ANALYSIS OF FACTORS IN IMPROVING THE COMPETITIVENESS OF SMALL AND MEDIUM INDUSTRIES OF SONGKET CLOTH TRADITIONAL WEAVING

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ABSTRACT
Small and medium industries are the foundation for expanding employment and employment to improve the economy. Of course, the increase or development of the number of small and medium industries will continue to increase if the products produced can survive market competition both locally and outside the region. One of the small and medium industries is the traditional weaving craft industry and songket. This study analyzes factors in increasing the competitiveness of small and medium industries of songket cloth weaving in Ogan Ilir Regency. Data taken directly from 50 samples of the songket fabric custom weaving industry were analyzed using multiple linear regression. The results of this study show that simultaneously, the availability of capital, labor, productivity, product differentiation and marketing distribution have a significant effect on competitiveness. While partially, the availability of capital, labor, productivity, product differentiation has a significant effect on competitiveness, except for insignificant marketing distribution.

Keywords: Competitiveness, Indigenous Weaving and Songket Handicraft Industry, Small and Medium Industry

ABSTRAK
Industri kecil dan menengah menjadi pondasi dalam perluasan lapangan kerja dan penyerapan tenaga kerja untuk meningkatkan perekonomian. Tentunya peningkatan atau perkembangan jumlah industri kecil dan menengah akan terus meningkat apabila produk yang dihasilkan dapat bertahan dari persaingan pasar baik lokal maupun luar daerah. Industri kecil dan menengah salah satunya adalah industri kerajinan tenun adat dan songket. Penelitian ini menganalisa faktor-faktor dalam meningkatkan daya saing industri kecil dan menengah tenun adat kain songket di Kabupaten Ogan Ilir. Data diambil langsung dari 50 sampel industri tenun adat kain songket dianalisis menggunakan regresi linear berganda. Hasil penelitian ini menunjukkan bahwa secara simultan, ketersediaan modal, tenaga kerja, produktivitas, diferensiasi produk dan distribusi pemasaran berpengaruh signifikan terhadap daya saing. Sedangkan secara parsial, ketersediaan modal, tenaga kerja, produktivitas, diferensiasi produk berpengaruh secara signifikan terhadap daya saing, kecuali distribusi pemasaran yang tidak signifikan.

Kata Kunci: Daya Saing, Industri Kerajinan Tenun Adat dan Songket, Industri Kecil dan Menengah
A. INTRODUCTION

In the midst of the current era, efforts to provide progress on competitiveness and high competition between small and medium industries are expected to be able to face global challenges and competition to continue to increase productivity effectively. Small and medium industry itself is an activity in the economy that converts raw materials into intermediate goods or finished goods, or converts goods of little value into goods that have high value (Tambunan, 2012). The role of small and medium industries needs to be improved and developed in order to create healthy competition in the market (Prasetia, 2021). Therefore, small and medium industries need optimization in terms of production efficiency in the hope of increasing business and involved income, as well as reducing unemployment. Indonesia's production growth in the small and medium industry sector in 2020 touched -17.63 percent. This is due to Covid-19 which resulted in large-scale social restrictions so that many business actors closed their businesses. It can be interpreted that the growth of small industry production in Indonesia in 2020 has decreased due to the impact of external factors. Before the pandemic in 2018, production growth still touched a positive number of 5.5 percent (Badan Pusat Statistik, 2020).

At this time, the government continues to strive to increase the production output of existing small industries. Because small and medium industries are the foundation for expanding employment and absorption of labor to improve the economy in Indonesia which has experienced a decline due to Covid-19, including Ogan Ilir Regency. According to the Central Bureau of Statistics of South Sumatra Province in 2016-2020, the number of businesses in Ogan Ilir Regency is as follows.

<table>
<thead>
<tr>
<th>Year</th>
<th>Small Industry</th>
<th>Large Medium Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>20421</td>
<td>22</td>
</tr>
<tr>
<td>2019</td>
<td>10434</td>
<td>20</td>
</tr>
<tr>
<td>2018</td>
<td>9441</td>
<td>21</td>
</tr>
<tr>
<td>2017</td>
<td>6362</td>
<td>25</td>
</tr>
<tr>
<td>2016</td>
<td>6091</td>
<td>27</td>
</tr>
</tbody>
</table>


According to Table 1, it can be seen that small and medium industries are the largest economic support in Ogan Ilir Regency. This is because the number of small and medium industries in Ogan Ilir Regency, amounting to 99.78 percent of the total existing business units, where the small and medium industries of traditional weaving crafts and songket are the largest small and medium industries in Ogan Ilir Regency, namely; by 53.9 percent in 2016 (Central Bureau of Statistics, 2020).

