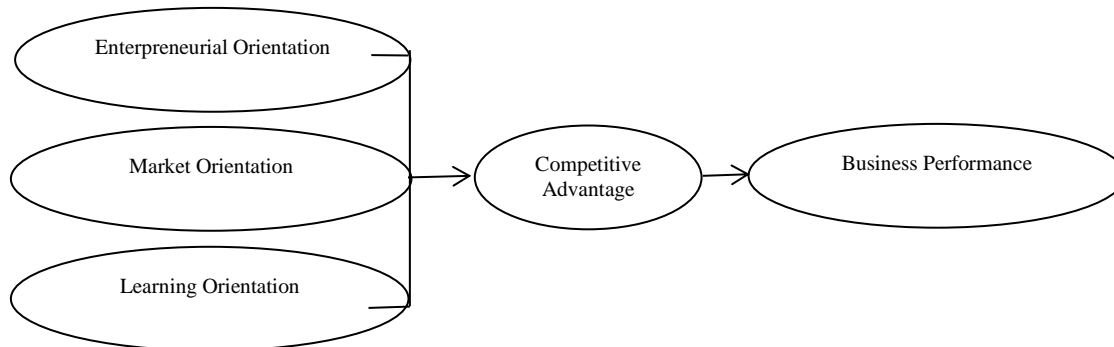
1. To find the effect of entrepreneurial orientation, market orientation and learning orientation on competitive advantage.
2. To find out the effect of competitive advantage on business performance.

**RESEARCH METHODS**

The population in this study are small and medium industries engaged in food products in Palembang with the total of 325 respondents, then the number of samples as many as 179 people. The analytical method used in this research is path analysis. Path analysis is a study of the dependence of the dependent variable with one or more independent variables with the aim of estimating the values of the dependent variable based on the known value of the independent variable (Ghozali, 2005).

Validity test is used to measure how accurate a test carries out its measuring function. In this study, the item validity test was used using internal criteria, namely comparing the suitability of each question with the overall score of each question with the overall total score. Validity test is also the ability of indicators to measure the level of accuracy of a concept (Sugiyono, 2010). With a significance level of 95%, a variable is said to be reliable if the variable has a coefficient *Cronbach* 0.60. A good framework will explain theoretically the relationship between the variables to be studied. Therefore, theoretically, it is necessary to explain the relationship between the independent and dependent variables. The conceptual framework of the research can be explained in the following figure.

**FIGURE 1: RESEARCH FRAMEWORK**



**RESULTS AND DISCUSSION**

Characteristics of respondents based on age, last education, type of business and business ownership duration can be explained in table 1 below.

**TABLE 1: CHARACTERISTICS OF RESPONDENTS**

Characteristics of Respondents	Total (n = 179)	%
Age		
< 25 years	58	32.4
25 – 35 years	50	27.9
36 – 48 years	44	24.6
> 48 years	27	15.1
Education		
Junior High School	23	12.8
Senior High School	100	55.9
Vocational Education	53	29.6
Undergraduate degree	3	1.7
Type of business		
Traditional food	97	54.2
Modern food	82	45.8
Business Ownership duration		
< 1 year	53	29.6
1 - 5 years	89	49.7
> 5 years	37	20.7

The largest respondents are business owners under 25 years old (58 people). Followed by business owners with age category of 25-35 years old (50 people) and 36-48 years old as well as older than 48 year old with number of respondents 44 and 27, consecutively. In terms of education, most of the business owners are graduated from high school (100 people) and follow by vocational education (53 people), junior high school (23 people) and undergraduate degree (3 people). These respondents are mostly involved in traditional food business (97 people) and the businesses have been running for 1-5 years (89 people).

Validity test is a measurement of the processed data showing the extent to which the measuring instrument is able to measure what is expected to be measured. This test was conducted to determine whether the questionnaire could be included in the next analysis. The test is carried out by comparing the product moment or commonly referred to as  $r_{count}$  with  $r_{table}$  where  $r_{count}$  must be greater than  $r_{table}$ .

