

The Effect of Social Entrepreneurship on Organizational Learning, Partnerships, Competitive Advantages and Business Performance (Study on Small Scale Enterprises in Creative Industries Oriented in DKI Jakarta Province)

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Abstract:- SMEs have an important role for the economy. However, SMEs are also have with various problems, such as high levels of competition and high risk of business failure. “Various empirical studies prove that the main factors determining the success of SMEs are determined by the application of strategic management, such as organizational learning, partnerships, competitive advantage, and business performance”. Some of these aspects are categorized as forming aspects of social entrepreneurship entities. However, there is still debate whether social entrepreneurship is truly able to be a determining factor for the success of SMEs.

The results of this study found that : social entrepreneurship has a significant effect on organizational learning, partnerships; competitive advantage, business performance. The sample of this study was 168 small-scale apparel business oriented creative industries in DKI Jakarta. The sampling technique is through the Slovin formula. Sources of data obtained through questionnaires and supported by field documentation. From the results of data acquisition, then analyzed through: descriptive statistics, inferential statistics through GSCA (Generalized Structured Component Analysis).

Analyzed and hypotheses : “organizational learning has a significant effect on competitive advantage, partnerships, business performance. Partnership does not significantly influence competitive advantage, significant effect on business performance. Competitive advantage has a significant effect on business performance”.

Keywords:- Social Entrepreneurship, Organizational Learning, Partnerships, Competitive Advantage, Business Performance.

I. INTRODUCTION

A. Background

The increase in investment value shows that the contribution of small and medium businesses (SMEs) is also relatively higher than that of large scale businesses. Over the past five years (2014 - 2018), the average contribution of SMEs to the total investment value per year reached 53.38 percent, higher than large businesses, which averaged 46.61 percent. SMEs in Indonesia are often seen as a business scale that refers to three main categories, namely capital level, asset value, and sales volume (Nugraha, Nugroho & Yulianti, 2015). Therefore, the criteria of SMES are more referring to Law Number 20 Year 2008. This category of SMES is briefly shown in table 1 following.

No	Criteria	Omset	Asset
1	Micro	< Rp. 300 million	< Rp. 50 million
2	Small	Rp. 300 million – Rp. 2,5 billion	Rp. 50 million – Rp. 500 million
3	Intermediate	Rp. 2,5 billion– Rp. 50 billion	Rp. 500 million – Rp. 10 billion

Table 1:- Criteria SMEs
Source : Law Number 20, 2008

SMEs are able to create local innovations and transfer knowledge more effectively than large scale industries (Southiseng, 2012). This is because large companies are usually exclusive and closed, in contrast to SMEs that are communal on the basis of shared needs. Some of these roles make SMES very important as a source of employment, media allocation and distribution of resources, and able to drive the regional economy through the utilization of local resources.

The development of the number of SMEs that continues to increase is able to contribute significantly to

the increase in the value of GDP and investment, the average contribution of SMEs to GDP per year reaches 57.29 percent, higher than the types of large businesses (UB), which averaged 42.58 percent. This fact reinforces the findings of Idar, Yussof & Mahmood (2012), that SMEs are proven to be able to produce relatively large added values for the economy. According to Kusumawardhani & McCarthy (2013), the growing number of SMEs has the potential to strengthen the structure of the domestic economy through increased investment growth.