Factors in order to increase productivity and competitiveness of small and medium industries are divided into 2 factors, namely; external and internal factors. Research conducted by Supriyadi et al., (2017) on internal factors in efforts to increase
the competitiveness of small and medium industries in South Tangerang which states that internal and external influences are directly proportional to competitiveness and productivity. Internal factors such as human resource aspects, human resource aspects are one of the most important aspects in increasing the productivity of a business. This is because labor is a driving component in small businesses. As a result, if human resources have low quality, it will certainly reduce the quality and quantity of goods in small industries. The next factor affecting the amount of production and competitiveness is the capital aspect. This input aspect is a caretaker in terms of increasing production, because the higher the capital used, the amount of goods produced will be more than the use of smaller capital (Pindyck Robert S and Rubinfeld Daniel L, 2013) Then, the technological and marketing aspects. Understanding this aspect will certainly provide benefits to small industries, where this aspect will affect the amount of production and competitiveness of the products produced.

External factors in increasing production and competitiveness of small and medium industries are the purchasing power of consumers and government agencies. The aspect of consumer purchasing power is the aspect of consuming products produced by small industries, where the higher the consumption of products, the greater the number of products produced. Because consumer purchasing power is the amount of demand for manufactured goods (Evi et al., 2022); (Puspitasari et al., 2020). The next aspect of government agencies, this aspect relates to established policies regarding competition between producers in order to create healthy competition among industries.

Based on these internal and external factors, it will affect competitiveness if business actors optimize production activities by looking at factors that have the potential to increase the number of products produced, especially in the small and medium industry of songket cloth traditional weaving crafts in Ogan Ilir Regency.

B. RESEARCH METHOD

The data analysis methods used are qualitative and quantitative descriptive analysis methods. In other words, conduct an analysis to find and find out whether or not there is a relationship / influence between two or more variables. In this study, the data taken was primary data with a total of 50 samples, the data taken was a business engaged in the weaving industry. The technique used in data collection in this study is a simple random sampling technique by observation and interviews using questionnaires. The tools used are Excel application software and Eviews 9. The analytical technique used to see competitiveness is the calculation of the competitiveness index (Wiyadi, 2009) through the sales value of production products, with the following calculation model;

$$C_1 = \frac{1}{\pi k_i} \sum_{i=j}^k W_{ijk}$$

Information:
C1 = Competitiveness Index; NK = Total Sales; I = Industrial Sample i; \(\sum_{ijk}\) = Industrial Sales i; Wijk = Competitiveness Value Weight, Usually 1 or 100
Meanwhile, to determine whether or not there is a relationship / influence between two or more variables using multiple linear regression analysis techniques, namely regression models involving more than one independent variable. Multiple linear regression analysis was performed to determine the direction and how much influence the independent variable had on the dependent variable (Lantu et al., 2016).

This study applies observation with qualitative and quantitative data approaches. This approach can be interpreted as a research method based on aspects of understanding a problem, which is used to analyze certain populations or samples. Then the results of the research will produce descriptive and statistical data both orally and in writing from the observed business objects.

The multiple linear regression equation is as follows.

\[ y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \ldots + \varepsilon \]

Information:
- \( Y = \text{Competitiveness Index} \)
- \( \alpha = \text{Costanta} \)
- \( \beta = \text{Coefisien} \)
- \( X_1 = \text{Capital Availability} \)
- \( X_2 = \text{Labor} \)
- \( X_3 = \text{Marketing Distribution} \)
- \( X_4 = \text{Productivity} \)
- \( X_5 = \text{Product Differentiation} \)

C. RESULTS AND DISCUSSION

Results

Based on the results of research conducted by observation and conducting interviews using questionnaires, it can be seen that the picture of the increase in small and medium industries in Ogan Ilir Regency every year increases by an average of 17.56 percent. On the other hand, the production results obtained are in line with production theory where the increase or decrease in the use of input factors both labor, technology or capital, then the results of production obtained also decrease or increase in this case what increases is the value of the product. It can be concluded that the influence of capital in producing goods is very large so that if small and medium industries increase the capital they use, it will certainly increase the amount of production they spend. The amount of capital in the small and medium industry of songket fabric custom weaving based on observations depends on how much demand in the market, especially on higher quality motifs and materials. This can be a factor in the high and low level of competitiveness.

Multiple regression is a tool to measure the influence between the independent variable and the dependent variable. In this study the independent variables include; availability of capital, labor, marketing distribution, level of productivity, product differentiation. As for the dependent variable, namely competitiveness. The regression equation is obtained from the value of the coefficient. In this study, the results obtained can be seen.
The decision of normal distribution or residuals is simple by comparing the calculated Jarque-Bera probability value with an alpha level of 0.05 (5 percent). The Jarque-Bera probability value is 0.135267, where the probability value is greater than 0.05 so that it can be concluded that the data obtained are normally distributed, which means that the classical assumptions about the normality test have been fulfilled.

