

EFFECTS AND STRATEGIES APPLIED ON THE BUSINESS COMPETITIVENESS IN MEDAN

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ABSTRACT

Entrepreneurship in some areas is needed to create a business climate, increase the added value of raw materials and create jobs as well as increase local revenue. It makes the position of entrepreneurship vital in realizing the economic development of this region. This research uses quantitative and qualitative approaches. The research samples tested in this study were 56 medium and large scale enterprises. The sampling method was performed by the snow ball principle so that the samples obtained will be more accurate with their recommendations from the previous samples. The results show that there is an influence of entrepreneurship and implementation of the strategy on the businesses competitiveness in Medan city. Entrepreneurs have a good understanding of entrepreneurship as they keep getting intensive training and mentoring from escort agencies and easy information access availability. Entrepreneurs also have a good strategy in facing competition. ASEAN Economic Community Issues that were stated by various parties becomes an issue which demands small and medium businesses to have strategies in running entrepreneurship. This study suggests to local governments to simplify and standardize permits of small and medium enterprises.

Keywords: Entrepreneurs, strategy, competitiveness

PRELIMINARY

Exploration of potential entrepreneurs towards specialization in a region has a critical attention. Regional entrepreneurs is very necessary to create a business climate in order to increase the added value of raw materials and to create jobs and increase local revenue. It makes the position of entrepreneurs very important in realizing the development of regional economy and empower the people. (Sulistiyastuti, 2004).

According to Saiman (2014), to achieve competitive advantage, an entrepreneur should be able to increase the power of innovation, creativity and productivity in order to compete both product and price. An entrepreneur understands that making the design should be more varied. Patented product design in order to obtain greater economic value. Marketing products are done through organizational communities and associations so that they are easily recognized by the

members of the organization. Offering products through public figure. Keeping customer satisfaction.

Besides enhancing the competitiveness, an entrepreneur should be able to achieve competitive advantage through five programs namely : The price or value, Customers will see the products that have a competitive price and a good value. Please the consumers, consumers do expect to get satisfactory service and good communication. Good consumer's experience make consumers tell their relatives, whereas a bad experience will quickly spread. Recording is needed for the registration of products mainly attributes of the product.

ASEAN Economic Community as a form of cooperation in improving the economy of the nations in ASEAN can be a threat for entrepreneurs in Indonesia and will increase the number of entrepreneurial reduction especially if they do not have competitiveness.

Entrepreneurial readiness in facing MEA is less visible. Entrepreneurs are still struggling on the problem of human resources, capital or technology readiness so that it is worried to reduce competitiveness in facing MEA. Therefore, we need a competitive mapping of establishments which has been running, so that it can be known the scale of business competitiveness and factors of entrepreneurship and strategy.

RESEARCH METHODS

This research is a quantitative and qualitative, quantitative methods with explanatory research approach which aims to analyze the influence of variables of entrepreneurship and strategy on the competitiveness of businesses.

Population and Sample

Population and sample of this research is the medium and large entrepreneurs in North Sumatera Commerce Chamber organization that purely do business activities. 56 business samples were tested in this study. The sampling method was performed by the snow ball principle so that the samples will be more accurate with their recommendations from the previous samples. In sampling, it was also carried out by taking entrepreneurs that have been incorporated into the environment of North Sumatra Commerce Chamber as the individual analysis unit.

Method of collecting data

Data will be collected by,

1. The research questionnaire containing questions about the entrepreneurial variables, applied strategies and business competitiveness
2. Deep interviews to refine the quantitative data

3. Deep interviews were conducted to obtain the content or information on the application of entrepreneurship and strategy in running the businesses.

Data analysis

Data analysis of study uses a multiple linear regression test which analyzes the variables of entrepreneurship and strategy of the business competitiveness.

RESEARCH RESULT

Table 1
Analysis by Sex

	Frequency	Percent
Male	46	82.1
Female	10	17.9
Total	56	100.0

Based on the table above, it can be seen that the majority of respondents surveyed are male by 46 respondents and the remaining is female respondents by 10 respondents.

Table 2.
Analysis by Age

	Frequency	Percent
21-30 years	13	23.2
31-40 years	21	37.5
> 40 years	22	39.3
Total	56	100.0

Based on the table above, it can be seen that the majority of respondents are at the age of over 40 years by 22

respondents, aged 31-40 years are 21 respondents, and 21-30 years of age are 13 respondents.

Table 3
Based on the analysis of turnover / Month

	Frequency	Percent
No Answer	15	26.8
31 juta-2,5 billion	23	41.1
> 50 billion	18	32.1
Total	56	100.0

Based on the data above, it can be seen that the omset derived by most respondents who have range of 31 million - 2.5 billion are 23 respondents, more than 50 billion are 18 respondents, and the other 15 respondents do not want to tell the turnover obtained.

Table 4
Analysis Based on Workforce

	Frequency	Percent
< 5 people	14	25
6-50 people	28	50
> 50 people	14	25
Total	56	100.0

Based on the data above, it can be seen that 28 respondents mostly employ 6-50 laborers, 14 respondents have fewer than five workers, 14 respondents have more than fifty people.

Table 5
Based on the analysis of
Entrepreneurial Aspect

	Frequency	Percent
Bad	18	32.1
Enough	27	48.2
Good	11	19.6
Total	56	100.0

Based on the table above, it can be seen that the highest assessment of Entrepreneurial Aspect is Enough as many as 27 respondents, Bad as many as 18 respondents, and Good as many as 11 respondents.

