

THE INFLUENCE OF EXTERNAL FACTORS ON COMPETENCE AND STRATEGY, BUSINESS PERFORMANCE AND COMPETITIVENESS OF SMALL BUSINESS IN SOUTH SULAWESI

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ABSTRACT

This study aims to determine the influence of entrepreneurial competence to business strategy and determine the influence of external factors on the business strategy. As well as to determine the effect of the power of small business performance competitiveness. The Problem in this study is how the influence of entrepreneurial competence, external factors on the competitiveness of small businesses processing through strategy and performance of the company in South Sulawesi.

In this research, entrepreneurial competence variables and external factors were placed as exogenous variable, being variable business strategy, business performance and competitiveness of small businesses processing as endogenous variable. This study uses a pattern of explanation (explanatory research), the method of analysis is Structural Equation Modeling (SEM)

The Research is found that the competence of entrepreneurs have a positive and significant impact on the business strategy and competitiveness of small and medium enterprises in the processing of South Sulawesi. Competence of entrepreneurship is one of the primary means for achieving the competitiveness of small and medium enterprises through the processing of business strategy. Entrepreneurial competence can be improved through training of government and other related parties are given to small and medium businesses processing. Besides the competitiveness of Small and processing can also be achieved through the strategy and business performance. Theoretically it can be said that an entrepreneur who has the competence to be able to formulate and implement the right strategy so that the business can achieve a high level of sales growth and business continuity for Small Business processing. Other findings that increase the competitiveness of Small and processing is through the main means of entrepreneurial competence through business strategies and business performance.

Keywords:

I. INTRODUCTION

1.1. Background

Indonesia challenges that must be faced by the AFTA free trade policy is one of them are in various fields of industry, where producers Indonesia must compete with products derived from the producer countries of the world. The industrial sector is believed to be a sector that can lead other sectors in an economy towards progress. Product - a product of industrialization has always had a "base rate" (terms of trade) high or more profitable and create greater added value than products - the products of other sectors (Pasaribu, 2011). Small Business (UK) is a strategic and important force to accelerate regional development. This sector is shown to contribute significantly to the GDP (Gross Domestic Product) and employment. In addition, small businesses have an important position in terms of public welfare distribution in the region and reduce the gap (gap) income. Small businesses generally a household business which is still largely mixed with residence, and still requires continuous development so that the problems encountered such as marketing issues and capital and management can be addressed immediately. Related to exports, the contribution of Small Businesses is shown in the increase in revenue that is dominated by exports. Data from the Ministry of Cooperatives and Small and Medium Enterprises Development (1999) showed that 18 percent of Indonesia's total exports is the contribution of small businesses, or equivalent to Rp 47 trillion in the same year (Van Diermen, 2000). Textile garment and footwear provided

the largest contribution in the range of 27 percent, and then the second largest contribution is in the range of wood products and 22 percent. Followed by basic machine, printing and paper and food products and beverages. Small businesses that export products contributed the smallest are a product with a metal base material. However, until in 2011 there has been a shift in export Indonesiaberdasarkan kinds of products, where there has been a shift in the order of the contribution of the largest export is processing oil / palm oil in 1999 did not make the top 10, while the contribution of the processing of products of wood contributes most smaller than in 1999, which could give the second largest contribution. Within twelve (12) years of Indonesian export orientation has undergone major changes, it could be caused by a variety of government policies towards export orientation, technological advances and changes in global demand for Indonesian products.

In this case the Small Businesses are required to perform the production process in a productive and efficient and produce products according to quality standards. Small businesses are expected to compete in a sustainable comparative and competitive advantages; 5) the nature of the product with a short lifetime, where most of the products of small industries have traits or characteristics of fashion and handicraft products with a short lifetime; and 6) the limited market access led to products uncompetitive both in national and international markets.

By knowing the real condition of the small industry is expected to help resolve the problems faced by the industry and make excellent products of South Sulawesi in particular and Indonesia in

general are able to compete competitively in international markets.

1.2. Formulation of the problem

Based on the above background, then that becomes the central issue in this study is: How can the influences of entrepreneurial competence, external factors on the competitiveness of SMEs melalalui processing strategy and the company's performance in South Sulawesi. The subject matter described in the research questions as follows:

1. Is there an entrepreneurial competence influence positively and Significantly to the business strategy?
2. Is there any influence of external factors positively and significantly to the business strategy?.
3. Is there any influence of small business performance positively and significantly to competitiveness?

1.2. Research Purposes

Based on the fundamental issues that have been raised, the objectives of this study are:

1. To determine the influence of entrepreneurial competence to business strategy.
2. To determine the influence of external factors on the business strategy.
3. To determine the effect of performance on the competitiveness of small businesses.

II. LITERATURE REVIEW

2.1. Entrepreneurial Competence

1. Definition of Entrepreneurial Competence

According to Eddy Soeryanto Soegoto (2009: 5), revealing that the "Entrepreneur or Entrepreneurs are people who are creative and innovative spirit that is able to establish, construct, develop, promote and make the superior enterprise". Mangkunagara (2005: 113) argues that: "The competence of entrepreneurship is a fundamental factor in the possession iseseorang that have more capabilities, which makes it different from the one that has the ability to average". Suryana (2006: 5) argues that entrepreneurial competence is defined as "The knowledge, skills, and abilities of individuals who directly affect the outcome because the entrepreneurs who are always results-oriented". Because entrepreneurship is synonymous with employers and act as owners and managers, then wirausahalah memodali, regulate, supervise, enjoy, and bear the risk. As has been mentioned above that to be an entrepreneur first must-have basic capital in the form of an idea or a mission and a clear vision, a strong will, sufficient capital both money and time, enough energy and mind. Capitals is actually not enough if it is not

equipped with some ability (ability) or competencies (competency). According to Eddy Soeryanto Soegoto (2009: 9) an entrepreneur must have the following capabilities:

- a) Self Knowledge which have knowledge of the business to be occupied.
- b) Imagination is imagination, ideas, and perspectives and not mengandalkansukses past.
- c).Practical Knowledge, the knowledge of practical example of knowledge engineering, design, processing, bookkeeping, administration and marketing.
- d).Search skill, the ability and the ability to react.
- e). Foresight, which is farsighted
- f). Computation Skill, namely numeracy skills and the ability to predict the future state.
- h).Communication skills, the ability to communicate,socialize, and relate to others.

