Mediating Role Of Competitiveness And Business Performance In Developing Business Performance Of Sme's Craft Semarang Regency

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Abstract: *The purpose of this study is to examine the mediation role of innovative behavioral and competitiveness in relation with the empowerment and self-efficacy on business performance. The respondents are 156 people consisting of owners, marketing and operational managers of SMEs Craft Semarang Regency. Data analysis with structural equation model (SEM). The analysis found that innovative behavior and competitiveness were able to mediate business performance. This finding confirms that external environmental factors that pose a risk tendency will enable SME owners to always access to environmental changes, and conduct learning in the development of innovation. This will emerge the self-efficacy and finally there will be an intention to behave innovative.*

Key Word*: Empowerment, Self Efficacy, Innovative Behaviour, Competitiveness, Business Performance*

I. Introduction

Empowerment of Small and Medium Enterprises (SMEs) is a very important issue as one of the efforts to improve the economy and drive economic growth in Indonesia. The role of UKM is not only contributing to GDP, but also having the ability to overcome the problem of unemployment by successfully absorbing labor and creating equitable distribution of development results. SMEs also play a role as one of the important sources for Indonesia's economic growth through non-oil and gas exports which directly has a significant influence on increasing people's income so that the Indonesian people can overcome the problem of poverty. The number of SMEs in Indonesia reached 56.5 million, the total number of workers absorbed by 110 million people, 107 million people included in the structure of SMEs (BPS, 2017).

Entering the era of the Industrial Revolution 4.0 that is happening now, is a turning point in history that is marked by massive changes in various fields, both in agriculture, mining, transportation, manufacturing and technology. In the era of the industrial revolution there was a rapid transformation in the production process, which was originally using human power to switch to using machines. This results in goods that can be mass-produced in large quantities in a relatively short time, and the level of competition becomes tighter. The tight level of competition is felt by all business actors, including SMEs in Indonesia. The very strategic role of SMEs has encouraged the government to make various efforts to improve the competitiveness of SMEs. Empowerment efforts are carried out to improve innovative behavior and self-confidence, so as to be able to improve competitiveness and business performance, a lot has been done to SMEs, however, Indonesia's ranking of competitiveness in the 2019 Global Competitiveness Index (GCI) report released by the World Economic Forum (WEF) down to position 50 from position 45 in 2019.

In the face of a very dynamic and competitive business environment, every business actor, including SMEs, must be willing to accept innovation as a key factor for an organization, in order to improve its competitiveness, and employees become the main drivers of innovation. Innovation is a strategic activity and organizational resource in a very dynamic economic environment, and must be implemented so that companies are able to compete and have high performance in the market. Innovation plays an important role in determining the company's success in competition (Powel and Grodal 2004). Therefore the culture of innovation needs to be applied to everyone in the company, so they behave in an innovative way. Innovative behavior can be interpreted as all individual behaviors directed to produce, implement new things, which are more useful at various levels of the organization; which consists of creativity and risk taking as well as an incremental innovation process. The results of research conducted by Nadin Dörner (2012), found that, innovative work behavior positively influences employee performance.

So that employees in an organization are motivated to behave innovatively in carrying out their duties, it is necessary to do empowerment, because empowering existing employees in an organization is likely to increase self-confidence. Empowerment is a means of building trust between employees and management.

Empowerment has two characteristics, namely, employees are encouraged to use their own initiatives, and employees are not only given authority but are also given resources to make decisions according to their creativity and innovation. This can affect the confidence of an employee. With high self-confidence will lead someone to set high goals, and then create high motivation to achieve goals.