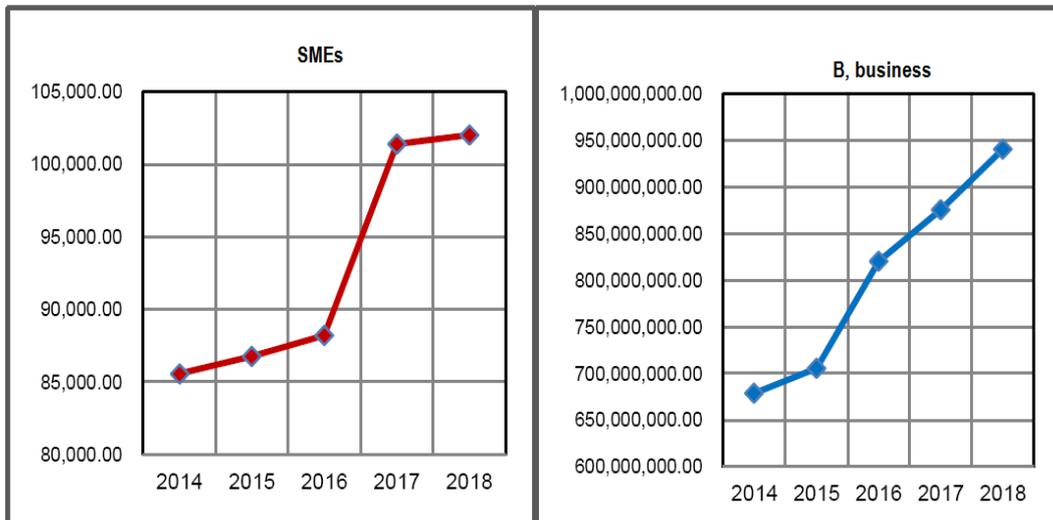


Fig 1:- Comparison of Income Per Unit of UMKM and UB Actors

Source : Ministry of Cooperatives and Small and Medium Enterprises (Processed), 2018

The condition of SMES is in contrast to the growth in income per unit of UB actors, which continues to increase significantly each year. Disparity between SMEs. When the added value of UMKM tends to remain constant, while the number of perpetrators continues to increase, it actually has implications for the income per one UMKM unit whose trend tends not to develop. Figure 1.5 Panel A shows that revenue growth per unit of SMES actors is not very significant, (except in, 2016-2017) and UB is also very high, which can be seen from the very noticeable per unit income. If it is averaged, the revenue per unit of UMKM actors for five years is only Rp. 92.79 thousand, compared to UB actors who reached Rp. 804.33 million. This means that both income disparities reach nine thousand times.

Figure 1, can be a signal that the risk of business failure (risk of loss) faced by SMEs in the face of market competition is very high. The problems of SMEs on average are motivated by the existence of business status, which is mostly in the form of medium risk (high risk) and high risk. This risk category can be seen from the complexity of the needs of production inputs and the abundant number of business competitors.

B. Problem Formulation

Based on the background description that has been described, then the problem is formulated : “(i) social entrepreneurship on organizational learning; (ii) social entrepreneurship on partnerships; (iii) social entrepreneurship on competitive advantage; (iv) social entrepreneurship on business performance; (v) organizational learning on competitive advantage; (vi) organizational learning on partnerships; (vii) organizational learning on business performance; (viii) partnership towards on competitive advantage; (ix) partnerships on business performance; and (x) competitive advantage on business performance”.

C. Research Purposes

Answering the formulation of the problem, the purpose of this study is to Analyze and explain the contribution : “(i) social entrepreneurship on organizational learning; (ii) social entrepreneurship on partnerships; (iii) social entrepreneurship on competitive advantage; (iv) social entrepreneurship on business performance; (v) organizational learning on competitive advantage; (vi) organizational learning on partnerships; (vii) organizational learning on business performance; (viii) partnership towards on competitive advantage; (ix) partnerships on business performance; and (x) competitive advantage on business performance”.

II. LITERATURE REVIEW

Management strategy is related to the value proposition as the reason why customers choose the company over others. Strategy management is also understood as knowledge in formulating, implementing, and evaluating cross-functional decisions that enable an organization to create value as a primary goal (Rastislav & Silvia, 2015: 34). Strategy management is very important in maintaining and developing competitiveness and business performance, (Hussler et al, 2012).

Company value is closely related to employee empowerment in a company. The stronger corporate value, the greater the encouragement of employees to move forward together with the company. Based on this, the introduction, creation, and development of corporate values in a company is absolutely necessary in order to build an effective and efficient company in accordance with the vision and mission to be achieved, (Hussler et al, 2012).

Organizational culture basically has two important functions in strategy management.

First, organizational culture functions as an organizational unifier (internal unity), because organizational culture is able to define a normative order that functions as a shaper of the behavior of organizational members consistently. Second, organizational culture functions as an acceleration of the process of adaptation to external changes, (Hussler et al, 2012).