1.2. Entrepreneurial Competence Indicators

According to Eddy Soeryanto Soegoto (2009: 9) an entrepreneur must have the following competencies:

- a) Knowing Your Business. He must

know everything related to

business activities that will be carried out.

b).Knowing The Basic Business Management is to know the basics of business management, for example by stimulating business, organize and control the company, including being able to calculate, predict, administer and record business activities. Knowing means understanding the business management tips, how, processes, and management of all corporate resources effectively and efficiently.

c) Having The Proper Attitude that has the perfect attitude towards the business does. He must act as traders, industrialists, businessmen, executives who earnestly and not half-hearted.

d) Having Adequate Capital Namely have sufficient capital.

Capital is just not enough material, but also spiritual. Trust and perseverance is the main capital in the venture. Therefore, it should be enough time, enough money, enough space and mental energy.

e) Financial Competence That competence in the field of finance, manage purchases, sales, accounting, and profit / loss. He must know how to get funding and how to use it.

f) Managing Time Efficiently That ability to manage time as efficiently as

possible. Organize, calculate, and keep the appropriate time commitment.

h). Managing People That ability to plan, organize, direct, move (motivate), and control the people in running the company.

h) Satisfying Customers by Providing High Quality Product That gives satisfaction to customers by providing goods and services of quality, useful and satisfying.

i). Knowing How to Compete Namely know the strategies /how to compete. He should be able to reveal the power (strength), weakness (Weakness), chance (opportunity), and threats (threat) itself and competitors. He must use a SWOT analysis both to themselves and to competitors.

j) Copying With Regulations and paperwork That makes the guidelines / rules are clear / written within the company.

k) Technical Competence That has competence in the field of engineering (know-how) in accordance with a form of business that will be selected. For example, the ability in the field of production engineering and production design. He should really know how these goods and services produced and presented.

l). Marketing Competence That competence in finding a suitable market, identifying customers, and maintain the viability of the company. He must know how to find specific market opportunities, for example, customers and special rates that have not worked competitors.

m). Human relations namely competency competence in developing personal relationships, such as the ability to relate and ensure partnership

between the companies. He must know a healthy interpersonal relationships.

2.3. Business Performance

Definition of Business Performance Below is some understanding of business performance has been formulated by some management experts according to Moh. Pandu Tika (2005: 121) as follows:

- a) Stoner, 1978 in his book Management suggests that kinerjabisnis is a function of motivation, skills, and perception of the role.
- b) Bernardin and Russel, 1993, (in his book Achmad S. Ruby) define business performance recording the results obtained from the job functions or activities for a certain period.
- c) Handoko in his book Resource Personnel Management and defines performance as the process by which organizations evaluate or assess employee performance.
- d) Prawiro Sunoro, 1999 (in book Dandian Merry Flag) suggests that business performance is the result of work that can be accomplished person or group of people within an organization in order to achieve organizational goals within a specific time period.

I. CONCEPT FRAMEWORK AND HYPOTHESES

3.1 Conceptual Framework

The conceptual framework of this study builds upon various studies entrepreneurial competence, external factors, strategy, performance and competitiveness of enterprises and other studies relevant to the context of this study. In

this research, entrepreneurial competence variables and external factors were placed as exogenous variable, being variable business strategy, business performance and competitiveness of SMEs processing as an endogenous variable. In the present study presented some results of previous studies as a basis for establishing a conceptual framework as a whole. For more details the relationship between variables is shown in the following scheme.

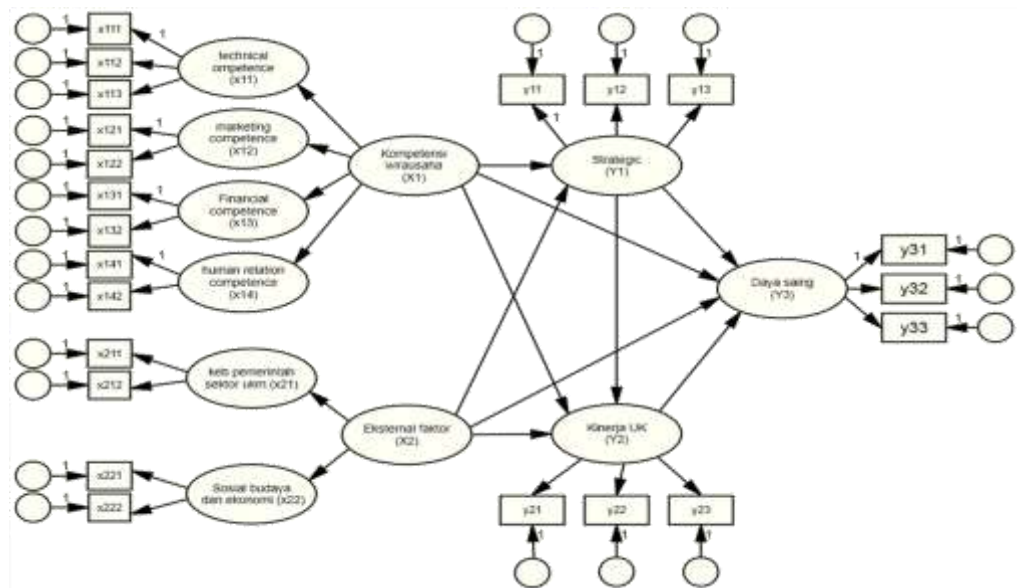


Figure 1 Conceptual Framework .Skema

The conceptual framework used to explain the influence between variables: (1) the influence of the

