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**FACTORS AFFECTING THE SUSTAINABLE
COMPETITIVENESS OF BATIK BUSINESS IN GKBI FROM
ISLAMIC PERSPECTIVE****Nur Setiawan & Tatik Mariyanti**

ABSTRACT

The purpose of this study was to analyze the influence of Internal Factors, External Factors, and Religiosity on the business strategy and business competitiveness of sustainable batik entrepreneurs under the guidance of GKBI. In analyzing, this study uses a quantitative method with a structural equation model (SEM) approach. The population in this study was batik entrepreneurs in the GKBI environment. The sample in this study were 120 respondents. This study used a data analysis method using SmartPLS software version 2.0.m. PLS (Partial Least Square). Samples collected as many as 120 respondents consisting of batik entrepreneurs from Tasikmalaya, Ciamis, Cirebon, Pekalongan, Yogyakarta, Solo, Ponorogo, and Gresik. The results of this study indicate that the factors that influence the business strategy of business and batik business competitiveness through the variables of Internal Factors, External Factors, and Religiosity. Results of the coefficient of determination (R-Square) indicate the ability of the Internal Factor, External Factor, and Religiosity variables explaining the Business Strategy of Batik Business is 0.4188 or 41.88%, that opportunity for other variables in defining the variable of the Islamic business strategy is 58.12%. The ability of the Internal Factors, External Factors, Religiosity, and Business Strategies explaining the Competitiveness of batik businesses is 47.62%, the opportunity for other variables in defining the Competitiveness of batik businesses is 52.38 %. External variables are the variables that most influence on sustainable Competitiveness; this implements the need for the batik industry to pay attention to external factors in developing business. The results of this study imply that form an Islamic business strategy and increase sustainable Competitiveness. It is necessary to consider internal factors, external factors, and the level of entrepreneurial Religiosity. The existence of a high level of Religiosity will form an Islamic business strategy and also provide a high level of business competitiveness.

Keywords: *Competitiveness, Islamic Strategy, Internal Factors, External Factors, Religiosity*

INTRODUCTION

Operational Competitiveness is an operation function that is not only oriented inward (internal) but also externally (externally), i.e., proactively responding to the target market. The competitiveness dimension of a company consists of cost efficiency (quality), level of quality (quality), time of delivery (delivery), and flexibility (flexibility). (Ward et al., 1998; Muhandi, 2007).

Porter (1998) shows the dominant factors that influence the Competitiveness of companies, starting from the condition of factors, terms of demand, changes, corporate strategy, and the role of the Government. A company has a competitive advantage due to the amount of production, the number of product requests, finance, distribution, advertising economies of scale, ownership of technology, brands, or human resource management.

One of the tremendous potential resources owned by Indonesia is the potential of creating economic resources. Economic conditions in Indonesia, among others, are supported by the economy of Small and Medium Enterprises (SMEs). SMEs are a sector that can survive in a depressed global economic situation (Kumalasari et al., 2014).

The batik industry in Indonesia is generally a small and medium industry (UKM), which is the livelihood of some people. Before the monetary crisis in 1997, this small and medium industry had experienced rapid progress. Some batik entrepreneurs had experienced a glorious period. In the 1980s, batik was an official dress that had to work at every state or other formal event. To introduce and improve the image of batik in the international world.

GKBI (Indonesian Batik Cooperative Association) is a cooperative formed by SME batik entrepreneurs in dealing with competitiveness issues. Porter's approach (1998) above shows that the dominant influence in the batik industry is related and supporting industries, the role of GKBI must be dominant in this regard.

The Competitiveness of small businesses in Indonesia is low, caused by many factors, including marketing, finance, management, technology, location, human resources, and economic structure. These factors can group into internal and external environmental factors (Pambudy and Rabbani, 1995; Siswoyo and Maryadi, 1995), which generally used as a basis for entrepreneurs to set strategies. According to Idrus (1999), plans structured to respond to relevant external changes of an organization. External changes will react to by showing the internal capabilities of the organization that can take advantage of opportunities and minimizes threats.

The inability to respond to changes in the external environment will make an organization "shock." For example, the rise in petroleum prices in the 1970s has changed the pattern of car purchases by consumers from American products to Japanese products that are more fuel-efficient (Wright et al., 1994). Thus, strategies are useful for maintaining, maintaining, and improving the performance and Competitiveness of an organization (Kudla, 1980; Robinson and Pearce, 1983).

The factor of Religiosity can also determine the business strategy and the company's competitive advantage in addition to internal and external factors. Arief and Mustikowati (2016) offer a concept for the development of entrepreneurship theory in improving performance, namely the idea of Religiosity. Religious perspectives can link to cultural transformation processes such as the application of an innovative and proactive assessment, with an emphasis on honesty, morals, and ethics. The religiosity factor can apply in a company's strategy that will have a unique impact and significant capital in supporting the company's existence. (Suselo, 2018). Several studies indicate that the religiosity factor has a significant influence on the company's business strategy, especially on marketing strategies (Sobari et al., 2019; Edastami et al., 2019; Halik, 2016). However, some research results show that Religiosity has an insignificant influence on business strategy (Aristiana et al., 2019; Huda et al., 2018).

The batik industry needs to improve its Competitiveness because small enterprises have high resistance to outside interference and are flexible to various market changes. According to Naisbitt (1994), the bigger the world economy, the stronger the small business, so that this business will excel in the era of free trade. Small companies and small-scale business sector make countries like United States, Japan, Taiwan, and South Korea have economic strength. (Hadiati, 2008). Small businesses are a vital sector of job creation because to produce a certain number of outputs, the effect of employment opportunities is greater than the impact generated by large businesses. Therefore, this research was conducted to obtain authentic and scientific information about the behavior of batik industry entrepreneurs in responding to internal and external factors to improve Competitiveness.

The objectives of this study are 1. Analyzing internal factors can influence the business strategies of GKBI-assisted batik entrepreneurs; 2. Analyzing internal factors can affect the sustainable Competitiveness of batik entrepreneurs guided by GKBI; 3. Analyzing external factors can influence the business strategy of GKBI-assisted batik entrepreneurs; 4. Analyzing external factors can directly affect the sustainable Competitiveness of batik entrepreneurs guided by GKBI; 5. Analyzing the elements of Religiosity can change the business strategies of batik entrepreneurs under the guidance of GKBI; 6. Analyzing the factors of Religiosity can directly affect the sustainable Competitiveness of batik entrepreneurs under the supervision of GKBI; 7. Analyzing the business strategies of batik entrepreneurs under the guidance of GKBI can affect the sustainable Competitiveness of batik entrepreneurs; 8. Analyzing internal factors can affect sustainable Competitiveness through the business strategies of batik entrepreneurs under the guidance of GKBI; 9. Analyzing external factors can affect sustainable Competitiveness through the business strategies of batik entrepreneurs under the supervision of GKBI; 10. Analyzing the elements of Religiosity can affect sustainable Competitiveness through the business strategies of GKBI-assisted batik entrepreneurs; and 11. They are investigating the significance of direct and indirect effects between variables.