According to James L. Gibson (1997), self-efficacy is a force that encourages an employee to generate and direct behavior. The results of research from Hsi-Chi Hsiao et al (2011) show that self efficacy has a positive and significant relationship to innovative behavior. But instead the results of research from Anak Agung et al (2017) say that self-efficacy has no significant effect on innovative behavior. These two contradictory results become the research gap in this study, to be reviewed in relation to the concept of self efficacy

An employee's self efficacy to complete his tasks, will be very beneficial for the company, because it can improve company performance. Research Mcdougall and Kang, 2000; Luszczynska et al., 2005; Skaalvik, 2010; Rahmi et al., Cherian and Jacob, 2013 explained that self efficacy has a positive relationship with performance. Likewise Darmanto and Yuliari (2018) which states that the emergence of risk trends, environmental accessibility, and entrepreneurial learning will emerge as an entrepreneurial self-efficacy maturity and eventually entrepreneurial intentions and behavior will emerge. The significant mediating role of the maturity of self-efficacy of entrepreneurs shows the significant contribution of social cognitive theory and entrepreneurial career development theory to realizing strong entrepreneurship.

Therefore, empowerment of employees in an organization is very important, because employees will work effectively, so as to improve company performance. This is supported by the results of Nuray Tetik's (2016) research which explains that there is a positive and significant relationship between psychological empowerment and performance. An increase in employee performance will ultimately be able to increase the company's competitiveness. Ling X.Li (2000) in his research found a significant relationship between human resource performance and company competitiveness.

The competitiveness of a company is largely determined by the company's competitive advantage and is very dependent on the level of relative resources it has or we call it competitive advantage. Porter explained the importance of competitiveness because of three, namely, encouraging productivity and increasing self-capacity, increasing economic capacity, both in the context of regional economies and the quantity of economic actors so that economic growth increases, and the belief that market mechanisms create more efficiency. The results of the study by Arini Mayang et al (2017) on SMEs, the results show that, there is a significant positive effect of competitive advantage on the performance of small and medium business enterprises.

The high level of competition in the market encourages SMEs to innovate to be able to compete in the market, including SMEs Craft in Semarang Regency, with the hope of achieving independence. Empowerment efforts to be able to improve innovative behavior and self efficacy, so as to be able to improve competitiveness and business performance has been done a lot of SMEs in Semarang District, therefore it is interesting to do research, how the competitiveness and performance of SMEs businesses in Semarang Regency, especially in SMEs Craft

II. Literature Review

Business Performance

Performance is a measure of success or level of success in achieving company goals. The level of success can be seen from marketing performance, financial performance, human resource performance owned by the company. Good company performance shows the success and efficiency of company behavior. The company's performance will actually reflect the performance of various functional management that functions well within the company. Functionally, the company's performance will be reflected in the performance of human resources, production performance, marketing performance, and financial performance (Ferdinand, 2003). Moullin (2009) defines business performance as how well the company is managed and the value that can be channeled by the company to customers and other stakeholders. Sanchez and Marin (2008) measure the performance of SMEs by referring to three aspects, namely profitability, productivity, and market. Business performance is based on market aspects in terms of achieving product sales, market position and market share

Neely et al. 1995, said that business performance is a process of measuring the efficiency and effectiveness of actions. Therefore, to determine business performance measurement is needed to determine the efficiency and effectiveness of a company's operations. Besides that, business performance appraisal is carried out with the aim to motivate employees in achieving organizational goals and in meeting predetermined behavioral standards, so that company goals can be achieved properly. (Helfert (2016), Tarute & Gatautis, 2014 measures business performance with indicators in modern management, namely changes in profitability, growth, market value, customer satisfaction, employee satisfaction, environmental performance, and social performance (Santos and Brito, 2012 While Pasolong (2007) states business performance is a condition related to the success

of an organization in carrying out its mission which can be measured from the level of productivity, service quality, responsiveness, responsibility, and accountability.

Competitiveness

The competitive advantage created by business people will determine the business performance (Porter and advantage, 1985). Resource-based theory explains how organizations can achieve competitive advantage. According to (Chair et al. 2014) businesses that focus on business resources and capabilities, will have a competitive advantage. This theory shows that competitiveness can be achieved innovatively by providing superior value to customers, by conducting strategic identification, and the use of resources by business people to develop competitive advantage in a sustainable manner (Michieka and Ogollah, 2013).