dimensions of the competence of an entrepreneurial business strategy, (2) the influence of the dimensions of the

competence of entrepreneurs on the performance of small businesses, (3) the influence of the dimensions of the competence of entrepreneurship for competitiveness, (4) the effect of the external dimension factor of the business strategy, (5) the effect of the external dimension factor on the performance of small businesses, (6) the effect of the external dimension factor for competitiveness, (7) the effect of business strategies on the performance of small businesses, (8) the effect of business strategies on competitiveness, (9) the impact of performance on the competitiveness of small businesses.

3.2 Hypothesis

The hypothesis that the proposed research is as follows:

1. There is the influence of entrepreneurial competence in a positive and significant impact on business strategy.
2. There is the influence of external factors positively and significantly to the business strategy.
3. There is a small business performance influences positively and significantly to competitiveness.

IV. RESEARCH METHODS

4.1 Study Design

This study uses a pattern of explanation (explanatory research), which is the form of research that describes causal relationships between variables research by testing the hypothesis developed from theoretical study. Thus this study will provide an explanation causality exogenous

variables (exogenous) which consists of competence (X1) and external factors (X2) with endogenous variables (endogenous) that teridir of strategy (Y1), performance (Y2) and competitiveness (Y3).

4.2. Site and Time Research.

This research was conducted in the province of South Sulawesi which consists of 23 counties and cities with economic growth rates are quite high at around 7.1%. High economic growth can not be separated from the role of provincial governments in South Sulawesi province pembangunan by focusing on the SME sector of agricultural products processing, farm and marine export berorientasi Time data collection study starting from September 2013 to June 2014.

Data collection in this study conducted in South Sulawesi with seven (7)

districts and 1 (one) cities of Gowa, Takalar, District Je'ne Ponto, district Bulukumba, Pangkep, Barru, Sidrap and Makassar city.

4.3. Population, Sample and Sampling Techniques

4.3.1. Population Research

The target population in this study is as much as 601 small processing industry recorded the department of cooperatives and SMEs in South Sulawesi were scattered on the sub-sector IKAHH, ILMEA sub-sector and sub-sector IKDK.

4.3.2. Research Samples

To obtain the amount of sample that can be representative of the population, then as an alternative to the determination of the sample used Slovin formula (in Umar, 2004: 108) as follows:

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

Where :

n = sample size
 N = population size
 e = percent leeway inaccuracy karenakesalahan sampling that can be tolerated.

Of the total population with the rate of leeway inaccuracy of 10%, then by using the above formula samples obtained at: 601.

$$n = \frac{100}{1 + 601 (0.1)^2} = 85.7 \text{ collect be} = 100$$

4.4. Types and Sources of Data

Types and sources of data the study include:

1. Primary data, ie data relating to the core of the problem object / subject of research, and obtained directly from the respondents.
2. Secondary data, ie data obtained from parties other than primary sources, and is obtained through the direct recording of documents, reports have been made by companies / agencies concerned. Relevant agencies including the Department of Trade and Industry of South Sulawesi province.

4.5. Method of collecting data

Based on this research goal, then some data and relevant information necessary to use the method of data collection as follows: Kueisioner, interviews, observations and literature survey

2) Description of Operations

A. Variable Operational Definition and Measurement of Variables
 The operational definition of each - each variable to be studied in detail can be seen below:

1) Factors Entrepreneurial Competence (X1)

Meanwhile, according to Suryana (2006: 91), found to measure the competence of entrepreneurs, there are 4 (four) main capabilities that need to achieve a balanced experience in order to achieve keberhasilanusaha, including: Technical competence, competence Marketing, Financial competence, Human relations competence.

2) External factors (X2)

The external factor is the environment which are outside the organization Wilkinson (2002) stated that the small industries will grow as environmental rules / policies supportive macroeconomic environment is well managed, stable, and predictable; reliable information and easily accessible. Then small industries in South Sulawesi realize that external factors is one of the top driver of industrial development if studied and applied properly. External factors

which are variable in this study will be measured by:
3) Business Strategy (Y1)

The "process" strategy divides into five, namely: complete planning, critical point, opportunistic, reactive, and routines (Frese, Gelderen, and Ombach, 2000; Mboko 2009). As indicators of business strategy complete strategy planning, strategy critical point, Opportunistic Strategy, Strategy reactive, strategy routine.

4.7 Data Analysis Techniques

This study emphasizes the quantitative approach in analyzing the data, the data analysis methods were used, grouped into two, namely statistical analysis descriptive and inferential statistical analysis. Form a causal relationship between variables requires an analysis tool that is able to explain simultaneously about the relationship, so the inferential statistical methods that can be used in the data analysis of this study is the structural equation modeling (SEM). In accordance with the conceptual framework of thought in Figure 1, the model is built are:

$$Y1 = f(X1, X2) \quad (1)$$

$$Y2 = f(X1, X2, Y1) \quad (2)$$

$$Y3 = f(X1, X2, Y1, Y2) \quad (3)$$

V. RESULTS AND pembahsan

5.1. Overview of South Sulawesi

South Sulawesi is one of 33 provinces in Indonesia, established on December 13, 1960 on the legal basis of Law No. 47 of 1960. South Sulawesi is located between the southern latitude and longitude. The boundaries of the province of South Sulawesi, namely

