

# 4<sup>th</sup> ICITB

## EFFECT OF OPERATIONS STRATEGY THROUGH COMPETENCE OF COMPETITIVE ADVANTAGE SMEs ACTORS OF CULINARY NORTH BANDUNG

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### ABSTRACT

*MSME actors should have an operating strategy by taking into account the opportunities that are immediately utilized. Many of the competency constraints possessed by MSMEs include the low level of managerial ability that makes their businesses not develop. This is due to the low implementation of the operating strategy so that competitive advantage is difficult to obtain. Competitive advantage is an important thing and can be used as capital for SMEs to continue to grow and develop. This will encourage the need to improve the competencies of MSME actors to be able to implement operating strategies. The purpose of this study was to determine the effect of entrepreneurial competence through an operational strategy on competitive advantage. The research method used uses quantitative methods. The study population was culinary MSMEs in North Bandung with a sample of 50 respondents. The sampling technique used uses probability sampling. Data withdrawal techniques through questionnaires with Likert instrument measurement scale. While the data analysis technique uses Partial Least Square-Structural Equation Modeling. The results of the study showed that the influence of competence on the operating strategy (39.6%) was greater when compared to the influence of competence on superiority (35.3%). Furthermore, the influence of competencies on competitive advantage through operating strategies is 43.1%. This shows that the high and low competitive advantage is determined by the high and low level of entrepreneurial competency which is supported by the high and low operating strategies carried out by MSME players.*

**Keywords : Compotence, Operation Strategy, and Competitive Advantage**

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## INTRODUCTION

Indonesian national economy is supported by small businesses. So the development of small businesses in Indonesia must always be supported to accelerate the economic development of Indonesia. In the system of the national economy showed that SMEs were more resistant to a variety of threats that could lead to an economic crisis. The presence in the midst of the poor economy of Indonesia that SMEs are able to absorb a lot of labor, besides that SMEs are also able to increase the PBD, donating funds state and local budgets from taxes paid by SMEs, and be able to develop the business. It is encouraging governments and businesses to make efforts in the development of SMEs or the Small and Medium Industry sector (ukmdepok.co.id)

**Table 1. Number of Small Businesses Based Indonesian Standard Industrial Classification (KLBI)**

KLBI (Description)	2010	2011	2012	2013	2014	2015
Total Small Business	202 877	424 284	405 296	531 351	284 501	283 022
Growth (%)		52	-5	24	-87	-1

Source: BPS (2016)

Based on the above table shows the number of small businesses by Standard Industrial Classification of Indonesia (KLBI) has decreased fairly high regarding the number of small businesses from the Year 2013 to the Year 2014 and a decline in the number of small businesses also of the Year 2014 to the Year 2015. SMEs have proven, able to become a backbone of Indonesian economy during the economic crisis. Indonesian economic condition when the global crisis caused by Indonesia's GDP is not too dependent on exports because of the role of exports to GDP is only 10%, so the slowdown in the global economy will not be little impact on the real sector. Net exports (difference between exports against imports) Indonesia in the last two years about USD 20 billion, which is equivalent to 3% of GDP. It can be concluded that the contribution of these exports occupying a relatively small percentage, especially when juxtaposed with the large inflow of household consumption, namely that reached 60%. The rest is contributed by the investment (30%) and government spending by 7%. (BPS, 2016)

North Bandung became one of the West Bandung regency which has a high growth potential. West Bandung regency average expenditure per capita per month for food and beverage Rp. 425 883 (Kabupaten Bandung Barat dalam Angka, 2016). As for the GDP (Gross Domestic Product) for the provision of

accommodation food and beverages can be seen in Table 2 below.

**Table 2. Contributions Accommodations Food and Beverages in West Bandung regency GDP**

YEAR	AMOUNT (In Billion Rupiah)
2011	965,576.7
2012	1104847.2
2013	1238258.7
2014	1406967.6
2015	1590892.2

Source: Kabupaten Bandung Barat dalam Angka, 2016

Based on the above data, the contribution of gross product to enjoy food and beverages in West Bandung regency has increased, so have to take his chances by small businesses in food and drinks that will improve the competitiveness of small businesses in West Bandung regency.

The culinary business operators should be able to set the operating strategy with the concept always pay attention to the high opportunity that should be utilized quickly and well to efforts to the development and growth of his business. But many obstacles that occur related to the competency especially small businesses among the poor ability of managerial and decision-making is done by small businesses that make business is not growing because of weak operating strategies that are owned by businesses that competitive advantages are difficult to obtain as delivered from the research Kurniawan, Irawan and Yun (2014), which conducts research in Cimahi and Bandung, small businesses are still lacking in the culinary field its competence in the field of organizing competencies, strategic and conceptual competencies competence. The shortage will certainly hamper the business continuity of small businesses in the culinary field Cimahi and Bandung. The businesses should be able to improve its business competence and be able to apply the right strategy, especially when increasing competition in the business of food and beverage. To continue to exist in the competition it is necessary to increase market share through increased entrepreneurial competence. The businesses should be able to improve its business competence and be able to apply the right strategy, especially when increasing competition in the business of food and beverage. To continue to exist in the competition it is necessary to increase market share through increased entrepreneurial competence. The businesses should be able to improve its business competence and be able to apply the right strategy, especially when increasing competition in the business of food and beverage. To continue to exist in the competition it is necessary to increase market share through increased entrepreneurial competence.

