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The Role of Ambidexterity, Strategic Orientation and Supply Chain Integration on Firm Performance: Case Study of SMEs in Traditional Market

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Abstract:

The existence of traditional markets as social institutions has a strategic role in the development process of a nation. But with the entry of modern civilization and dynamic market conditions the existence of traditional markets is threatened with extinction. Efforts to develop traditional markets become a particular concern of the government and an interesting issue to be studied. Some studies have discussed the weaknesses of traditional markets but few have discussed their development strategies. This study aims to analyze the strategies for developing traditional market performance in this disruptive and dynamic era by increasing ambidexterity and strategic orientation. In addition, this study also aims to analyze supply chain integration in traditional markets as a moderation of the relationship between ambidexterity and strategic orientation towards the performance of traditional markets. Empirical results are obtained through the distribution of questionnaires to 126 traditional market managers in Sleman, Yogyakarta. The study conducted structural equation modeling to test the proposed relationships. The result show that ambidexterity and supply chain integration have a significant influence on firm performance but ambidexterity does not have a significant effect on supply chain integration, while strategic orientation has a significant effect on supply chain integration but does not significantly influence firm performance. This study is the first empirical test to examine the impact of ambidexterity and strategic orientation toward traditional market performance. The study results may help managers of traditional market to implement ambidexterity, strategic orientation and supply chain integration to develop traditional market's performance.

Keywords: Traditional market, ambidexterity, strategic orientation, supply chain integration

1. Introduction

MSMEs have a high contribution to the economy in Indonesia. One of the places and centers of MSMEs in Indonesia is traditional markets. The existence of traditional markets as social institutions has a strategic role in the process of developing a nation (Bariarcianur, 2018). However, with the entry of modern civilization marked by the proliferation of supermarkets, malls and modern shopping centers in Indonesia, the existence of traditional markets is endangered (Wiyarni, Ludigdo, Ali, & Triyuwono, 2013).

Traditional markets have considerable potential to create attractiveness for consumers, one of which is the presence of cultural elements and uniqueness in buying and selling transactions in traditional markets (Wiyarni, Ludigdo, Ali, & Triyuwono, 2013). In addition to culture and uniqueness, Prabowo and Rahadi (2015) state that traditional market consumers are still dominated by the older generation while the younger generation's interest in shopping in traditional markets is still small. To increase the interest of the younger generation (generation Y) for shopping in traditional markets, traditional markets need to improve some accessibility attributes, merchandise quality, reputation, in-store service, store atmosphere, public facilities, prices, and security (Prabowo & Rahadi, 2015)

On the other hand, one of the biggest weaknesses that traditional markets have compared to modern markets lies in supply chain management (Wan, Tariqi, Marjudi, Hamid, & Zainuddin, 2017). Modern markets have a large bargaining power because they are managed by large companies so that they can regulate and qualify suppliers, while traditional markets are a collection of MSMEs that do not have enough bargaining power to regulate and provide product qualifications to suppliers.

In some literature, it is stated that supply chain is an important factor in the firm. However, an interesting and more needed issue in this dynamic era is how companies are able to create integrity in managing the supply chain. Supply chain integration is a practice implemented by companies in building strategic collaboration within and outside the ownership and control range of the firm (Ali, Zhan, & Alam, 2017). Flynn (2010) states that supply chain integration can improve firm performance.

To achieve good corporate performance and improve supply chain capabilities, companies are required to carry out exploration and exploitation properly. The firm's ability to explore and exploit well is called ambidexterity. The importance of ambidexterity in organizations is also supported by other studies conducted by Javier Tamayo-Torres, Jens

K. Roehrich and Michael A. Lewis (2017) which state that ambidexterity has a significant influence on manufacturing capability (Torres, Roehrich, & Lewis, 2017).