Competitive strategies are expressed as specific approaches used by business people to achieve success in each of the strategic business areas (Ogutu and Samuel, 2012), so that they can provide an advantage over their competitors. The competitive strategy aims to achieve sustainable competitive advantage by increasing company performance. This can be achieved by implementing the creation of a value strategy not simultaneously, but through the conditions of potential competitors (Barney, McWright and David J. Ketchen, 1991). This strategy is carried out in an effort to attract customers and survive against competitive forces. To be able to realize competitive advantage, the most fundamental factor is to provide buyers with the superior value of an item or service at a low price, superior service and the best value offer as well as an attractive combination of price, features, quality, service, and other attributes that buyers find attractive Porter and Advantage 1985 says that, a measure of competitive advantage is excellence in cost, differentiation and service excellence. Based on this understanding, competitiveness influences business performance, so the hypotheses proposed in this study are:
H1: Competitiveness has a significant effect on SMEs business

Innovative Behavior

Businesses are required to develop products or services continuously so that the business can maintain survival. To be able to maintain that survival, innovation activities that are planned and developed well are needed, because innovation is a competency resource that cannot be rushed. According to Tung (2012) innovation leads to improving the quality of products and services. When businesses decide to allocate resources for innovation, they hope to have an effect on competitiveness. This shows that innovation will continuously increase business capacity, improve service to consumers, ranging from meeting customer needs to uphold their loyalty. Innovation plays an important role in determining the success of a business in competition (Powell and Grodal 2004). (Hurley and Hult, 1998) proposed two concepts of innovation, namely: innovation, and innovation capacity. Innovation is the thought of openness to new ideas as an aspect of business culture, while the capacity of innovation is the ability of a business to use / apply new ideas, processes or products successfully.

Armstrong and Collopy (1996) distinguish innovation into two parts, namely, process innovation, involving the development of new management and organizational practices, and product innovation, involving the application of knowledge and the development of new tangible products and new services. Neely et.al (2001) distinguishes innovations in business consisting of: production innovations, such as changes in design, components and product architecture, service innovations, such as changes in how to serve new customers and services, process innovations, such as new product lines and technology / process implementation new, market innovations, such as the exploitation of new market territories, penetration of new market segments, logistical innovations, such as new logistic models to achieve new raw material for outbound logistics (to consumers), and organizational innovations, such as new managerial systems and organizational adaptation.

Wess & Farr innovation (De Jong and Hartog, 2013) said that innovative behavior is all individual behavior that is directed to produce, introduce, and apply new things, which are beneficial at various levels of the organization. Innovative behavior needs to be done by business people as a result of strong competitive pressures and rapid changing needs, thus requiring business people to innovate by discovering something new in the form of methods, products, and markets in order to gain competitive advantage. This is what is referred to as innovative behavior. Whereas (Kleysen & Street in Kresnandito & Fajrianthi, 2012) innovative behavior is defined as overall individual actions that lead to the emergence, recognition and application of something new and beneficial at all levels of the organization. Some researchers refer to innovative behavior as shop-floor innovation (De Jong and Hartog 2013). (Byrd and Brown 2003). said that there are two dimensions that underlie innovative behavior, namely creativity and risk taking. Likewise with the opinion of Amabile et al (Byrd and Brown 2003). that all innovation starts with a creative idea. Creativity is the foundation for the growth of innovation. Creativity is the ability to develop new ideas which consist of 3 aspects, namely expertise, flexible, imaginative thinking skills, and internal motivation (Byrd and Brown 2003). In the process of innovation, individuals have new ideas, based on imaginative thinking processes and supported by high internal motivation.

However, often, the process of innovation stops at the level of generating creative ideas, without realizing it, this cannot be categorized in innovative behavior.