Competition in the food and beverage industry in order to gain an edge competence continues to maintain the quality, price and response. So as to have sufficient competitiveness to constantly improve the value of products produced. So that researchers interested in conducting research on the effect of the competence of small businesses in food and beverage through operating strategies to competitive advantage.

## **LITERATURE REVIEW**

### **Entrepreneurship competence**

Competence is the main characteristic that of most successful people in the organization or profession (Kessler). Competence is a number of individual characteristics associated with the behavior expected of reference criteria and best performance in a job or situation that is expected to be met (Peter, 2010). Furthermore, according to Spencer and Spencer in Kaur and Bains (2013) explains that competency as an underlying characteristic of an individual that is casually related to criterion referenced effective and / or superior performance in a job or situation.

The above definition can be concluded that the competence is a basic characteristic of the individual who made possible provide superior performance in work, role, or a particular situation. Competence is also an integration of knowledge, skills and attitudes that enable to carry out an effective way. Competence is made up of five characteristics, namely: character, motive, self-concept, knowledge, and skills, Spencer and Spencer (1993), (Manopo)

Entrepreneurship is an adaptation of purposeful behavior that aims to initiate, promote and manage economic activities for the production and mobilization of financial resources (Khalid, 2015). Each entrepreneurial includes openness, freedom, broad view, oriented to the future, plans, believes, aware and respectful of others and other people's opinions. In achieving success an entrepreneur has certain characteristics, too. "Entrepreneurship and Small Enterprise Development Report" suggests some of the characteristics of entrepreneurial success, which have the characteristics: 1) proactive, namely the initiative and firmly (assertive), 2) the achievement-oriented, which is reflected in the views and act (sees and acts) against the odds, orientation efficiency, prioritize the quality of work, planning, and give priority to monitoring, 3) a commitment to others, for example in organizing contacts and business relationships. (Zimmerer and Scarborough, 2005)

Small businesses culinary field also requires entrepreneurial competence. Entrepreneurial competence can be interpreted Entrepreneurial competency is defined as the individual characteristics. Entrepreneur is a person who

undertakes the risk for gaining profit in the business venture and Kaur Bains (2013). The notion explains that entrepreneurial competence as the individual characteristics, the entrepreneur is a person who takes over the risk to benefit from the business she lived.

Casson and Gudley in Dimitriades (2007) explains that entrepreneurial competencies derived from the strategic orientation of the company. The orientation associated with the assessment in the decision-making aspect. A crucial aspect of this entrepreneurial competence that is proactive, learning, networking and autonomy

Meanwhile, according to Lado, et al in Khalid (2015) Define entrepreneurial competence as the managerial capability of a firm's leaders to create and berkomunikasi a strategic vision for structuring inter-firm relations. The entrepreneurial competence of the managerial capacity of employers to create and communicate a strategic vision to develop inter-firm relations. Entrepreneurial competence must be able to convey the vision of the strategy in order to build the company's internal relations. Entrepreneurs should be able to build a good internal relationships in order to achieve the strategic vision to be achieved.

Thus indicators of entrepreneurial competencies that serve as the measure in this research opportunity competency, organizing competencies, strategy competencies, social competencies, commitment, competencies and conceptual competencies. Sixth formers indicators will be used as a small business competence variable culinary field in North Bandung area.

### **Operations strategy**

The strategy has been developed since about 1960, according to Skinner, in Schlickel (2013) as a series of planning strategies and policies that aim to get an edge over the competition. Companies must implement appropriate strategies to gain a competitive advantage from the price, quality and responsiveness to customers.

Leong et al. In Khalili et al (2013) Operating strategies differentiated according to content and process. Content presenting strategic issues that must be resolved by the management. The methods and procedures used to reflect the decision-making process of the development of operating strategies. So the operation strategy is a method in decision-making related to the development of the operating strategy to be able to complete a wide range of issues associated with the operating strategy.