Based on these two functions, organizational culture is expected to increase the resilience of strategic management

planning. To that end, some researchers suggest dividing the core of organizational culture as a factor forming strategy management into four quadrants, namely :

- Quadrant one is called a mission (mission), which contains the clarity of the company's target formulation, so that it can be used as a guide for members of the organization to take future action. This quadrant consists of three components, namely: (i) direction and policy strategy (strategy direction and orientation), (ii) goals and objectives (goals and objectives), (iii) future views to be achieved (vision).
- Quadrant two is called consistency, which is a collective agreement about a consistent internal organizational system, so that can be used as a method of unifying, coordinating and controlling at the same time running an organization. This quadrant consists of three components, namely: (i) coordination and integration, (ii) agreement, and (iii) core corporate values (core corporate values).
- Quadrant three is expressed as an involvement (involvement) which aims to realize a sense of ownership and responsibility (ownership and responsibility) of each member of the company. This quadrant consists of three components, namely: (i) empowerment, (ii) orientation to teamwork (team orientation), and (iii) capability development.
- The fourth quadrant is expressed as evaluation and adaptation, which aims to evaluate and adapt various innovations for the company. This quadrant consists of two components, namely: (i) creating change (creating change); and (ii) customer focus.

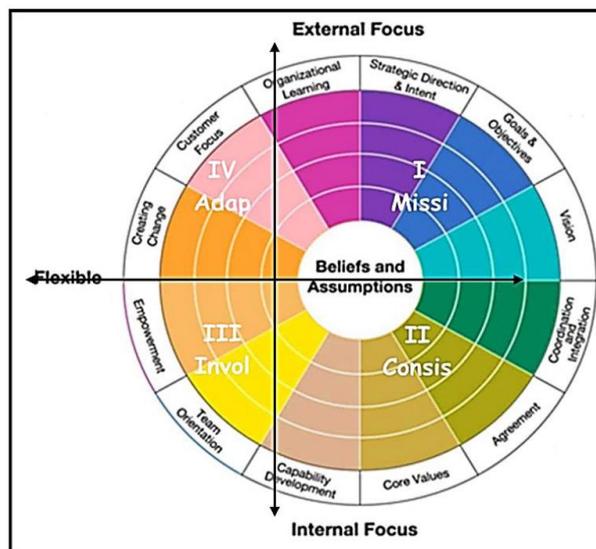


Fig 2:- Organizational Culture Model for Strategy Management
Source : Ahmed & Shafiq (2014)

In practice in several countries, other models in building the MSME social entrepreneurship ecosystem are demonstrated in the practice of developing a microfinance program as a community forum consisting of MSME actors. Figure 2.9 demonstrates the microfinance ecosystem

of average practices in various countries, such as the results of Ikechukwu's (2012) study in Nigeria; Bauer, Chytilova & Morduch (2012) in India, and Amin, Ashok & Giorgio (2013) in Bangladesh. In this context, microfinance is a community forum for MSME members, where a stronger

MSME is able to encourage the development of weaker MSMEs, both through partnerships and models of sharing financial resources.

The conceptual framework in Figure 2 links the relationships between variables, where social entrepreneurship has an influence on organizational learning, business partnerships, competitive advantage, and business performance. While organizational learning has an influence on business partnerships, competitive advantage,

and business performance. For business partnerships have an influence on competitive advantage and business performance. For competitive advantage has an influence on business performance. The relationship of all these variables makes this research more comprehensive than previous studies which have not been able to see the relationship of five variables simultaneously, namely social entrepreneurship, organizational learning, business partnerships, competitive advantage, and business performance.

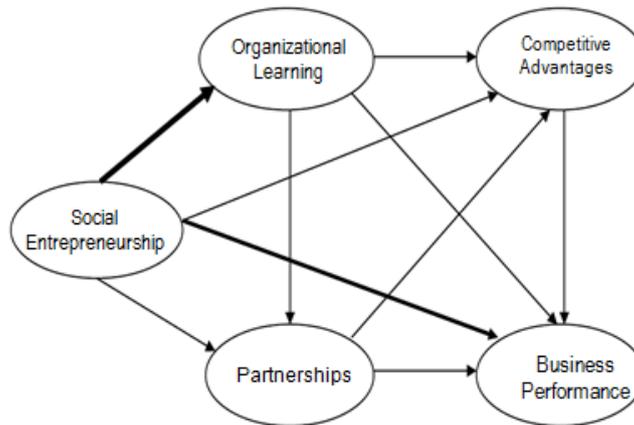


Fig 3:- Research Conceptual Framework

The thick lines are shown by the relationship between social entrepreneurship with organizational learning, and social entrepreneurship with business performance. The relationship between the two indicates that previous research has not been studied. Even if it has been studied, it is suspected that the number is still very lacking, so that in an empirical and theoretical context there is still a need for comprehensive research deepening. For this reason, this research is needed in completing these deficiencies.

