

ANALYSIS OF VALUE CREATED PRODUCT STRATEGIES ON IMPROVING BUSINESS COMPETITIVENESS

Banuara Nadeak¹, Reminta Lumban batu^{2*}

^{1,2}*Universitas Singaperbangsa Karawang, Indonesia*

*Corresponding author: reminta.lumban@fe.unsika.ac.id

ABSTRACT

The condition of Karawang as a national rice barn has now shifted to industrialization and supporting cities for the Capital City and has received poor ratings because it is a city with a high ranking of poor people. These problems can be solved by increasing MSME activities in various fields. The sustainability of MSME is very important because it supports the growth of big business and is able to provide benefits for regional economic growth. Implementation of value creation strategies in an effort to improve business activities carried out as a strategy at the corporate and business level. The application of value creation that focuses on internal resources owned is also related to the competitiveness strategy in an effort to increase the competitiveness of a company or a business. The purpose of this study was to determine how much influence the value creation product strategy has on increasing business competitiveness as an effort to improve the economy of poor families. This study uses descriptive and verification research methods, the method used is an explanatory survey. Data analysis technique used to determine the correlative relationship in this study is multiple regression using SPSS software. The results of this study indicate that there is a positive influence on a product strategy of value creation to increase business competitiveness and its impact on improving the economy of poor families.

Keywords: *Value creation; Product strategy; Competitiveness; poor society*

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INTRODUCTION

Karawang, which is known as one of the food production centers that is able to meet rice needs, not only at the provincial level, even at the national level, there are still many people who find it difficult to buy rice, this is in contrast to the title carried by Karawang Regency as a Rice Granary which has shifted to Industrialization and the supporting city of the Capital. Based on data from the Central Statistics Agency (BPS) of Karawang Regency in 2017, 236,840 people or 10.25 percent of the Karawang population are categorized as poor. This number has not decreased since the last five years. In 2013 the poverty rate reached 238,573 or 10.69 percent, in 2014 it was 228,990 or 10.15 percent, in

2015 it was 235,030 or 10.37 percent, in 2016 it was 230,600 or 10.07 percent and in 2017 it increased to 236,480 or 10.25 percent (merdeka.com, n.d.).

These problems can be resolved by increasing the activities of MSMEs in various fields. The sustainability of MSMEs is very important because it supports the growth of large businesses and is able to provide benefits for regional economic growth (Gilmore, 2011). MSMEs are always looking for ways to survive, grow and compete in the market (Valkokari & Helander, 2007). The competitiveness of MSMEs in a country also affects the position of that country's MSMEs for international countries. Research in several countries, such as Italy, Palestine and Tanzania, shows that MSMEs are still experiencing problems with low competitiveness (Crick, Kaganda, & Matlay, 2011; Sultan, 2014). This problem occurs in Indonesian MSMEs (Najib & Kiminami, 2011; Tambunan, 2011).

Table 1
Number of UMKM Units and Large Industry in Indonesia

No	Scale enterprises	2010	2011	2012	2013	2014	Total
1	Usaha Mikro	84,452,022	87,810,366	90,012,694	93,014,759	94,957,797	450,247,638
2	Usaha Kecil	3,278,793	3,519,843	3,521,073	3,627,164	3,919,992	17,866,865
3	Usaha Menengah	2,761,135	2,694,069	2,677,565	2,759,852	2,844,669	13,737,290
4	UMKM	90,491,950	94,024,278	96,211,332	99,401,775	101,722,458	481,851,793
5	Usaha Besar	2,535,411	2,756,205	2,674,671	2,839,711	2,891,224	13,697,222
	Total	93,027,361	96,780,483	98,886,003	102,241,486	104,613,682	495,549,015

Sources: Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia

According to the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia, the number of UMKM business units has a fairly high increase each year, namely in 2010 amounting to 90,491,950 until 2014 amounting to 101,722,458, while for the large scale business industry only has a very slight increase from each. the year, namely in 2010 amounted to 2,535,411 until 2014 amounted to 2,891,224.

