Analysis of Factors Affecting the Small and Medium Industry Competitiveness of Timely Fruits

Marsela Altasari N, Ani Pinayani and Disman Disman

Universitas Pendidikan Indonesia, Setiabudhi 229, Bandung, Indonesia

marsela.altasari@student.upi.edu , ani_pinayani@yahoo.co.id

Keywords: Competitiveness, Porter's Diamond Model, Small and Middle Industries.

Abstract: This research has purpose to analyze the influence of business competency, demand, material supplier and the difference of the product toward the competitiveness of dried fruits industries in Sukabumi Regency. This research is conducted in the micro and middle industries in non-formal sector (non–incorporated enterprise) in Sukabumi Regency using explanatory method. The sampling technique in this research is using Non-Probability Sampling which is using saturated sampling its means to make all population as sample. The sample in this research is 35 respondents of dried fruits entrepreneurs. And then the data collected is using observe, distribute of questionnaire, interview, and literature study. The analyze data technique used in this research is multiple regression analysis with the use of View 6 Software and SPSS 20. The result of this research discovers (1) business competency, demand, and the difference of the product simultaneously influence the competitiveness significantly (2) Business competency significantly influences the competitiveness (3) demand significantly influences the competitiveness (4) the difference of product influences the competitiveness.

1 INTRODUCTION

A country is categorized as a developed country, if it has a strong economic foundation. One of them is characterized by the development of Micro, Small and Medium Enterprises (MSMEs) penunjang kemajuan tersebut. MSMEs is positioned as a motor or a driver of a country's economy. The role of MSMEs is quite important for the Indonesian economy, Because according to data from BPS (Central Bureau of Statistics 2015) the number of SMEs reached 65.5 million business units or about 99.9% of the total business units in Indonesia. In terms of its contribution to the economy, MSMES contributes 57.94% to Gross Domestic Product (GDP) with a value of Rp.4.303.57 trillion of investment value recorded at Rp.830, 9 trillion by absorbing labor as much as 110.80 million people. Facing global competition ahead of the ASEAN Economic Community 2015, the endurance possessed by MSMES will not be enough if not accompanied by competitiveness. Competitiveness is the company's ability to win the competition, and this competitive advantage or competitiveness is at the core of the company's performance. This is in line with the opinion of Henry Faizal Noor (2007) which states that "competitiveness is the ability or toughness in competing to grab consumer attention and loyalty. Consumer attention and loyalty can be seized if a company can satisfy the needs and desires of the consumer..."

One of the MSMES developing in Sukabumi regency of West Java, especially small and medium industry group is Small and Medium Industry (Home Industry) Manisan. Small and Medium Industry is one of the Small and Medium Industry in Sukabumi, especially there is a sweets center in Cisaat district that process fruit. The low competitiveness of the Small and Medium Industry in Manisan center area is a problem that requires a solution as soon as possible. This is because the Small and Medium Industry is part of SMEs as the engine of the economy must be maintained and continue to be improved in the face of competition in the AEC 2015.

Based on Michael E. Porter's theory of competitive advantage. Porter's Diamond Model is widely used by researchers who want to examine the competitive advantage of a company or industry, whether on a national scale or on an individual scale. Benefits of using Porter's Diamond model is a

comprehensive study because it contains internal elements of the company (condition factor / economic resources, demand conditions, corporate strategy) and includes external elements (related industries and support, government policy). So the output of this research will touch many aspects (companies, related industries and supporting industries, government policy, industry players, not limited to just one aspect of the company. The purpose of this study is to determine the influence of entrepreneur competence, demand and differentiation on the competitiveness of Small and Medium Industries Candied Sukabumi Typical.

2 LITERATURE REVIEW

There are various indicators that can be used to measure competitiveness. Tulus Tambunan (2009) provides some key indicators that can be used as a measure of a company's competitiveness contained in Table 1.

Table 1: Company competitiveness indicators.

