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Entrepreneurship Competency Model Through Supply Chain Integration on Competitive Advantage in Small Businesses in The Food and Beverage Sector in North Bandung Area

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Info Articles

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Abstract

Competitive advantage becomes capital for a business to continue to grow and develop. One of them is in the culinary field, where the culinary business in the North Bandung area is currently growing. This has an impact on the need for increasing competence of small business actors to be able to implement supply chain integration that is able to gain a competitive advantage. Entrepreneurial competence and supply chain integration can be used as capital for small business actors to gain competitive advantage for small business actors in the culinary field in the North Bandung area. This study aims to determine the model of entrepreneurial competence through supply chain integration to competitive advantage. The model used is partial least square-Structural Equation Modeling (SEM). The population and sample in this study are small business actors in the culinary field in the North Bandung area. Entrepreneurship competence has a significant influence on competitive advantage through supply chain integration. This shows that to increase the competitive advantage of the food and beverage business in West Bandung Regency, it can be done through supply chain integration and paying attention to the entrepreneurial competence of food and beverage business actors in West Bandung Regency.

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INTRODUCTION

The Indonesian national economy is greatly supported by small business actors. So that the development of small businesses in Indonesia must always be supported to accelerate Indonesia's economic development. The national economic system shows that SMEs are more resistant to various threats that can cause an economic crisis. The presence in the midst of the poor Indonesian economy turns out that SMEs are able to absorb a lot of workers, besides that they are also able to increase PBD, contribute to APBN and APBD funds from taxes paid by SMEs, and are able to develop the business world. This is what encourages the government and business actors to make efforts in developing SMEs or the Small and Medium Industry sector (ukmdepok.co.id)

Based on the table above shows the number of small businesses according to the Indonesian Standard Classification of Business Fields (KLBI) there has been a fairly high decline in the number of small businesses from 2013 to 2014 and there has also been a decline in the number of small businesses from 2018 to 2019.

SMEs have been proven to be able to support the Indonesian economy when an economic crisis occurs. The strength of the Indonesian economy during the global crisis was caused by Indonesia's GDP not being too dependent on exports because the role of exports to GDP was only 10%, so the slowdown in the global economy would not have much impact on the real sector. Indonesia's net exports (difference between exports and imports) in the last two years are around USD 20 billion, which is equivalent to 3% of GDP. So it can be concluded that the contribution of this export occupies a relatively small percentage, especially if it is compared with the amount of household consumption income, which reaches 60%. The rest was contributed by investment (30%) and government spending by 7% (Li et al. 2006).

North Bandung which is one of the areas of West Bandung Regency which has high development potential. West Bandung Regency average expenditure per capita per month for food and beverages is Rp. 425,883 (West Bandung Regency in Figures, 2019).

The company's ability to integrate its processes internally and externally with its supply chain partners helps the company's ability to respond to changing customer demands. Although companies face great challenges in integrating their internal supply chains and with other supply chain partners, the real barriers can be a major driver of improving performance in an effort to solve the challenges faced in the business environment by increasing linkages internally and externally (Kumar et al. 2017).

However, there are many obstacles that occur related to the competencies possessed, especially small business actors, including the low managerial ability and decision making made by small business actors which makes their business not develop because of the weak operating strategy owned by business actors so that competitive advantage is difficult to obtain such as which was conveyed from research (Kurniawan, Asep; Irawan, Andri; Yun 2017) who conducted research in Cimahi City and Bandung City, small business actors in the culinary field are still lacking in competence in the fields of organizing competencies, strategic competencies and conceptual competencies. This deficiency will certainly hamper the business continuity of small business actors in the culinary field in Cimahi City and Bandung City. Business actors must be able to improve their business competencies and be able to implement appropriate strategies, especially when the competition in the food and beverage business is getting tighter. To continue to exist in the competition, efforts are needed to increase market share through increasing entrepreneurial competencies.

Competition in the food and beverage industry to be able to gain competitive advantage always maintains quality, price and response. So that they are able to have adequate competitiveness to continuously increase the value of the products produced. In addition, the increase in value is also supported by an increasingly better and controlled supply chain.

So that researchers are interested in conducting research on the influence of the competence of small business actors in the food and beverage sector through Supply Chain Integration on competitive advantage.

The goal to be achieved from the results of this study is to determine the effect of the competence of business actors through operational strategies on the competitive advantage of SMEs in the culinary field in the North Bandung area. As a solution to problems that occur related to the competence of business actors, operating strategies and competitive advantages of SMEs in the culinary field in the Greater Bandung area. The results of this study are expected to be able to provide answers to problems that occur related to the competence of small business actors, operating strategies and competitive advantages.