The calculation of the Obs R Squared value of 8.2088833 is more than 0.05, so it can be said that this model is free from the occurrence of heteroscedasticity problems.

The Centered VIF value of the variables capital, labor, productivity, product differentiation, and marketing is no more than 10, meaning that the independent variable under study does not violate the multicollinearity test.

Regression results showing t-count values can be seen in the table:

<table>
<thead>
<tr>
<th>Table 2. Multiple Linear Regression Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>-------------------------------</td>
</tr>
<tr>
<td>C</td>
</tr>
<tr>
<td>Capital</td>
</tr>
<tr>
<td>Labor</td>
</tr>
<tr>
<td>Productivity</td>
</tr>
<tr>
<td>Product Differentiation</td>
</tr>
<tr>
<td>Marketing</td>
</tr>
<tr>
<td>Prob(F-statistic)</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
</tr>
</tbody>
</table>

*Source: Regression Coefficient Test Results (Test t) Eviews9,(Data processed,2022)*

Table 2, the variables that are significant at the 95 percent confidence level are capital, labor, productivity level, product differentiation. This means that these variables have a partially significant effect on the dependent variable, namely competitiveness. While the marketing distribution variable does not have a significant effect on the dependent variable.

The results of the F test can be seen in the table above. The F-statistic prob value of 0.000000 is smaller than the significance level of 0.05 so that it can be concluded that the independent variables, namely the availability of capital, labor, marketing distribution, productivity have a significant effect simultaneously on the dependent variable, namely the competitiveness of the songket cloth custom weaving industry in Ogan Ilir Regency.

The Coefficient of Determination (R-Squared) test is a test to explain the proportion of variation of the dependent variable described by the independent variable. In addition, the coefficient of determination test can also be used to measure how good the regression line is.

The R-Square value in the Table 2 of 0.991807 shows that the influence of the independent variable on the dependent variable is 99.1 percent. This means that the availability of capital, labor, productivity level, product differentiation and marketing
distribution on the competitiveness of the songket fabric custom weaving industry in Ogan Ilir Regency has an influence of 99.1 percent, while the remaining 0.9 percent is influenced by other variables that are not contained in the regression model.

Multiple regression is a tool to measure the influence between the independent variable and the dependent variable. In this study independent variables include capital availability, marketing distribution, productivity level, product differentiation, and economies of scale. As for the dependent variable, namely competitiveness. The regression equation is obtained from the value of Coefficients. In this study, the results obtained can be seen:

Table 3. Multiple Linear Regression Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-2.318043</td>
</tr>
<tr>
<td>Capital</td>
<td>2.78E-05</td>
</tr>
<tr>
<td>Labor</td>
<td>1.311654</td>
</tr>
<tr>
<td>Productivity</td>
<td>0.752963</td>
</tr>
<tr>
<td>Product Differentiation</td>
<td>0.125207</td>
</tr>
<tr>
<td>Marketing</td>
<td>0.049530</td>
</tr>
</tbody>
</table>

Source : Regression Test Results Using Eviews9, (Data processed, 2022)

It can be seen in Table 3 to produce the regression equation model as follows;\( \text{IDS} = -2.318043 + 2.78\times10^{-5} \times X_1 (\text{Capital}) + 1.311654 \times X_2 (\text{Labor}) + 0.752963 \times X_3 (\text{Productivity}) + 0.125207 \times X_4 (\text{Product Differentiation}) + 0.049530 \times X_5 (\text{Marketing}) + e \)

The regression equation above can be explained as follows. The constant is -2.318043, meaning that if the other independent variable is zero (0) then the value of IDS (competitiveness) is -2.318043. The coefficient of the capital variable (X1) is 2.78E-05, meaning that if other independent variables remain and capital increases by 1 percent, then IDS (competitiveness) will increase by 2.78 percent. A positive value coefficient means that there is a positive relationship between capital and competitiveness, where the more capital increases, the competitiveness will also increase.

The labor variable coefficient (X2) has a value of 1.311654, which means that if other independent variables have a fixed value and the labor variable increases by 1 unit, the IDS (competitiveness) will increase by 1.311654. The relationship between labor variables and competitiveness is positive where if labor variables increase, competitiveness also increases.

The coefficient of the productivity variable (X3) is 0.752963, meaning that if other independent variables have fixed values and labor productivity variables increase by 1, the IDS (competitiveness) variable will increase by 0.752963. The relationship between productivity variables and competitiveness variables is positive where the value of the productivity variable increases, the value of the competitiveness variable also increases.

The coefficient of the product differentiation variable (X4) has a value of 0.125207, if the value of other independent variables remains and the value of the
product differentiation variable increases by 1 percent, the value of the dependent variable, namely IDS (competitiveness), also increases by 0.125207. This is because the relationship between product differentiation variables and competitiveness is positive, if product differentiation increases, competitiveness also increases.

