

Competitive Advantages of Helix Triple Model Based on the Performance of Small and Medium Micro Enterprises (Survey on MSME's in Bandung)

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Abstract:

The purpose of this study was to determine the performance of micro, small and medium enterprises using the Triple Helix model approach in Bandung. The data analysis technique in this study used Partial Least Square (PLS) with the help of Smart PLS 2.0 M3 software. PLS is a method for constructing predictable models when the factors are too many. PLS can not only be used as theoretical confirmation, but can also be used to build relationships where there is no theoretical foundation or for proposal testing. The results of the study can be concluded that competitive advantage is able to make a significant contribution to the performance of micro, small and medium enterprises. Meanwhile, the Triple Helix approach model is less able to make a significant contribution to the performance of MSMEs.

Keywords: *Competitive advantage, Triple Helix and Business Performance*

1. Introduction

The number of micro, small and medium enterprises in Indonesia since 2016 has continued to experience growth. Currently, the population of productive age is greater than the number of available jobs. This triggers especially the youth to create their own opportunities by opening a business. Most of them are classified as business actors in the Micro, Small and Medium Enterprises (UMKM) industrial sector. In 2016 the number of MSME players continued to increase and had contributed to PBD 58.92% and employment of 97.30%.

The problem of competitiveness of micro, small and medium enterprises in West Java has not been able to compete optimally. The competitiveness of MSME players is constrained by the lack of strengthening knowledge and broad market access to be able to compete both in the domestic market and in the global market. This resulted in MSME actors unable to develop and increase their productivity maximally. One of the problems is that food-processed MSMEs do not have product innovation that is not yet competitive, because the production of processed food products such as milkfish satay, spicy chips is still produced and packaged manually and traditionally. Lack of knowledge and ability as well as still holding on to the traditional ways of their previous ancestors in the traditional way are an inhibiting factor for competitiveness in order to be able to provide a more innovative packaging and taste.

Competitive advantage can be obtained from the company's ability to manage and utilize the resources and capital it has. Companies that are able to create competitive advantages will have the power to compete with other companies because their products will still have the power to compete with other companies because their products will still be in demand by customers. Thus, competitive advantage has a positive effect on improving the performance of MSMEs.

The Triple Helix model is an innovation-based policy building method. This theory reveals the

importance of creating a synergy of three poles, namely academics, business and government.

The second Triple Helix, namely business or entrepreneurs, is a business actor, investor and creator of new technology as well as a consumer of the creative industry. The role of entrepreneurs, the success of UMKMK can be seen from the level of satisfaction which affects the increasing number of orders. And the third is in the form of implementing the duties and roles of the government in the success of MSMEs, including the builders, drivers, regulators and controllers of development as well as creating a conducive climate for MSMEs.

The purpose of writing this article is to analyze:

- 1) The Effect of Competitive Advantages on the Performance of MSMEs
- 2) Effect of Triple Helix on Performance of MSMEs

2. Theoretical Review

Triple Helix was originally popularized by Etzkowitz & Leydersdorff as an innovation-based policy building method. This theory which reveals the importance of creating a synergy of three poles, namely academics, business and government in Indonesia is known as the ABG concept (Academics, Businessmen and Government). From this synergy, it is hoped that the circulation of knowledge will lead to innovation, namely those that have economic potential, or knowledge capitalization. Triple Helix as the main actor must always move in circulation to form knowledge spaces, a knowledge space where the three actors already have equal understanding & knowledge, which will lead these three actors to form a consensus space, a space of agreement where the three actors begin to make agreements and commitments to something that will eventually lead to the formation of innovation spaces, spaces that can be packaged into creative products with economic value.

The creative economy development model developed for Indonesia is in the form of a building consisting of a foundation component, 5 pillars, and a roof that reinforces each other according to their respective functions. The explanation of the building components of the creative economy is as follows:

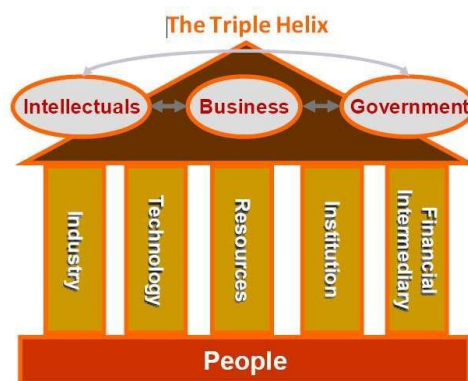


Figure-1: The Triple Helix

Source : Etzkowitz, H. The endless transition: A "triple helix", 1998

There are 5 main pillars that must be strengthened in developing the creative industry, namely:

- 1) Industri is a collection of companies engaged in the creative industry.
- 2) Technology is an enabler for realizing individual creativity in the form of real work.
- 3) Resources are inputs other than individual creativity and knowledge needed in the creative process, for example: natural resources, land
- 4) Institution, namely the social order (norms, values, and laws) that regulates the interaction between economic actors, especially in the creative industry.
- 5) Financial Intermediary, namely financial channeling institutions

This creative economy building is covered by a triple helix interaction consisting of Intellectuals (Intellectuals), Business (Business), and Government (Government) as the main actors driving the creative industry, including;

- 1) Intellectuals, intellectuals who are in formal, informal and non-formal educational institutions who play a role as a driving force for the birth of knowledge and ideas which are the source of creativity and the birth of the creative potential of Indonesian people.
- 2) Business, business actors capable of transforming creativity into economic value.
- 3) Government, government as facilitator and regulator so that the creative industry can grow and develop.