Operation strategy instead of focusing on the individual, but rather the overall business transformation intact. (Schlickel, 2013) In the short term, identified three generic strategies that focus on the cost of operation,

resulting in high product quality, and strive to apply the latest technologies and processes (Slack, 2013),

### **Competitive Advantage**

The idea of the competitive advantage that recognize the full force of competitive advantage as a means to achieve the goal of Peter, (2010). In addition, Thompson in Trawneh (2010) "Competitive advantage is defined as the ability of an organization to add more value for its customers than its rivals and Tus ATTAIN a position of relative advantage, the challenge is to sustain any advantage once Achieved, explaining that competitive advantage as the ability of an organization to further enhance value for customers and to competitors who have a relatively favorable position, the challenge is to maintain any advantage to a Trawneh achievement (2010). And by Agha et al (2011) "A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented a by any current or potential player". The explanation states that the competitive advantage gained when implementing strategic value creation that are not made simultaneously by other players or potential players.

Meanwhile, according to Li et al (2006) Competitive advantage is one factor that an organization is Able to create a state of defense against competitors and includes a feature that Allows an organization to extinguishing itself from its competitors. Based on the opinion of Li et al (2006) state that a competitive advantage is a factor that exist in an organization to create a space that serves to resist attacks from competitors and including what the company was able to beat its competitors.

Pesaingan in the industry is very dynamic. Along with the increasingly rapid environmental changes, making the competition is getting tougher. Many ways to gain a competitive advantage in the short term, for example obtained from low-cost strategy and differentiation strategy, the long-term competitiveness can only be achieved by innovation and continuous improvement. Agha et al (2011) defines competitive advantage as an advantage over competitors gained by delivering greater customer value, through lower prices or by providing more benefits that correspond to higher pricing.

To develop a sustainable competitive advantage is increasingly difficult (Horngren and Charles). The competitive advantage that can be obtained quickly disappeared. Companies can maintain a competitive advantage to the service they provide and the pattern of how they present it has a number of attributes in accordance with the criteria of the customer. In providing more value to customers, the company must consider several dimensions of competitive advantage / competitive advantage. Size in assessing the

achievement of competitive advantage is very necessary to know the extent to which the company has a competitive advantage compared to its competitors. From the definition of the above experts, it can be concluded that the competitive advantage or competitive advantage is the ability possessed by a company in delivering more value to customers than its competitors.

### **Dimensions of Competitive Advantage**

Dimensions in competitive advantage is cost, flexibility, delivery, and quality. According to Hosseini et al (2012) suggested that a competitive advantage is a strong desire in the master management: cost (cost), quality (quality), time (time) in which the achievement of customer value in order to create and sustain competitive advantage are closely related to aktivitas-activities undertaken by the company.

*The five dimensions of competitive advantage in the construct used in this study are:*

1. *Price / Cost*, The ability of an organization to be able to compete with competitors based on low price.
2. *Quality*. The company's ability to offer quality products and performance which makes a higher value for consumers.
3. *deliver dependability*, The ability of the organization to provide the time, type and number of products ordered consumers.
4. *Product innovation*. The ability of the organization to introduce new products and features to the market
5. *Time to market*, The ability of the organization to introduce new products faster than major competitors.

From the above opinion can be concluded that the proper dimensions to measure competitive advantage consists of flexibility in responding to market, cost, quality, and delivery.

1. Flexibility in responding to consumer

Excellence in responding to the wants and needs of the market is an important part in the dimensions of competitive advantage. As conveyed by Fleisher and Bensoussan in (Diab, 2014) "The Flexibility is important dimensions for the purpose of competition by quick responding to the customer's needs". Companies that have a competitive advantage to be able to providequick response to customers both for requests and complaints from customers.

2. Cost

Efficiency in the use of the company's operating costs in production is part of the achievement of the company's competitive advantage. According Baranes and Brady in(Diab, 2014) *"In addition we can say that the organisasi have a competitive advantage, when the accumulated costs related to productive activities less than Reviews those of*

*competitors", Factors that affect the cost low by Deborah in (Diab, 2014) "The factor that leads to lower costs; Increased experience, qualifications, and education, successful investment, suitable initiated polices for production and distribution, and the exploitation of resources available ".*

### 3. Quality

In order to achieve competitive advantage, quality of products and services play an important role or be the main thing. Quality is a priority to provide satisfaction to customers who become part of the competitive advantage. As argued by Barker in(Diab, 2014) "Use quality as the entrance to satisfy customers, not just as a way to solve problems and reduce costs".

### 4. Delivery

Shipping is an activity that requires a high cost in the use of the company's operating costs. So as to streamline operating costs, companies should prioritize rapid product delivery, timely and appropriate quality. Bakri and (Diab, 2014) *"The speed of services and response to customer demand has Become one of the factors of Competitions TransCanada organisasi, this is linked to the customers willingness to pay higher cost for the services or products he / she need in a timely"*.