The comparison shown provides information to us that the MSMEs in Indonesia are the backbone of the national economy that must be maintained. MSMEs in Indonesia are one of the main players in domestic economic activities that support a large number of workers and an important source of income for low-income communities. This has resulted in the low competitiveness of Indonesian MSMEs from an international perspective.

FORMULATION OF THE PROBLEM

Based on the background that has been explained, the research problems that will be studied can be formulated are:

1. How much influence does the value creation product strategy have on increasing business competitiveness as an effort to improve the economy of poor families

Hypothesis

H₁: There is a positive effect of value creation product strategy on increasing business competitiveness and its impact on improving the economy of poor families.

H₀: There is no positive effect of a value creation product strategy on increasing business competitiveness and its impact on improving the economy of poor families.

LITERATURE REVIEW

Value Creation

According Bowman & Ambrosini, 2007; Ciasullo & Troisi, 2013; Lautermann, 2013 , kreasi nilai adalah Penerapan strategi kreasi nilai dalam upaya perbaikan aktivitas usaha yang dilakukan sebagai strategi dalam level korporat maupun bisnis. Sedangkan menurut Tan Swee Lin & Smyrniotis, 2007, value creation is the application of a value creation strategy in an effort to improve business activities carried out as a strategy at the corporate and business levels. Meanwhile, according to Tan Swee Lin & Smyrniotis, 2007, value creation is a core element of entrepreneurship because innovative products / services that do not transmit market value lack commercial potential. Based on the previous definition, it can be concluded that value creation is very important to be owned by entrepreneurial businesses that are run so that MSMEs go through the implementation of innovative products.

According Orville C. Walker and John W. Mullins, 2014, Strategy is a basic pattern that is planned and has a purpose in the distribution of resources, and the organization's interaction with markets, competitors, and other environmental factors and how resources and activities that meet in the environment are able to generate opportunities and overcome challenges to gain profits for the company. The application of value creation that focuses on the internal resources owned is also related to the competitiveness strategy in an effort to increase the competitiveness of the company (Zubac, Hubbard, & Johnson, 2010).

Competitiveness

According Luo, 2010 ,defines competitiveness as the degree to which a firm's products are deemed to have superior fitness to use, free from deficiencies, and conformity to requirements relative to competing firms. Meanwhile, according to Díaz-Chao, Sainz-González, & Torrent-Sellens, 2015 said that competitiveness is the ability to produce goods

and services that meet customer needs, and at the same time maintain a high and sustainable income level, or the ability of a region to generate high levels of income and job opportunities by remaining open to external competition, it is also in accordance with the research conducted Pragma Bhawsar, Utpal Chattopadhyay, 2018 Competitiveness is an inclusive concept that combines all the factors that make an entity successful. So it can be concluded that competitiveness is the basic thing that companies must have in order to achieve success in the business world competition that companies must face.

RESEARCH METHOD

This research uses descriptive and verification research methods, so the method used is an explanatory survey. Data collection techniques are literature study and questionnaires (questionnaire). This research was conducted on business owners in Karawang Regency with a sample size of 100 respondents. This study used a cross sectional method which was conducted in less than one year. The data analysis technique used to determine the correlative relationship in this study is multiple regression using SPSS software.

RESULT AND DISCUSSION

Validity Test

Table 2
Validity Test Result

Value Creation				
	P	r count	r	Result
1	P1	0,486	0,196	Valid
2	P2	0,618	0,196	Valid
3	P3	0,227	0,196	Valid
4	P4	0,654	0,196	Valid
5	P5	0,384	0,196	Valid
6	P6	0,532	0,196	Valid
7	P7	0,451	0,196	Valid
8	P8	0,312	0,196	Valid
9	P9	0,323	0,196	Valid
10	P10	0,661	0,196	Valid
11	P11	0,445	0,196	Valid
12	P12	0,407	0,196	Valid

13	P13	0,590	0,196	Valid
14	P14	0,394	0,196	Valid
15	P15	0,346	0,196	Valid
16	P16	0,428	0,196	Valid
17	P17	0,566	0,196	Valid
18	P18	0,431	0,196	Valid
19	P19	0,492	0,196	Valid
20	P20	0,312	0,196	Valid
21	P21	0,500	0,196	Valid
22	P22	0,454	0,196	Valid
23	P23	0,408	0,196	Valid