THEORETICAL BACKGROUND

The Competitiveness Porter Theory

According to Porter (1998), competition is the core of a company's success or failure. The game provides the impetus for achieving success by providing better products and services than competitors. On the other hand, competition can also provide a breakdown for static companies, fear of competition, and unable to produce quality products so that competition will be a threat to the company. Another competitiveness theory is Porter's competitive advantage theory. According to Porter (1998), comparative advantage can found at the company level and the national level. There are four things in building the superiority of a country described by Porter as a diamond-shaped scheme, namely the condition of factors such as skilled personnel and infrastructure, terms of demand and domestic quality demands for specific industrial outputs, the existence of related industries and competitive supporters, and strategy, structure, and competition between companies. Also, there is a significant correlation with the role of government variables to create a national competitive advantage and the presence of chance factors (discoveries, soaring prices, exchange rate changes, and security conflicts between countries). The higher the level of competition between companies in a country, the higher the level of international Competitiveness. Concept of comparative advantage according to Thurow (2001) will shift to take into account technology as a dynamic element, because the mastery of science and technology has been able to produce sophisticated equipment to move most of the human workforce so that the ratio of capital and labor is no longer a variable. Important variable, although employment is still needed, its role becomes very lacking in the production process.

Its technology also determines Tambunan (2002), the Competitiveness of a commodity. In the future, technology demands are characteristic in the process of developing exports by taking the rationale and assumptions built by classical theory. However, conventional methods do not see the importance of the influence of technological processes on world trade patterns. Because ultimately, competitive advantage will determine the power of a country or a commodity rather than its comparative advantage.

Competitiveness generally defined as the ability of an industry to show excellence in some instances by showing the most favorable situations and conditions, better work results compared to other sectors. So the factor that must consider in the competition is excellence. Operational Competitiveness is an operation function that is not only oriented inward (internal) but also outward (external), i.e., responding to the target market proactively. (Muhardi,2007)

Indicators of Competitiveness of a company, as stated by Muhardi (2007), by quoting Ward et all (1998) consist of cost, quality, delivery time, and flexibility. In detail, a company's competitiveness indicator consists of 1) efficient production costs, 2) better product quality, 3) unique product types 4) manufacturing time and flexibility 5) R&D-based innovation and 6) Well Delivery Product 7) Sales based on E-Commerce and ICT 8) Promotion & Product Donation (Muhardi, 2007; Hecksher-Ohlin, 1990).

Islamic Business Strategies

The concept of the Islamic business strategy perspective is a concept of strategy in marketing management. The marketing strategy of a company is fundamental in the company's business processes. So, the business strategy is the company's marketing strategy. (Arham, 2010; Jaya et al., 2012)

Islamic perspective business strategy based on that every Muslim needs to live according to what Allah and His Messenger commanded, this see in the verses of the Qur'an from the letter Al Baqarah, verse: 208, "O you who believe, enter you into Islam as a whole and do not follow the steps of Satan. Truly Satan is your real enemy. " (Al Baqarah: 208)

The above verse, according to Arham (2010), shows that all ways must be the Islamic way. Therefore, all methods can be made Islamic. The only challenge is the "How" element. Arham (2010) argues that marketing can make Islamic too. Therefore, developing Islamic marketing starts from the philosophical aspects. It can say that building philosophical concepts is essential for the development of knowledge. It can tell, the philosophy of learning will form elements of Islamic marketing. (Arham, 2010)

The first step towards implementing Islamic marketing is to understand the basic principles of Islamic marketing. Sula and Kartajaya (2006) state 17 Islamic marketing principles that must be applied when an institution wants to classified as people based on Islamic marketing. In general, the laws divided into four broad categories.

The first category is Landscapes of Islamic Marketing (Sula and Kartajaya, 2006). Sula and Kartajaya (2006) create a model that consists of all elements in the business. These are competitors, change, customers, and company (Sula and Kartajaya, 2006).

The second category is the Elements of strategic business architectures. Sula and Kartajaya (2006) further divided the latter group into three subcategories, namely, "Sharia Marketing Strategy," "Sharia Marketing Tactics," and "Sharia Marketing Value."

Furthermore, the third category belongs to the Shari'ah Scorecard. Scorecards can use as a tool to balance Islamic values promoted by companies and actors who support and encourage those values (Sula and Kartajaya, 2006).

Finally, the fourth category is the Shariah marketing enterprise. Sula and Kartajaya (2006) argue that these values have a strong relationship with "Inspiration," "Culture," and "Institution." Sula and Kartajaya (2006) also say that these three factors must also comply with the principles established by Islamic teachings.

The category that focuses on discussing the company's business strategy is category number two, namely Elements of strategic business architectures (elements of marketing strategy). The details of an Islamic marketing strategy consist of segmentation, targeting, and position. (Arham, 2010)

This study uses nine indicators in measuring the business perspective variables of Islamic perspective, namely: Segmentation, Targeting, Positioning, Differentiation, Marketing Mix, Sales, Brand, Service / Process, and Process (Arham, 2010; Sula & Kertajaya, 2006).

Internal Factors

The Competitiveness of small businesses in Indonesia is low caused by many factors, including marketing, finance, management, technology, location, human resources, and economic structure. These factors can group into internal and external environmental factors (Pambudy and Rabbani, 1995; Siswoyo and Maryadi, 1995), which generally used as a basis for entrepreneurs to set strategies.

Internal factors are all resources owned by business actors that will determine the success and sustainability of the business. Glueck and Jauch (1999) describe five internal company factors that strategically influence company goals, namely (1) marketing and distribution, (2) research and development and engineering, (3) management of production and operations, (4) corporate human resources, and (5) financial and accounting factors.

The organizational environment can divide into the internal environment (internal environment) and external environment (external environment) (Wright et al., 1996: 4; Wheleen and Hunger, 2000: 8; Hitt, 1995: 6). Internal environment consists of structure (structure), culture (culture), resources (resources) (Wheelen & Hunger, 2000; 10).

According to Peter et al., The company's internal environment is the company's resources (the firm's support), which will determine the strengths and weaknesses of the company. These company resources include human resources (human resources) such as experience (experience), abilities (capabilities), knowledge (knowledge), expertise (skills), and consideration (judgment) of all company employees, company resources (organizational resources) such as processes and corporate systems, including corporate strategy, structure, culture, management of material purchases, production/operations, finance, research and development, marketing, information systems, and control systems), and physical resources such as (factories and equipment, geographic locations, access to materials, distribution and technology networks). If the company can optimize the use of these resources, the three resources above give the company sustained competitive advantage.

Glueck and Jauch (1999) describe five internal company factors that strategically influence company goals, namely (1) marketing and distribution, (2) research, development and engineering, (3) production and operations management, (4) corporate human resources, and (5) financial and accounting factors.

External Factors

External factors are environments that are outside the organization and need to be analyzed to determine opportunities for business continuity. External factors examined in this study use the concept of Porter (1998), namely (1) new entrants, (2) existing competitors, (3) buyers, (4) suppliers, (5) substitute products, and (6) macroeconomic factors.