Theoretical foundations of research

Entrepreneurship Competence

Competence is the main characteristic possessed by most people who are successful in organizations or professional fields (Kessler 2008). Competence is a number of individual characteristics related to the criteria for expected behavior and the best performance in a job or situation that is expected to be met [24]. Furthermore, according to Spencer and Spencer in (Kaur and Bains 2013) explains that competency is an underlying characteristic of an individual that is casually related to criterion referenced effective and/or superior performance in a job or situation.

Entrepreneurship is an adaptation of directed behavior that aims to initiate, promote and manage economic activities for production and mobilization of financial resources (khalid2015.pdf n.d.). Every entrepreneurship includes openness, freedom, broad view, future-oriented, planning, believing, being aware of, and respecting other people and the opinions of others. In achieving success, an entrepreneur has certain characteristics as well. "Entrepreneurship and Small Enterprise Development Report" suggests several characteristics of successful entrepreneurship, including having the following characteristics: 1) proactive, which is initiative and assertive, 2) achievement-oriented , which is reflected in views and acts (sees and acts) on opportunities, efficiency orientation, prioritizing work quality, planning, and prioritizing monitoring, 3) commitment to others, for example in establishing contacts and business relationships (Zimmerer, Thomas W; Scarborough 2005)

Small business actors in the culinary field also need entrepreneurial competence. Entrepreneurial competence can be interpreted Entrepreneurial competency is defined as the individual characteristics. Entrepreneur is a person who undertakes risk for gaining profit in the business venture (Kaur and Bains 2013). This understanding explains that entrepreneurial competence as an individual characteristic, an entrepreneur is a person who takes over the risk to benefit from the business he is doing.

Casson and Gudley in (Dimitriades 2007) explain that entrepreneurial competence comes from the strategic orientation of the company. The orientation is related to the assessment in the aspect of decision making. Important aspects of this entrepreneurial competence are proactiveness, learning, networking and autonomy

Meanwhile, according to Lado, et al in (khalid2015.pdf n.d.) Define entrepreneurial competence as the managerial capability of a firm's leaders to create and communicate a strategic vision for structuring inter-firm relations. Entrepreneurial competence is the managerial capacity of company leaders to create and communicate a strategic vision to develop inter-firm relations. Entrepreneurial competence must be able to convey a strategic vision in order to build internal company relationships. Entrepreneurs must be able to build good internal relationships in order to achieve the strategic vision to be achieved.

So that the indicators of entrepreneurial competence that are used as a measure in this research are opportunity competencies, organizing competencies, strategy competencies, social competencies, commitment competencies and conceptual competencies. The six indicators will be used to form the competency variables for small business actors in the culinary field in the North Bandung area.

Supply Chain Integration

Various literatures identify that internal integration, supplier integration, customer integration, and information integration are key in measuring Supply Chain Integration (Kumar et al. 2017). The integration process can be divided into two measurements; one is vertical integration - the range of information extends the company to tighten up to clean work; another is horizontal integration - the range

of green product design activities extends from process integration to alliances with the entire supply chain. Furthermore, five attributes are proposed to measure process integration in SCA, which include reduced dispersion of toxic and hazardous materials; infrastructure in place to encourage eco-innovation in shortened timeframes; proactively updating the manufacturing process mix available in the supply chain network; the effectiveness of the master production schedule; vertical integration in the supply chain (Lii and Kuo 2016)

Competitive Advantage

The idea of competitive advantage is full of strengths, namely recognizing competitive advantage as a means to achieve goals (Peter 2010). In addition, Thompson in (Al-Rfou;Trawneh 2010) "Competitive advantage is defined as the ability of an organization to add more value for its customers than its rivals and thus attain a position of relative advantage, the challenge is to sustain any advantage once achieved, explaining that competitive advantage is the ability of an organization

METHOD

According to the level of explanation, this research is grouped into descriptive and associative research. Associative research is the relationship and influence of one variable on other variables

Affirmed by the opinion (Harun 1994) descriptive associative research is research conducted to determine the value of independent variables, while associative research is research that aims to determine the relationship or influence between two or more variables. From associative research, a theory will be built that can function to explain, predict and control a symptom or phenomenon.