- North: West Sulawesi
- The east: Sea Bone
- The west: the Makassar Strait
- South: Flores Sea / Nusa Tenggara Barat

South Sulawesi is the largest province territory among provinces in Sulawesi. The terrain shaped peninsula that extends from the north around the two main mountains are mountains and mountains Lompobattang Latimojong which divides vertically from north to south provinces of South Sulawesi. The total area of the province of South Sulawesi after splitting with West Sulawesi is 45519.24 km covering 20 districts and 3 cities. The districts which include: Selayar, Bulukumba, Bantaeng, Jeneponto, Takalar, Gowa, Sinjai, Maros, Pangkep, Barru, Bone, Soppeng, Wajo, Sidrap, Pinrang, Enrekang, Luwu, Tanah Toraja, North Luwu and East Luwu. As for the three city include: Makassar, Pare-pare, and Palopo.

On the other hand the number of people who graduated from secondary and higher education has increased. Secondary education level increased from 11.88 percent in 2001 to 13.82 percent in 2001. Similarly, at the

upper secondary level increased from 14.07 percent to 16.29 percent in the same time period. For Higher education or university level, although the proportion is still small, but it showed an increase of 1.77 percent in 1996 to 2.27 percent in 2001.

5.2. Micro, Small and Medium Enterprises (SMEs)

According to the manufacturing industry in South Sulawesi. Ministry of Industry asked the Provincial Government of South Sulawesi concentrate develop three industries, namely agriculture, plantation and marine sectors (Tempo; 2014). According Retraubun (2014) processing industry which will be developed in South Sulawesi must be in accordance with the potential advantages of the region, where South Sulawesi commodities such as cocoa, arabica coffee, cotton, rice, corn, fish and shrimp. Cocoa is one of the results of Indonesian plantation of considerable potential in contributing to world level Negara. Di foreign exchange, cocoa Indonesia ranks third after Ghana. Dibandingkan with Ivory Coast and other cocoa producing countries, Indonesia has an advantage in terms of a distinctive taste, in South Sulawesi, Cocoa is the main plantation commodities which accounts for the largest area of export value after nikel. Melalui national program developers cocoa, cocoa production is targeted to exceed the amount previously been achieved which makes South Sulawesi as the region's largest cocoa producer in Indonesia with 27% of national production. South Sulawesi cocoa production target in 2013 is 300,000 tonnes.

The competitiveness of Indonesian cocoa is quite competitive in the world market, as one of the indicators used are the increase of Indonesian cocoa exports were well above the rate of world cocoa trade. In the period 1989-1999, the rate of Indonesian cocoa export volume is about 16% per year, while the growth rate of world exports is only 2.3% per year. As the center of the development of national seaweed, seaweed production are among the highest in South Sulawesi in Indonesia, and contributed the largest export seaweed in Indonesia by 40%. South Sulawesi seaweed production types E.Cottoni approximately 7.748 million tons and seaweed Glacillaria production amounted to 1,280,000 ton. Sebagian large E.Cottoni types exported to various countries, such as China and Japan in a dry form, only a fraction domestic enterprises factory processed into chips and flour to be made foodstuffs, cosmetics and medicines are exported to Europe and Korea. With the wide range of fishery product processing industry continues to increase significantly to make employment opportunities for the community as well as a business opportunity for small industries to take part in it. The development strategy of VAT-based fishing industry requires the optimization measures against eight factors that make up the model the fishing industry, among others;

1. Government policy in building Untia Makassar VAT will ensure the production of fishing activities for a continuous supply of raw materials fishing industry.
2. HR activities in the fishing port of

Makassar still have skills that are less so the need for skills upgrading for perikanan port users, especially to managers, in order to perform tasks could be better.

3. Untia Makassar Nusantara Fishery Port is designed to provide support to the development of modern fishing industry so that the type and capacity as well as the quality of the facilities should be improved in accordance with the needs of consumers and in the management of the facility prepared qualified human resources.

4. Keep the support of the various ministries in the process of improving the fishing industry because not only the Ministry of Maritime Affairs and Fisheries with an interest, but all other ministries must coordinate so that the performance of the fishing industry can be run in accordance with what is expected.

1) Test Validity Instruments

Testing the validity of the instrument is done using Product Moment Correlation by comparing the correlation coefficient between the questions with total answers (count r) with r table at an error rate (alpha) specific, ie when the value of r count

is greater than the value of r table then it can be said that the questions used were valid. Moreover, it can also use the comparison between the significance of the alpha value used is if the significance value less than alpha, it can be said that the questions used were valid.

Test results on the validity of the instrument point statement Entrepreneurial Competence (X1) which consists of 8 points of the statement obtained product moment correlation coefficient (r count) valid between 0.435 to 0.736. By using the provisions of the correlation coefficient is greater than r table (0.361) indicates that the decision H_0 is rejected and it was concluded that the item statement Entrepreneurial Competence (X1) is valid and can be used in the process of further analysis.

2) Reliability Test Instruments

Reliability testing instruments were calculated using Cronbach's Alpha is to look at the criteria of reliability coefficient index, where the lowest limit is used in the state that the questions used reliably amounted 0,600. Hasil reliability testing instruments are presented as follows.

Table 5.11. Reliability Test Results Instrument

Variabel (Variables)	Cronbach's Alpha	Keterangan (Specification)
Kompetensi Wirausaha (X1) Entrepreneurial Competence	0.771	Reliabel
Faktor Eksternal (X2)	0.835	Reliabel

External factors (X2)		
Strategi Bisnis (Y1) Business Strategy (Y1)	0.693	Reliabel
Kinerja Usaha Kecil (Y2) Small Business Performance (Y2)	0.620	Reliabel
	0.749	Reliabel

Source: Data Processed (2014)

From Table 5.11 it can be seen that the item statement Entrepreneurial Competence (X1) which consists of 8 points of the statement has a Cronbach alpha coefficient of 0.771 and more than 0.600. This means that the instrument statement Entrepreneurial Competence (X1) in this study revealed reliable and can be used in

the process of further analysis.