No	Indicator
1.	Growth of value/ volume output
2	Share of GDP (%)
3.	Market share
4.	Omset value
5.	Profit
6.	Educational average rate of entrepreneur
7.	Expenditure for R&D
8.	Number of certificates of standardization owned and number of patents purchased
9.	Standaritation
10.	Type of technology used
11.	Productivity / efficiency
12.	Value of machine and production equipment / asset value
13.	The amount of promotional spend
14.	Networking / cooperation with other parties

Source : (Tambunan, 2009)

Based on table 1, the most appropriate competitiveness indicator used in this study is market share. Because as we know that competitiveness is the ability of a company to be competitive or to be superior from a competitor company, this competitive ability can be seen from the control of the market owned by the company in an industry that can provide high profits for the company concerned. Market share is more suitable to be used as indicator of competitiveness of small and medium industries.

Michael E.Porter (2008) states that: "Increasing market share can create problem barriers to competing companies, which is one of the competitive forces in the competitive strategy. With the achievement of a large market share the company is able to market the product more competitively, especially in terms of competitors' product prices".

The Diamond model from Michael E. Porter is a model often used to identify factors affecting the competitiveness of a country or industry. These factors include factors of production, demand conditions, corporate strategy, structure and competition, and related industries and supporters Hamdy Hady (2009). Of each variable in the model will determine the ability of the company to be able to compete with its competitors industry. These four attributes relate to business behavior and conditions that can be seen from the company side. Therefore, this model can also be used to analyze the competitiveness of small and medium industries that have easily identifiable business behavior and industry conditions.

3 METHODS

The method used in this research is explanatory research method, that is explanatory or explaining research. According Sugiyono (2012) explanatory research is "research that explains the causal relationship between variables through hypothesis testing".

4 RESULTS AND DISCUSSION

Test F is done based on multiple linear test results then obtained the following results:

Table 2: Simultaneous hypothesis testing (F Test).

F Statistic	F table	Influence
401,4457	> 2,69	Significant

Based on tabal 2 in the test results obtained value of F arithmetic amounted to 401.4457 and the value of F table 2.69 with df = 30 and significant level & alpha; = 0.05. It can be concluded that F arithmetic & gt; F table then Ho is rejected and Ha accepted, it indicates that the independent variable (competence of entrepreneur, differentiation, demand and raw material suppliers) together influence on candied

industry competitiveness variable in Sukabumi Regency.

Based on the test results obtained value of F arithmetic amounted to 401.4457 and the value of F table 2.69 with df = 30 and significant level & alpha; = 0.05. It can be concluded that F arithmetic & gt; F table then Ho is rejected and Ha accepted, it indicates that the independent variable (competence of entrepreneur, differentiation, demand and raw material suppliers) together influence on candied industry competitiveness variable in Sukabumi Regency.

4.1 Partial Coefficient Testing

Based on multiple linear regression test results obtained the following results:

Table 3: Partial hypothesis test (T-test).

Variable	Coefficient	Prob	Impact
Business competence	0.233530	0.024	Significant
Demand	2.123026	0.000	Significant
Diferentiation	-0.249157	0.007	Significant

Hypothesis testing in this study using one-way testing, this is done because the influence of independent variables on the dependent variable is obviously positive (alpha = 5%).

4.2 Coeffitient of Determination (R^2)

Coefficient of determination useful to know how big percentage coefficient determination useful to know how big percentage change of variation of dependent variable can be explained by variation of independent variable, value of R2 is between 0 (zero) and 1 (one) closer to 1 mean research model progressively. Based on Eviews estimation result, R2 value is equal to & nbsp; 0.978, meaning that the regression line is able to explain 97.80% of the facts and the rest of 1.3% is explained by other variables, or it can be said that competitiveness variable can be explained by competence variables entrepreneurs, demand, raw material suppliers, and only refficiency Of 97.80% and the remaining 1.3% is explained by other variables outside the variables studied.

