

Implementation of Sustainability Competitive Advantage Models at the Small Medium Enterprises in Tasikmalaya West Java

Rodhiah* Kartika N Faculty of Economics Tarumanagara University Jakarta, 11470 Indonesia *rodhiahdhiah@yahoo.co.id

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Abstract

This quantitative research has purpose to implement and evaluate the sustainability competitive advantage on two potential of the small medium enterprises (SMEs) in Tasikmalaya West Java, Indonesia. The focus of the research was to identify the mapping of SMEs potential of Tasikmalaya. Two SMEs were chosen as pilot project are special in bamboo and embroidery sector. Respondent were added using purposive sampling method, and collecting data was using observation, in-depth interview, documentations and FGD. The analysis models using three point of sustainable competitive advantage such as competitive potential, management process dan competitive performance. The fishbone diagram was used for evaluating result of implementing sustainable competitive advantage models. The analysis result found long term issue for bamboo and embroidery sector, especially for raw material stability, provision of working capital, protection of creativity, innovation and the ability to develop domestic and international markets. For the necessary intensity and related government policies to support Tasikmalaya business craft success.

Keywords: SMEs, sustainable competitive advantage, fishbone diagram

1. Introduction

Tasikmalaya district has great potential for small and medium enterprises (SMEs) by local potential support such as natural resources, human resources and environment conducive to development of SMEs. Craft or creative arts Tasik has two potential clusters, such as: bamboo craft and art of embroidery. Tasik natural resources provide abundant raw material bamboo plants scattered on 39 districts in Tasikmalaya, which able to delivery Tasik City as center of the largest craft in West Java province. Handicraft product markets are not limited to explore Southeast Asia, but also penetrate the Japanese market, Spain and Italy. Creativity community rooted in local cultural wisdom passed down through the generations by the families, which able to create products of bamboo handicraft and embroidery in good quality. Character and culture of community support Tasik creative business development, was also represent as local economy indicator of Tasikmalaya. Tasik entrepreneur success are cannot be separated from Tasikmalaya socio-cultural community support who adept developing with embroidery craft art based. They mastered the technique of sewing and embroidery applications, a variety of sequins, beads, embroidery, lace fabric in a variety of media, such as kebaya, clothes, shoes, sandals, bags, prayer cloth, silk, veil and other media. Two clusters are less labor-intensive and involves a lot of subcontracting embroidery known as "maklun" around Tasikmalaya, in the future would able to boost the local economy District Tasikmalaya. Departing from the phenomenon, it is necessary to build sustainability competitiveness of small and medium enterprises in Tasikmalaya for long term.

In order to produce high energized bamboo and embroidery sector, small and medium enterprises in Tasik face so many obstacles. The factor problem could potentially occur by raw materials procurement, technology, development of human resource skills, capital development of copyright protection, as well as the condition of the infrastructure. Depart from potential and problems facing businesses, it is necessary to design models to build the sustainability of competitive advantage for SMEs long-term performance. Competitive strategy oriented towards the creation of a competitive advantage based on three pillars, as Buckley et al. (1988) said: potential, and performance management process competitiveness. The logic of model is not limited to development of SMEs achievement by performance targets, but also required the potential synergies between SMEs and the ability to manage the activities of SMEs. The implementations of these activities are foundation for building the competitiveness of SMEs, special bamboo craft and art of embroidery Tasik.

The initial step implementation monitoring model of Tasikmalaya SMEs competitive advantage achievement were pilot projected at previous stages. (Rodhiah and Kartika; 2013) Problems and alternative solutions to the problem of SMEs have been identified in previous studies, based on three strategic points, such as: competitive potential, and competitive performance management process. Furthermore, the process of sustainable evaluating implementation for competitive advantage bamboo handicrafts and embroidery results, every aspect of a solution formulated SME management. Inconsistency results into an evaluation strategy implementation through the point of activity, focused on internal management of SMEs, government policy, support banking institutions, supply chain network and community culture. Based on the identification of



competitive strategy on Rodhiah and Kartika (2013), study the problem of SMEs is: What the form of implementation and how to evaluate the implementation of the sustainable competitive advantage of SMEs bamboo handicrafts and embroidery in Tasikmalaya?

