

Value Chain Analysis to Achieve Competitive Advantage (Survey on MSMEs in Tasikmalaya City)

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ABSTRACT

The most important goal of every business is to provide satisfaction to its customers. A business will be profitable if the value obtained is greater than the cost of production and services provided. As one of the icons of the City of Tasikmalaya, the fate of the kelom geulis businessmen is actually getting worse. The invasion of cheap imported sandals and shoes that entered the local market and shops, has made the kelom more marginalized. Even a number of galleries of kelom business actors have closed or switched to selling other products due to the lack of buyers. Value Chain Analysis is one of the strategic tools that companies can use to achieve competitive advantage. Value Chain Analysis is able to identify the internal and external parts of the company, namely the existence of main activities and supporting activities with the ultimate goal of making a profit. This study aims to determine the effect of value chain analysis on the competitive advantage of the company, so that it can provide input and renewal for MSMEs in Tasikmalaya City. This research will be carried out at MSMEs in the city of Tasikmalaya with survey methods and quantitative approaches, and sampling using area sampling techniques. The data source used is primary data, and the data collection technique used is a questionnaire distributed in the form of google form. Hypothesis testing in this study uses simple linear regression analysis.

Keywords: Competitive Advantage, Value Chain Analysis

INTRODUCTION

In the era of globalization, competition in the business world is getting tighter. Companies must be able to compete with local products and products from outside. People in Indonesia also seem to prefer imported goods to local brands. This is a challenge for domestic products to remain able to compete and excel in their own country. In addition, in marketing products now, it is not only face-to-face with consumers but by trading online (Andriani, 2018). The city of Tasikmalaya, which is experiencing a fairly rapid development, has now started many new entrepreneurs entering the business world. Lots of local products, be it food, fashion, and services. However, from a long time ago, there are companies that have been established for a long time, producing goods that contain elements of local wisdom which are now the hallmark of Tasikmalaya City, namely Kelom Geulis, Embroidery, and Batik. However, not all companies can face competition because they are unable to keep up with the times, lack of innovation, and fairly tight price competition. Through the concept of the company value chain can broaden the understanding that the company must interact with its suppliers, distributors and customers. The organizational value chain and the value chain of suppliers,

distributors and customers collectively form a value system. Based on the background that has been explained, the formulation of the problem is whether value chain analysis affects the competitive advantage of MSMEs in Tasikmalaya City. This study aims to determine the effect of value chain analysis on competitive unity in MSMEs in Tasikmalaya City. This research is also expected to provide benefits for companies that are just entering the world of business and for those who are currently maintaining a company. Hansen and Mowen (2000, p. 369) argue that in order to create and maintain competitive advantage, a company must understand the entire value chain and not only the parts where they can explain. Value chain analysis is used as a tool to calculate costs starting from raw materials until the product reaches consumers. David (2009, p. 227) suggests that value chain analysis is a process related to costs associated with organizational activities from purchasing raw materials to production and marketing of these products. Value chain analysis is a technique to take a competitive advantage from a company. Porter (2001) introduced this technique, where the principle of this analysis is to divide the business unit strategy into two activities, namely Primary Activities and Supporting Activities.

RESEARCH METHOD

The object of this research is the UMKM in Tasikmalaya City. The methodology used in this study is a quantitative method by examining the relationship between value chain analysis and competitive advantage. The statistical test used is Simple Linear Regression Analysis. The target population in this study is the UMKM companies in Tasikmalaya City. The sampling technique uses stratified random sampling, which is taking proportional random samples. The data collection technique used was a questionnaire. The Research Team conducted a survey and sampling to several MSMEs in the City of Tasikmalaya. Then make a statement that the company is willing to be investigated If the research team has received the willingness of MSMEs, then research can be carried out by providing a questionnaire, which will then be processed. After obtaining the results from data processing, the research team was able to complete this research. The chairperson and members will jointly complete the planned research.

RESULTS AND DISCUSSION

In this study, survey and questionnaire distribution at MSMEs in Tasikmalaya City include Traditional Batik Agnesa Stores, Sheny Kelom Geulis Shops, Jepara Meubeul, Haryati Embroidery, and others. Products such as batik, geulis, embroidery and meubeul are superior products typical of Tasikmalaya City. Based on the results of data processing:

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.757	.559		1.355	.186
Rantai Nilai	.780	.191	.611	4.079	.000

a. Dependent Variable: Competitive Advantage

Ha is accepted because $0.000 < 0.05$, in other words the value chain has an effect on competitive advantage. So, business actors really need to pay attention to value chain analysis. Based on respondents' answers related to;

1. The main activities of value chain analysis:

Main logistics, 41.9% of business actors sometimes have difficulty getting raw materials to produce, and they can control raw material supplies quite well.

Operational activities, the manufacturing process carried out by business actors still use traditional methods such as meubeul, kelom geulis, batik, while convection uses more modern methods using machines.

Logistics Out, 71% of business actors provide a place or warehouse for storing finished goods and are ready to be distributed to distributors or shops directly.

Marketing and Sales, to market their products 32.3% sometimes use social media to promote their products. Apart from that they are able to sell the product that the customer wants.

Servicing, 64.5% of stores provide good service to consumers, and employees are able to process ordered products well.

2. Supporting activities of value chain analysis;

Purchasing, the producers always buy the necessities needed in the production process activities.

Technology Development, more than 50% of business actors develop technology that can support the production process.

Human Resource Management, nearly 50% of business owners carry out the recruitment process for employees in accordance with standard operating procedures, prior training is carried out for employees who help in producing goods, and make plans before carrying out production activities.

Company infrastructure, business actors already have their own premises, their own shops, factories where they are produced, as well as equipment that supports their production activities according to the type of product.

Value Chain Analysis to achieve Competitive Advantage.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.611 ^a	.373	.350	.56785

a. Predictors: (Constant), Rantai Nilai

Adjusted R Square = 0.350 means that 35% of competitive advantage is influenced by value chain variables, the remaining 65% is influenced by variables that are not studied. To achieve a competitive advantage, MSME players in Tasikmalaya City have products whose prices are in accordance with product quality and competitor prices, and use modern technology that can increase competitive advantage.

CONCLUSIONS

Based on the results of the analysis and discussion that has been done, the author can draw the following conclusions;

1. Value chain analysis has an effect on achieving a competitive advantage. UMKM entrepreneurs have also been said to be good at carrying out all main activities and supporting activities.
2. To achieve a competitive advantage, MSME players in Tasikmalaya City have products whose prices are in accordance with product quality and competitor prices, and use modern technology that can increase competitive advantage, and have unique and distinctive products.

There are suggestions for entrepreneurs, namely to control more raw material supplies, more broadly in marketing products and maintaining product uniqueness so that products from Tasikmalaya can go global, and develop technology. In addition, suggestions for further research are based on the results of data processing that 35% of competitive advantage is influenced by value chain variables, the remaining 65% is influenced by variables not studied. Therefore, researchers want to know what factors can affect competitive advantage apart from value chain analysis.

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