More specifically the research by Trong Tuan Luu (2016) places ambidexterity in the context of leadership and states that ambidexterity leadership has a significant effect on the firm's operating performance by being moderated by an entrepreneurial orientation variable. (Luu, 2017). Divesh Ojha, Chandan Acharya, Danielle Cooper (2018) put ambidexterity with Supply Chain and identified what influenced supply chain ambidexterity. (Ojha, Acharya, & Cooper, 2018). Before that Selvarajah Krishnan, Thillai Raja Pertheban (2017) also examined what influenced supply chain ambidexterity and found that supply chain resilience strategies had a significant effect on supply chain ambidexterity. (Krishnan & Pertheban, 2017)

In addition to ability, in achieving good corporate performance and supply chain management, a suitable strategy direction is needed to create sustainable business performance so that it can increase competitiveness and the firm's market share, this can be understood as a strategy orientation (Cheng and Huzing 2014). This statement is supported by research by Zailani (2016) that strategy orientation has a significant effect on sustainable supply chain. (Zailani, 2016), (Cheng & Huizingh, 2014).

Many previous studies discussed about ambidexterity in companies and generally related to firm performance or supply chain in general, but there is no research that connects ambidexterity with supply chain integration. This research provides a new picture of how the application of supply chain integration is influenced by ambidexterity. Previous literature is still focused on large companies or SMEs, but no one has examined the integrity of supply chains in traditional markets that are the economic basis of rural communities in Indonesia. So that the analysis of the application of supply chain integration of MSMEs in traditional markets is an interesting topic. This study aims to analyze the relationship between ambidexterity, strategy orientation and supply chain integration towards traditional market performance.

2. Literature Review

2.1. Ambidexterity and Supply Chain Integration

Ambidexterity is defined as the ability of an organization to align and manage efficiently the business demands that occur and can also adapt to environmental changes. So that ambidexterity guides organizations to be able to carry out exploration and exploitation together well (Carvalho & Sabino, 2019). Tuan (2016) also provides a similar definition of integral construction in a firm that describes a dual orientation between organizational exploration and exploitation.

Kedzierska (2018) states that ambidexterity covers 2 aspects, namely exploration and exploitation. Exploitation focuses on what the firm already has and knows and is associated with concepts such as efficiency, repetition, stability, reliability, low levels of uncertainty and high success rates. Exploration focuses on what must be found and associated with low efficiency, experimentation, flexibility, tolerance for errors, high uncertainty and low success rates (Kedzierska, 2018).

Rojo, Llorens, Montes and Niev (2016) stated that ambidexterity can affect firm performance by being moderated by supply chain flexibility fit and in the indicators of supply chain flexibility fit found integration in the supply chain. Likewise with research by Ojha, Acharya and Cooper (2018), Krishnan and Pertheban (2017, Tuan (2016) and Bravo and Isabel (2018) also support the existence of a significant relationship between ambidexterity and supply chain and supply chain indicators and integration found supply chain, therefore it is very interesting to raise supply chain integration as a separate variable.

From a number of previous studies, it was concluded that one way to increase supply chain is to increase corporate ambidexterity. There are already many topics related to supply chain and the supply chain discussion has an important indicator, namely supply chain integration. However, the literature discussing integration in supply chain is still small and supply chain integration is an important concept in firm development (Flynn, Huo, & Zhao, 2010), (Ali, Zhan, & Alam, 2017)

Supply chain integration is a practice implemented by companies in building strategic collaboration within and outside the ownership and control range of the firm (Ali, Zhan, & Alam, 2017). Supply Chain Integration can also be defined as integrated control of a number of consecutive or similar economic or industrial processes that were previously carried out independently (Flynn, Huo, & Zhao, 2010).

According to the Big Indonesian Dictionary, integration is a mixture to become a whole or round unity. So that it can be interpreted that supply chain integration is a collaborative process between the parties involved in the supply chain in order to create a unified whole and add value to the firm. Flynn (2010) describes that supply chain integration has three dimensions, namely integration between suppliers, consumers and internal companies.