2. Sustainable Competitive Advantage

According to Porter (1990), competitive strategy as a developing general formula of how businesses compete, achievable goals and policies to achieve the goal. The main determine factor boundaries of target enterprise, such as: strengths and weaknesses, opportunities and threats of industrial, societal expectations, the values espoused by key executives. To win competition, the company has a unique (core competence) as a differentiator with competitors. Dessler (2007), defines the competitive advantage is any factor that allow an organization to differentiate its products or services from Reviews those of its competitors to increase of market share. Zimmerer, Scarborough and Wilson (2008) asserted by having a competitive advantage of a company providing superior value to the consumer. Competitive advantage through three important indicators identified, such as: competitive performance, competitive potential and management process. (Buckley et al.; 1988) orientation is not limited to the development of performance, but must show the potential and the process carried out by SMEs. Barney (1991), confirmed that the competitive advantage derived from valuable resources, relatively rare, difficult to imitate and have sustainability. The sustainability formed due to the competitors cannot imitate or even replacing competitors' resource. Potential processed by superior management process, creating a superior performance. The concept of competence (core competence) established a sustainable competitive advantage of SMEs, thereby delivering superior value to the consumer as looked on figure 1.

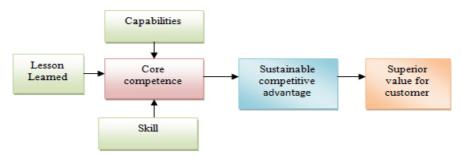


Figure 1. Developing Sustainable Competitive Advantage Source: Zimmerer, Scarborough & Wilson (2008)

3. Data Collecting Method

Design research use descriptive method to describe the nature of the case or current ongoing research and identify the causes or symptoms of competitive advantage implementation in bamboo handicraft and embroidery business. Determination of respondents based on purposive sampling method with SMEs criteria as reference to Law No. 20 Year 2008 concerning management of SMEs in Indonesia. Process of analysis data focuses on three key activities implementation include competitive performance, competitive potential and management process as well as evaluate the business model implementation of sustainable competitive advantage in bamboo handicraft and embroidery. The development instrument for measurement of competitive performance, competitive potential and management process, can look in appendix. Fishbone diagram is used as a tool in the process for evaluating results of the implementation from two-sector model of the craft. Primary data were collected through direct interviews to managers of SMEs and stakeholders, such as: Office Koperindag Tasikmalaya, distributor networks, Bank of BRI Branch office Singaparna, consumers and society. To strengthen secondary analysis data supported the activities of SMEs form of reports, documents Koperindag Office Tasikmalaya and Bank of BRI Branch Singaparna Tasikmalaya. Collecting data use to observation, questionnaires, documentation, and focus group discussions (FGD).

4. Implementation of Competitive Strategy in Bamboo and Embroidery Sector

Referring to the map of potential bamboo handicraft and embroidery business in Tables 1 and 2, the process of implementation and evaluation of competitive strategy, first applied to bamboo handicraft from Mr. Iwan Dani business. His businesses located at Cisayong village, with competence as supplying local bamboo handicraft artisans, souvenirs central to the retail in Jakarta and export buyers. Results of analysis of the competitive potential, and competitive performance management process are summarized in Appendix 1, while the evaluation results of the implementation described Tables 3 and 4.