The external environment is the environment that is outside the organization and needs to be analyzed to determine the opportunities (opportunities) and threats (breathing) that will be faced by the company. There are two perspectives for conceptualizing the external environment. First, the aspect that views the external environment as a vehicle that provides resources (Clark et al., 1994; Tan & Litschert, 1994). Both perspectives view the external environment as a source of information.

Religiosity

Arief and Mustikowati (2016) offer a concept for the development of entrepreneurship theory in improving performance, namely the idea of Religiosity. Religious perspectives can link to cultural transformation processes such as the application of an innovative and proactive assessment, with an emphasis on honesty, morals, and ethics. The religiosity factor can apply in a company's strategy that will have a unique impact and significant capital in supporting the company's existence. (Suselo, 2018). Several studies indicate that the religiosity factor has a significant influence on the company's business strategy, especially on marketing strategies (Sobari et al., 2019; Edastami et al., 2019; Halik, 2016). However, some research results show that Religiosity has an insignificant influence on business strategy (Aristiana et al., 2019; Huda et al., 2018).

METHODE

Research Design

This research category as analytical research, namely research that aims to explain the causality relationship between variables through hypothesis testing. This research approach is a survey approach. The paradigm underlying the research is in the form of a path paradigm, with a statistical analysis technique called Structural Equation Modeling (SEM). According to Hair et al. (2006: 67), using SEM allows analysis of a series of relationships simultaneously to provide statistical efficiency.

The data analysis method used in this study is Partial Least Square (PLS). PLS (Partial Least Square) is a variance-based structural equation analysis (SEM) that can simultaneously test measurement models as well as structural model testing. PLS choice because it can use to analyze theories that are still said to be weak. The software used is the SmartPLS software version 2.0.m

Research Location and Time

Batik craftsman industry in this research, spread across 39 primary cooperatives of batik artisans under the auspices of the Indonesian Batik Entrepreneurs Association (GKBI). The choice location and type of industry based on the absence of research on this topic within the GKBI environment. The time research conduct from January 2019 - January 2020 which included the stages since the preliminary survey through interviews and field surveys, library research, preparation of research proposals, development of interview questions and field survey designs, questionnaire distribution, interviews, data collecting, and data improvement, data analysis, completion of research results and discussion.

RESULTS AND DISCUSSION

RESULT

The sample in this study were 120 respondents. This research uses Structural Equation Modeling analysis with Partial Least Square (PLS) approach. The software used in data analysis is Smart PLS. The stages carried out in data analysis are the stages of the model validity test using outer loadings, the goodness of fit test stage using composite reliability and cross-loadings, and the hypothesis testing stage using inner weights (structural models). The results of these stages are as follows.

Test Validity With Outer Loadings

Validity tests used to test the unidimensionality of each construct. Test the validity of this model using the value of outer loadings (measurement model). The factor loading indicator value greater than or equal to 0, 5 can be said to be valid. The following sections show the results of the validity test.

Validity Test Results with Outer Loadings of Internal Factor Variables

The value of the outer loadings of the Internal Factor variable show in Figure 1.

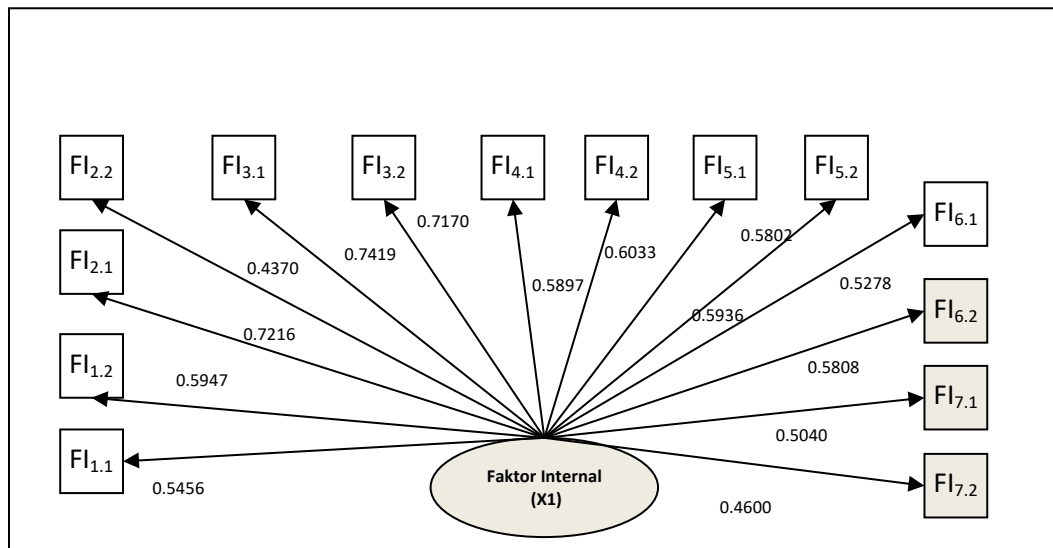


Figure 1: Test the Validity of Internal Factor Variables

Source: Smart PLS Data Processing Results, 2020

Symbols FI1.1, FI1.2, FI2.1, FI2.2, FI3.1, FI3.2, FI4.1, FI4.2, FI5.1, FI5.2, FI6.1, FI6.2, FI7.1, and FI7.2 are symbols for indicators of Internal Factor variables. Indicators of the Internal Factors variables are (1) marketing and distribution, (2) research, development, and engineering, (3) production and operations management, (4) corporate human resources, (5) financial and accounting factors, (6) governance or good governance, and (7) Ta'awun ma'al jama'ah. All indicators use two statement items for data retrieval. The factor loading value of these indicators for the formation of the Internal Factor variable show in Figure 1. Marketing and Distribution Indicators in the formation of the Internal Factor variable have a factor loading value of 0.5456 and 0.5947. The loading value of the Research, Development, and Engineering indicator factors informing the Internal Factors of batik business is 0, 7216, and 0.4370. Production and Operations Management Indicators have a factor loading value of 0.7419 and 0.7170, informing the Internal Factor variable. The factor loading value for the Company's Human Resources indicator is 0.5897 and 0.6033, informing the Internal Factor variable. The factor loading value for the Financial and Accounting Factor indicators is 0, 5802, and 0.5936 to form the Internal Factor variable. Good Governance indicators have a factor loading value of 0.5278 and 0.5808, informing the Internal Factor variable. The last indicator that can measure Internal Factors is the Ta'awun ma'al jama'ah indicator, which has a factor loading value of 0.5040 and 0.4600.

The factor loading value of all the indicators forming the Internal Factor variable is more significant than 0.5, so it can see that all signs are valid, informing the Internal Factor variable. Although in Figure 1, two statement items have a factor loading value of less than 0.5, the other things representing the indicator have a factor loading value of more than 0.5. So, overall these indicators can measure Internal Factors variables validly.

Validity Test Results with Outer Loading Variable External Factors

The results of data processing using smart PLS show in Figure 2 regarding the outer loading value for the External Factor variable.