Janssen (2003) and Scott and Bruce 1994 said that innovative work behavior as a complex behavior, which consists of activities related to introducing or generating new ideas and implementing or realizing these new ideas. Based on the above concepts, innovative behavior will have an influence on the performance of SMEs and also the company's competitiveness, so the hypotheses formulated are:
H2: Innovative behavior has a significant effect on the competitiveness of SMEs.
H3: Innovative behavior has a significant effect on SMEs business performance.

Self-efficacy
Bandura (Feist & Feist, 2011) defines self-efficacy as a person's belief in their ability to do a job at a certain level of performance or to achieve an expected outcome, so that it will affect situations that affect their lives. With high self-efficacy will lead someone to set high goals, and then create high motivation. If the behavior leads to a target, then the motivation will obtain the achievement of targets (results) or targets as much as possible, so that the implementation of the task can be done as well as possible, so that work effectiveness can be achieved. Based on this understanding, it can be defined that self-efficacy is defined as "people's beliefs about their capabilities to produce designated levels of performance that exercise influence over events that affect their lives, which can be reflected from 4 aspects, namely, enactive mastery experience, vicarious experience, verbal persuasion and emotional arousal bandura (Feist & Feist, 2011). Based on these notions self efficacy will have an influence on innovative behavior, and competitiveness, so the hypotheses formulated are as follows:
H4: self efficacy has a significant effect on innovative behavior of SMEs.
H5: self efficacy has a significant effect on the competitiveness of SMEs.

Empowerment
Every business person always wants good employee performance, and can contribute to his organization. Employee empowerment needs to get serious attention because empowerment reflects employee confidence in his own abilities. In the process of empowering employees are encouraged to use their own initiatives to create and innovate in solving the problems they face.). Empowerment is considered to be able to foster and enhance creativity for employees. Luthans, (1998) said that empowerment is the authority to make decisions in a certain area of operations without having to get authorization from others, so that it can be said that empowerment essentially addresses how individuals, groups and communities try to control their own lives and try to shape the future according to their wishes.The ideas above mean empowerment as an effort to encourage the individual to determine for himself what he must do in relation to efforts to overcome the problems he faces, so that the individual has full awareness and power in shaping his future. Straub (1989; in Sadarusman, 2004), defines empowerment as giving autonomy, authority, trust, and encouraging individuals in an organization to develop regulations in order to complete work. Empowerment in the company can be said to be successful if the employee's performance is good. High-performance employees show a strong desire to spend extra energy to improve their performance and company performance, which in turn can increase the company's competitiveness. Therefore, every business person needs to implement an empowerment program for each of his employees, because empowerment will get benefits and benefits for the organization (Holosko et al., 2001).
Sumodiningrat (1999) argues that empowerment must be carried out through 3 (three) channels, namely: creating a climate that allows the potential to develop (enabling); strengthen the potential and power possessed (empowering); and provide protection (protecting). Based on these notions, empowerment will affect innovative behavior and competitiveness, so that hypotheses can be made as follows:
H6: Empowerment has a significant effect on the innovative behavior of SMEs.
H7: Empowerment has a significant effect on the competitiveness of SMEs.

III. Method
This research is an explanatory research, with the population of all SMEs craft in Semarang Regency. The sampling technique used was purposive random sampling with the criteria of SMEs craft that had followed the empowerment program. Data collection through a questionnaire carried out approximately 3 weeks on 156 respondents, consisting of owners, managers of marketing and production. The hypothesis is built using 5 (five) variables, namely competitiveness, business performance, self efficacy, innovative behavior, and empowerment. Deep interview techniques are used to explore the depth of research material from resource persons, in order to obtain more complete information to develop research theory. The basis for selecting data sources for interviews is experience in the field of SMEs craft.

Measurement of variables using a 7-point Likert scale (1 = strongly disagree until 7 = strongly agree once). Business performance adopted from Pasolong (2007), Santos and Brito (2012), Helfert (2016), Tarute & Gatautis, 2014, competitiveness adopted from Porter and Advantage (1985), innovative behavior adopted from Kleysen & Street in Kresnandito & Fajrianthi, 2012 , Bandura's self efficacy (Feist & Feist, 2011: 490), empowerment was adopted from Sumodiningrat (1999) and Thomas and Veltahouse (1990).