Table 1. Competitive Strategy of Bamboo Sector

W-O
1. Bring the banking and government assistance programs for
strengthening capital
2. Improve the skills and training of the bamboo craftsmen and
production aid
W-T
Cadre the young generation through BLK
Education local content for elementary - high school
Improving local infrastructure business
W-O
1. Bring the banking and government assistance programs for
strengthening capital
2. Improving the skills and employment training for embroidery
WT
Improving local infrastructure
2. Develop policies for procurement / soft loan computer
embroidery machine
•
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	3 Evaluation of Competitive Bamboo Implementation Strategy		
NO.	STRATEGY	Actual Level of SMEs	Effects on SME
1	S-O Strategy Empower the bamboo craftsmen optimally	People respond to the plan, with coordination to a large craftsman like Mr. Iwan Dani. Effective partnerships established between daily craftsman to sub-contract-wholesaler / exporter	Difficulty managing human resources, in large quantities and have the skills and creativity of HR in variety Man power is getting few owned by skilled craftsmen of old age, so the more limited number.
2	Improve guidance to craftsmen pattern associated with sponsor exhibits, show room house Tasik, IT applications	Mr. Iwan Dani received a grant of the means of production and the cast Smesco, Inacraf, and Bandung. The use of IT is not limited to email the website for the media campaign.	Limitations of a media campaign to actual and potential customers, at home and abroad.
3	Bring craftsmen to CSR program	The SMEs expect a grand company's CSR programs, but not easy to get a grand including Mr. Iwan Dani.	Has no built and the grand funds. Product innovation on its own capabilities and built Koperindag.
	S-T Strategy		
1	Keeping the environment in order not to damage the ecosystem bamboo land	 Bamboo land are still awake at Cigalontang, so easy to get a craftsman good quality raw materials. However, sand mining activities can disrupt the ecosystem of bamboo in the future. 	At this time bamboo is easily obtained by craftsmen
2	Giving protection products bamboo craft creativity	Craftsmen received coaching craft creativity development, received an award from the Center for Crafts Yogyakarta.	Protection of creativity design yet, so a lot of the same products.
3	Providing information Bamboo craft facility quality standards	 Training has been carried out on the majority of the bamboo craftsmen. Mr. Iwan Dani already familiar with the quality standards, because he is a trainer for bamboo handicraft units 	Management of quality craft products have done well.
	W-O Strategy		
1	Closer to the banking and government assistance programs for strengthening capital	 Development of the relatively limited funds, only enjoyed by entrepreneurs who have a credit guarantee. Mr. Iwan Dani on loan process application at Bank Mandiri. 	Limitations of collateral loan, make a process becomes longer. Interfere with financial management as well as increase the risk of SMEs business.
2	Improving skills and training for bamboo craftsmen and production aid W-T Strategy	Training and support tools unequal For bamboo craftsmen, but Mr. Iwan Dani never received any of the facility.	Management of creativity carried out at the initiative of Office manager and assisted by Koperindag.
1	Cadre the youth through vocational training center	Assist in provision of skilled labor for SMEs. It took a long time to become young labor creative and carving proficient	Facilitate the management of human resources, as it gets trained personnel
2	Local content of education for elementary school children about the potential of SMEs Tasikmalaya	The positive effects seen with the child's interest junior - high school or after graduation joined as a craftsman.	Socialization for the new generation to be interested in maintaining the local potential.
3	Improving infrastructure central area of bamboo handicraft business	In general, sufficient infrastructure, but in the mountainous region is still the difficulty of transportation.	Streamlining transportation management & marketing



Implementation and evaluation of two competing strategies applied to Mr. Hakim embroidery business located in Kawalu Central Embroidery, with competence as a supplier or wholesaler Muslim dress retail in Tanah Abang Jakarta Market every Monday and Thursday. The competitive potential analysis and competitive performance management process results are summarized at Appendix 1, while the evaluation of implementation results described on Table 4.

Table 4 Evaluation of Competitive Embroidery Implementation Strategy

So Strategy		e 4. Evaluation of Competitive Embroidery Implementation Strategy			
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The fishbone diagram analysis results for bamboo handicraft Mr. Iwan Dani business management describes as follows: 1) relatively good marketing management in designs, colors and types of products development, has a show room and using email. 2) Financial does not have problems, although relying on own capital (without bank credit). Buyer provided working capital advances, remaining after completion of goods shipped to the buyer. 3) Raw material has no issue because the bamboo eco systems around Cigalontang are well maintained. 4) Management of production and creativity has no meet any problems, because Mr. Iwan Dani designated as a trainer by bamboo craft Koperindag Department of Tasikmalaya, and was awarded by Crafts Center Yogyakarta. 5) HR Management has no problem with the partnership as much as two craftsmen village. Koperindag. Department has an issue in improving performance Training Center. Mr. Iwan Dani business profile can be developed on icon craft art declaration by Tourism and Creative Economy Ministry, Republic of Indonesia in 2014.

Embroidery business has following criteria: 1) Autodidact management marketing with Muslim dress product development in design form, color, type of embroidery. Marketing focused on wholesale Tanah Abang Jakarta, it is necessary to maintain quality product and customer service. 2) Financial management has no issue, because the turnover of the business is relatively smooth. He has no payment obligations to the bank for supplier of fabric due to term of payment, remainder after the new finished goods shipped to the buyer.