III. RESEARCH METHODS

The type of research used is explanatory research. This is in accordance with similar research concepts that try to see the relationship between exogenous variables and endogenous variables which are a series of causal or causal influences. The total population in this study was 303 small business operators located in DKI Jakarta with a sample of

168, determining the sample based on the Slovin formula. Then analyzed through: descriptive statistics, inferential statistics through GSCA (Generalized Structured Component Analysis).

IV. RESULTS AND DISCUSSION

Spatially, each respondent is spread as a whole in DKI Jakarta, which is divided into 5 cities, namely: (i) West Jakarta; (ii) East Jakarta; (iii) North Jakarta; (iv) South Jakarta; and (v) Central Jakarta. Of the 5 locations, the most respondents were in East Jakarta with 43 respondents (25.60%), the second was West Jakarta with 39 respondents (23.21%), the third was North Jakarta with 38 respondents (22.62%) , fourth is Central Jakarta with 26 respondents (15.48%), and fifth is South Jakarta with 22 respondents (13.10%). The data reflects that the location of respondents is spread and evenly distributed.

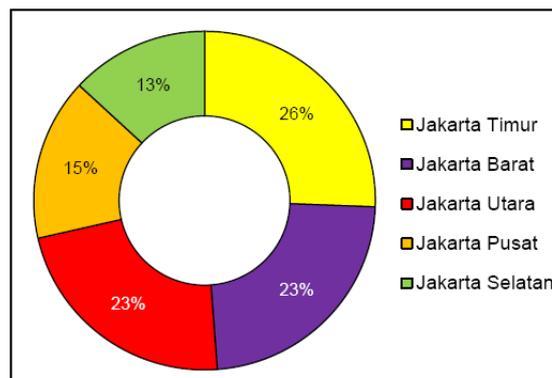


Fig 4:- Composition of Respondent Distribution Source : Primary Data Processing Results, 2019

Evaluation of the coefficients or parameters that show a causal relationship or the effect of one latent variable on another latent variable. A causal relationship is declared insignificant if the value of the critical ratio (C.R) is between the range -1.96 and 1.96 with a significance level of 0.05. With the help of the GSCA program application, it is obtained the estimated value of the structural model critical ratio. In summary the results of the calculation of the coefficients are presented in the following diagram.