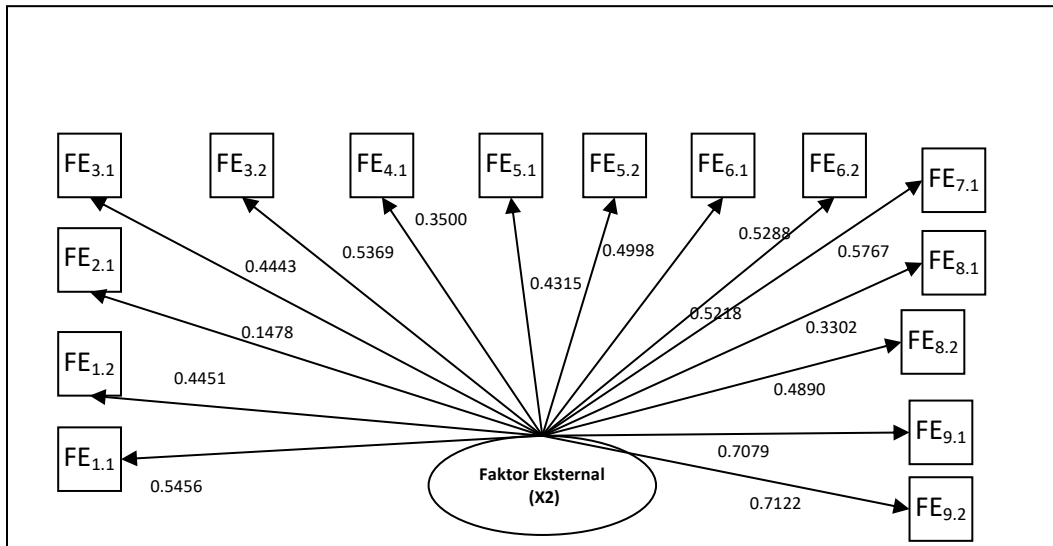


Figure 2: Test the Validity of External Factor Variables

Source: Smart PLS Data Processing Results, 2020

External factors in this study have nine indicators, namely: (1) new arrivals, (2) existing competitors, (3) buyers, (4) suppliers, (5) substitute products, (6) macroeconomic factors, (7) business environment, (8) economic environment and government policies and dimensions (9) community culture and Islamic environment. The results of the analysis of smart PLS can see in Figure 2. The loading factor value for the new arrivals indicator is 0.5456 and 0.4451. These results indicate that the newcomer indicator can form a valid External Factor variable because it has a factor loading value > 0.5 even though one of the items representing the newcomer indicator is less than 0.5. Existing competitor indicators have a factor loading value of 0.1478. These results indicate that the current competitor indicators are invalid form the External Factor variable in this study. This result is because the loading factor value is less than 0.5. External factors in this study formed from the Buyer's indicators. This result can see from the loading value of the buyer indicator factors of 0.4443 and 0.5369. Although there are items that have a value of less than 0.5, the buyer indicator can form a valid External Factor variable. Two statement items representing supplier indicators have a factor loading value of less than 0.5. These results indicate that the supplier indicator is less valid in forming the External Factor variable in this study. The last three indicators are substitute products, macroeconomic factors, business environment, economic environment, and government policy, and Islamic culture and society have a loading factor value of more than 0.5. Although there is a value of 0.4998 and 0.4890, if rounded up, it will be a value of 0.5, so it falls into the correct category.

Validity Test Results with Outer Loading Variability Religiosity

Five indicators measured the variable of Religiosity in this study, namely belief, worship, or practice of religion, appreciation, training and religious knowledge. Each indicator measure from the two statement items on the questionnaire. So, to measure one indicator using two statement items or one statement item.

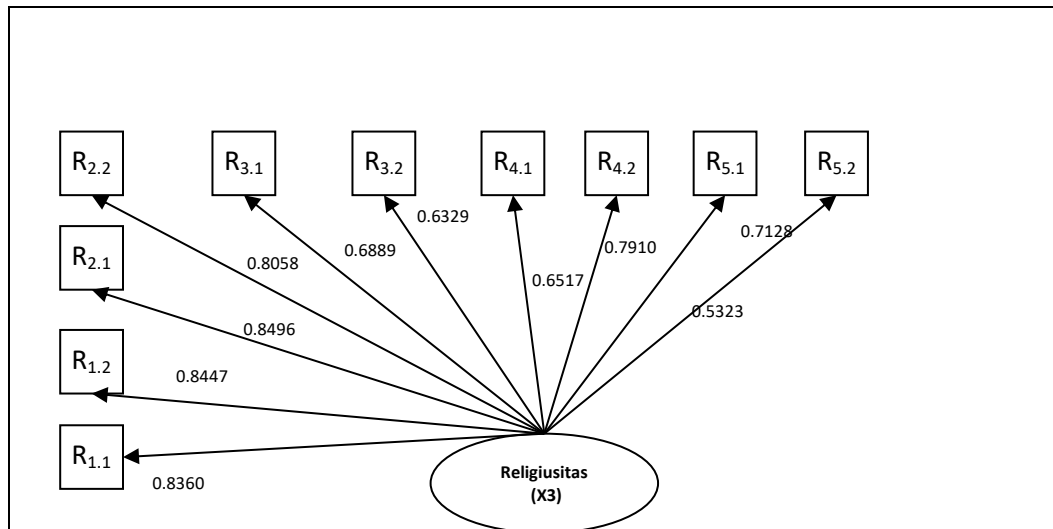


Figure 3: Test the Validity of Religiosity Variable

Source: Smart PLS Data Processed Results, 2020

Figure 3 shows that all statement items have a factor loading value above 0.5. This result means that all elements of statement are valid in forming the variable of Religiosity so that all indicators used automatically can be used validly in measuring the Religiosity of batik entrepreneurs. A very high factor loading value above 0.8 indicates that the indicator is very valid in shaping respondents' Religiosity. Indicators that have a value above 0.8 are religious beliefs and practices & practices.

Overall, the factor loading value of the indicators of Religiosity measurement in this study is valid. This result is because the loading factor value is more significant than 0.5. So, it can also see that the high level of Religiosity of the batik entrepreneurs in this study form from five indicators, namely: namely, religious belief, worship or practice, appreciation, practice, and religious knowledge.

Validity Test Results with Outer Loading Variable Islamic Business Strategies

Figure 4 below shows the results of research data calculations using the Smart PLS software to measure the validity of the indicators as a measurement tool for research variables. The research variable measured is the Islamic Business Strategies variable.