2.2. Strategic Orientation and Supply Chain Integration

Strategy orientation is a plan determined by the firm in order to adapt to the external environment, have a culture of friendship that is compatible with the environment and able to face environmental challenges (Carvalho & Sabino, 2019). Strategy orientation is also defined as the ability of an organization to use strategies to adapt and change aspects of its environment for more profitable alignment (Keah, Suhaiza, & Zailani, 2016)

Strategic orientation is an important component for every firm to achieve its vision and mission, without a clear strategic orientation, the firm cannot run its business in the long term. Not looking at MSMEs or large companies must have a clear and mature strategic orientation. Strategy orientation can affect several aspects of the firm, one of which is supply chain. This is supported by Mandal and Saravanan (2019), Hong, Kwon and Roh (2009), Nadeem and Siddiqui (2014), Keah, Suhaiza and Zailani (2016) and Kirchoff, Tate and Mollenkopf (2016) that strategy orientation can affect supply chain. Just as in the previous discussion, supply chains discussed in the literature are packaged in various forms

such as supply chain agility, supply chain competence, halal supply chain, etc., and from several forms of supply chain integration indicators are found in them.

The firm's strategic orientation can be seen from several aspects. Mandal and Saravanan (2019) describe strategic orientation in 6 forms of orientation, namely entrepreneurial orientation, environmental orientation, supply chain orientation, technology orientation, market orientation and learning orientation. Whereas Nadeem and Siddiqui (2014) describe the firm's strategic orientation in two forms, namely the supply chain orientation and environmental orientation. Cheng and Huizingh (2014) measure strategic orientation with 3 indicators, namely entrepreneurial orientation, market orientation and resource orientation. These indicators are used in measuring strategic orientation and analyzed the relationship between strategic orientation and supply chain which results in a significant relationship between strategic orientation and supply chain. Therefore, by adding novelty from the supply chain side with the form of supply chain integration

2.3. Ambidexterity and Firm Performance

Ambidexterity is the firm's ability to carry out exploration and exploitation. Managing exploitation and exploration is not an easy thing. A manager often faces these problems in managerial decision making, competitive strategies, procedures, practices and incentive systems. Previous research shows that there are still many companies that fail to do these things. Motorola, for example, is one of the pioneers of users of Six Sigma techniques to eliminate waste from processes, namely, exploitation. However, companies, failing to manage R & D arrangements (i.e. border exploration) resulted in a decrease in competitive advantage from their mobile divisions (Chandrasekaran et al., 2012).

Besides Motorola, there are still many large companies that also suffer losses because they are not able to manage exploration and exploitation well, so it can be concluded that ambidexterity is a capability that companies must have to survive and have a competitive advantage, especially in a dynamic era like today. Research on ambidexterity has begun to expand still in certain contexts and there are still many contexts that have not been studied. Ambidexterity is a general concept that can be embedded in several contexts such as organization, leadership to supply chain and other aspects. So that research on ambidexterity can be very broad and provides an opportunity to conduct further research.

Ambidexterity besides influencing the supply chain of several studies also proves that ambidexterity can directly influence firm performance. As research conducted by Kedzierska (2018), Comez (2016), Tomljenović & Stilin (2010), Herzallah, Gutierrez, & Rosas (2017), Almahendra & Budiarto (2017), Torres, Roehrich, & Lewis (2017), Luu (2017) which states that ambidexterity can affect firm performance. The discussion related to ambidexterity mostly uses measurement in two aspects, namely exploration and exploitation. As for several other studies discussing ambidexterity in detailed aspects such as leadership ambidexterity and supply chain ambidexterity and from some of these studies the results state that ambidexterity influences firm performance.

2.4. Strategic Orientation and Firm Performance

Mandal and Saravanan (2019) describe strategic orientation in 6 forms of orientation, namely entrepreneurial orientation (eo), environmental orientation, supply chain orientation, technology orientation, market orientation and learning orientation. Whereas Nadeem and Siddiqui (2014) describe the firm's strategic orientation in two forms, namely the supply chain orientation and environmental orientation

Another variable that can affect a firm is strategic orientation. Keah, Suhaiza and Zailani (2016) see the firm's strategic orientation with two indicators, namely reputation and innovation. Jeana, Kimb, Chioua and Calontone (2018) Lin, Luo, Ieromonachou, & Rong, (2018), Rodríguez & Fierro, (2018), Cheng & Huizingh (2014), Jansson, Nilsson, Modig, & Vall (2015) which states that strategic orientation can have a significant influence on firm performance.