4.3 Effect of Competence of Entrepreneur on Competitiveness

Based on the results of research and hypothesis testing in this study, it is known that the competence of entrepreneurs affect the competitiveness (market share) Small and Medium Industry Candied Sukabumi Typical. This is evidenced by the significance value smaller than 0.05. That is, the higher the competence of entrepreneurs will affect the improvement of competitiveness.

This is in accordance with what is explained by Michael E.Porter in the Diamond Model which says that the variable of factors in which there are indicators of human resources, especially the competence of entrepreneurs have a positive effect on competitiveness. According to Michael E. Porter in the scope of a business environment that is increasingly highly competitive, it is necessary knowledge of expertise in the field of companies that need to be owned by a businessman. Therefore, it can not be denied that one of the factors of a company has a high competitive starategi that is dependent on the competence of the entrepreneur, especially in today's increasingly competitive business environment so that according to the statement (Poerter, 1999).

In addition, the results of this study also supports the statement Tulus Tambunan (2008). Then this research is in accordance with the findings of Yuli Fitriyani (2009). That the condition of the factors consisting of human resources, capital resources, knowledge resources, infrastructure resources and physical resources have an influence on competitiveness, this is because a company is unable to produce without support from the resources it has. So the sweets industry can not have strong competitiveness, if not supported by the competence of entrepreneurs who viewed from aspects of technical competence, marketing competence, financial competence, and human competence.

The four competencies must be owned by candied sweets industry in an integrated way. Based on the results of research conducted by the authors, the influence of competence of entrepreneurs to competitiveness due to the activity of condition factors such as competence candied industry entrepreneurs in Sukabumi Regency has a considerable contribution to the improvement of competitiveness.

In the results of this study the entrepreneurs (owners) indicate to have so play a direct role in business activities, so that information related products and matters relating to consumers must be

known to entrepreneurs (owners). Therefore with the competence of a good entrepreneur will certainly greatly affect the increase in sales volume which will ultimately affect the market share and create a high or low competitiveness of the sweet industry itself.

So it can be concluded that entrepreneur competence variables affect the market share (competitiveness) candied industry in Sukabumi regency. So that candied entrepreneurs should be more focused and improve the competence of entrepreneurs in order to increase competence in order to achieve good market share (competitiveness).

4.4 Effect of Demand on Competitiveness

Based on the results of research and hypothesis testing in this study, it is known that demand affects the competitiveness (market share) of Small and Medium Industry Candied Sukabumi Typical. This is evidenced by the significance value smaller than 0.05. This means that higher demand increasingly competitiveness. Based on the results of the research that is known the criteria of low demand because as many as 16 respondents or 45.71%. This is because if the consumer set the price too high then the demand will be reduced. This is in accordance with the sound law of demand contained in Samuelson (1997) when the price rises then the demand will fall and vice versa when the price drops then the demand will rise. But in this study there are 4 producers that demand is high enough even though the price is high. It happened to the candied products to dry the seaweed. These products include candied products that are popular with consumers, but because their raw materials are quite expensive and hard to come by. So only a few entrepreneurs who produce candied products to dry seaweed. So for entrepreneurs who do not have adequate capital, prefer not to produce the product. From the findings of the field, it supports the statement of Michael E. Porter, that a company must be able to recognize the needs required by customers, so that companies can provide brang or services required by customers, so the demand for goods or services produced can increase.

4.5 Effect of Diferentiation on Competitiveness

Based on the analysis of research data and hypothesis testing that has been done that known differentiation significantly influence the competitiveness of candied industry but has a negative effect. This means that the higher the differentiation further reduces competitiveness. The results of this study are not in line with what has been disclosed by Michael E. Porter in his diamond model which states that the differentiation variables as one indicator of the variable company strategy have a positive effect on competitiveness.

Product differentiation is carried out to expand market share through the diversification of products that can be selected by the community based on the same raw materials. Increased product diversity can be done if the company provides some additional funds and new technology to make more product variations or provide good and precise product information about the product. In this research, it is important to improve product differentiation is the right information to the consumer becomes important because the consumer will get the correct knowledge and understanding about the product.