## RESEARCH METHOD

According to their explanations level (level of explanation), the study were classified into descriptive and associative. Associative research is the relationship and influence of one variable to another variable. Reinforced by opinion Aaron (1994) associative descriptive research is research carried out to determine the value of an independent variable, while the associative research is research that aims to determine or influence the relationship between two or more variables. Of associative research will be constructed a theory that could serves to explain, predict and control a symptom or phenomenon.

The focus of this study is to determine how much influence the competence of entrepreneurs (entrepreneurial competence), through operating strategies to competitive advantage UMK culinary field in North Bandung area. The object of research that will be examined in this study, the variable of entrepreneurial competencies, operating strategy and competitive advantage. This research has a purpose which the writer wanted to know the perception of small businesses in the culinary field North Bandung area associated with entrepreneurial competence, operations strategy, competitive advantage. The aim of this study to determine the effect of entrepreneurial competence through operating strategies to competitive advantage.

Here operationalization of variables for this study.



**Table 3. Table Operationalization of Variables**

VARIABLE	CONCEPT	SUB VARIABLE	INDICATOR	SCALE
Competence Entrepreneur	It is the managerial capacity of the company leader to create and communicate a strategic vision to compile relations	• <i>Opportunity competency</i>	• Identify opportunities	Ordinal
			• Seize opportunities	Ordinal
			• Understand consumer desires	Ordinal
		• <i>Relationship competency</i>	• Interpersonal	Ordinal
			• Communication	Ordinal
		• <i>Conceptual competency</i>	• Make decision	Ordinal
			• Weighing the risks	Ordinal
			• Innovative analytical	Ordinal
		• <i>Organizing competency</i>	• Give orders	Ordinal
			• Delegate authority	Ordinal
			• Plan	Ordinal
			• Development program	Ordinal
		• <i>Strategic competency</i>	• Vision	Ordinal

<hr/>		<ul style="list-style-type: none"> <li>• Business strategy</li> </ul>	Ordinal
		<ul style="list-style-type: none"> <li>• The establishment of standards</li> </ul>	Ordinal
		<ul style="list-style-type: none"> <li>• <i>Commitment competency</i></li> </ul>	Ordinal
		<ul style="list-style-type: none"> <li>• Results orientation</li> </ul>	Ordinal
		<ul style="list-style-type: none"> <li>• Dedication</li> </ul>	Ordinal
		<ul style="list-style-type: none"> <li>• The capacity to make an impact</li> </ul>	Ordinal
Operations strategy	<i>Capacity Strategy</i>	<ul style="list-style-type: none"> <li>• Facility capacity</li> </ul>	Ordinal
		<ul style="list-style-type: none"> <li>• The level of capacity level</li> </ul>	Ordinal
		<ul style="list-style-type: none"> <li>• Location distribution</li> </ul>	Ordinal
	<i>Supply Network</i>	<ul style="list-style-type: none"> <li>• Compliance capabilities capacity</li> </ul>	Ordinal
		<ul style="list-style-type: none"> <li>• The level of ease of distribution locations</li> </ul>	Ordinal
		<ul style="list-style-type: none"> <li>• Shipping rates</li> </ul>	Ordinal

	<i>Strategy Including purchasing and logistics.</i>	<ul style="list-style-type: none"> <li>• Network with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Network suppliers</li> <li>• Order fulfillment to companies</li> </ul>	Ordinal
	<i>Process technology strategy</i>	<ul style="list-style-type: none"> <li>• Network with distributors</li> <li>• Use of the system</li> </ul>	<ul style="list-style-type: none"> <li>• Distribution network</li> </ul>	Ordinal
	<i>Development and organization</i>	<ul style="list-style-type: none"> <li>• Alternative Technology process</li> <li>• Assets owned technology</li> <li>• Resource management</li> <li>• Management of products / services</li> <li>• preparing reports</li> </ul>	<ul style="list-style-type: none"> <li>• Use of the system applied</li> <li>• Alternative technological processes</li> <li>• Technology asset ownership</li> <li>• Maintenance Employees</li> <li>• Supply management</li> <li>• Management of finished products</li> <li>• Preparing reports</li> </ul>	Ordinal
Competitive Advantage	<i>Price / Cost</i>	<ul style="list-style-type: none"> <li>• Usage fees</li> </ul>	<ul style="list-style-type: none"> <li>• Costs in the production process</li> </ul>	Ordinal
		<ul style="list-style-type: none"> <li>• Use of resources</li> </ul>	<ul style="list-style-type: none"> <li>• Use of resources</li> </ul>	Ordinal
	<i>Quality</i>	<ul style="list-style-type: none"> <li>• Hope products</li> </ul>	<ul style="list-style-type: none"> <li>• Hope products</li> </ul>	Ordinal
		<ul style="list-style-type: none"> <li>• Product performance</li> </ul>	<ul style="list-style-type: none"> <li>• Performance products made</li> </ul>	Ordinal