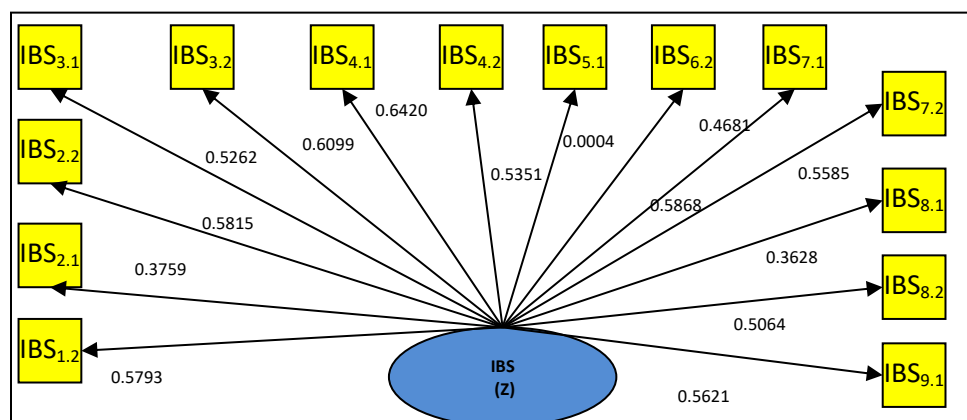


Figure 4: Test the Validity of Islamic Business Strategies Variables

Source: Smart PLS Data Processed Results, 2020

The Islamic Business Strategies variable measure by nine indicators developed by Arham (2010). These indicators are Segmentation, Targeting, Positioning, Differentiation, Marketing Mix, Sales, Brands, Services, and Processes.

The results of this study that see in Figure 4, show that not all indicators in this study can be valid indicators for measuring Islamic Business Strategies variables. Invalid indicators are marketing mix indicators because they have a factor loading value of less than 0.5, only 0,0004. Other indicators, namely: segmentation, targeting, positioning, differentiation, sales, brand/service, service, and process, are valid in measuring Islamic Business Strategies variables. Thus, overall the indicators used in this study to measure Islamic Business Strategies variables are valid.

Validity Test Results with Outer Loading Variables Competitiveness / Competitiveness

Variable Competitiveness / Competitiveness is the ability of a company to win consistently in the long run in a competitive situation. The Competitiveness variable has eight indicators. The eight indicators of the Competitiveness / Competitiveness variable are declared valid or invalid based on the factor loading values presented in Figure 5 below.

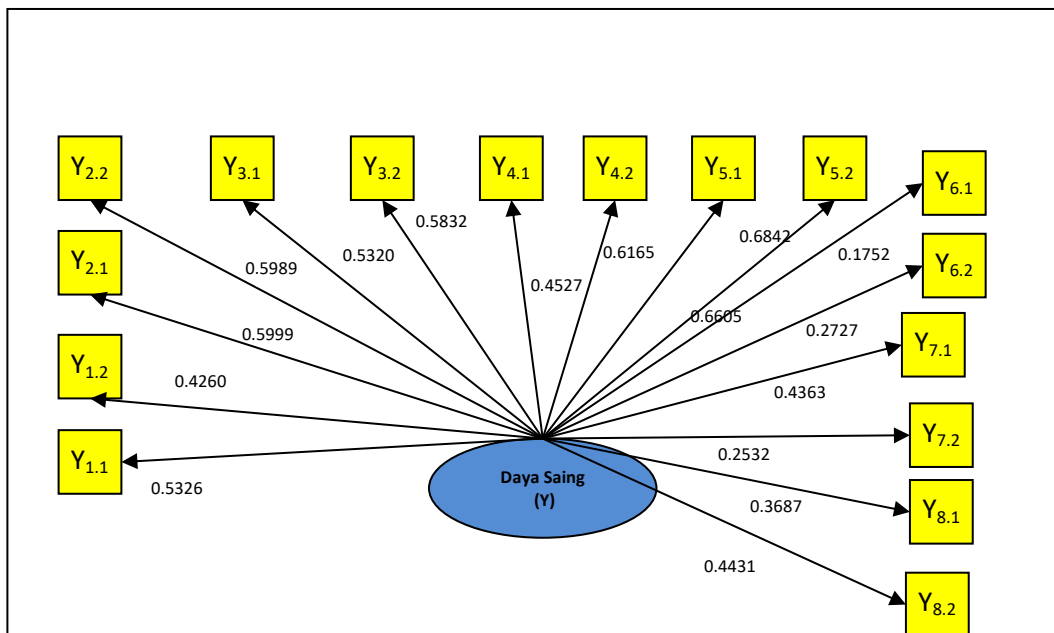


Figure 5: Validity Test of Competitiveness / Competitiveness Variables

Source: Smart PLS data processing results, 2020

Indicators used in measuring the variable Competitiveness / Competitiveness are: 1) efficient production costs, 2) better product quality, 3) unique product types 4) manufacturing time and flexibility 5) R&D based innovation and 6) Well Product Delivery 7) Sales based on E-commerce and ICT 8) Promotion & Product Donation. Of the eight indicators based on Figure 5, not all indicators are valid in measuring the variable Competitiveness, because of the loading factor value <0.5.

Indicators that have a loading factor value > 0.5 are production cost & efficiency, better product quality, unique product types, manufacturing time & flexibility, and R&D-based innovation. Indicators that have a factor loading value <0.5 are: well delivery products, e-commerce & ICT-based sales, and promotion & product donation. Thus,

indicators in the form of cost & efficient production, better product quality, unique product types, manufacturing time & flexibility, and R&D-based innovation are valid for measuring the variable Competitiveness / Competitiveness in this study.

Composite Reliability

The data reliability test performs by composite reliability. Chin (1998) says that "The unidimensionality of the block of variables may assess by using composite reliability (should be > 0.7)", that the level of reliability at which the value of composite reliability is more than 0, 7.

Table 1: Composite Reliability results

Variable	Composite Reliability
Internal factors	0,88
External Factors	0,82
Religiosity	0,92
Islamic Business Strategies	0,82
Competitiveness	0,83

Source: Smart PLS Data Processing Results, 2020

The composite reliability values of all the variables in table 4.11 above indicate that all variables in this study have composite reliability values above 0, 7. The reliability test results of this model mean that all variables in this study are reliable to be part of the competitiveness model batik businessman. Research variables have a high level of reliability based on composite reliability values greater and equal to 0, 7. Overall the variables in this study are reliable and can be used for hypothesis testing.

Cross Loadings

The next stage of the SEM model analysis using Smart PLS is to look at the correlation between variables. Correlation between variables based on the value of cross-loadings between variables. Ghozali (2006) states that Cross Loadings aims to test the quality of data, where the correlation value of each variable with the indicator must be higher than the correlation of the variable with the indicator of other variables.

Table 2 shows that the correlation value of the indicator with its variable is always more significant when compared to the cross-loadings of other variables in one row. This cross-loading value concludes that the research data is fit and meets the criteria to be used to test the hypothesis.