The focus of this research is to find out how much influence the competence of business actors (entrepreneurial competence) through operations strategy has on the competitive advantage of SMEs in the culinary field in the North Bandung area. The object of research that will be examined in this study, namely the variables of entrepreneurial competence, operating strategy and competitive advantage. This study has a goal where the author wants to know the perceptions of small business actors in the culinary field in the North Bandung area related to entrepreneurial competence, operating strategies, competitive advantage. The aim of this study is to determine the effect of entrepreneurial competence through operating strategies on competitive advantage

The analysis of this research is small business actors in the culinary field. Descriptive research focuses on a systematic explanation of the facts obtained during the research. Descriptive research is research on problems in the form of current facts from a population.

The population in this study were all small business actors in the food and beverage sector in the North Bandung area. The sample is part of the population and is a member of the selected population. The sampling is a process of selecting an adequate number of elements from the population. In order for the sample to be generalized to the population, the sampling technique is done randomly, so that each member of the population has an equal chance of being selected as a sample. The random sampling is a probability sampling from the sample selected samples that meet the criteria of the researcher (stated random sampling). Criteria for small business actors in the culinary field made from cow's milk. The number of samples set in this study were 50 respondents of small business actors in the culinary field in the North Bandung Region.

Data collection can be done in various sources and in various ways. When viewed from the data source, data collection can use primary data, and secondary data. In terms of data collection methods or techniques, the data collection techniques used by the author in conducting research are as follows: Field research is data collection The primary method is carried out by conducting a direct review of the company in question, with activities that include: 1) Interviews, conducted with small business actors in the North Bandung area. 2) Observation, namely making direct observations and observations of the object being studied. 3) Questionnaire, by giving a set of questions or written statements to respondents or informants as small business actors in the North Bandung area

In this study the data generated in the form of perceptions, attitudes or opinions. To measure the perception of the scale used is the Likert scale. The activities in processing the data are as follows: 1) Editing, checking the list of questions that have been submitted by the data collectors. 2) Coding, classifying the answers of the respondents into categories. 3) Tabulation, the work of making tables. Answers that have been coded for answer categories are then included in the table. 4) Verification, checking whether the survey results have been carried out are correct or not.

An equally important step in the context of data collection activities is to test the instruments (measurements) that will be used. Research instrument testing activities include two things, namely validity and reliability testing

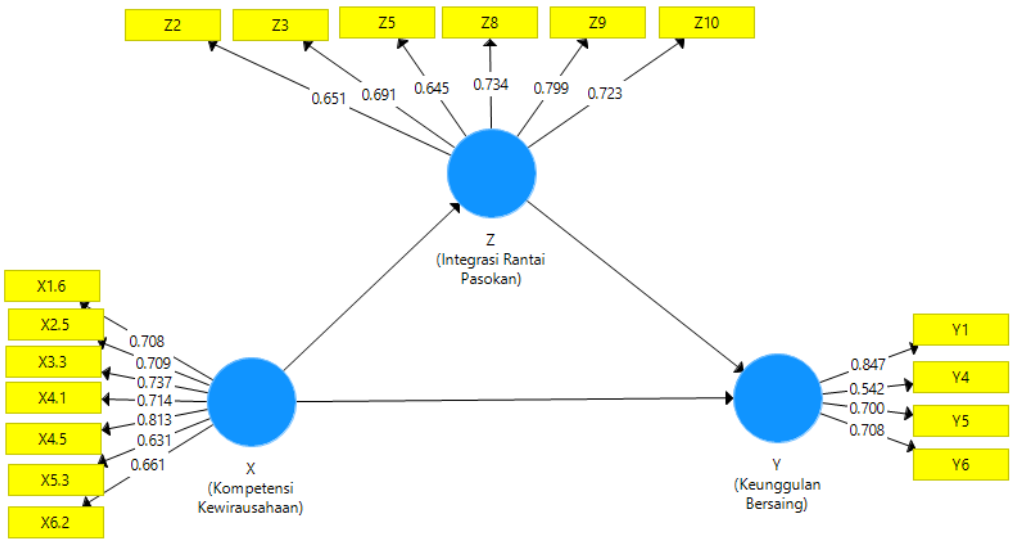
To analyze qualitative data through qualitative and quantitative analysis. In descriptive analysis, each variable is categorized into four (4) categories of measurement results, namely: very low, low, medium, high. For each category the frequency and proportion are calculated and the distribution is arranged

To answer associative questions, who want to know the relationship of coordination, supply chain integration and competitive advantage using Partial Least Square Structure Equation Modeling (PLS-SEM). The advantages of applying verification analysis using PLS-SEM can use small samples or large samples as well as an experimental research.