Discussion related to strategic orientation has various forms of application according to the needs and objectives of the firm. When companies focus on the firm's goals in service, the firm's strategic orientation is also built on aspects of service as research by Lin, Luo, Ieromonachou and Rong (2018) that uses strategic orientation with indicators of service orientation, learning orientation and consumer orientation.

2.5. Supply Chain Integration and Firm Performance

Flynn (2010) describes that supply chain integration has three dimensions, namely integration between suppliers, consumers and internal companies. In his research, Flynn stated that supply chain integration can improve firm performance. Likewise, Ali (2016) also describes the supply chain integration with these three indicators and also supports Flynn's research results, only Ali provides mediating variables, namely halal food supply chain integration and is proven to mediate between supply chain integration and firm performance.

Supply chain integration is one dimension in several supply chain related variables. Rojo, Llorens, Montes, and Niev (2016) put supply chain flexibility as a moderating variable between ambidexterity and firm performance. The study measures supply chain with one of the indicators is the integration of firm information which is also an indicator of Supply chain integration.

Soares (2017) places supply chain integration in the dimensions of the supply chain quality management and explains supply chain integration with several separate measurements. Flynn (2010) emphasizes the importance of supply chain integration and agreed upon by Ali (2017). The importance of supply chain integration for the firm's growth encourages companies to improve firm aspects that can increase supply chain integration.

Flynn (2017) measures supply chain integration with 3 dimensions, namely supplier integration, consumer integration and firm internal integration. The case of MSMEs especially those in traditional markets is very suitable with some of these studies, that important aspects that must be improved for MSMEs are finance and marketing.

3. Research Methods

The population used in this study is MSMEs in traditional markets managed by the Office of Industry and Trade of Sleman Regency. The samples used in this study were 200 SMEs in the traditional market in Sleman Regency. The data to be used in this study was obtained through the distribution of questionnaires to 200 MSMEs in traditional markets. Then the data were analyzed using the Structural Equation Model (SEM) method using AMOS software. The variables analyzed in this study are ambidexterity, strategic orientation, supply chain integration and firm performance with the following definitions and indicators:

3.1. Ambidexterity

Ambidexterity is defined as the firm's ability to carry out exploration and exploitation so that it can adjust the external environment. The dimensions of ambidexterity have 2 aspects, namely exploration and exploitation with the following measurements (Comez, 2016):

Exploitation:

- Increasing economies of scale in existing markets
- Expanding services for existing clients
- Reducing internal process costs
- Improving the supply of existing products and services.

Exploration:

- Motivation and encouragement to create new products and services
- Experiment with new products and services in the local market.
- Commercialize truly new products and services owned by market traders
- Facilitating us to renew and commercialize products.

3.2. Strategic Orientation

The orientation of the strategy is an orientation determined by the firm in order to adapt to the external environment, have a culture of friendship that is compatible with the environment and is able to face environmental challenges (Carvalho & Sabino, 2019). The strategic orientation in this study was measured by the following indicators (Jansson, Nilson, Modig, and Vall, 2015):

Market Orientation

- Review our product development efforts to ensure that they are in line with what customers want.
- Customer interest always takes precedence, ahead of the level of profitability
- This organization exists primarily to serve customers.
- Organization's business goals are driven by customer satisfaction.

Entrepreneurial Orientation

- Firm views risk as positive, encourage projects even though the results may be uncertain.
- In difficult business situations, firm often chooses an aggressive attitude towards potential business opportunities.
- The last three years firm has launched several new products / services.
- Creativity and experimentation are encouraged.
- The changes are more often radical than incremental.