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Flexibility responding to market	Delivery	• Order delivery schedule	• Suitability delivery schedule	Ordinal
		• Total shipments	• Conformity number	Ordinal
	in to	• Speed response	• Customer response speed	Ordinal
		• Handling complaints	• Complaint response speed	Ordinal

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The analysis of this study is the small businesses culinary field. Descriptive study focuses on a systematic explanation of the facts obtained when the research is done. Descriptive research is research on issues such as the current facts of a population. The population in this study were all small business operators in food and beverage in the area of North Bandung. The samples are part of the population and is a member of the selected population. The sampling is a process for the selection of an adequate number of elements of the population. So that the sample can be generalized to the population, the sampling technique is done randomly (random), so that every member of the population has an equal chance to be selected into the sample. Random sampling is a probability sampling (probability sampling) of the sample is selected samples that meet the criteria of the researcher (satisfied random sampling). Criteria for small businesses culinary field. The number of samples set out in this study of 50 respondents small businesses culinary field in North Bandung area.

The data collection can be done in a variety of sources and in various ways. When seen from the data source, the data collection can be used primary data, and the data sekunder. Dilihat in terms of data collection method or technique, then the data collection techniques used in the conduct of research are as follows: A field study (field research) is a data collection primary performed by conducting a review directly to the companies concerned, with activities that include: 1) the interview, conducted by small businesses in North Bandung area. 2) Observation, namely observation and direct observation of the object being studied. 3) questionnaire, by providing a set of questions or a written statement to the respondent or the informant as small businesses in North Bandung area. In this study, the data generated in the form of perceptions, attitudes or opinions. To measure the perception of the scale used is a Likert scale.

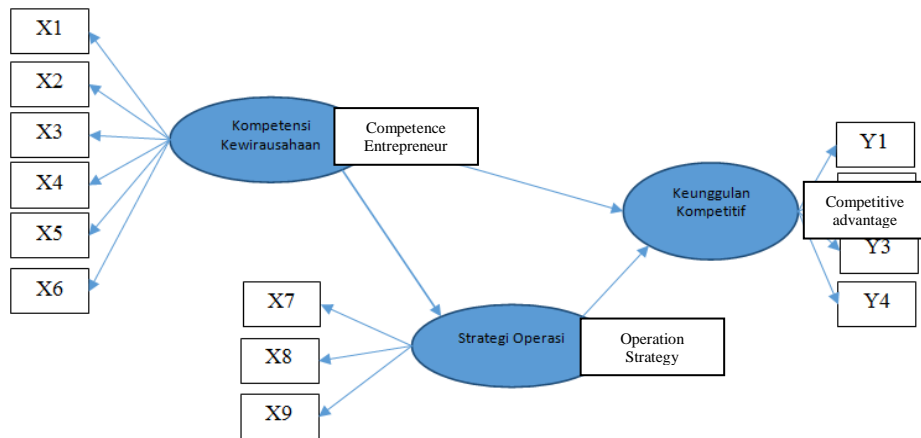
The activities in data processing are as follows: 1) Editing, check the list of questions submitted by the data collector. 2) Coding, classifying the answers of the respondents into categories. 3) Tabulation, job creating tables. The answers have been coded response categories and then put in tabel.4) Verification, checks whether or not the results of a survey that has been done. Equally important step in the framework of data collection activities are conducted tests on the instruments (gauges) will be used. Testing activities of research instruments include two things, namely the validity and reliability testing

To analyze the qualitative data through qualitative and quantitative analysis. In the descriptive analysis by Widarjono, each of the variables are categorized into four (4) categories of measurement results, namely: very low, low, medium, high. Each category is calculated and drawn in the frequency and proportion of distribution. Categorization is done by reviewing the total score variable positions within the limits of a minimum value, the first quartile, median, third quartile and the maximum that can be achieved as follows:

Minimal $\leq$ skor total < Kuartil I	: Very Low
Kuartil I $\leq$ skor total < Median	: Low
Median $\leq$ skor total < Kuartil III	: Medium
Kuartil III $\leq$ skor total < Maksimal	: High

To answer the question associative, who wanted to know the relationship of coordination, integration of supply chain and competitive advantage using the Partial Least Square Structure Equation Modeling (PLS-SEM). Excellence application verification analysis using PLS-SEM can use small samples or large samples as well as exploratory research and is able to explain the latent variables (Widarjono)

Element in the analysis of PLS-SEM lines in Figure 1, namely inner and outer models models. Inner models described the relationship arrows between independent latent variables (X1 and X2) and the dependent variable (Y). Outer model of the relationship shown by arrows between latent variables either dependent or independent and indicators. Outer model consists of two measurements ie pengukuran reflective and normative models. In measuring path using PLS-SEM SMARTPLS program 3.