3) Management of raw materials has no problem, because the established cooperation with suppliers of Bandung



and Tasikmalaya. 4) Management of production and creativity not meet a problem because the 5 supported computer embroidery machine and 5 years experience as *maklun*. 5) Focused HR Management 25 employees as well as partnerships with *maklun* make the production process more efficient. Embroidery business profile Mr.Hakim likely developed in declaration of icon craft art by the Ministry of Tourism and Creative Economy, Republic of Indonesia in 2014. The challenge for local government is to make synergize Koperindag Office with bank of BRI as the dealer of credit for SMEs.

5. Conclusion

Bamboo and embroidery businesses have a strong foundation as an art craft that have a sustainable competitive advantage. Implementation of the models was refers to three aspects, such as: potential, processes and performance management. Evaluation results showed the successful implementation bamboo crafts and embroidery presence, but as the hand made product is not necessary for continuous creativity development. Long-term potential problems occur in human resources and procurement of raw materials, so that the necessary cadre of creative art of bamboo craft new generation and local government regulation is necessary to protect the bamboo ecosystem Tasikmalaya.

The implications of the research are: First, keeping raw materials sustainability through the improvement of land using policies in order to maintenance the bamboo ecosystems. Cooperation Department of Agriculture needs to develop superior quality bamboo plants. Second, keeping of the funding sustainability through synergy with government policies to bank of BRI. Breakthrough soft loan procurement of computer embroidery machine would increase *maklun* and embroidery business stronger. Third, keeping the central business district infrastructure such as transportation facilities, business licenses, intellectual property rights, subsidies, trainings, equipments and sponsors exhibitions inside either outside the country, cooperation investor/CSR/creditors, market and other involved parties. Through this way of creativity, innovation and craftsmen became more developed beneficial for local economy.

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The first authors'

Mrs. Rodhiah was born in Palembang South Sumatera, 11 October 1966. Educational background is in marketing management from Magister Management Tarumanagara University Jakarta Indonesia. The mayor research is in marketing of SMEs' study.

The second authors'

Mrs. Kartika Nuringsih was born in Yogjakarta Indonesia, 18 August 1972. Educational background is in finance management from Magister Sains Gadjah Mada University Yogjakarta Indonesia. The mayor research is in financing of SMEs' study.



APPENDIX

Table 1. Bamboo Crafts Competitive Potential

NO.	CONDITION	DESCRIPTION
1	Infrastructure	To major highways in good condition, but moving towards the district. Cisayong or bamboo road to business central poorly-maintained, potholes, and narrow. This is related to sand mining in the river near Galunggung mountain, so easily damaged and dusty roads. Electricity, telephone, internet, clean water is relatively good. Permitting sand mining around Galunggung can damage the bamboo ecosystem in the future.
2	Financial condition	Initially using their own capital, but this time to meet capital adequacy are bank credit application process. Funding is currently supported by distributor or an advance 85% of the distributors. Looking forward craftsmen can get a grant or a grand of CSR.
3	Technology	Production using manual tools, because there is no machine capable carving thin bamboo. This thinness has not been able to be done by others in Cisayong bamboo craftsmen.
4	workforce skills	Deployment of labor is relatively easy to reach the two villages, with old age relatively. For younger generation less able to master carving bamboo, but still able to bamboo weaving techniques.
diff		Access to capital bank, because banks generally require collateral. This condition makes it difficult for the craftsmen. Because of difficult to get bank loans, Mr. Iwan Dani got a grand desire.
Solution		Banks should learn the proper conditions in assessing feasibility of ranging business from SME performance: prospects, market, product quality, supplier-distributor network, market demand, competitors your analysis. Credit guarantees should not be a fixed asset, but this information may be considered as a guarantee. Banks should monitor the performance of craftsmen to achieve the results as a target in his credit. Conclusion: The Bank prioritizes soft information and monitoring system with the SMEs.