Test the validity & reliability of the data to determine whether the research instrument is valid and reliable, is the first step carried out in this study, namely by using the loading factor test and the KMO Barlet test.

Table 1: Validity and Reliability Data Testing

No	Variable	Indicator		KMO Barlet	Loading Factor	Relia-bility
1	**Empowerment:** Community empowerment is an effort to increase the capabilities and potential of the community so that the community can realize its dignity and dignity to the maximum to survive and develop themselves independently both in the economic, social, religious and cultural fields	1. owering	Reinforcing/emp	,761	0,695	,826
		2.	Strengthening	,805	0,756	
		3. r within	Enhancing/powe	,747	0,672	
		4.	Enabling	,769	0,690	
		5.	Defence	,761	0,683	
2	**Self-efficacy :** Self-efficacy is defined as "people's beliefsabout their capabilities to produce designated levels of performance that exercise influence over events that affect their lives	1.	Past performance	,763	0,669	
		2. experience	Vicarious	,814	0,762	,798
		3. parsuation	Verbal	,800	0,717	
		4.	Emotional cues	,782	0,676	
3	**Innovative Behavior :** Innovative behavior is defined as overall individual actions that lead to the emergence, recognition and application of something new and beneficial at all levels of the organization (Kleysen & Street in Kresnandito & Fajrianthi, 2012).	1.	Oppotunity	,811	0,729	,823
		2.	New Idea	,787	0,724	
		3.	Fight	,800	0,716	
		4.	Aplication	,845	0,780	
4	Competitiveness: Competitiveness is the ability of businesses, industries, regions, countries, or regions to generate relatively high and sustainable income and employment to face international competition (Organization for Economic Co-operation and Development (OECD)	1.	Product quality	,760	0,712	,844
		2.	Low cost	,815	0,774	
		3. defference	Product	,819	0,763	
		4. quality	Raw material	,751	0,660	
		5. technology	Appropriate	,778	0,694	
5	**Business Performance :** Business Performance is processes that help businesses optimize their business performance to ensure the achievement of business objectives	1.	Sales growth	,788	0,715	,826
		2.	Capital growth	,761	0,681	
		3.	Labor growth	,766	0,709	
		4.	Market growth	,782	0,716	
		5.	Profit growth	,750	0,680	

Source: Primary data processed, 2020

Table 1 explains the results of testing the validity and reliability of the data. Barlet KMO coefficient and loading factor for all variables are above the cut of value of 0.6 and the reliability coefficient is above the cut of value of 0.7, so that the data can be declared valid and reliable.

IV. Result and Discussion

Descriptive data analysis

There are two descriptive data analysis in this study, namely descriptive analysis of respondents 'profiles and descriptive analysis of respondents' answers. Descriptive analysis of respondent profiles using respondents 'tabulation profiles, and analysis of respondents' answers using descriptive statistical tables (Tables 2 and 3).

Table 2: Demographic characteristics of respondents

	Frequency	Procentase			Frequency	Procentase
Gender				**Age**		
Female	102	65,38%		< 25 year	5	3,21%
Male	54	34,62%		26-30 year	22	14,10%

	Frequency	Procentase			Frequency	Procentase
Gender				**Age**		
Education				31- 35 year	17	10,90%
Junior High School	34	21,79%		36- 40 year	63	40,38%
High School	105	67,31%		41 - 45 year	20	12,82%
Diploma	12	7,69%		46-50 year	19	12,18%
Bachelor	5	3,21%		> 50 year	9	5,77%
Experience				**Marketing Area**		
< 5 year	15	9,62%		Local	16	10,26%
5-10 year	26	16,67%		Regional	85	54,49%
11-15 year	79	50,64%		National	29	18,59%
16-20 year	24	15,38%		International	26	16,67%
>20 year	12	7,69%				