3) Distribution Answer Variable Small Business Performance (Y2)

Small Business Performance in the variable (Y2) are one indicator with a total of 4 items declaration statement. Results distribution of answers Small Business Performance (Y2) is presented as follows.

Table 5:12. Respondents Answer Frequency Distribution Business Performance (Y2)

Item	indicator	STS	TS	N	S	SS	Average
f%	f%	f%	f%	f%	f%	f%	F%
Y21	Y2.1	0	0.0	3	1.5	33	16.1
Y22	Y2.2	0	0.0	1	0.5	33	16.1
Y23	Y2.3	0	0.0	3	1.5	29	14.1
Y24	Y2.4	0	0.0	2	1.0	24	11.7
An			average			of	4:26

Source: Data Processed (2014)

Based on the table 5:15 in mind that most respondents answered in the answer choices Agree (S) and Strongly Agree (SS) in a statement regarding the Small Business Performance (Y2). The average value of each statement which ranged between 4.24 to 4.29 indicates that respondents gave a good response / positive about every statement filed.

The overall average of 4.26 statement item indicates that the average respondent to respond good / positive item on the statement of Small Business Performance (Y2) proposed.

4) Distribution Answer Variable Competitiveness (Y3)

Competitiveness in the variable (Y3) are one indicator with a total of 4

items declaration statement. Results distribution of answers Competitiveness (Y3) is presented as follows.

Table 5:16. Frequency Distribution of Respondents Answers Competitiveness (Y3)

Item	indicator	STS	TS	N	S	SS	Average
f%	f%	f%	f%				f%
Y31	Y3.1	0	0.0	1	0.5	32	15.6
Y32	Y3.2	0	0.0	5	2.4	35	17.1
Y33	Y3.3	0	0.0	0	0.0	34	16.6
Y34	Y3.4	0	0.0	3	1.5	28	13.7
An			average			of	4:23

Source: Data Processed (2014)

Based on the table 5:16 in mind that most respondents answered in the answer choices Agree (S) and Strongly Agree (SS) in a statement on Competitiveness (Y3). The average value of each statement which ranged between 4.18 to 4.27 indicates that respondents gave a good response / positive about every statement filed. The overall average of 4.23 statement item indicates that the average respondent to respond good / positive item on the statement of Competitiveness (Y3) proposed.

5.3. Analysis and Testing Structural Model

Test assumptions in SEM is used for the fulfillment of the terms of use SEM. Assumptions used include the assumption of normality of the data and assumptions outliers. The test results are presented as the following assumptions.

1) The assumption of normality

Data normality test is used as a condition for emngolah data using

methods of estimation Maximum Likelihood (ML). The fulfillment of the normality of the data can avoid biases and inefficiencies result. Normality test was measured using the criteria of the critical ratio of ± 2.58 at 1% significance level (0.01).

Based on the results of the research data processed in the table 5:17 obtained value CR in multivariate amounted to 6.170 and compared with those criteria then it can be concluded that the distribution of the data is not in multivariate normal, but when referring to the arguments of central limit (Central Limit Theorem) observations of more than 30 can be assumed to follow a normal distribution.

A. Indicators of Globalization Issues and Practices (X21)
Variable External factors (X2)
indicator Globalization Issues and Practices (X21) there are 2 items.

Table 5:13. Confirmatory Factor Analysis Variable External factors (X2) Indicators of Globalization Issues and Practices (X21)

Estimate	S.E.	C.R.	P
X21.1	<---	X21	0685
X21.2	<---	X21	0718
		0147	7281

Source: Data Processed (2014)

Based on the table 5:13 obtained loading variable factors External factors (X2) indicator Globalization Issues and Practices (X21) in item 1 (X21.1) of 0.685 and item 2 (X21.2) of 0.718. These results indicate that the indicator variable External factors (X2) indicator Globalization Issues and Practices (X21) is valid because the value of the loading factor of greater than 0.5 so that the indicators are valid and can be used in research.

5.7. Analisis image Confirmatory Factor Variable External factors (X2)

Indicators of Globalization Issues and Practices (X21) Significance value (p-value) indicator variables External factors (X2) indicator Globalization Issues and Practices (X21) in item 1 (X21.1) = FIXED and item 2 (X21.2) 0,000 less than 0.05 indicates that the indicators used in the model is feasible SEM.

G. Indicators of Socio-Cultural and Economic Aspects (X27) Variable External factors (X2) indicator Socio-Cultural and Economic Aspects (X27) there are 2 items.

Table 5:31. Confirmatory Factor Analysis Variable External factors (X2) Indicators of Social Aspects of Culture & Economy (X27)

Estimate	S.E.	C.R.	P
X27.1	<---	X27	0762
X27.2	<---	X27	0807
		0118	8237

Source: Data Processed (2014)

Based on the table obtained 5:31 loading variable factors External factors (X2) indicator Socio-Cultural and Economic Aspects (X27) in item 1 (X27.1) of 0.762 and item 2 (X27.2) of 0.807. These results indicate that the indicator variable External factors (X2) indicator Socio-Cultural and Economic Aspects (X27) is valid because the value of the loading factor of greater than 0.5 so that the

indicators are valid and can be used in research.