Table 2: Cross Loadings Results

Indikator	X1	X2	X3	Z	Y
X111	0,5456	0.2698	0.2175	0.1501	0.2996
X112	0.5947	0.2593	0.1937	0.1840	0.2951
X121	0.7216	0.4100	0.3013	0.4817	0.5774
X122	0.4370	0.2243	0.2607	0.2397	0.3366
X131	0.7419	0.4452	0.3206	0.3242	0.4042
X132	0.7170	0.4111	0.3092	0.1841	0.3099
X141	0.5897	0.3708	0.1126	0.2645	0.2523
X142	0.6033	0.2941	0.0249	0.2040	0.2649
X151	0.5802	0.2791	0.1869	0.3871	0.4967
X152	0.5936	0.3700	0.2092	0.4616	0.5166
X161	0.5278	0.3376	0.2963	0.1903	0.1827
X162	0.5808	0.4387	0.3583	0.2841	0.3280
X171	0.5040	0.4198	0.2523	0.3232	0.2203

X172	0.4600	0.4350	0.3245	0.2292	0.1738
X211	0.2865	0.5456	0.3161	0.2788	0.2632
X212	0.3498	0.4451	0.3147	0.1376	0.1328
X221	-0.0260	0.1478	-0.0806	-0.0586	-0.0374
X231	0.3470	0.4443	0.0194	0.2562	0.1005
X232	0.4130	0.5369	0.1538	0.3590	0.2355
X241	0.2617	0.3500	0.2131	0.1807	0.1676
X251	0.4637	0.4315	0.0651	0.3401	0.3401
X252	0.3255	0.4998	0.1876	0.2377	0.2439
X261	0.2418	0.5288	0.1919	0.1926	0.2613
X262	0.2069	0.5218	0.1843	0.2582	0.2816
X271	0.3570	0.5767	0.3580	0.2980	0.3013
X281	0.2684	0.3302	0.0677	0.0577	0.1645
X282	0.2255	0.4890	0.1632	0.2482	0.2919
X291	0.3114	0.7079	0.4376	0.4059	0.2546
X292	0.4324	0.5438	0.3617	0.3419	0.4125
X311	0.3153	0.3967	0.8360	0.4153	0.2983
X312	0.3457	0.3872	0.8447	0.3966	0.2836
X321	0.3362	0.3459	0.8496	0.3888	0.2879
X322	0.2634	0.2314	0.8058	0.2804	0.2226
X331	0.1742	0.2482	0.6889	0.1985	0.0963
X332	0.3459	0.3515	0.6329	0.2523	0.1689
X341	0.2217	0.2217	0.6517	0.1390	0.1538
X342	0.3301	0.3986	0.7910	0.4548	0.3658
X351	0.3193	0.3711	0.7128	0.4167	0.3173
X352	0.2822	0.3006	0.5323	0.4298	0.2879
Z12	0.3084	0.4167	0.3901	0.5793	0.3586
Z21	0.2130	0.2406	0.0858	0.3759	0.2903
Z22	0.4921	0.5147	0.3329	0.5815	0.5245
Z31	0.2887	0.3257	0.3346	0.5262	0.3457
Z32	0.1899	0.2584	0.4445	0.6099	0.3737
Z41	0.1897	0.1936	0.2439	0.6420	0.3979
Z42	0.2363	0.1420	0.1985	0.5351	0.3667
Z51	-0.1728	-0.1324	-0.0824	0.0004	0.0526
Z62	0.2850	0.4224	0.4100	0.4681	0.0699
Z71	0.1025	0.1013	0.2459	0.5868	0.3794
Z72	0.0761	0.0702	0.1789	0.5585	0.3631
Z81	0.4187	0.4183	0.0651	0.3628	0.3209
Z82	0.2274	0.2325	0.1521	0.5064	0.4141
Z91	0.3957	0.2638	0.2466	0.5621	0.4312
Y11	0.4288	0.3270	0.1677	0.2283	0.5326
Y12	0.3721	0.3939	0.2096	0.2536	0.4260
Y21	0.2158	0.2717	0.3231	0.4183	0.5999
Y22	0.3341	0.2660	0.2922	0.4238	0.5989
Y31	0.2380	0.1933	0.2353	0.4367	0.5320
Y32	0.2753	0.0407	0.2509	0.4073	0.5832
Y41	0.1914	0.0590	0.1488	0.1698	0.4527
Y42	0.3364	0.1886	0.1788	0.3927	0.6165
Y51	0.5700	0.4487	0.2799	0.4693	0.6842
Y52	0.4090	0.4048	0.2056	0.5155	0.6605
Y61	0.2829	0.1985	0.0315	0.0208	0.1752
Y62	0.3102	0.2175	0.0935	0.1292	0.2727
Y71	0.4090	0.0846	0.1043	0.3072	0.4363
Y72	0.2878	0.1805	-0.1002	0.1462	0.2532
Y81	0.3076	0.2326	0.0883	0.3420	0.3687
Y82	0.1093	0.0742	0.0594	0.2812	0.4431

Source: Smart PLS Data Processing Results, 2020

Hypothesis Test

Hypothesis testing in this study uses inner weights (structural models) that processed with PLS. Following are the results of the hypothesis proving output obtained:

Table 2: Result for Inner Weight

	Original Sample Estimate	Mean of Subsamples	Standard Deviation	T-Statistic
FI11 <- Internal Factors	0.0645	0.0455	0.0660	0.9767
FI12 <- Internal Factors	0.0791	0.0656	0.0547	1.4441
FI21 <- Internal Factors	0.2069	0.2064	0.0592	3.4979
FI22 <- Internal Factors	0.1030	0.1051	0.0684	1.5055
FI31 <- Internal Factors	0.1393	0.1307	0.0479	2.9050
FI32 <- Internal Factors	0.0791	0.0603	0.0739	1.0705
FI41 <- Internal Factors	0.1136	0.1003	0.0619	1.8349
FI42 <- Internal Factors	0.0877	0.0705	0.0666	1.3168
FI51 <- Internal Factors	0.1663	0.1702	0.0554	3.000
FI52 <- Internal Factors	0.1983	0.1991	0.0611	3.2464
FI61 <- Internal Factors	0.0818	0.0657	0.0627	1.3048
FI62 <- Internal Factors	0.1220	0.1106	0.0538	2.2670
FI71 <- Internal Factors	0.1388	0.1381	0.0571	2.4307
FI72 <- Internal Factors	0.0985	0.0946	0.0499	1.9749
FE11 <- External Factors	0.1418	0.1332	0.0580	2.4454
FE12 <- External Factors	0.0700	0.0638	0.0600	1.1675
FE21 <- External Factors	-0.0298	-0.0379	0.0609	0.4890
FE31 <- External Factors	0.1303	0.1231	0.0817	1.5955
FE32 <- External Factors	0.1826	0.1702	0.0661	2.7622
FE41 <- External Factors	0.0919	0.0827	0.0547	1.6796
FE51 <- External Factors	0.1730	0.1546	0.0632	2.7383
FE52 <- External Factors	0.1209	0.1107	0.0637	1.8981
FE61 <- External Factors	0.0980	0.0874	0.0554	1.7695
FE62 <- External Factors	0.1313	0.1166	0.0534	2.4598
FE71 <- External Factors	0.1515	0.1395	0.0556	2.7248
FE81 <- External Factors	0.0293	0.0184	0.0734	0.4000
FE82 <- External Factors	0.1262	0.1188	0.0561	2.2496
FE91 <- External Factors	0.2064	0.1926	0.0492	4.1912
FE92 <- External Factors	0.2071	0.1938	0.0505	4.1035
R11 <- Religiosity	0.1654	0.1640	0.0275	6.0191
R12 <- Religiosity	0.1579	0.1569	0.0343	4.6026
R21 <- Religiosity	0.1548	0.1528	0.0337	4.5889
R22 <- Religiosity	0.1117	0.1087	0.0292	3.8215
R31 <- Religiosity	0.0790	0.0687	0.0516	1.5329
R32 <- Religiosity	0.1005	0.0877	0.0608	1.6535
R41 <- Religiosity	0.0544	0.0486	0.0537	1.0317
R42 <- Religiosity	0.1811	0.1746	0.0355	5.1016
R51 <- Religiosity	0.1659	0.1698	0.0670	2.4753
R52 <- Religiosity	0.1712	0.1771	0.0538	3.1801
IBS12 <- IBS	0.1707	0.1564	0.0394	4.3274
IBS21 <- IBS	0.1077	0.0940	0.0490	2.1963
IBS22 <- IBS	0.2248	0.1996	0.0521	4.3149
IBS31 <- IBS	0.1538	0.1486	0.0486	3.1610
IBS32 <- IBS	0.1553	0.1503	0.0293	5.3056
IBS41 <- IBS	0.1382	0.1372	0.0384	3.6039
IBS42 <- IBS	0.1269	0.1245	0.0315	4.0209