The coefficient of the marketing distribution variable (X5) is 0.049530, meaning that if other independent variables have a fixed value and the value of the marketing distribution variable increases by 1 percent, the IDS (competitiveness) will increase by 0.049530. The coefficient is positive which can mean that the relationship between marketing variables and competitiveness is positive.

**Discussion**

The value of the capital variable coefficient is obtained at 2.78E-50 with a positive coefficient direction and a probability value of 0.0059 because the probability value is smaller than 0.05, the capital variable has a significant positive effect on competitiveness in the songket fabric custom weaving industry in Ogan Ilir Regency so that H1 is accepted.

The results of this study are in line with research conducted by Akhmad (2019) which states that capital has a significant positive effect on the competitiveness of small and medium industry businesses in the Pulogadung small industry village, East Jakarta. However, it is not in line with the results of research conducted by Munifatik (2018) which states that partially capital does not have a significant effect on the MSME competitiveness index in Batu City.

The value of the labor variable coefficient is obtained at 1.311654 with a positive coefficient direction and a probability value of 0.0000 because the probability value is smaller than 0.05, the labor variable has a significant positive effect on competitiveness in the songket fabric custom weaving industry in Ogan Ilir Regency so that H1 is accepted. The results of this study are in line with research conducted by Akhmad (2019) which states that labor has a significant positive effect on the competitiveness of small and medium industry businesses in the Pulogadung small industry village, East Jakarta.

The value of the productivity variable coefficient is obtained at 0.762963 with a positive coefficient direction and a probability value of 0.0000 because the probability value is smaller than 0.05, the productivity variable has a significant positive effect on the competitiveness of the songket fabric custom weaving industry in Ogan Ilir Regency so that H3 is accepted. This is in line with research conducted by Rustisn (2020) and Wiyadi (2009) which states that cooperation in production factors has a real influence in increasing the competitiveness of micro, small and medium industries.

The value of the product differentiation variable coefficient is obtained at 0.125207 with a positive coefficient direction and a probability value of 0.0000 because the probability value is smaller than 0.05, then the product differentiation variable has a significant positive effect on the competitiveness of the songket fabric custom weaving industry in Ogan Ilir Regency so that H4 is accepted. The results of this study are also in line with research conducted by Dewata et al., (2020) that carrying out design innovations
in this case product differentiation is in line with increasing the competitiveness of small and medium industries in Palembang City. The thing that causes variable product differentiation to increase industrial competitiveness is that different and unique product design innovations can create a good product and brand in the eyes of consumers so that products appear different in the market that can arouse consumer attraction and avoid consumers from boredom when there are too many similar products on the market.

The value of the marketing distribution variable coefficient is obtained at 0.049530 with a positive coefficient direction and a probability value of 0.5710 because the probability value is greater than 0.05, the marketing distribution variable has a positive insignificant effect on the competitiveness of the songket fabric custom weaving industry in Ogan Ilir Regency so that H4 is accepted. This research is in line with research conducted by Irawan, (2020) which states that there is a complementary alignment of a wide network that can increase business competitiveness.

D. CONCLUSION

The discussion of the results of data analysis in this study regarding factors in increasing the competitiveness of the songket cloth traditional weaving industry in Ogan Ilir Regency, the results obtained can be concluded. First, based on the estimated results, the variables of capital, labor, productivity, product differentiation and overall marketing distribution have a significant effect on competitiveness. Partially, the distribution of marketing that has not been seen significantly influential. Second, variables that are positively related to industrial competitiveness are variables of capital, labor, productivity, product differentiation, and marketing distribution. Third, based on the value of the coefficient of determination (R2), capital, labor, productivity, product differentiation, and marketing distribution are able to explain the variable of competitiveness.

Based on the results of the research that has been done, this study provides some advice to producers and the government. The researcher's advice through this paper to business actors or producers is not to be afraid to try to increase capital through third parties so that it can have an effect on productivity considering which can increase small and medium industries, especially the songket cloth custom weaving industry, and try to understand marketing strategies by utilizing technology with businesses through programs provided by the government and private sector, and participate if there is a development program for small and medium industries in general and the weaving industry in particular, both from government agencies, education, and related parties.

The next suggestion of researchers to the government is two points; namely; First, the role of the government in socializing and promoting the use of information technology in developing marketing strategies in small and medium industries to continue to be intensified, considering the opportunities for very good benefits including reducing unemployment which can ease the government's task in providing jobs. The second point
is to the government to facilitate the distribution of funds or capital and tools to business actors, especially the weaving industry to provide encouragement to improve performance that can increase the quantity and quality of products produced by small and medium industry players.

E. REFERENCES


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