Source: Primary data processed, 2020

Table 3 : Descriptive Statistics

	Min	Max	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Reinforcing/ empowering	5	9	5,76	,842	,171	,187	-,153	,373
Strengthening	5	9	5,61	,997	,142	,187	-,397	,373
Enhancing/ power within	4	9	5,74	,935	-,134	,187	-,160	,373
Enabling	4	9	6,11	,994	-,341	,187	-,002	,373
Defence	5	9	5,67	,886	-,091	,187	-,259	,373
Past performance	5	9	5,77	,802	,080	,187	-,102	,373
Vicarious experience	5	9	5,63	,845	,064	,187	-,092	,373
Verbal parsuation	5	9	5,68	,753	-,414	,187	,464	,373
Emotional cues	5	8	6,03	,872	-,552	,187	-,457	,373
Oppotunity	5	9	5,82	,801	-,360	,187	,139	,373
New Idea	5	8	5,95	,768	-,390	,187	-,146	,373
Fight	5	9	6,08	,938	-,520	,187	-,377	,373
Aplication	5	9	5,80	,816	-,214	,187	-,154	,373
Product quality	5	9	5,70	,879	,140	,187	-,472	,373
Low cost	5	9	5,80	,897	,046	,187	-,242	,373
Product defference	5	9	6,17	,848	,139	,187	-,485	,373
Raw material quality	5	9	6,18	,893	,239	,187	-,533	,373
Appropriate technology	5	9	6,25	,839	,116	,187	-,346	,373
Sales growth	5	9	6,17	,787	-,230	,187	-,413	,373
Capital growth	5	9	6,32	,743	-,496	,187	,577	,373
Labor growth	4	9	5,74	,917	,074	,187	,167	,373
Market growth	5	9	6,32	,805	-,357	,187	,156	,373
Profit growth	5	9	5,85	,816	,081	,187	,251	,373

Source: Primary data processed, 2020

The results of descriptive analysis of all research variables received good responses. The average recapitulation results range from 5 to 7, meaning that the respondents gave answers to agree. The mean standard deviation of 0.855 indicates that respondents have chosen varied answers, but in general respondents choose scores 6 and 5, this can be seen from the mode values found at values 6 and 5. Skewness ratio (ststistic / std. Error) and kurtosis ratio (ststistic / std. Error) is in the range of ± 2 so that all indicators have no evidence of skewing that causes a bias of the response given.

Goodness of fit test model

The results of the confirmation analysis show good conditions because all the measurement index criteria needed in the model have been met. Comparison of measurement index criteria and model results is shown in Table 4. From the table it appears that all the constructs used to form the research model, confirmatory

factor analysis have met the determined goodness of fit. Goodness of fit test probability value indicates a value of 0.072, with the feasibility test of the model that qualifies as a good model. Thus, the suitability of the model predicted by the observed values is sufficient to meet the suitability of the model.

Table 4: Goodness of Fit Model

Kriteria Of Fit	Cut of value	Result	Evaluation
Absolute Fit Test			
1. Chi-Square	< 139,92	253,469	Good
2. P value	>0,05.	0,072	Good
3. Goodness of Fit Indeks (GFI)	>0,90	0,888	Moderate
4. Root Mean Square Error of Approximation (RMSEA)	<0,08	0,029	Good
5. Chi-Square /DF (Cmin/DF)	<2,00	1,142	Good
1. Ajusted GFI (AGFI)	>0,90	0,882	Moderate
2. Comparative Fit Index (CFI)	>0,90	0,977	Good

Source: Primary data processed, 2020

Based on Table 4 above, it can be concluded that the resulting path model is declared fit because it is in the required cut of value range, GFI and AGFI are in marginal conditions, according to Imam Ghozali (2014), this condition is declared no problem because it is still in the range approaching the number 1 (one). In testing the SEM assumptions also produced that the data have been declared normal both in multivariate and univariate dimensions, free from multivariate and univariate outliers, as well as free from multicollinearity and singgularity elements. Thus the model can be declared fit, so it can be used for the next analysis, namely testing hypotheses.