3.3. Supply Chain Integration

Supply chain integration is a practice implemented by companies in building strategic collaboration within and outside the ownership and control range of the firm (Ali, Zhan, & Alam, 2017). Supply chain integration can also be defined as integrated control of a number of consecutive or similar economic or industrial processes that were previously carried out independently (Flynn, Huo, & Zhao, 2010). The measurement of supply chain integration is as follows (Soares, Soltani and Liao, 2017):

- Create a supply chain team that includes members from various companies.
- Expanding the supply chain to include members outside of direct suppliers.
- Expanding the supply chain to include members outside of our direct customers.
- The firm increases the integration of activities throughout the supply chain.
- The firm creates a greater level of trust among members of the supply chain.
- The firm involves all members of the supply chain in product / service / marketing plans.
- The firm participates in supplier decision making.
- The firm is looking for new ways to integrate supply chain activities.
- The firm helps suppliers to improve supplier capabilities.

3.4. Firm Performance

Firm performance can be described in various aspects, both from the financial aspect, firm productivity, to employee performance. However, in this study firm performance is measured by entrepreneurial performance, business performance and the firm's strategic objectives. The measurements are as follows (Beheshti, Mostaghel and Hultman, 2014):

- MSMEs are able to make cost reduction efforts
- High return on capital
- Sales increase
- Assets have a good rate of return (Comparison of income and assets continues to increase)
- MSMEs have good liquidity (cash)
- Net profits continue to increase

4. Result

4.1. Confirmatory Analysis

Confirmation analysis is used to test concepts that are built using several measurable indicators. The conformity model conformity test was tested using the Goodness of Fit Index which included Chi-Square, probability, RMSEA, GFI, CFI, TLI and CMIN / DF. This study uses 6 variables which include exploration with 4 indicators, exploitation with 4 indicators, market orientation with 4 indicators, entrepreneurial orientation with 5 indicators, supply chain integration with 9 indicators and firm performance with 6 indicators and total indicators are 32 indicators.

From the results of the CFA analysis with Amos 24 it can be used to measure construct validity where a questionnaire is said to be valid if the question in the questionnaire is able to express something measured by the questionnaire. According to Hair et al. (2010, 777) the minimum number of factor loading is ≥ 0.5 or ideally ≥ 0.7 . So that it can be concluded that all questions are used for

Measuring variables in this study is declared valid. From the results of the analysis it is known that there are 1 indicator that is still below 0.5, namely the A3 indicator so it must be removed from the research model. From the results of the goodness of fit test, it was found that only one criterion was fulfilled, namely RMSEA, while the other criteria were not fit, so modification of the model with reference to modification indices that required eliminating some indicators was obtained so that new criteria were met because where is the table on the results of the goodness of fit as table number 1

Goodness of Fit	Criteria	Cut-off value	
Chi-Square (X^2)	Diharapkan kecil	147,686	Fit
Significance Probability	$\geq 0,05$	0,064	Fit
RMSEA	$\leq 0,08$	0,032	Fit
GFI	$\geq 0,90$	0,930	Fit
AGFI	$\geq 0,90$	0,892	Margina
CMN / DF	$\leq 2,00$	1,021	Fit
TLI	$\geq 0,90$	0,968	Fit
CFI	$\geq 0,90$	0,977	Fit

Table 1: Goodness of Fit
Source: Data Processed (2019)

4.2. Reliability Test

The reliability coefficient ranges from 0-1 so that the higher the coefficient (close to number 1), the more reliable the measuring instrument. Good construct reliability if the construct reliability value is > 0.7 and the variance extracted value is > 0.5 (Yamin & Kurniawan, 2009). From the results of the calculation, the results obtained as in table 2

Variable	Indicator	CR (Construct Reliability)	VE (Variance Extracted)
Explorasi	A4, A2, A1	0.6	0.4
Eksplorasi	A7, A6, A5	0.6	0.4
SCI	SI1, SI3, SI4, SI6	0.8	0.5
OP	OS4, OS3, OS2	0.7	0.5
OK	OS9, OS8, OS7	0.7	0.5
KP	KP1, KP3, KP4	0.6	0.4

Table 2: Uji Reliability
Source: Data Processed (2019)

From table 2, it can be concluded that construct reliability 3 variables have shown > 0.7 but there are still 3 other variables which only have a value of 0.6 CR, but Ferdinan (2002) that CR can still be accepted with the above values 0.5. As for the variance extracted in the exploration, exploitation and KP variables, it is still less than 0.50, but according to Hatcher in Longino (2007) states that variance extracted testing is conservative, reliability can be accepted even if the extracted variance is less than 0.50. So, it can be concluded that the questionnaire used for this study was declared reliable.