RESULTS AND DISCUSSION

The model has been tested using the Partial Least Square – Structural Equation Model (PLS-SEM) approach. Testing the PLS-SEM model is carried out with indicators of reliability, testing discriminant validity, internal consistency, convergent validity

Assessing Measurement Model (Outer Model)



Based on the picture above, it can be seen that the value of the outer loading indicator is X1.6, X2.5, X3.3, X4.1, X4.5, X5.3X X6.2, Y1, Y4, Y5, Y6, Z2, Z3 , Z5, Z8, Z9 and Z10 > 0.5. So, overall each latent variable has been able to explain the variance of each of the indicators that measure it > 0.5, meaning that the indicator variable must be maintained.

1. ***Discriminant validity***

	X (KK)	Y (KB)	Z (IRP)
X1.6	0,708	0,308	0,723
X2.5	0,709	0,424	0,734

X3.3	0,737	0,847	0,546
X4.1	0,714	0,341	0,641
X4.5	0,813	0,459	0,799
X5.3	0,631	0,590	0,477
X6.2	0,661	0,257	0,621
Y1	0,737	0,847	0,546
Y4	0,258	0,542	0,295
Y5	0,287	0,700	0,200
Y6	0,279	0,708	0,197
Z10	0,708	0,308	0,723
Z2	0,523	0,224	0,651
Z3	0,518	0,249	0,691
Z5	0,521	0,420	0,645
Z8	0,709	0,424	0,734
Z9	0,813	0,459	0,799

From the table above, it can be seen that the cross loading value for each indicator of each latent variable has the greatest correlation value compared to the correlation value of other latent variables. So that each latent variable already has good discriminant validity or can be said to be feasible.

2. *Internal Consistency*

	Cronbach's Alpha	Composite Reliability	Kriteria
X (KK)	0,837	0,878	Reliabel
Y (KB)	0,734	0,797	Reliabel
Z (IRP)	0,803	0,858	Reliabel

Based on the table above, it can be concluded that all constructs meet the reliable criteria, this is indicated by the composite reliability and Cronbach's alpha values above 0.60, meaning that the indicators that have been set have been able to measure each latent variable well or it can be said that the four measurement models have internal values. good consistency.

3. *Convergent Validity*

	Average Variance Extracted (AVE)
X (KK)	0,507
Y (KB)	0,501
Z (IRP)	0,503

The AVE value shown in the table above shows that the square root value of the AVE of the four latent variables has an AVE value above the minimum criteria, which is 0.50 so that the convergent validity measure is good or it can be said to have met the convergent validity criteria.

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
X1.6 <- X_(KK)	0,708	0,701	0,062	11,483	0,000
X2.5 <- X_(KK)	0,709	0,702	0,054	13,135	0,000
X3.3 <- X_(KK)	0,737	0,738	0,047	15,589	0,000
X4.1 <- X_(KK)	0,714	0,707	0,057	12,607	0,000
X4.5 <- X_(KK)	0,813	0,812	0,032	25,191	0,000
X5.3 <- X_(KK)	0,631	0,631	0,085	7,469	0,000
X6.2 <- X_(KK)	0,661	0,653	0,068	9,788	0,000

Y1 <- Y_(KB)	0,847	0,850	0,038	22,084	0,000
Y4 <- Y_(KB)	0,542	0,526	0,128	4,218	0,000
Y5 <- Y_(KB)	0,700	0,685	0,091	7,662	0,000
Y6 <- Y_(KB)	0,708	0,692	0,098	7,229	0,000
Z10 <- Z_(IRP)	0,723	0,716	0,056	12,816	0,000
Z2 <- Z_(IRP)	0,651	0,649	0,075	8,709	0,000
Z3 <- Z_(IRP)	0,691	0,686	0,067	10,303	0,000
Z5 <- Z_(IRP)	0,645	0,632	0,085	7,559	0,000
Z8 <- Z_(IRP)	0,734	0,725	0,057	12,880	0,000
Z9 <- Z_(IRP)	0,799	0,802	0,031	25,800	0,000

The results of the outer loading above have a larger loading factor value, so it can be seen from the original sample value (O) > 0.50, so that the convergent validity measure is good or it can be said to have met the convergent validity criteria.