The results of previous research on the Triple Helix can affect the performance of MSMEs, it is proven that the role of intellectuals, business and government is necessary to synergize with each other in improving the performance of MSMEs (journal Puja Astawa; 2010). And the "Triple helix" system becomes an umbrella that connects intellectuals (intellectuals), business (business) and government (government) in the framework of building a creative economy. Where the three helixes are the main actors driving the birth of creativity, ideas, science and technology which are vital for the growth of the creative industry. A close relationship, mutual support, and symbiotic mutualism between the 3 factors in relation to the foundation and pillars of a sustainable economic model in improving the performance of MSMEs (Leydesdorff, L. and H. Etzkowitz. 1996). Nowotny et al (2001) state six indicators so that the Triple Helix in the industry can be a sustainable source. The six indicators include Regulation and Protection, knowledge, research and technology, community empowerment, business ethics, and corporate responsibility.

Competitive Advantage

Competitive advantage is defined as the benefit strategy of companies that collaborate to create a more effective competitive advantage in their market, with indicators (Barney, 1991 and Grant, 1991) ;

- 1) Values of valuable companies X1.1 are resources that create value for a company by exploiting opportunities or neutralizing threats in the company's external environment.
- 2) Difficult to imitate (imitability) X1.2 is a valuable and scarce resource that can only be a source of sustainable competitive advantage if other companies, which do not have it, cannot obtain the competence.
- 3) The company's resistance to competition (durability) X1.3 is the company's resources have a competitive advantage when it can avoid competitors, the length of resilience of resources and a decrease in ability from time to time, causing a decline in competitive advantage
- 4) The level of ease of equaling the strategic assets owned by the company (transferability) X1.4 is a competitive advantage is obtained when the company has easy access to the resources and capabilities owned by competitors even above competitors, both in terms of costs or value added advantages based on existing process technology available.

Competitive Advantages have been examined extensively by previous researchers including: (Desfiandi et al., 2017).

Triple Helix

The Triple Helix concept is used to explain the relationship of the three elements (business, intellectuals, and government), which can provide an overview of the slice coordinates of each element. In Triple Helix, each element is an independent entity, has its own role even though they are synergistic, with indicators (Nowotny et al, 2001);

- 1) Academics (X2.1); includes the transmission of knowledge (X2.1.1) is science is a key success factor in increasing the development of MSMEs, Research and Technology (X2.1.2) is a central activity in the development of innovation and technology.
- 2) Business (X2.2); covering Business Ethics (X2.2.1) is a way to conduct business activities, which includes all aspects relating to individuals, companies and also society. Business Ethics within a company can shape the values, norms and behavior of entrepreneurs and entrepreneurs in building fair and healthy relationships with customers, and Corporate Responsibility (X2.2.2) is a business that is carried out transparently and openly and based on moral values and uphold respect.

- 3) Government (X2.3); includes Regulation and Protection (X2.3.1) is the government makes rules for order in meeting the needs and interests as well as government policies to protect the industry, and Community Empowerment (X2.3.2) is a consultation service provided by opening consultation services for the public regarding implementation of its business.

MSME Performance (Y)

MSME performance is a measure of achievement obtained from the overall marketing process activities of a company or organization. with indicators (Voss and Voss, 2000 and Kotler, 2002); including Customer Growth is the number of customers from the sale of industrial goods or services, and Sales Growth Rate is the number of sales that has increased from the previous period and Marketing Area Coverage is the extent of the marketing area for goods or services.

3. Research Methods

This research is a case study on MSME's in Bandung. A case study is a research where the researcher explores a certain phenomenon (Case) in a time and activity (program, event, process, institution or social group) and collects detailed information using various data collection procedures during a certain period, (Ali & Limakrisna, 2013).

The sample in this study were leaders and managers representing the SMEs as many as 30 respondents. The data analysis technique in this study used Partial Least Square (PLS) with the help of Smart PLS 2.0 software.

4. Research Result

1) The Effect of Competitive Advantage on the Performance of MSMEs:

Based on the results of research that has been done, it is found that competitive advantage affects the performance of MSMEs is acceptable. Because competitive advantage and innovation simultaneously have a significant and positive influence on the dependent variable performance of MSMEs. Thus the competitive advantage variable has a positive and significant effect on the dependent variable on the performance of MSMEs.

2) The Effect of Triple Helix on the Performance of MSMEs

Based on the results of the research that has been done, it is found that the Triple Helix effect on the performance of MSMEs is unacceptable because in this study the results show that the Triple Helix (Government) dimension has no influence on the performance of MSMEs. This could be because the government dimension is not that big in contributing to the performance of MSMEs. And government indicators on community empowerment provide little in the Triple Helix. Although the academic and business dimensions in Triple Helix make a positive contribution in its indicators. Although industry managers or owners believe that Triple Helix is the synergy of ABG (Academic, Busines, Government).

This research is supported by Suparwoko, (2010) which states that Triple Helix and innovation simultaneously do not have a significant and positive effect on the dependent variable of MSME performance. Thus the second hypothesis is not accepted. Partially (T test), it turns out that the results of the study prove that not all indicators of the independent variables, namely the Triple Helix variable and innovation do not have a positive and significant effect on the dependent variable performance of palm sugar MSMEs in the city of Pacitan.

Triple Helix can be realized if the three ABGs are mutually sustainable in meeting the expectations of industry managers or owners. Triple Helix will arise when consumers have felt satisfaction because they have implemented or used an innovation.

This article deals with Marketing Performance. Marketing Performance variables have been examined extensively by previous researchers including: (Octavia & Ali, 2017), (Prihartono & Ali, 2020).

5. Conclusion

Competitive advantage is able to make a significant contribution to the performance of MSMEs. Meanwhile, Triple Helix is not able to make a significant contribution to the performance of MSMEs.

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