4.3. Analysis SEM

Model development in this study is based on the concept of data analysis described in chapter II. In general, the model consists of exogenous variables, namely exploration, exploitation, market orientation, entrepreneurial orientation and supply chain integration. While the endogenous variables in this study are firm performance.

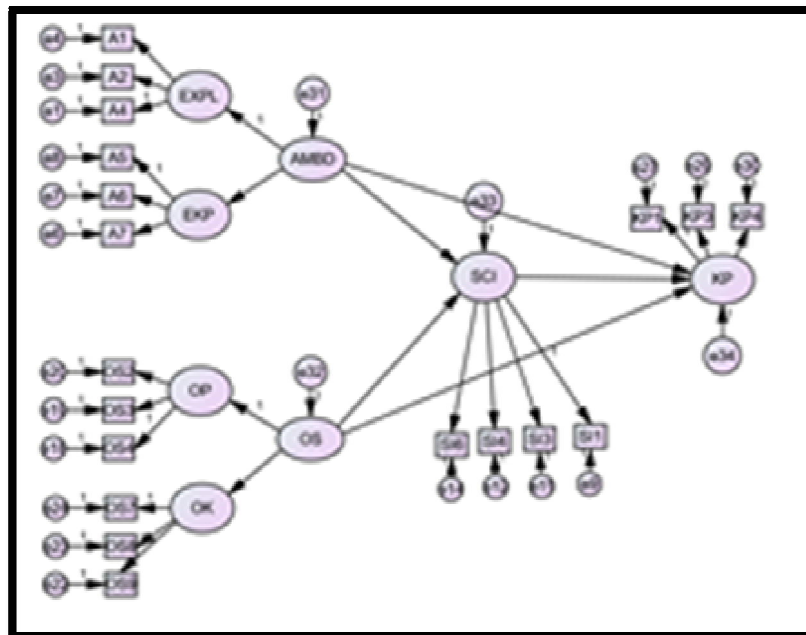


Figure 1

The next step is to compile causality relationships with path diagrams and compile structural equations. There are 2 things that need to be done, namely structuring a model that is by connecting between latent constructs both endogenous and exogenous to compile and determine the model that is connecting endogenous or exogenous latent constructs with an indicator variable or manifest.

Structural equation models differ from other multivariate analysis techniques. SEM only uses input data in the form of a variance matrix or covariance or correlation metric. The model estimation used is the estimated maximum likelihood (ML) that has been fulfilled with the following assumptions:

4.3.1. Sample Size

Sample size refers to the number of data samples that must be fulfilled, namely as many as 100-200 samples. In this study it has been fulfilled with a sample of 200.

4.3.2. Normality

The normality data assumption must be fulfilled so that data can be processed further for SEM modeling. Univariate normality testing is to observe the value of skewness and kurtosis data used, if the CR value of skewness and CR in kurtosis data is between ± 2.58 , then the research data can be said to be normal.

Based on the normality test obtained values of cr and kurtosis in the range of -2.58 to 2.58. The value of cr on multivariate is 1.612 which is in the range of -2.58 to 2.58 which means that the data is normally distributed so that the data in this study can be analyzed using Structural Equation Modeling (SEM).

4.3.3. Outliers

Outlier is observed data that has unique characteristics that look different from other observations and appear in the form of extreme values, both for a combination variable and variable. The outliers can be evaluated using an analysis of multivariate outliers seen from the value of the Mahalanobis Distance.