Table 6. Analysis based on the
Strategic Advantage aspect

	Frequency	Percent
Bad	25	44.6
Enough	7	12.5
Good	24	42.9
Total	56	100.0

Based on the table above, it can be seen that the highest assessment of strategic advantage is Bad as many as 27 respondents, Good by 24 respondents, and Enough by 7 respondents.

Table 7
Analysis based on the Competitive
Advantage aspect

	Frequency	Percent
Medium	34	60.7
High	22	39.3
Total	56	100.0

Based on the table above, it can be seen that the assessment of the respondents to

competitive advantage is Medium as many as 36 respondents and higher by 22 respondents.

Table **8**
Determinant analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.475 ^a	.226	.197	1.069

Based on the table above, it can be seen that the value of R obtained by 0.475 or 47.5%. Therefore, it can be concluded that the studied variables can only describe the results of the study 47.5% and the remaining 52.5%. It can be explained by other variables not included in this research.

Table 9.
Anova Test Analysis

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	18.298	2	9.149	8.010	.001 ^a
Residual	62.823	55	1.142		
Total	81.121	57			

Based on the table above, it can be seen that the Sig. point of the analysis of research is 0001. Therefore, it can be concluded that the study result is significantly influential. This can be seen from the point of 0001 which is smaller than the significance level of 0.005.

Table 10. Influential Variables

Model	t	Sig.	Collinearity Statistics	
			Tolerance	VIF
1 (Constant)	2.651	.010		
Entrepreneurship	2.256	.028	.870	1.149
Strategy	3.897	.000	.870	1.149

The results showed that the variables of entrepreneurship and strategy affect the competitiveness of business respondents. Variables strategy is the most influential variable than the entrepreneurship one.

DISCUSSION EFFECT OF ENTREPRENEURSHIP ON BUSINESS COMPETITIVENESS

The results showed that the variables of entrepreneurial business can have an effect on improving the competitiveness of businesses. Entrepreneurship skills of respondents are good. It is formed by the respondents are intense to get a good understanding from various entrepreneurship seminars or trainings.

Thus, they can strengthen their entrepreneurial skills. Besides their entrepreneurial abilities in training or seminar, respondents often have new experiences that enhance the quality of business leading to the improvement of business competitiveness.

According to Echdar (2013) entrepreneurship is not only inborn

talent, or experience. But it can also be learned and taught. Someone who has the entrepreneurial talent can develop his talents through education and training. Those who become entrepreneurs are people who recognize the potential and learn to seize opportunities to develop and organize the business in realizing his goals. Therefore, to be a successful entrepreneur does not only have the talent, but also knowledge about all business aspects, among others, finance, production, marketing, and accounting.

Talent is an inborn trait that has driven someone to realize the big ideals. Developing their talents and trained by the environment. Their dreams move dynamically following the learning process. Through the companies they manage, they train themselves to be ready to become a world-class entrepreneurs. It means that to be a successful entrepreneur, besides talent, the conducive environmental conditions and opportunities to practice at different stages of a person's life affect their success in the future. Based the condition above, it can be concluded that an entrepreneur can be created through education.

An entrepreneur is a risk taker, both financial risks (loss) and the mental risks that are (fail). But these risks are taken with the full consideration so that an entrepreneur can overcome the obstacles to succeed constantly or balance the risk and reward that will be obtained. By doing these three things, someone will be an entrepreneur.

As the research conducted by Hornaday, JA, et al., (1982) that there are three characteristics that create a successful entrepreneur, namely (1) seeing challenges as a positive condition and learning from mistakes, (2) having a personal strong initiative, and (3) have the perseverance and determination.

EFFECT OF COMPETITIVENESS ON BUSINESS STRATEGY

The results showed that there was an effect on the competitiveness of entrepreneurial strategies in Medan city. This research is in line with research of Hadriani (2011) that has proved that there are several factors affecting the competitiveness of entrepreneurs in Semarang city. The factors include the applied capability of entrepreneurship and entrepreneurial strategies. The research conducted Susanto (2009) proves that the entrepreneurial skill and business strategy positive have a positive effect on the competitiveness of entrepreneurial business in Lampung city.

The vision to improve the quality of products that originated from competition with other products make entrepreneurs manage business strategy. Furthermore, with unstable market conditions make the entrepreneurs develop other strategies to improve their businesses. The condition is done by 41.4% of respondents.

Strategy is an action plan that aligns resources and organizational commitment to achieve the excellent performance (Echdar, 2013). He also

said that in doing a business, it must have a competitive advantage which has a product or service that can be seen from its target market rather than the competitors.

Other factors that strengthen entrepreneurial strategy is the information obtained from the government about the challenges of MEA. Entrepreneurs' understanding of the MEA will lead to competition in the economic context among ASEAN countries and make entrepreneurs motivated to compete in developing their businesses. The business development starts from the preparation of a comprehensive business strategy, competition and collaboration.

Entrepreneurs realize that MEA can be faced by building a collaboration among entrepreneurs in Indonesia because competitors in MEA come from other countries. Therefore, cooperation among entrepreneurs becomes a strategy applied by the respondents.

CLOSING

The results showed that the variables of entrepreneurship and strategy affect the competitiveness of business respondents. Strategy variable is the most influential variable than the entrepreneurship one.

Entrepreneurship skills of respondents are formed because of good intensity in enhancing their understanding through entrepreneurship seminars or training as well as gaining new experiences that improves the quality of the businesses.

Entrepreneurs realize that MEA can be faced by building collaboration among entrepreneurs in Indonesia because that became competitors in the MEA had come from other countries. Therefore, cooperation among entrepreneurs becomes the strategy applied by the respondents.

The government should help entrepreneurs in strengthening business licensing, in addition to mediating the national network can strengthen the business survival by collaborating on a national scale.

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