IBS51 <- IBS	-0.0206	-0.0093	0.0485	0.4252
IBS62 <- IBS	0.1085	0.0998	0.0378	2.8738
IBS71 <- IBS	0.1195	0.1154	0.0597	2.0004
IBS72 <- IBS	0.1056	0.1015	0.0571	1.8502
IBS81 <- IBS	0.1442	0.1343	0.0743	1.9398
IBS82 <- IBS	0.1404	0.1387	0.0432	3.2492
IBS91 <- IBS	0.1680	0.1542	0.0449	3.7411
Y11 <- Competitiveness	0.0863	0.0751	0.0424	2.0339
Y12 <- Competitiveness	0.0959	0.0819	0.0490	1.9552
Y21 <- Competitiveness	0.1581	0.1444	0.0513	3.0811
Y22 <- Competitiveness	0.1602	0.1469	0.0491	3.2655
Y31 <- Competitiveness	0.1651	0.1558	0.0474	3.4851
Y32 <- Competitiveness	0.1540	0.1457	0.0582	2.6464
Y41 <- Competitiveness	0.0642	0.0592	0.0407	1.5778
Y42 <- Competitiveness	0.1484	0.1412	0.0302	4.9134
Y51 <- Competitiveness	0.1774	0.1654	0.0388	4.5676
Y52 <- Competitiveness	0.1949	0.1828	0.0371	5.2585
Y61 <- Competitiveness	0.0079	0.0078	0.0585	0.1347
Y62 <- Competitiveness	0.0488	0.0454	0.0531	0.9199
Y71 <- Competitiveness	0.1161	0.1068	0.0374	3.1086
Y72 <- Competitiveness	0.0553	0.0494	0.0594	0.9306
Y81 <- Competitiveness	0.1293	0.1274	0.0549	2.3553
Y82 <- Competitiveness	0.1063	0.1083	0.0391	2.7182
Internal Factors -> IBS	0.2513	0.2711	0.0922	2.7251
Internal Factors -> Competitiveness	0.1734	0.1952	0.0683	2.5379
External Factors-> IBS	0.2775	0.3089	0.1274	2.1779
External Factors -> Competitiveness	0.1915	0.2223	0.0943	2.0299
Religiosity -> IBS	0.2662	0.2515	0.0814	3.2694
Religiosity -> Competitiveness	0.1837	0.1798	0.0576	3.1881
IBS -> Competitiveness	0.6901	0.7179	0.0479	14.4124

Source: Smart PLS Data Processing Results, 2020

The first hypothesis in this study is that Internal Factors have a positive and significant influence on Islamic Business Strategies (IBS) or batik entrepreneur strategies. Internal factors have a positive and significant influence on the strategy of batik entrepreneurs in Islamic or Islamic Business Strategies with a statistical t value > 1, 96, which is 2.7251. This significant internal factor certainly supported by demographic data of batik entrepreneurs under the auspices of GKBI who, on average, have been in business for more than five years and also turnover that is already above 10 million / month.

The second hypothesis in this study is that External Factors have a positive and significant effect on the strategy of batik entrepreneurs in Islamic or Islamic Business Strategies. The External Factor variable has a positive and significant effect directly on the variable of the batik entrepreneur strategy in Islamic or Islamic Business Strategies with a statistical t value of 2.1779. The t value of statistics between External Factors on the strategy of batik entrepreneurs in Islamic or Islamic Business Strategies > 1.96 so that the direct influence that exists between External Factors on the strategy of batik entrepreneurs in Islamic or Islamic Business Strategies is positive and significant.

The third hypothesis in this study is Religiosity has a positive and significant effect on the strategy of batik entrepreneurs in Islamic or Islamic Business Strategies. The results proved that the variable Religiosity has a

positive and significant effect directly on the strategy of batik entrepreneurs in Islamic or Islamic Business Strategies. This result can see from the statistical t value of $3.2694 > 1.96$. This positive and significant influence of Religiosity also supported by respondents' demographic data related to the business area of batik entrepreneurs under the auspices of GKBI, which is well known as a religious area such as Lake Malaya Yogyakarta, Pekalongan and other areas.

The fourth hypothesis in this study is that Internal Factors have a positive and significant effect on the Competitiveness of batik businesses. The results of the PLS analysis show the t value of the statistics of the direct influence of Internal Factors on Business Competitiveness > 1.96 that is equal to 2.5379 so that the fourth hypothesis can be accepted.

The fifth hypothesis in this study is that External Factors have a positive and significant effect on Business Competitiveness. The External Factor variable has a direct influence on the variable Business Competitiveness. The direct influence of External Factors on business competitiveness has a statistical t value of $2.0299 > 1,96$, which means that the External Factor variable has a positive and significant influence on batik business competitiveness significantly. So the fifth hypothesis can be accepted.

The sixth hypothesis in this study is that Religiosity has a positive and significant effect on Business Competitiveness. The direct effect of the Religiosity variable on Business Competitiveness has a positive and significant effect with a statistical t value $> 1,96$ that is equal to 3.1881 . The results of the t statistic calculations in table 2 show that the Strategies / Islamic Business Strategies variable has a positive and significant direct effect on the Competitiveness of batik entrepreneurs. This result can see from the t statistic value of $14.4124 > 1.96$. T statistic value greater than 1.96 for the direct influence of Internal Factors on Variables Strategies / Islamic Business Strategies and also on Business Competitiveness Variables, have an impact on the significant indirect effect. So the indirect effect of Internal Factors on Business Competitiveness on strategies / Islamic Business Strategies is positive and significant.

The ninth hypothesis in this study is the positive and significant indirect effect between the External Factors variables on Business Competitiveness through the variable Islamic Business Strategies/business strategies. Based on the t-value of the positive and direct significant effect of the External Factor variable on business competitiveness and strategy variables higher than 1.96 , the ninth hypothesis can be accepted.