One way to determine the level of a company's business to provide correct and accurate information to consumers is to see the amount of funds allocated for promotional services including advertising costs (Irfan Hidayat, 2006). Based on the results of the research note that product differentiation on the factor of the product is in high criteria, it is proved that most respondents (34.29%) are at a high level of differentiation. However, with the high differentiation of each sweets product does not make the competitiveness to be high, it has a negative relationship or influence. The results of this study are not the same as the theory. Because by creating differentiated differentiation, it makes the production cost becomes inefficient. This leads to increased costs, including costs such as employee salary and raw material costs. & Nbsp; In addition to requiring additional funding for product differentiation, new technologies are also needed to make more variety of products or provide good and precise product information about the products produced to potential customers. During this time that differentiation has a negative relationship to competitiveness is the information about the differentiation of products that have been produced by candied producers are not well conveyed to the consumer, so that consumers assume no product innovation made by candied entrepreneurs.

4.6 Effect of Competence of Entrepreneur, Demand and Differentiation on Competitiveness

From the results of ansalysis using multiple linear log regression method obtained that independent variables or independent variables of entrepreneur competence, demand and differentiation simultaneously affect the competitiveness of candied industry in Sukabumi Regency.

5 CONCLUSIONS

The entrepreneurs' competence, demand and differentiation have a significant effect on candied industry competitiveness in Sukabumi Regency. The overall picture of the competitiveness of candied entrepreneurs in Sukabumi district, which is seen from the market share, is still in the low category.

REFERENCES

Arikunto, S., 2010. *Prosedur Penelitian (Suatu Pendekatan Praktik)*. Jakarta: PT Rieneka Cipta.

Badan Pusat Statistik., 2014. *Kabupaten Sukabumi dalam Angka 2014*. Sukabumi: Badan Pusat Statistik.

Hady, H., 2009. *Ekonomi Internasional (Teori dan Kebijakan Perdagangan Internasional)*. Bogor: Ghalia Indonesia

Hutapea, P. and Nuriana T., 2008. *Teori, Desain, Kasus dan Penerapan untuk HR serta Organisasi yang Dinamis*. Jakarta: PT Gramedia Pustaka Utama.

Kotler, P., 2002. *Manajemen Pemasaran (Edisi Milenium)*. Jakarta: PT.Prenhallindo.

Noor, H. F., 2007. *Ekonomi Manajerial*. Jakarta: PT. Raja Grafindo Persada.

Mankiw, N. G., 2006. *Makroekonomi*. Jakarta: Penerbit Erlangga.

Porter, M. E. 1993. *Keunggulan Bersaing*. Alih Bahasa Agus Dharma, Agus Maulana. Jakarta: PT Gelora Aksara Pratama.

Primiana, I., 2009. *Menggerakkan Sektor Riil UKM & Industri*. Bandung: Alfabetha.

Rohmana, Y., 2011. *Ekonometrika (Teori dan Aplikasi dengan Eviews)*. Bandung: Laboratorium Pendidikan Ekonomi.

Sarnowo, H. and Sunyoto, D., 2011. *Pengantar Ilmu Ekonomi Mikro*. Yogyakarta: CAPS.

Samuelson P. A. and Nordhaus W.D., 1999. *Mikro Ekonomi*. Jakarta: Erlangga.

Singarimbun, M., 1989. *Metode Penelitian Survey*. Jakarta LP3E.

Sugiono. 2013. *Metode Penelitian Pendidikan*. Bandung: Alfabeta.

Sumiharjo, T., 2008. *Daya Saing Berbasis Potensi Daerah*. Bandung: Puskomedia.

Tambunan, Tulus T.H. 2009. *MSMES di Indonesia*. Jakarta: Ghalia Indonesia

Todaro, M.P. Smith, S.C. 2006. *Pembangunan Ekonomi*. Jakarta: Penerbit Erlangga.