**Figure 1. Model Path Analysis**

#### Outer Evaluation Model Reflective

Outer evaluation models aimed at evaluating the indicator variables. Measurement model latent variables in PLS-SEM there are two models of reflective and formative model.

Reflective model evaluation consists of (Widarjono):

1. *Indicator reliability*, Based on the outer loading, if the outer loading values higher than 0.7 the indicator variables need to be retained to test the theory, while testing for exploration between from 0.7 to 0.5. And when less than 0.5, then the indicator variables should be eliminated.
2. *Discriminat validity*, Using two methods, cross loading variables. Variable indicator of latent variables to be greater than other latent variables.
3. *internal consistency*, Composite reliability is used to measure the internal consistency. Testing the theory test should be larger value of 0.5.
4. *convergent validity*, Convergent Variance Extracted (AVE), is used to measure the convergent validity. AVE value must be greater than 0.5.

#### Inner Evaluation Model (Structural Model)

1. The significance and magnitude of the effect of independent latent variables  
This test is to determine whether the independent latent variables affect the dependent latent variables, through the t test. And evaluate each independent latent variables to see the path coefficient value (path coefficient).
2. The coefficient of determination R<sup>2</sup>  
The coefficient of determination measures how much variation latent dependent variable explained by the independent latent variables.

## FINDINGS AND DISCUSSION

Respondents in this study is SMEs in culinary area of North Bandung, Bandung regency. The respondent profile can be seen in Table 4 below.

**Table 4. Characteristics of Respondents**

Category	alternative Answers	Frequency	Percent (%)
Level of education	JSS	1	2
	SLTA	31	62
	S1	18	36
Total manpower	1-5 people	44	88
	6-10 people	4	8
	More than 10 people	2	4
The turnover per month	Rp.0 - less than Rp.5.000.000;	20	40
	Rp. 5,000,000 - 10,000,000;	14	28
	More than Rp. 10,000,000;	16	32
existence Suppliers	There is	29	58
	No	21	42
Presence Distributor	There is	29	58
	No	21	42

Source: data processing, 2018

Based on the above table survey respondents are SMEs culinary field in North Bandung area that the level of education mostly at the senior secondary level education by 62% and has the number of workers in part on the amount of labor groups between 1-5 employees by 88%. As for the amount of turnover per month is quite evenly for Rp.0 - less than Rp. 5,000,000; by 40%, from Rp. 5,000,000; - Rp.10.000.000; by 28% and exceeding Rp.10.000.000; of 32%. Furthermore, for the existence of bulk suppliers stating there by 58% and for the presence of distributors also stated in part there or have a distributor that is equal to 58%.

Furthermore, researchers conducted an analysis of the respondent's perception will be studied variables by using frequency distribution analysis to determine the category of each - each variable were examined. The results of the analysis are shown in Table 5 below:

**Table 5. Variable Frequency Distribution of Competencies Entrepreneurship**

No.	Dimension	Score	Category
1	<i>Opportunities Competency</i>	4.21	Very high
2	<i>Organizing Competency</i>	4.14	High
3	<i>Strategic Competency</i>	4.10	High
4	<i>Social Competency</i>	3.83	High
5	<i>commitment Competency</i>	4.24	Very high
6	<i>Conceptual Competency</i>	4.08	High
The average score of entrepreneurial competencies		4.1	High

Source: data processing, 2018

Based on the results of data processing as outlined in the table variable distribution frequency of entrepreneurial competence above shows that the competence of SMEs in culinary in North Bandung area included in the high category. From sixth on the entrepreneurial competence indicator above it appears there are two indicators that show a very high category namely *Opportunities Competency* and *Commitment Competency*. As for the four other categories included in the high category, *Organizing Competency*, *Strategic Competency*, *Competency* and *Conceptual Social Competency*. Furthermore, the data processing that generates a variable frequency distribution analysis of operating strategies appear in Table 6 below:

**Table 6. Variable Frequency Distribution Operations Strategy**

No.	Dimension	Score	Category
1	<i>capacity Strategy</i>	3.38	Enough
2	<i>Supply Network Strategy Including purchasing and logistics.</i>	3.45	High
3	<i>Process technology strategy</i>	3.95	High
4	<i>Development and organization</i>	3.89	High
The average score of the operating strategy		3.67	High

Source: Data processing, 2018

Based on the results in the table above shows that the variable operating strategy SMEs culinary field in North Bandung area included in the high category. All three indicators including high category, *Supply network Including purchasing and logistics strategy*, *Process technology strategy* and *Development and organization*. While there is one indicator that goes on enough category indicator *Capacity Strategy*. To determine the frequency distribution analysis results for a competitive advantage variables presented in Table 7 below.



