



Analysis of Internal and External Environment towards Competitive Advantage and Performance of SMEs Klambir V

Hasrul Azwar Hasibuan¹, Nashrudin Setiawan², Virlanda Ashara³

^{1,2,3} Universitas Pembangunan Panca Budi

DOI: <https://doi.org/10.53697/emak.v5i4.2132>

*Correspondence: Hasrul Azwar Hasibuan

Email: hasrulazwar@dosen.pancabudi.ac.id

Received: 08-08-2024

Accepted: 19-09-2024

Published: 27-10-2024



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Abstract: This study aims to investigate how the use of digital technologies, including e-commerce and social media, can play an important role in enhancing the influence of business strategy on the performance of Micro, Small and Medium Enterprises (MSMEs). This study will evaluate whether digital technology acts as an intermediary that facilitates the positive impact of business strategy on MSME performance in Klambir V Kecamatan Hamparan Perak. This research uses a quantitative approach with an explanatory research design, observation and questionnaire methods, with purposive sampling of food and culinary products located around Klambir V District. The analytical tool used is Multiple Regression. Population and sample of SMEs as many as 55 SMEs.

Keywords: Internal Environment, External Environment, Competitive Advantage, SME Performance.

Introduction

The development of SMEs in Indonesia is certainly not free from various obstacles. These obstacles can differ from one region to another. other or between rural And urban, or between sector, or between fellow business units in the same sector. SMEs in Indonesia generally do not have the resources to find, develop or expand their own markets. On the contrary, SMEs in Indonesia it is very dependent on partners his trade, for example, traveling traders, collectors, or trading houses to market their products, or depending on consumers who come directly to the production sites. Different conditions occur in the city of Medan, where SMEs are able to increase economic growth in Medan, this can be seen from the global economic crisis, SMEs in North Sumatra can still continue to operate or there are none. experience bankruptcy. On 2009 This, amount UKM in North Sumatra as much as 4.2 million. Around 85% in among others is business micro, 10% including business small, 3% business medium, And 2% his is business big. This show that the movement UKM more Lots dominated by business micro (Hadiyanto, Service Cooperatives and SMEs of East Java, 2009). The development of SMEs in Klambir V is expected to continue to be continued with method government And party related own reference

Which clear about the factors that influence the improvement of the business performance. The performance of the small and medium enterprise (SME) sector is influenced by two main factors, namely the external environment and the internal environment. The internal environment includes aspects of human resources (owners, managers, and employees); financial aspects, technical aspects of production; And aspect marketing. Whereas environment external consists of from government policies, socio-cultural and economic aspects, as well as the role of related institutions such as the Government, Universities, Private Sector, and NGOs. (Mc Commick et.al, 1997; Zang, 2001; Laceiva, 2004; Haris Maupa, 2004).

The competitiveness of SMEs is also caused by many factors, including marketing, finance, management, technology, location, source Power man, And structure economy. These factors can be grouped into internal and external environmental factors, which are generally used as a basis for entrepreneurs to determine strategies. And performance his efforts (Pambudy And Rabbani, 1995; Siswoyo And Maryadi, 1995). Research on the competitiveness and performance of SMEs in Indonesia has also been extensive. done, like study from Prawirokusumo, Suharto (1996), Maupa, Haris (2004), Sri Hadiati (2008), Wahdiyat Moko (2008), Arief Rahmana (2009), Musran Muniz (2010) And other and so on. Study This more focus on the influence of internal and external environments that affect the competitive advantage and performance of SMEs in Klambir V. The internal and external environment is expected to provide a significant contribution to the progress and development of SMEs, so that they are able to absorb a larger workforce, are able to drive the regional economy and add or give birth to new entrepreneurs in Klambir V.