5.13. Analisis image Confirmatory Factor Variable External factors (X2)

Indicators of Socio-Cultural and Economic Aspects (X27) Significance value (p-value) indicator variables External factors (X2) indicator Socio-Cultural and

Economic Aspects (X27) in item 1 (X27.1) = FIXED and item 2 (X27.2) 0,000 less than 0.05 showed that the indicators used in the model is feasible SEM.

2) Variable Confirmatory Factor Analysis Business Strategy (Y1)

is valid because the value of loading factor greater than 0.5 so that

the indicators are valid and can be used in research.

3) Variable Confirmatory Factor Analysis of Small Business Performance (Y2) Variable Performance Small Business (Y2) there are 4 indicators, ie indicators 1 (Y2.1), indicator 2 (Y2.2), indicator 3 (Y2.3), and indicators 4 (Y2.4).

Table 5:33. Confirmatory Factor Analysis Variable Small Business Performance

(Y2)	Estimate	SE	C.R.	P
Y2.1	<---	0770	0770	0770
Y2.2	<---	0808	0112	9150
Y2.3	<---	0773	0113	8660
Y2.4	<---	0791	0109	8906

Source: Data Processed (2014)

Based on the table 5:33 obtained loading variable factors Small Business Performance (Y2) indicator 1 (Y2.1) of 0.770, indicator 2 (Y2.2) of 0.808, indicator 3 (Y2.3) of 0.773 and indicator 4 (Y2.4) of 0.791. These results indicate that the Small Business Performance indicator variable (Y2) is valid because the value of the loading factor of greater than 0.5 so that the indicators are valid and can be used in research.

5.15. Analisis image Confirmatory Factor Variable Small Business Performance (Y2)

Significance value (p-value) Small Business Performance indicator variable (Y2) indicator 1 (Y2.1) = FIXED, indicator 2 (Y2.2) of 0.000, indicator 3 (Y2.3) of 0.000, and an indicator 4 (Y2.4) 0,000 less than 0.05 indicates that the indicators used in the model is feasible SEM.

5.2. Research Hypothesis Testing

a). First Hypothesis The first hypothesis regarding the influence of the dimensions of the competence of entrepreneurs on the competitiveness of small businesses either directly or indirectly through a strategy of business and the performance of small businesses can be seen in testing direct influence Competence Entrepreneurial (X1) on Competitiveness (X3), where results obtained show the existence of significant influence. Further testing indirect effect Entrepreneurial Competence (X1) on Competitiveness (X3) via Business Strategy (Y1) in which the results obtained show the influence but not signifikan. Selanjutnya testing indirect influence Entrepreneurial Competence (X1) on Competitiveness (X3) through the Small Business Performance (Y2) where the results obtained indicate a significant effect. Based on these results, it can be concluded that there are significant Entrepreneurial

Competence (X1) on Competitiveness (X3) significantly ie directly and through the Small Business Performance (Y2).
 b). Second Hypothesis A second hypothesis about the influence of the dimensions of the competence of entrepreneurs on the competitiveness of small businesses either directly or indirectly through a strategy of business and the performance of small businesses can be seen in testing the direct influence of external factor (X2) on Competitiveness (X3), where results obtained show there is significant influence.

Further testing indirect effect External factors (X2) on Competitiveness (X3) via Business Strategy (Y1) through the Small Business Performance (Y2), and where the results obtained show the influence but not significant. Based on these results, it can be concluded that there are significant external factor (X2) on Competitiveness (X3) significantly ie directly and through the Small Business Performance (Y2).

II. DISCUSSION

Based on the research that has been conducted the analysis as described in section V, indicating that the path diagram models provide some

important information relating to the competitiveness of Small and processing sector in South Sulawesi. The following discussion will be carried out against each hypothesis as follows:

a. Direct Impact (Direct Effects)

6.1 Direct Impact Entrepreneurial Competence (X1) to Business Strategy (Y1) The results of the analysis of the direct effect of Entrepreneurial Competence (X1) to Business Strategy (Y1) was obtained p-value of 0,000. Nilai is smaller than 5% alpha indicates that there is significant influence between Entrepreneurial Competence (X1) to Business Strategy (Y1).

Estimate	SE	C.R.	P
Y1 <--- X1	0596	0068	6438 ***

Based on table 6.1 coefficient direct influence Entrepreneurial Competence (X1) to Business Strategy (Y1) of 0.596 and is positive and significant shows that the shape influences Entrepreneurial Competence (X1) to Business Strategy (Y1) is proportional to (positive) and significant, which means that the increase in Entrepreneurial Competence factor (X1) will have a significant impact on the enhancement factor Business Strategy (Y1)

. Table 6.1. Direct Impact Entrepreneurial Competence (X1) to Business Strategy (Y1)

			Estimate	S.E.	C.R.	P
Y1	<---	X1	0.596	0.068	6.438	***

6.2 Direct Impact External factors (X2) on the Business Strategy (Y1) The results of the analysis of the direct influence of external factors (X2) on the Business Strategy (Y1) was obtained p-value of 0.000. This value is smaller than 5% alpha indicates that there is significant influence between external factors (X2) on the Business Strategy (Y1). Table 6.2. Direct Effect of External Factors (X2) on the Business Strategy (Y1)

Estimate SE C.R. P
Y1 <--- X2 0.872 0.083 7.067 ***

			Estimate	S.E.	C.R.	P
Y1	<---	X2	0.872	0.083	7.067	***

Based on table 6.2 coefficient direct influence external factors (X2) on the Business Strategy (Y1) of 0.872 and is positive and significant shows that the form of the influence of external factors (X2) on the Business Strategy (Y1) is proportional to (positive) and significant, which means that the increase factor External factors (X2) will have a significant impact on the enhancement factor Business Strategy (Y1).