Structural EquationModel (SEM)

Development of innovative behavior, self-efficacy and competitiveness of small and medium industries such as Figure 1 uses the input data from the questionnaire to a perception scale with 168 sample sizes and data processing using the AMOS 24 computer program with a maximum estimate of likelihood. The results of the running data model diagram are shown in Figure 3.
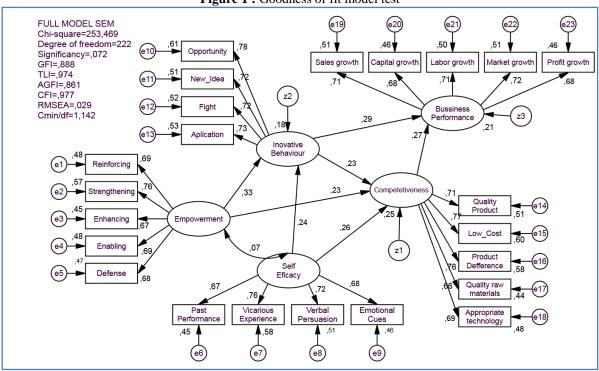
Figure 1 : Goodness of fit model test

Source: Primary data processed, 2020

Hyphotetic Test

After testing the goodness of fit value model is met, then testing the hypothesis based on the value of the critical ratio (CR) of the causality relationship built in the mindset. In this study, 7 hypotheses were developed. The results of SEM processing are shown in table 5 below.

Table 5: Regression Weights

Path			Standized Estimate	S.E.	C.R.	P
Empowerment	→	Innovative_Behaviour	,327	,082	3,406	***
Self_Efficacy	→	Innovative_Behaviour	,243	,085	2,601	,009
Innovative_Behaviour	→	Competitiveness	,234	,109	2,367	,018
Empowerment	→	Competitiveness	,229	,090	2,407	,016
Self_Efficacy	→	Competitiveness	,261	,093	2,829	,005
Innovative_Behaviour	→	Bussiness_Performance	,290	,098	2,840	,005
Competitiveness	→	Bussiness_Performance	,267	,087	2,673	,008

Source: Primary data processed, 2020

The results of testing through SEM, obtained the effect of empowerment on innovative behavior with a coefficient of 0.327, CR 3.406 (> 1.96) and tested significant with p <0.01, so it can be concluded that the higher the empowerment, the higher the innovative behavior. This study is supported by Eturk (2012) and Sarkar & Singh (2012), and Azida Abd. Ghani et al (2009), that individuals who are empowered in an organization will have a strong belief to behave innovatively by developing their ideas and implementing them in the organization.

Similarly, the effect of self efficacy on innovative behavior with a coefficient of 0.243, CR 2.601 (> 1.96) and tested significant with p <0.009. Thus it can be concluded that the higher the self efficacy, the higher the innovative behavior. This finding supports the Hsi-Chi Hsiao et al. 2013 study that there is a strong and significant positive relationship between self efficacy and innovative behavior. If self-efficacy is high, the innovative behavior will also increase / better. A company's competitiveness can be achieved if the employee's self-confidence and innovative behavior are high, as expressed by Tung J. 2012 and Tidd et.al (2016) and (Powell, W.W, and S. Grodal. 2004).

The influence of innovative_behavior on competitiveness with a coefficient of 0.234, CR 2.367 (> 1.96) and tested significant with p <0.018. This means that the higher innovative_behavior, the higher the competitiveness. The results of this study are supported by studies from Hana U. (2013), Tung J. 2012 and Tidd et.al (2016) who say that innovation in technology, the creation of new products and new markets, contributes to increasing company competitiveness.