Competitiveness

1	P1	0,226	0,196	Valid
2	P2	0,507	0,196	Valid
3	P3	0,227	0,196	Valid
4	P4	0,442	0,196	Valid
5	P5	0,665	0,196	Valid
6	P6	0,527	0,196	Valid
7	P7	0,597	0,196	Valid
8	P8	0,582	0,196	Valid
9	P9	0,533	0,196	Valid
10	P10	0,446	0,196	Valid
11	P11	0,571	0,196	Valid
12	P12	0,397	0,196	Valid
13	P13	0,426	0,196	Valid
14	P14	0,665	0,196	Valid
15	P15	0,503	0,196	Valid
16	P16	0,210	0,196	Valid
17	P17	0,550	0,196	Valid
18	P18	0,385	0,196	Valid
19	P19	0,280	0,196	Valid
20	P20	0,577	0,196	Valid

21	P21	0,351	0,196	Valid
22	P22	0,329	0,196	Valid

Sources: Data Processing, 2019

Table 1 on the variable instrument of value creation and competitiveness shows that all question items are declared valid.

Reliability Test

Tabel 3
Reliability Test Result

No	Variabel	r count	r	Result
1	Value Creation (X)	0,782	0,6	Reliable
2	Competitiveness (Y)	0,800	0,6	Reliable

Sources: Data Processing, 2019

Table 3 shows that the two variables examined in this study are reliable, which means that the measuring instrument in this study is a consistent and reliable measuring tool.

Linearity Test

Tabel 4
Linearity Test

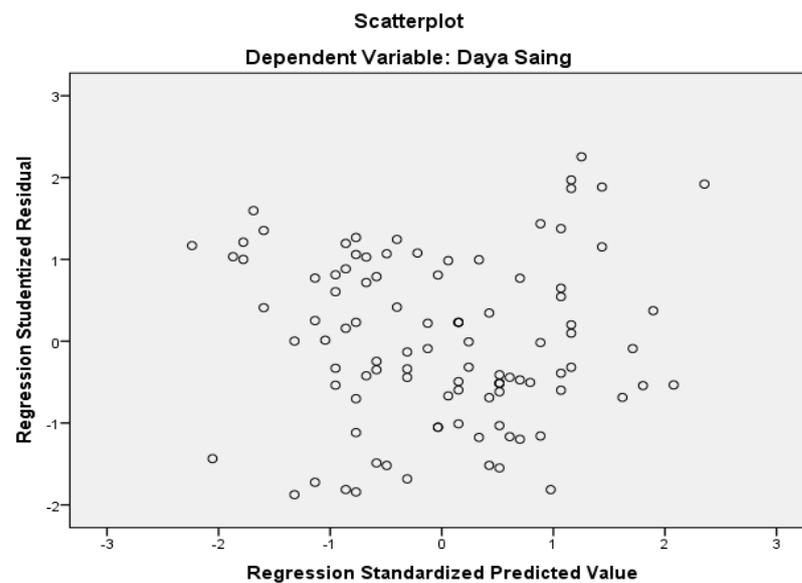
Correlations		Value Creation	Competitiveness
Value Creation	Pearson	1	,319**
	Correlation		
	Sig. (2-tailed)		,001
Daya Saing	N	100	100
	Pearson	,319**	1
	Correlation		
	Sig. (2-tailed)	,001	

N	100	100
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Sources: Data Processing, 2019

Based on Table 4 the SPSS output, the correlation between the explanatory variable and the response variable, P-value $0.000 < 0.05$. so that the decision to reject H_0 , meaning that the explanatory variable has a real linear relationship (correlation) to the response variable.

Heteroscedasticity Test



Sources: Data Processing, 2019

Picture 1
Heteroscedasticity Test result

Based on Figure 1 shows no clear pattern and the dots are spreading. It can be concluded that there is no heteroscedasticity in the regression model, so the regression model is suitable to be used to predict the effect of value creation on competitiveness.