6.3 Direct Impact Entrepreneurial Competence (X1) on the Performance of Small Enterprises (Y2) The results of the analysis of the direct effect of Entrepreneurial Competence (X1) on the Performance of Small Enterprises (Y2) obtained p-value of 0,050. Nilai is smaller than 5% alpha indicates that there are significant significant between Entrepreneurial Competence (X1) on the Performance of Small Enterprises (Y2).

Table 6.3. Direct Impact Entrepreneurial Competence (X1) on the Performance of Small Enterprises (Y2)

Estimate SE C.R. P
Y2 <--- X1 0.152 0.084 1.964 0.050

			Estimate	S.E.	C.R.	P
Y2	<---	X1	0.152	0.084	1.964	0.050

Based on Table 6.3 coefficient direct influence Entrepreneurial Competence (X1) on the Performance of Small Enterprises (Y2) of 0.152 and is positive and significant shows that the shape influences Entrepreneurial Competence (X1) on the Performance of Small Enterprises (Y2) is proportional to (positive) and significant, which means that the increase in Entrepreneurial Competence factor (X1) will have a significant impact on the improvement of performance factors Small Business (Y2). Results of this analysis is in line with the results of research conducted

by Wayan Gede Supartha (2009) who said that the competence of the entrepreneurs of SMEs there is a positive significant effect between market orientation on business performance.

6.4 Direct Impact External factors (X2) on Competitiveness (Y3) The results of the analysis of the direct influence of external factors (X2) on Competitiveness (Y3) obtained p-value of 0.028. This value is smaller than 5% alpha indicates that there is significant influence between external factors (X2) on Competitiveness (Y3)

Estimate SE C.R. P
 Y3 <--- X2 0.317 0.128 2.195 0.028

			Estimate	S.E.	C.R.	P
Y3	<---	X2	0.317	0.128	2.195	0.028

Based on Table 6.7 coefficient direct influence external factors (X2) on Competitiveness (Y3) of 0.317 and is positive and significant shows that the form of the influence of external factors (X2) on Competitiveness (Y3) is directly proportional to (positive) and significant, which means that the increase factor External factors (X2) will have a significant impact on the improvement of Competitiveness factor (Y3). The findings of this study are consistent with results of research conducted by Eka Handriani (2011) which concluded that the strategy of a significant effect on the

competitiveness of Small Business in South Sulawesi. 2. a significant performance impact on the competitiveness of Small Business in South Sulawesi

6.5 Effect of Direct Business Strategy (Y1) on Competitiveness (Y3) The results of the analysis of the direct effect of Business Strategy (Y1) on Competitiveness (Y3) obtained p-value of 0,032. Nilai is smaller than 5% alpha indicates that there is significant influence between Business Strategy (Y1) on Competitiveness (Y3).

Table 6.8. Direct Impact Business Strategy (Y1) on Competitiveness (Y3)

Estimate SE C.R. P
 Y3 <--- Y1 0.394 0.243 2.148 0.032

			Estimate	S.E.	C.R.	P
Y3	<---	Y1	0.394	0.243	2.148	0.032

Based on Table 6.8 direct influence coefficient Business Strategy (Y1) on Competitiveness (Y3) of 0.394 and is positive and significant shows that the shape influences Business Strategy (Y1) on Competitiveness (Y3) is directly proportional to (positive) and significant, which means that an increase factor of Business Strategy (Y1) will have a significant impact on the improvement of Competitiveness factor (Y3).

6.6 Direct Impact Small Business Performance (Y2) on Competitiveness (Y3)

The results of the analysis of the direct effect of Small Business Performance (Y2) on Competitiveness (Y3) obtained p-value of 0,012. Nilai is smaller than 5% alpha indicates that there are significant significantly between the Small Business Performance (Y2) on Competitiveness (Y3).

Table 6.9. Direct Impact Performance Small Business (Y2) on Competitiveness (Y3)

Estimate SE C.R. P
 Y3 <--- Y2 0.943 0.332 2.515 0.012

			Estimate	S.E.	C.R.	P
Y3	<---	Y2	0.943	0.332	2.515	0.012

Based on Table 6.9 directly influence coefficient Small Business Performance (Y2) on Competitiveness (Y3) of 0.943 and is positive and significant shows that the shape influences Small Business Performance (Y2) on Competitiveness (Y3) is proportional to (positive) and significant, which means that the Small Business Performance

enhancement factor (Y2) will have a significant impact on the improvement of Competitiveness factor (Y3).

b. Indirect Influence (Indirect Effect)
 6.7 Effect of Indirect Competence Entrepreneurial (X1) on the Performance of Small Enterprises (Y2) through Business Strategy (Y1)
 The results of the analysis of the

indirect influence of Competence Entrepreneurial (X1) on the Performance of Small Enterprises (Y2) through Business Strategy (Y1) was obtained p-value of 0,172. Nilai is greater than 5% alpha indicates that

there are significant but not significant between Entrepreneurial Competence (X1) on the Performance of Small Enterprises (Y2) through Business Strategy (Y1).

Table 6:10. Indirect Influence Entrepreneurial Competence (X1) on the Performance of Small Enterprises (Y2) through Business Strategy (Y1)

Estimate SE C.R. PY2 <--- X1 0121 0089 1365 0172

			Estimate	S.E.	C.R.	P
Y2	<---	X1	0.121	0.089	1.365	0.172

Based on Table 6:10 indirect effect coefficient Entrepreneurial Competence (X1) on the Performance of Small Enterprises (Y2) through Business Strategy (Y1) of 0.121 and is positive and not significant indicates that the shape influences the Entrepreneurial Competence (X1) on the Performance of Small Enterprises (Y2) through Business Strategy (Y1) is proportional to (positive) and not significant, which means that an increase factor of Competence Entrepreneurial (X1) will not have a significant impact on the improvement of factors Performance Small Business (Y2) through Business Strategy (Y1).