The results of testing the effect of empowerment on competitiveness with a coefficient of 0.229, CR 2.407 (> 1.96) and tested significant with p <0, 016. Thus it can be said that, the higher the empowerment, will increase competitiveness. This study is in line with studies conducted by Nurul Istifadah (2014), which states that the empowerment of SMEs has a relationship in increasing competitiveness, because with empowerment will be able to improve the ability of the production process, so as to be able to compete in terms of price and product quality.

The effect of self efficacy on competitiveness with a coefficient of 0.261, CR 2.829 (> 1.96) and tested significant with p <0.005. This means that if one's self efficacy increases, his competitiveness will also increase. This is in line with the results of a study by Balaji C. Krishna et al (2015), who said that if a person's self-efficacy increases, it will improve its performance, which in turn can increase the company's competitiveness.

Furthermore, the results of testing the effect of innovative_behavior on business_performance with a coefficient of 0.290 CR 2.840 (> 1.96) and tested significant with p <0.005. Thus it can be said that if innovative behavior increases, business performance will increase. This study is supported by studies conducted by Chan Tze Leong & Amran Rasli (2013), who say that there is a positive relationship between innovative_behavior and business_performance.

The effect of competitiveness on business performance with a coefficient of 0.267, CR 2.673 (> 1.96) and tested significant with p <0.008. This can mean that the better innovative_behavior, the better business_performance will be. This study is supported by the results of research by Vegt and Janssen (2003) and Dorner (2012) which show that innovative work behavior has a significant positive effect on employee performance.

Based on the parameters of the first hypothesis estimation, between competitiveness variables on business performance showed significant results with CR = 2,991 (> 1.96); p = 0.003, with a significance level of 0.05. This shows that the higher the competitiveness, the higher the business performance. This study is supported by Bogy Febriatmoko et al (2015) which states that competitive advantage has a positive effect on the performance of SMEs businesses.

V. Discussion

The results of the study of the effect of empowerment on innovative behavior and competitiveness are positive and significant, so as to strengthen theoretical concepts and provide support for previous research findings. That continuous innovation in a company is a basic requirement which in turn will lead to the creation

of competitive advantage. The implication of this finding is that the development of innovation in the future requires the full attention of company leaders, and the awareness of its employees, because the concept of empowerment is people centered, empowering, and sustainable. Another implication of this finding is that SMEs craft owners need to pay close attention to internal and organizational factors before making a policy on empowerment of their employees, because basically every individual has a behavior caused by internal and organizational factors. The owner also needs to motivate employees to be creative and innovate in solving the problems they face and high performance, so that the company's competitiveness can increase.

Likewise, the self efficacy variable has a positive and significant effect on innovative behavior and innovative behavior has a positive and significant effect on business performance and competitiveness. Managerial implications of the findings of self efficacy, innovative behavior and business performance and competitiveness is the commitment of Cratf SMEs to believe in themselves and behave highly innovative, with the hope of increasing creativity and productivity, so as to produce quality products, have different values at a low cost, and able to adopt appropriate technology. The results of this study, namely competitiveness variables have a positive and significant effect on business performance, can strengthen the concepts of existing theories and support the results of previous research. Efforts to improve company competitiveness in order to improve business performance require commitment from all management and employees, because the company will perform better if all the components move together. The managerial implication of this finding is that SMEs Craft must cultivate innovative behavior for each of its employees to be able to increase its competitiveness.

VI. Conclusion and Recommendation

The Research found that innovative behavior and competitiveness were able to mediate business performance. This finding confirms that external environmental factors that pose a risk tendency will enable SME owners to always access to environmental changes, and conduct learning in the development of innovation. This will emerge the self-efficacy and finally there will be an intention to behave innovative.

Limitations of this study include the research method used, because the study of competitiveness and company performance has a long-term perspective, so the conclusions of this study do not reflect reality because this study uses cross-sectional studies. The reason is because of various situational and environmental factors that affect the company. Cross-sectional studies also do not take into account time-lags in relationships between variables (van der Weile et al., 2002). Thus, a longitudinal approach to future studies is needed to provide more managerial evidence at the company level.

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