Companies generally strive to always achieve their goals and objectives. in in condition competition Which the more strict. Achievement objective and the company's targets are measured by the total profit of the company, the level of profit on the company's investment capital, and market control with the largest shares. Achieving the company's goals and targets is only possible if company That have superiority compete. A company new can have a competitive advantage if the company is successful in designing and implementing strategy creation mark. Creation mark Which creating competitive advantage, can occur if competitors do not use or implement the same strategy. This competitive advantage can only be maintained when for competitor Which There is Now And for competitor Which new not imitate or replace it. Building competitive advantage must be done by the company properly and sustainably, by formulating strategies and implementing them. This can be done with proper organizing activities, starting with identification, strengthening the organization and improving the company's leadership capabilities. All activities the covered in consolidation management strategic, especially at the top and middle management levels in the company.

Therefore, to build superiority compete , a company need do understanding of strategy and the role of strategic management in increasing competitive advantage sustainably (Assauri, 2013). Strategic management has an important meaning in the development of a company. Not only a planning, strategic management includes deeper and broader parts. A company consists of many parts and their respective structures. Each

company also has different strategies. In order to realize its goals, decisions are then taken. These decisions certainly determine the company to become a successful and advanced company (Nilasari, 2014).

According to David (in Nilasari 2014), management strategy is the art and science of formulating, implementing and evaluating decisions. cross functional Which make organization able to achieve its purpose. From this understanding, strategic management involves all elements of the organization both in its formulation and implementation. This situation allows for communication between company elements which is the key. success company. In general financial, management strategic will encourage improvement in production, sale, And profit Because company pushed to have high performance. In addition to financial benefits, strategic management also provides benefit non-financial like increase awareness And threats Which originate from environment outside company, allow the company has strategy competitors, minimize emergence resistance to changes that occur in the organization, allowing for a clear relationship between rewards and performance, as well as make company capable see change as opportunity (Hubeis & Najib, 2014). With face phenomenon in on, A the company must own a strategy business so that Can more superior from for competitors and can continue to operate and compete in the future.

With the existence of fast, precise and effective business strategy planning, it is expected that the company can overcome the problems faced and can continue to operate, compete and achieve its goals. What are the internal and external environmental factors in PT Journal Sociology, Vol. 16, No. 2: 103-114,105. Analyze a strategy and situation aims to consider both the internal situation of the company and the external environment, which directly affect opportunities and strategic choices. Industry and competition analysis emphasizes the influence of the external environment while the analysis of the company's situation is based on the influence of the internal environment. Included in the external environment are broader factors outside the company such as political, legal, social, economic, population and other situations. While those included in the internal environment are factors that are narrower and closer to the company such as internal factors of the company, competitors, suppliers, distributors, consumers and others. Industry is a group of businesses, where the products have similar attributes and compete for the same buyers.

Leave from background behind in on, researcher try For do analysis of Small and Medium Enterprises, namely a business that is included in the business independent or with say other with capital Alone Which move in culinary field, which produces drinks, food, and some handicrafts (home industry). The analysis is focused on the company's internal factors which are its strengths and weaknesses as well as analysis of the environment that affects its existence. Based on description on that management Strategy is the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its goals. Strategic management also provides several benefits, both financial and non-financial.

Methodology

Types of research

Quantitative research method is a research method that uses research data in the form of numbers and analysis using statistics. In collecting data using research instruments, analysis quantitative data with the aim of testing the established hypothesis. In quantitative research, it is experimental/survey if the problem is clear. The sequence in the quantitative research process starts from building a hypothesis from theory, collecting facts or data, using data to test the hypothesis and finally drawing conclusions from the results of data processing (Kurniawan, 2014).

Population and Sample

Population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn (Sugiyono, 2017). Sample is part of the number and characteristics possessed by the population. The population in this study is the number of SME actors from businesses in the District, which is ± 52 SME actors. The sampling method in this study uses the Slovin formula as follows (Kurniawan, 2014):

$$n = \frac{N}{1 + (N (e)^2)}$$

Where:

n = size sample

N = size population

e = level error (5% = 0.05)

Following results calculation sample:

$$\begin{aligned} n &= \frac{67}{1 + (67 \cdot 0.5)^2} \\ n &= \frac{67}{1 + (67) (0.0025)} \\ n &= \frac{67}{1 + (0.22)} \\ n &= \frac{67}{1.22} \\ &= 54.91 \end{aligned}$$

Based on the calculation above, so that the respondents in this study amounted to 55 people. So, from 55 samples can be selected based on the criteria of 55 SME actors in Klambir District 5.