Normality Test

Tabel 5
Normality Test Result

Tests of Normality	
Kolmogorov-Smirnov ^a	Shapiro-Wilk

	Statisti c	df	Sig.	Statisti c	Df	Sig.
Value Creation	.071	100	.200	.989	100	.566
Competitivene ss	.082	100	.095	.976	100	.065

Sources: Data Processing, 2019

Based on the normality test above, it is known that the Kolmogorov-Smirnov table obtained a sig value for variable X (value creation) of 0.200 where $0.200 > 0.05$ and for variable Y (Competitiveness) obtained a sig value of 0.095 where $0.095 > 0.05$, which means normally distributed data.

Regression Test

Coefficient of Determination

Tabel 6
Coefficient of Determination Result

Model Summary ^b						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square	F Change
1	,319 ^a	,102	,093	9,725	,102	11,122

Sources: Data Processing, 2019

Based on Table 1, it is found that the R Square value is 0.102, which means that there is an influence of Value Creation (X1) of 10.2% on Competitiveness (Y), while the remaining 89.8% is influenced by other factors.

Autocorrelation Test

Tabel 7
Autocorrelation Test Result

Model Summary ^b				
Model	Change Statistics			Durbin- Watson
	df1	df2	Sig. F	Change

1	1 ^a	98	,001	1,130
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Sources: Data Processing, 2019

There are Durbin-Watson table values as follows:

$$dL=1,6504$$

$$dU=1,6916$$

Based on Table 2 shows that the Durbin-Watson value is 1.130, so $DW < dL$ or $DW > dU$. This means that there is positive autocorrelation.

Simultaneous Hypothesis Testing (F Test)

Table 8
F Test
ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	1051,831	1	1051,831	11,122	,001 ^b
Residual	9268,329	98	94,575		
Total	10320,160	99			

Sources: Data Processing, 2019

Based on Table 3, it is found that F count is $11,122 > F$ table, namely F (1.98) of 3.94 then H_0 is rejected and H_a is accepted, meaning that Value Creation (X1) affects Competitiveness (Y). And based on the significance value (Sig) is equal to 0.001 where $0.001 < 0.05$, which means that there is a significant relationship between Value Creation (X1) and Competitiveness (Y).

Partial Hypothesis Test (T Test)

Tabel 9
T Test
Coefficients^a

Model	Unstandardized Coefficients B	Standardized Coefficients Beta	T	Sig.
1 (Constant)	44,227		5,413	,000
Kreasi Nilai	,299	,090	3,335	,001

Sources: Data Processing, 2019

Based on Table 4, it is obtained that the value of a (constant number) is 44.227 and the value of b (regression coefficient) is 0.299, then the regression equation is:

$$Y = a + bX$$

$$Y = 44,227 + 0,299X$$

This shows that,,

1. Competitiveness = 44.227, which means that if there is no Value Creation (X1) then the consistent value for Competitiveness (Y) is 44.227..
2. The regression coefficient is 0.299, which means that every 1% addition of Value Creation (X1) increases the Competitiveness (Y) of 0.299.

Based on the t value in the Coefficients Table, it is found that t count is 3,335 > t table (with a significance level = 0.05) which is 1.98447, so Ho is rejected and Ha is accepted, meaning that there is an influence between Value Creation (X1) on Competitiveness (Y). And based on the significance value (Sig) is equal to 0.001 where 0.001 < 0.05, which means that there is a significant relationship between Value Creation (X1) and Competitiveness (Y). The results of this study support previous research conducted by (Çapraz & Tutan, 2013; Sánchez-Gutiérrez, Cabanelas, Lampón, & González-Alvarado, 2019) which shows that the creation of value creation in corporate strategy has a positive and significant effect on competitiveness, where the results of the study explain when relationship management capabilities are taken together with increased marketing and innovation, thus having a higher level of competitiveness.

CONCLUSION

Based on the results of the research that has been done, the results of the study can be concluded that there is a positive effect of value creation product strategy on increasing business competitiveness as an effort to improve the economy of poor families..

THANK-YOU NOTE

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