**TABLE 2: VALIDITY TEST**

	Entrepreneurial Orientation	Market Orientation	Learning Orientation	Competitive Advantage	Business Performance
Entrepreneurial Orientation	1.000	.656**	.680**	.726**	.682**
Market Orientation	.656**	1.000	.755**	.694**	.623**
Learning Orientation	.680**	.755**	1.000	.727**	.686**
Competitive Advantage	.726**	.694**	.727**	1.000	.718**
Business Performance	.682**	.623**	.686**	.727**	1.000

\*\* Correlation is significant at the 0.01 level (2-tailed)

The results of the calculation of  $r_{count}$  of entrepreneurial orientation, market orientation, learning orientation, competitive advantage and business performance shows that the value of  $r_{count}$  is greater than  $r_{table}$ , this means that the data on entrepreneurial orientation, market orientation, learning orientation, competitive advantage and business performance are generally valid and reliable.



TABLE 3: RESEARCH VARIABLE RELIABILITY TEST RESULTS

Variable	No of Item	Item Deleted	Alpha
Entrepreneurial Orientation	10	-	0.9160
Market Orientation	12	-	0.9139
Learning Orientation	10	-	0.9064
Competitive Advantage	11	-	0.8992
Business Performance	10	-	0.9126

The results of the analysis show that all variables have a *Cronbach Alpha* above 0.60 and all concepts measuring each variable from the questionnaire are reliable and the items for each variable are feasible to be used for the instrument.

TABLE 4: PATH ANALYSIS

Independent Variable	Dependent Variable	B	t- value	Sig.
Entrepreneurial Orientation	Competitive Advantage	0.359	5.680	0.000
Market Orientation	Competitive Advantage	0.139	1.851	0.066
Learning Orientation	Competitive Advantage	0.214	2.685	0.008
Competitive Advantage	Business Performance	0.333	4.850	0.000
Constant = 5.704				
R Square = 0,662				
Adj R Square = 0,654				
F Stat = 85.220				
Sig F = 0,000				

Based on the analysis entrepreneurial orientation is significant on the competitive advantage meaning that the relationship between the entrepreneurial orientation variable and competitive advantage is positive and significant. This research supports the research that has been done by Wiklund and Shepherd (2003); Tovstiga and Tulugurova (2009); Mahmood and Hanafi (2013) where the research results state that there is a linear relationship between the entrepreneurial orientation variable and competitive advantage.

Furthermore, market orientation has no effect on competitive advantage indicating that the relationship between market orientation variables and competitive advantage is positive and insignificant. This study supports the research of Zainul *et al.*, (2016) which states that there is no relationship between market orientation variables and competitive advantage. However, the results of this study differ from the research conducted by Juan and Zhou (2010) where the results of his research state that there is a linear relationship between market orientation variables and competitive advantage.

Moreover, the relationship between learning orientation and competitive advantage is found to be significant. This research supports the research that has been done by Maes and Sels (2014); Rhee *et al.*, (2010); Baron *et al.*, 2012; Brettel and Rottenberger, (2013); Hung *et al.*, (2011); Pesämaa *et al.*, (2013); Real *et al.*, (2012); Wincent *et al.*, (2014) which state that there is a linear relationship between learning orientation and competitive advantage.

Lastly, the results of competitive advantage and business performance is also found to be significant and positive. This finding supports the research conducted by Juan and Zhou (2010); Story *et al.*, (2011); Zainul *et al.*, (2016) that found a linear relationship between the variables of competitive advantage and business performance.

## CONCLUSIONS AND SUGGESTIONS

This study aims to determine the effect of entrepreneurial orientation, market orientation, learning orientation on competitive advantage and the relationship between competitive advantage on business performance. The results showed that the entrepreneurial orientation variable had a significant effect on competitive advantage. Market orientation variable has no significant effect on competitive advantage. The learning orientation variable has a significant effect on competitive advantage. The competitive advantage variable has a significant effect on business performance. The results of this study can be used as input by small business owners in Palembang in compiling and implementing business strategies so that they can compete and improve business performance.

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