**Table 7. Variable Frequency Distribution Competitive Advantage**

No.	Dimension	Score	Category
1	<i>Price / Cost</i>	3.78	High
2	Quality	4.16	High
3	Delivery	3.87	High
4	Flexibility in responding to market	3.99	High
The average score of competitive advantage		3.95	High

Source: Data processing, 2018

Based on the results of processing above shows four indicators in the variable competitive advantage are all included in the high category. Furthermore, researchers to test the validity of the research instruments using SMART PLS applications, while the results of testing the validity of research instruments that have done research presented in Table 8 below:

**Table 8. Outer Loading**

	Competence	Operations strategy	Competitive Advantage
X1	.845		
X2	0.887		
X3	.851		
X4	.713		
X5	0.779		
X6	0,829		
Y1		0.854	
Y2		0.801	
Y3		0,848	
Y4		.853	
Z1			.778
Z2			.706
Z3			0,782
Z4			.910

Source: Data processing, 2018

Based on the outer loading, each dimension has an outer loading value greater than 0.5 means that all of the dimensions can be used to form the outer model of Partial Least Square (PLS). As for the value of the discriminant validity can be seen in Table 9 below:

**Table 9. Discriminant Validity**

	Competitive Advantage	Operations strategy	Entrepreneurship competence
Competitive Advantage	0797		
Operations strategy	0496	0839	
Entrepreneurship competence	0668	0639	0819

Source: Data processing, 2018

Based on the value Fornier Larcker entirely latent variable value is higher than the other latent variables. So the models were built to qualify from discriminant validity. Furthermore, researchers conducted a test instrument to determine reliability. To measure the internal consistency reliability using composite value. The following table composite reliability results.

**Table 10. Composite Reliability**

Variables	Cronbach's Alpha
Entrepreneurship competence	0808
Operations strategy	0860
Competitive Advantage	0910

Source: Data processing, 2018

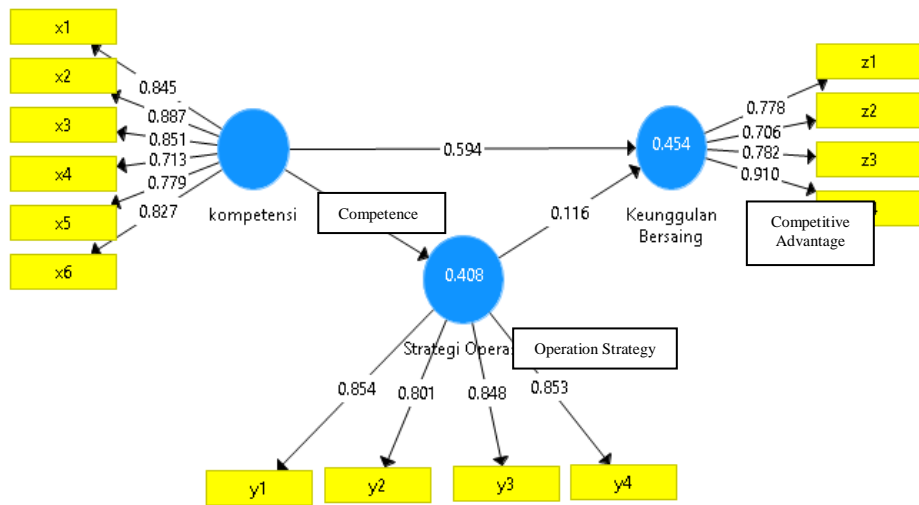
Based on the composite table reliability, to test the internal consistency, all variables have a value of more than 0.6. That is a model that is built eligible to establish a consistent model. In measuring convergent validity, we used the average variance validity. The results are presented in Table 11 below.

**Table 11. Validity Convergent**

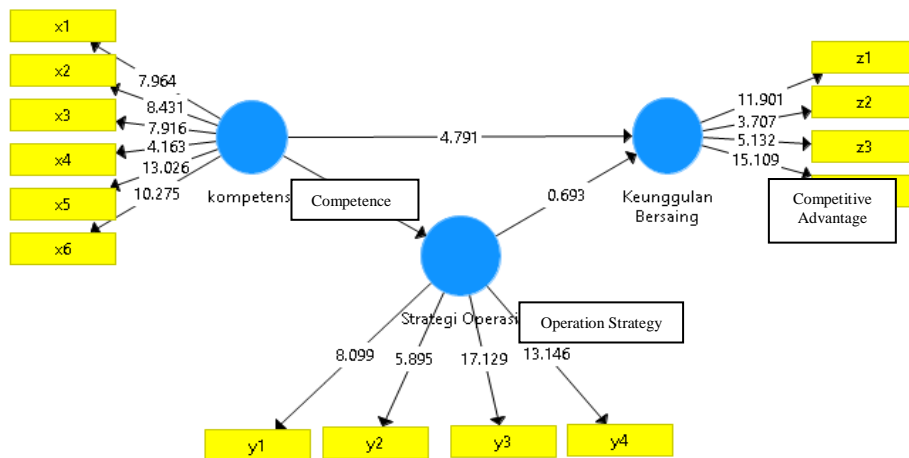
Variables	AVE
Competence	.670
Operations strategy	0704
Competitive Advantage	0.636