The Mohalanobis distance test was calculated using the chi-square value of the degree of freedom of 19 indicators at the level of $p < 0.001$ using the formula $X^2 (19; 0.001) = 43,820$. The results show that there is no value of more than 43,820 so that it can be concluded that there are no outliers.

Furthermore, SEM requires the research model to meet the criteria of goodness of fit. However, the previous results give results that have not met the criteria of goodness of fit, therefore reforms must be taken. The corrective actions taken in this analysis are to issue observations containing outliers and modify models through modification indices and discard variables containing outliers. After reforming and updating by removing the value of observations containing outliers and modifying the model, the results of the goodness of fit test are obtained as table 3.

Goodness of Fit	Kriteria	Cut-off value	Keterangan
Chi-Square (X ²)	Kecil	143,370	Fit
Significance Probability			
RMSEA	≥ 0,05	0,056	Fit
GFI	≤ 0,08	0,033	Fit
AGFI	≥ 0,90	0,930	Fit
CMN / DF	≥ 0,90	0,887	Marginal Fit
TLI	≤ 2,00	1,215	Fit
CFI	≥ 0,90	0,966	Fit
	≥ 0,90	0,977	Fit

Table 3: Goodness of Fit
Source: Data Processed (2019)

Based on table 3, it is known from all existing goodness of fit criteria, all criteria have been fulfilled by this research model. All criteria are good or fit except AGFI values are still marginally fit but can be tolerated and this research model is said to be good or meets the criteria of goodness of fit. The next analysis is the analysis of the Structural Equation Model (SEM) in full model to test the hypotheses developed in this study. The regression weight test results in this study are as follows:

			Estimate	S.E.	C.R.	P
SCI	<---	Ambidex	-.216	.177	-1.219	.223
SCI	<---	OS	1.110	.251	4.414	***
KP	<---	SCI	.677	.189	3.582	***
KP	<---	Ambidex	.412	.203	2.032	.042
KP	<---	OS	.304	.289	1.052	.293

Table 4: Uji Hipotesis
Source: Data Processed (2019)

To see the hypothesis accepted or rejected, by looking at the value of Critical Ratio (CR) and probability value (P) from the results of data processing. If the test results show the value of CR above 1.96 and the probability value (P) is below 0.05 / 5%, the proposed hypothesis is declared acceptable. In detail the research hypothesis testing will be discussed in stages according to the hypothesis that has been proposed. In this study 5 hypotheses were proposed, the following discussion will be described as follows:

- H1: Ambidexterity has a significant effect on supply chain integration
- H2: Strategy orientation has a significant effect on Supply Chain Integration
- H3: Ambidexterity has a significant effect on firm performance
- H4: Strategy orientation has a significant effect on firm performance
- H5: Supply chain integration has a significant effect on firm performance

5. Discussion

In this study consists of 5 hypotheses consisting of H1: Ambidexterity has a significant effect on supply chain integration, H2: strategy orientation has a significant effect on supply chain integration, H3: supply chain integration has a significant effect on firm performance, H4: ambidexterity has a significant effect on firm performance, H5: strategy orientation has a significant effect on firm performance.

After conducting a study involving 200 respondents consisting of MSMEs and management of merchant associations in the traditional market of Sleman Regency, the following results were found:

- There is no positive and significant influence between ambidexterity and supply chain integration in traditional market MSMEs in Sleman Regency. These results contradict the research conducted by Rojo, Llorens, Montes, & Niev (2016), Luu (2016), Bravo & Isabel (2018), Scott (2016) which states that ambidexterity has a positive and significant effect on supply chain integration. However, the results of this study are supported by Gualandris, Legenvre, & Kalchschi (2017) which also states that ambidexterity does not have a positive effect in terms of negatively influencing supplier efficiency and innovation in supply chain which also includes supply chain integration.
- The negative relationship between ambidexterity and supply chain integration in this study was due to the limited human resource space owned by MSMEs in the Traditional Market of Sleman Regency and also the intense competition for modern shops that were more flexible in creating ambidexterity in their companies. The solution to the problem is as stated by the informant that government regulation in this case is needed to be made in the Sleman Regency government in regulating business competition between modern shops and traditional markets. The regulation in question is limiting the establishment of modern stores, stabilizing the price of goods and developing infrastructure in the traditional market of Sleman Regency.
- There is a positive and significant effect of strategy orientation on supply chain integration in traditional market MSMEs in Sleman Regency. These results are supported by previous studies conducted by Sig: Nadeem & Siddiqui