The indirect effect of the variable Religiosity on business competitiveness is the same as the effect of Internal and External Factors. This result can see from the t value of the statistical effect of the variable Religiosity directly on the strategy variable and the business competitiveness variable higher than 1.96 . So, based on these results, the indirect effect of the Religiosity variable on the business competitiveness variable through the strategy variable is positive and significant. This result means that the tenth hypothesis can be accepted.

Coefficient of Determination

The results of the coefficient of determination (R-Square) indicate that the ability of variables Internal Factors, External Factors and Religiosity in explaining Islamic Business Strategies is 0.4188 or 41.88% , which means that the opportunities for other variables in explaining the Strategy variables Islamic business or Islamic Business Strategies are 58.12% . The results of the coefficient of determination (R-Square) for the variable Business Competitiveness, indicate that the variables of Internal Factors, External Factors, Religiosity and Business Strategy can explain the variable Business Competitiveness of 0.4762 or 47.62% . This result also shows that 52.38% of the variable Business Competitiveness explained by variables other than Internal Factors, External Factors, Religiosity, and Business Strategies.

DISCUSSION

The statistical description for the Internal Factor variable shows that the respondent's answers tend to be positive for internal factors that can determine the batik business strategy. These detailed statistical results reinforce the concept of indicators in determining company internal factors presented by Glueck and Jauch (1999), Irawan (2015), and Choudhury (2000). Internal factors measured in this study are not only related to conventional internal factors but also in Islam. Indicators for measuring Islamic Internal Factors even reach an average score above 4, which indicates that respondents gave high scores for Internal Factors based on Islamic principles.

External factors based on detailed statistical results in this study, as a whole, have been positive. This result is seen from the average score for measuring External Factors above 3 and 4. These results indicate that respondents in this study agreed or tended to give positive evaluations for external factors informing business strategies and business competitiveness. These results support the concepts of Porter (1998), Irawan (2015), and Choudhury (2000) regarding indicators in determining External Factors. The ability of Batik entrepreneurs under the GKBI Shade to anticipate external changes or changes outside the company as analyzed in the description section of research data. External factors certainly include factors that are controllable and cannot control, so batik entrepreneurs must be able to anticipate external factors that are not controllable.

The variable of Religiosity in this study has high descriptive statistical data. All items of statements to measure the variable Religiosity have an average score above 4. The results of this study indicate that the respondents in this study had a high level of Religiosity. So, it can conclude that the respondents in this study who are batik entrepreneurs are entrepreneurs whose overall mental structure is continuously directed to the creator of absolute, satisfying, and highest values, namely God. (Adisubroto, 1987; Walgito, 2003).

Religiosity will have an impact on individual behavior. For example, some people might use a managerial approach in carrying out business activities. In contrast, others will use a belief approach (Audretsch et al., 2007). For Muslim communities, entrepreneurial behavior always based on the Qur'an and Hadith. Therefore, Islam provides different ways to benefit and serve God. The point of view that might differ with the level of differences in Religiosity will affect the way a person interprets life in making decisions and is more sensitive to the environmental conditions that surround him (Dilmaghani, 2011). The extent to which religion influences one's beliefs and behavior depend on the level of individual Religiosity and the importance of religion in life (Sood & Nasu, 1995). Religiustas value associated with the actual business strategy can see in the Word of God in the Qur'an Letter A-Jumu'ah: 10. Meaning, "When the prayer has performed, then you are scattered on earth; seek the gift of God and remember God a lot so that you will be lucky."

From the above verse, Alla commands us to fulfill our obligations to Him, which in turn, Allah will give his servant, who is always obedient and obedient to Him. This result is a novelty in this study; the essence of religion significantly affects the strategy of Islamic business.

The trend of respondents' answers regarding Islamic business strategies tend to be positive—this result based on descriptive statistical analysis. Thus, the business strategies that have been carried out by batik entrepreneurs in GKBI are following Islamic business strategies. This strategy is an Islamic marketing strategy developer from Arham (2010), and Sula & Kertajaya (2006).

Indicators of Business Competitiveness in this study received a positive response from respondents who are batik entrepreneurs in GKBI. Overall, the batik industry in GKBI has a variety of advantages, according to the indicators of Competitiveness delivered by Muhardi (2007).

Significant direct and indirect effects between variables in this study indicate the suitability or differences with the results of previous studies. Internal factors in this study have a significant influence on business strategy and business competitiveness. These results are consistent with the results of research by Hadiati (2008), Husso & Nybakk (2010), and Borici (2015).

External factors based on the results of this study have a significant effect both directly and indirectly on the variable business competitiveness through business strategy variables. These results reinforce the results of research by Widjajani et al. (2013), Leonara (2002), Hoefter (2015), and Hadiati (2008).

The variable of Religiosity also has a significant effect both directly and indirectly on the batik business competitiveness variable in GKBI. These results also reinforce the research results of Sobari et al. (2019), Edastami et al. (2019), Halik (2016), Kurt et al. (2020), and Canaan et al. (2020).

Overall, the results of this study indicate that the variables of Internal Factors, External Factors, and Religiosity can significantly influence Islamic Business Strategy Variables. These three variables can also directly affect the variable business competitiveness, especially in the batik industry.

CONCLUSION

Understandably, Tasbih and Shura have interconnected through mutual learning between human beings themselves, the world, and cause and effect relationships within the framework of the learning process mentioned in the Qur'an in terms of their understanding of Divine signs. The Islamic Business Strategy is very related, and this research confirms this. The conclusions of the results of this study indicate that the variables of Internal Factors, External Factors, and Religiosity affect positively and significantly the Batik Business Strategy in Islamic and Batik Business Competitiveness. However, accumulatively or together, all the independent variables contributed not too large, which is equal to 41.88% and 47.62% of the business strategy and Competitiveness of batik businesses.

Internal factors significantly influence the business strategy of GKBI-assisted batik entrepreneurs. Internal factors significantly influence the sustainable Competitiveness of batik entrepreneurs under the guidance of GKBI. External factors significantly influence the business strategy of GKBI batik entrepreneurs. External factors significantly influence the sustainable Competitiveness of batik entrepreneurs assisted by GKBI. The religiosity variable significantly influences the business strategy of GKBI-assisted batik entrepreneurs. Religiosity associated with business strategies is part of the novelty of this research. Religiosity Variable significantly influences the sustainable Competitiveness directly from batik entrepreneurs under the guidance of GKBI. Religiosity related to sustainable Competitiveness is part of the novelty of this research. The business strategy of GKBI-assisted batik entrepreneurs has a significant effect on the sustainable Competitiveness of batik entrepreneurs. Internal factors significantly influence sustainable Competitiveness through the business strategies of batik entrepreneurs under the guidance of GKBI. External factors significantly influence sustainable Competitiveness through the business strategies of batik entrepreneurs under the guidance of GKBI. Religiosity Variable significantly influences sustainable Competitiveness through the business strategies of batik entrepreneurs under the guidance of GKBI. All variables in this study have a significant effect, both directly and indirectly.

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