Source: Data processing, 2018

According to the table Average Variance Extracted (AVE) AVE showed values above 0.5 means that all outer valid model for this study so no need for removal of the indicator. Furthermore, to determine the result of the influence of entrepreneurial competencies to competitive advantage through operating strategies can be seen in the figure below:



**Figure 2 Effect of Competence terhadap Competitive Advantage Through Operations Strategy on Small Business communities in North Bandung Culinary Division PLS process Alogaritm**



**Figure 3 Effect of Competence terhadap Competitive Advantage Through Operations Strategy on Small Business Sector Actors in North Bandung Culinary Bootstrapping Process**

Based on the picture above is known that the correlation coefficient variable entrepreneurial competencies to competitive advantage amounting to 0.594, it shows the relationship between the variables of entrepreneurial competencies to competitive advantage included in the category of degree of relationship strong. While the value of the correlation coefficient between

entrepreneurial competence of the operating strategy is 0.639, demonstrating the relationship between the variables of entrepreneurial competencies to operating strategies have a strong degree of relationship. Furthermore, the correlation coefficient variable to variable operating strategy competitive advantage by 0.116, it shows the relationship between the variables to variable operating strategy competitive advantage in the weak category.

Furthermore, to obtain the value of the variable effect of entrepreneurial competencies to competitive advantage through operations strategy is done by calculating the coefficient of determination. The value of the coefficient of determination obtained from the squared correlation coefficient values. Coefficient of determination entrepreneurial competence variable to variable competitive advantage by 0.353 (35.3%). This suggests that the entrepreneurial competence variable to variable influence significantly the competitive advantage of 35.3%. While the coefficient of determination entrepreneurial competence variable to variable operating strategy is 0.396. This shows the influence of entrepreneurial competence variable to variable operating strategies significant effect of 39.6%. Then for the coefficient determininasi variable to variable operating strategy of competitive advantage by 0.013. This suggests that the effect of variable to variable operating strategy of competitive advantage of 1.3% means that the operating strategy not too significantly affect the competitive advantage. Furthermore, the coefficient of determination total effect of entrepreneurial competencies to competitive advantage through operating strategies at 0.431. This shows the influence of entrepreneurial competencies to competitive advantage through operating strategies sebesar 43.1%. 3% means that the operating strategy is not overly significant influence on competitive advantage. Furthermore, the coefficient of determination total effect of entrepreneurial competencies to competitive advantage through operating strategies at 0.431. This shows the influence of entrepreneurial competencies to competitive advantage through operating strategies sebesar 43.1%. 3% means that the operating strategy is not overly significant influence on competitive advantage. Furthermore, the coefficient of determination total effect of entrepreneurial competencies to competitive advantage through operating strategies at 0.431. This shows the influence of entrepreneurial competencies to competitive advantage through operating strategies sebesar 43.1%.

From the calculation above statistics showing that influence entrepreneurial competencies to competitive advantage through operating strategies have a positive influence this is in line with research that states that a high level of knowledge transfer can affect competitive advantage, Knowledge transfer within the competence of entrepreneurship have a positive influence on competitive advantage. This indicates a positive relationship between entrepreneurial competence and competitive advantage. Operations strategy

provides a competitive advantage LPD influence Buleleng. Windia and Suartana (2015).

## CONCLUSION

Based on the results of the discussion showed that the variables of entrepreneurial competencies of SMEs culinary field in North Bandung area as a whole showed a high category. Of the six indicators there are two indicators of high category indicators of competency and commitment competency opportunities while 4 indicators with high category and can be increased to a very high category namely organizing indicators of competency, strategic competency, social competency and conceptual competency. While the overall operating strategy variables showed high category, *Including supply network strategy of purchasing and logistics, process technology strategy, development and organization* while one indicator category enough and they can be upgraded to higher category ie indicators *capacity strategy*. Furthermore, the overall competitive advantage variable high category namely indicators price / cost, quality, delivery and flexibility in responding to market.

The results showed that the entrepreneurial competencies to competitive advantage a significant effect of 35.3%. While the influence of entrepreneurial competence to influence significantly the operating strategy of 39.6%. Then the influence of operations strategy on competitive advantage of 1.3% means that the operating strategy not too significantly affect the competitive advantage. Furthermore, the influence of entrepreneurial competencies to competitive advantage through operating strategies 43.1%. That is the level of competitive advantage is strongly influenced by the high and low levels of entrepreneurial competencies of SMEs culinary field in North Bandung area that is supported by the level of its operating strategy.

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