Structural Model Assessment (Inner Model)

Coefficient of Determination

	R Square	R Square Adjusted
Y (KB)	0.508	0.498
Z (IRP)	0.831	0.830

Based on the table above, it can be concluded that the value of the coefficient of determination/R square adjusted (R2) (Y) of 0.508 or 50.80% and Z 0.830 or 83.30% is the contribution of the Competitive Advantage and Supply Chain Integration variables. The higher the value of R square adjusted, the greater the endogenous latent variable that can explain the dependent latent variable so that the better the structural equation. Furthermore, from this adjusted R square value, the magnitude of Q2 can also be calculated with the following calculation:

Value Q^2 $= 1- (1-R_1^2) (1-R_2^2)$

$= 1 – (1-0.498) (1-0.830)$

$= 0.91466$

$= 91.47\%$

Based on the results of Q2, it can be concluded that the magnitude of the relationship between latent variables is 91.47%. Direct influence between variables. This means that the observed values have been reconstructed properly, thus the model has good predictive relevance because the Q2 value is more than zero, this proves that the model has predictive relevance.

Hypothesis test

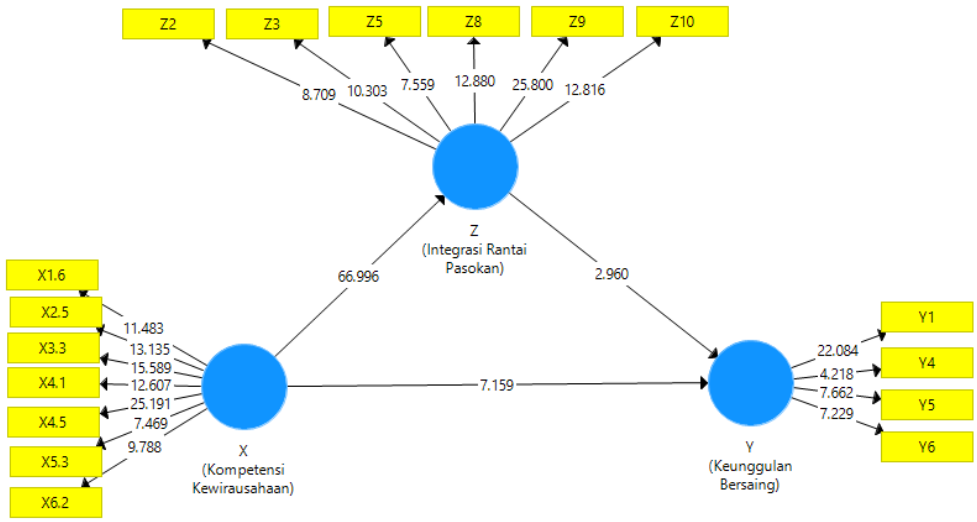


Figure 2. PLS Bootstrapping

Uji Hipotesis Parsial

Variabel Eksogen terhadap Variabel Endogen	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	t tabel	P Values
X (KK) -> Y (KB)	1,227	1,264	0,171	7,159		0,000
X (KK) -> Z (IRP)	0,912	0,914	0,014	66,996	1.6607	0,000
Z (IRP) -> Y (KB)	-0,614	-0,644	0,208	2,960		0,003

Based on the results of the partial hypothesis test, the p-value of all exogenous variables has a significant effect on endogenous variables because it produces a p-value of less than 0.05. This means that supply chain integration has a significant effect on competitive advantage in small businesses in the food and beverage sector in West Bandung Regency, so it is important for culinary business actors to be able to build integration, both integration into suppliers and integration into consumers.

In addition, the competence of business actors in the culinary field also affects the competitive advantage of the food and beverage business in West Bandung Regency. Competence is the key for business actors in the food and beverage sector in building businesses that can sustainably compete in the market.

Mediation Hypothesis Test

Uji Peran Mediasi	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	t tabel	P Values
X (KK) -> Z (IRP) -> Y (KB)	0,560	0,589	0,191	2,931	1.6607	0,004

Entrepreneurship competence has a significant influence on competitive advantage through supply chain integration as seen from the p-value of less than 0.05. This shows that to increase the competitive advantage of the food and beverage business in West Bandung Regency, it can be done through supply chain integration and paying attention to the entrepreneurial competence of food and beverage business actors in West Bandung Regency.

CONCLUSION

Food and beverage businesses in West Bandung Regency still need to improve entrepreneurial competencies, especially in the ability to recognize opportunities, the ability to manage businesses,

strategic abilities and skills. Supply chain integration in the food and beverage sector is already in the good category and competitive advantage still needs to be improved. Competitive advantage which is still categorized as sufficient can be increased if business actors are able to improve and enhance their entrepreneurial competencies. In addition, maintaining good supply chain integration can provide a more optimal increase in competitive advantage.

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