Table 2. Bamboo Crafts Process Management

NO.	CONDITION	DESCRIPTION
1	Quality of	Products classified as having adequate quality standards, the fineness of very thin bamboo,
	products	bamboo seams nice / neat, varied product categories so that Pak Iwan products could be an
		option buyer for export.
2	Speed delivery of	Can fulfill customer orders with quite diverse variety of products, including the type of staining
	services to	(chemical / natural) for products ordered by the buyer.
	consumers	
3	Quality delivery	Goods on time to the consumer, either directly or taken the goods are delivered to the customer,
		such as in Mester Jatinegara Jakarta.
4	Quality of service	If there can be a return defective goods, consumers usually can pay tempo.
Proble	ems	Production Management:
		No machines are capable carving thin / fine, so it is done manually. The impact requires a
		relatively long time.
Solution		The government cooperated with machinery manufacturing / production equipment in order to
		create carving machine. In addition, the government should actively hold companies to do CSR.

Table 3. Bamboo Competitive Performance

1 401	Table 3. Damboo Competitive Terror mance		
NO.	CONDITION	DESCRIPTION	
1	Market share	Has the market for bamboo is relatively high, being able to meet the local and international	
		markets.	
2	Earnings growth	Relatively moderate views of factors: location of the business, ownership of the asset (as	
		collateral banks), financial capability, business equipment is still limited.	
3	Duration	Starting a business in 1999/2000 continue the family business bamboo craft, as in Indonesia and	
		the trainer 2010/2013 year working with the buyer to the international market.	
Problems		The production process is inefficient because it uses manual tools, but tools that suit necessity	
		of craftsmen are none.	
Solution		To support the sustainability and efficiency of production in long term, so it will use production	
		machines.	



Table 4. Embroidery Craft Potential Competitive

NO.	CONDITION	DESCRIPTION
1	Infrastructure	Condition of the road to the center of the embroidery business maintained good, other
		facilities such as electricity, telephone, internet, clean water in good condition.
2	Financial	Financial condition / capital in a safe condition, because the turnover of capital for 1
	condition	year to 3 M. The source of funding came from the capital itself, and then developed
		using a bank loan.
3	Technology	Using computer embroidery machine, so that the production process becomes faster
		and easier.
4	workforce skills	Labor is easily available with high embroidery skills or cooperation usually as
		maklun.
Probl	ems	Have a desire for development of expansion as the main raw material distributor in
		Tasikmalaya, but still have limited capital, lack of knowledge about the loan from the
		bank.
Soluti	ion	The bank needs to socialize the business credit application procedures.

Table 5. Embroidery Craft Management Process

	Table 3. Embroidery Craft Management Process			
NO.	CONDITION	DESCRIPTION		
1	Quality	Koko (muslim dress) good quality products, innovative motifs and any models of		
	Products	embroidery products.		
2	Speed Data	Distributor can fulfill orders with quite diverse variety of products, as well as having		
	Submission On	to sell the land in Tanah Abang Market Jakarta per twice in a week.		
	Consumer			
3	Quality	Fulfill orders on time, good for distributors and orders for the final consumer / user		
	Delivery			
4	Quality Of	Return defective goods can be done, other than that the consumer can usually pay		
	Service	tempo.		
Probl	ems	Marketing Management:		
		Penetrate new market areas of the national market, but have not been able to penetrate		
		the international market. It is caused due to lack of knowledge about international		
		marketing.		
Solution		The government cooperated with the universities and companies CSR to assist in		
		information technology application development of SME market.		

Table 6. Embroidery Craft Competitive Performance

Labit	Table 6. Embroidery Craft Competitive refrormance			
NO.	CONDITION	DESCRIPTION		
1	market share	Has market for koko is relatively high, being able to meet the local market and		
		national Tasik through Tanah Abang Market.		
2	earnings growth	Earnings growth increased with money turn over for 1 to 3 billion. The looks of the		
		growth of the embroidery machine manual (Yuki) to as many as 5 computers machine		
		computer embroidery machine.		
3	Duration	Established in 2000 as <i>maklun</i> , since 2005 began producing koko own business, and		
		began to show progress in 2010/2011 turnover reached USD. 800 million / month, and		
		the year 2012/2013 reached a turnover of 3 billion for 1 year.		
Probl	ems	How do I maintain the local market, look for overseas market and consistently		
		innovating.		
Solution		To be able to sustain success in the long-term efforts need to strengthen the marketing		
		network.		

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