6.8. Research Findings

Results of this study examines the effect and verify how entrepreneurial competencies and external factors on the competitiveness of small businesses (UK) processing through the strategy and performance of the company's business in South Sulawesi.

Research found that the competence of entrepreneurs have a positive and significant impact on the business

strategy and competitiveness of small and medium enterprises in the processing of South Sulawesi. Competence of entrepreneurship is one of the primary means for achieving the competitiveness of small and medium enterprises through the processing of business strategy. Entrepreneurial competence can be improved through training of government and other related parties are given to small and medium businesses processing. Besides the competitiveness of Small and processing can also be achieved through the strategy and business performance. Theoretically it can be said that an entrepreneur who has the competence to be able to formulate and implement the right strategy so that the business can achieve a high level of sales growth and business continuity for Small Business processing.

Other findings that increase the competitiveness of Small and processing is through the main means of entrepreneurial competence through business strategies and business performance. The findings of this

study are consistent with the theory that someone who has the competence entrepreneurial sebagaimana proposed by Suryana (2006: 91): Technical competence, marketing competence, financial competence and human relations competence, will be able to build a business strategy that can increase the performance of which is reflected in the increase sales to increase profit. To achieve sufficient competence in the field of marketing, preferably in the field of special education provides learning materials that discuss the marketing of small and medium businesses. So mastery of marketing is expected to increase the profit used for the investment company's progress in order to achieve competitiveness or the company's ability to achieve a high and sustainable growth. The study also found that external factors, and strategies for positive and significant impact on improving the competitiveness of small and medium enterprises in the processing of South Sulawesi. The findings of this research in addition supported by the results penelitian earlier, theoretically also be explained sebaga following: External factors as a major factor in improving the competitiveness of small and medium enterprises of processing including in the area of South Sulawesi as proposed by Wilkinson (2002) that the small industries will grow as environmental rules / policies supportive macroeconomic environment is well managed, stable, and predictable, reliable information and easily accessible. Better management of the external environment will boost company performance indicators of increased sales and profits for the

investment company's progress in improving competitiveness. The competitiveness of a company's ability to achieve a high and sustainable growth.

The study also found that the main factor that entrepreneurial competence positive and significant impact directly on improving the competitiveness of small and medium enterprises in the processing of South Sulawesi. Theoretically can be explained that a person who has the entrepreneurial competencies will be able to improve the competitiveness of business as proposed by Eddy Soeryanto Soegoto (2009: 5) that the Entrepreneurial or Entrepreneur are spirited creative and innovative are able to establish, construct, develop, promote and make the company excels. Meanwhile, according to Suryana (2006: 91) argues that in order to measure the entrepreneurial competence there are four (4) major capabilities required to achieve a balanced experience in order to achieve business success, namely: Technical competence, marketing competence, financial competence and human relations competence.

In this study also found that the two main factors, namely external factors are positive and significant relationship on the competitiveness of small and medium enterprises in the processing of South Sulawesi. In theory it can be said that a businessman who has an understanding of the external factor will be able to bring their business to the direction that have high competitiveness.

VII. CLOSING

7.1 Conclusion

Based on the results of the study, data analysis and discussion that has been done, it can be concluded :

Entrepreneurial competence variable positive and significant impact on business strategy, thus improving the entrepreneurial competencies will create a business improvement strategy,

The variable external factors and significant positive effect on business strategy, so as to improve and understand the external factors will create a business improvement strategy,

Entrepreneurial competence variable positive and significant impact on the performance of small businesses, thus improving the entrepreneurial competencies will create a performance improvement of small businesses,

The variable external factors and significant positive effect on the performance of small enterprises, thus improving and understanding the external factors will create a performance improvement of small businesses,

The variable external factors and significant positive effect on competitiveness, so as to improve and understand the external factors will create increased competitiveness,

Variable business strategies and significant positive effect on competitiveness, thus enhancing and improving the business strategy will create increased competitiveness,

Small business performance variable positive and significant impact on competitiveness, thus enhancing and improving the business

strategy will create increased competitiveness,

7.2 Implications of Theoretical and Empirical Research Based on the analysis and discussion of this study are expected to contribute no major industrial development of small and medium-sized processing industry, is as follows:

1. To improve the Competitiveness of small and medium industries can use the model of the Entrepreneurial Competence and External Factors with or without mediation business strategy.

2. To increase the Competitiveness of small and medium manufacturing industry effectively be supported by the Small Business Performance were able to increase sales volumes, maintain customer satisfaction with products to expand market share and improve keuantungan then designed as a result of efforts to improve the Entrepreneurial Competence, schools will change caused by external factors increasingly dynamic and optimize business strategy.

7.1 Limitations In this study,

the proposed model is the Entrepreneurial Competence, External Factors, Business Strategy, Business Performance and Competitiveness. There are still many variables supporters Competitiveness such as the characteristics of entrepreneurs, environmental dynamics and resource capabilities, work ethic, morale and working environment for researchers who are interested in researching about the competitiveness of small businesses and Small and medium

industries can add those variables into research design research.

7.3 Suggestions

To improve the competitiveness of small enterprises (SEs) to support achieving high economic growth and sustainable it is necessary to increase the performance of SMEs and responsive to external faktor, To improve the business performance of Small Business will require the development of entrepreneurial competence and responsiveness to external factors so that sales always increase over time, can control the market more and subsequently gain (profit) increases so apat invested in the company's progress, The findings of this study can be the basis for further research that examines the entrepreneurial competence, external factors, business performance, business strategy and competitiveness of Small Business

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