(2014), Hong, Kwon, & Roh (2009), Keah, Suhaiza, & Zailani (2016), Kirchoff, Tate, & Mollenkopf (2016) which state that Strategy orientation has a positive and significant effect on supply chain integration. However, other studies by Mandal & Saravanan (2019) provide conflicting results that strategy orientation does not have a significant effect on supply chain integration. Although there is research that states that there is no significant relationship between strategy orientation and supply chain integration, the majority of previous studies suggest that strategy orientation can influence supply chain integration.

- There is a positive and significant influence of supply chain integration on firm performance in traditional market MSMEs in Sleman Regency. These results show the importance of implementing integrase in the supply chain in the firm. The application of supply chain integration in some literatures is not entirely variable but some use supply chain integration as one of the dimensions and indicators of supply chain variables. Previous research conducted by Kumar and Kushwaha (2018), Ali, Zhan and Alam (2017), Tan, Ali, Makhbul Ismai (2017), Adura, Yusoff, Nerina and Yusof (2015), Flynn (2010) and Ali (2017) support the results of this study and state that supply chain integration has a positive influence on firm performance.
- There is a positive and significant effect of ambidexterity on firm performance in traditional market MSMEs in Sleman Regency. The results of the study are supported by previous research conducted by Kedzierska (2018), Comez (2016), Tomljenović & Stilin (2010), Herzallah, Gutierrez, & Rosas (2017), Almahendra & Budiarto (2017), Torres, Roehrich, & Lewis (2017) and Luu (2017) who also stated that ambidexterity has a positive influence on firm performance.
- There is a positive but not significant influence between strategy orientation and firm performance in traditional market MSMEs in Sleman Regency. The results of this study are supported by research conducted by Lin, Luo, & Ieromonachou (2018) and Rodríguez & Fierro, (2018) which also states that strategy orientation does not significantly influence firm performance. In the study of Rodríguez & Fierro, (2018) the absence of the influence of strategy orientation on firm performance only applies to non-financial performance while financial performance has a significant effect.

This study resulted that strategy orientation could not significantly influence the firm's performance due to the intense competition and lack of human resources, according to modern market sources very negative impacts on the performance of traditional markets and government regulations and the development of traditional markets is very necessary in overcoming this problem.

6. Theory and Managerial Implication

This research has provided satisfactory results and gives 5 conclusions from the hypothesis that has been proposed. From the results of this study, the managerial implementation that should be taken by the UMKM in the Sleman Regency traditional market is as follows:

Ambidexterity is an important aspect that must be owned by companies in this dynamic era, the ability to carry out exploration as well as exploitation is the key to the firm's sustainable development. However, in this study it was found that ambidexterity does have a positive and significant effect on firm performance but has a negative and not significant effect on supply chain integration. From these results, the MSMEs in the traditional asar of Sleman Regency should maintain and develop ambidexterity and to increase supply chain integration companies rely on an increase in strategy orientation which in this study proved to have a positive and significant effect on supply chain integration.

In addition to the ambidexterity an important aspect of the firm is the orientation of the strategy. This study states that strategy orientation has a positive and significant effect on supply chain integration but has no significant positive effect on firm performance. From these results, MSMEs in the Sleman traditional market should develop a strategy orientation within the firm in order to increase supply chain integration. As for efforts to improve firm performance, strategy orientation cannot have a significant effect, but supply chain integration that is influenced by strategy orientation can have a positive and significant influence on firm performance.

This study also states that supply chain integration has a positive and significant effect on firm performance, so that MSMEs in the traditional market of Sleman Regency must develop efforts in integrating the supply chain system in their companies in order to achieve better corporate performance.

7. References

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