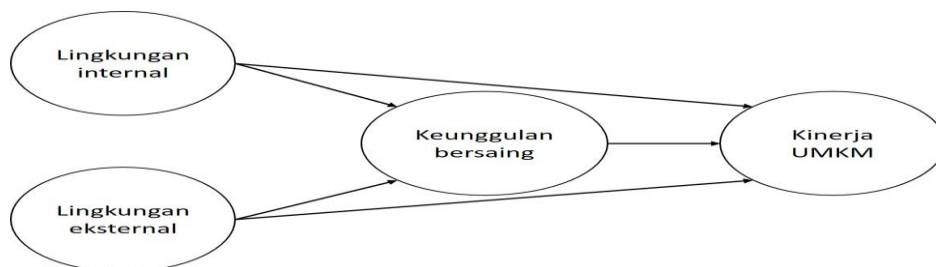
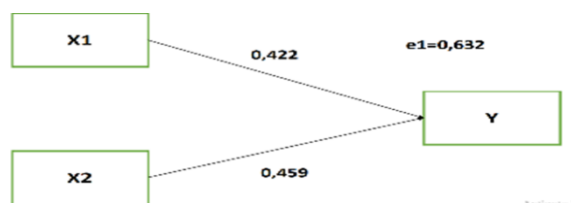


Figure 1. Conceptual Framework

Result and Discussion

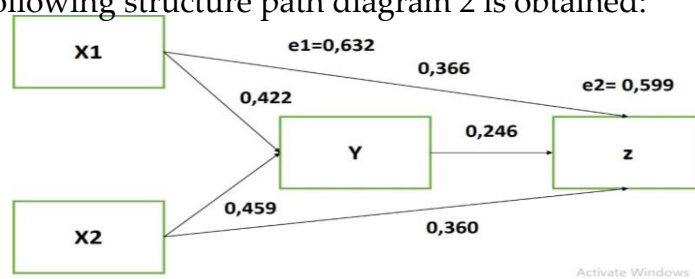
1. Referring to the regression output of model 1 in the coefficient table of the coefficient variable it can be seen that the significance value of the two variables and $x_1 = 0.000$; $x_2 = 0.000$ and $x_1, x_2 < 0.05$
2. The large value of R square is 0.600, this shows that the contribution of variables x_1 and x_2 to Y is 60% while the remaining 40% is the contribution of other variables that are not included in the study, while for the value of $e_1 = \sqrt{(1-0.600)} = 0.632$, thus the path diagram of structural model 1 is obtained as follows:



Discussion

Coefficient track Model 2

1. Based on the output of model path 2, it is known that the significance value of the 3rd variable the is $X_1=0.01$, $X_2 = 0.02$; $Z=0.19$ so that X_1 and X_2 has a significant effect on SME Performance and Competitive Advantage does not have a significant effect on SME Performance
2. The size mark R Square Which there is on table Model Summary is 0.641, this shows that the contribution of x_1, x_2 , and Z is 64.1% while the remaining 35.9% is the contribution of other variables that are not studied. while the value of $e_2 = \sqrt{(1- 0.641)} = 0.599$ thus the following structure path diagram 2 is obtained:



Conclusion

Based on environment internal, obtained Items about ownership owned business so that it is capable improving business performance gets the lowest rating. In connection With this, it would be better for leaders or owners of MSMEs to change their perceptions about the use and service to consumers. That by using customer service It is believed that company performance will increase, because a number of jobs can be completed quickly and on time with the use of modern digital technology compared to being done manually.

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