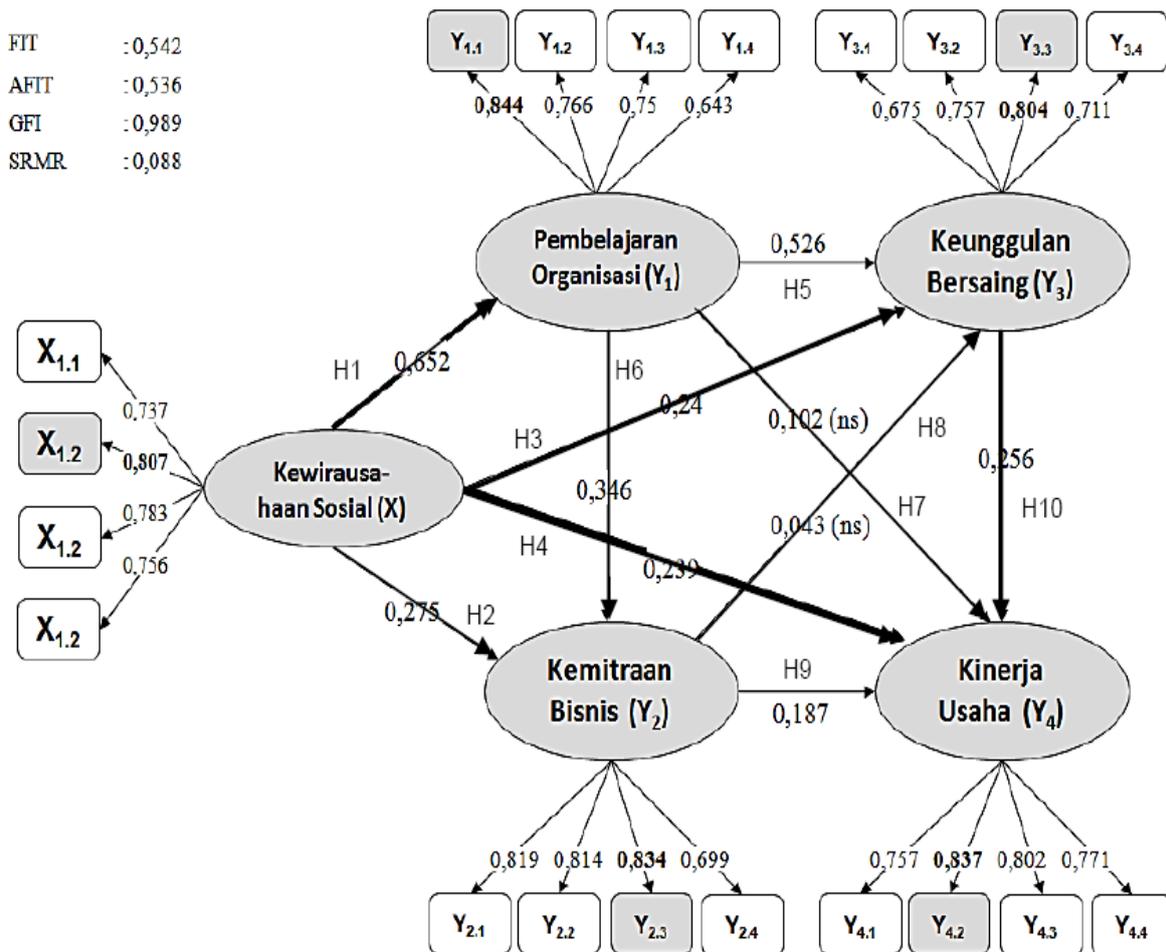


Fig 5:- Structural Model Path Diagram (Inner Model)
 Source : Primary Data Processing Results, 2019

The results of estimation and testing of the above hypotheses can be findings to explore the tested hypothesis models as they have been assembled in the construction of the conceptual framework of the study. As explained in the conceptual framework, there is a relationship between variables, where social entrepreneurship has an influence on organizational learning, business partnerships, competitive advantage, and business performance. While organizational learning has an influence on business partnerships, competitive advantage, and business performance. For business partnerships have an influence on competitive advantage and business performance. For competitive advantage has an influence on business performance. The relationship of all these variables makes this research more comprehensive than previous studies. Furthermore, the Hypothesis Test Model can be presented as shown below.

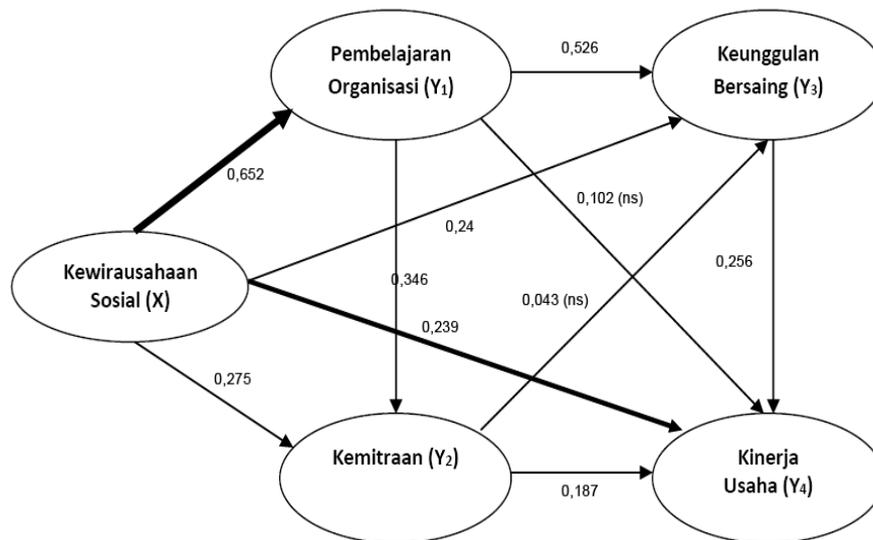


Fig 6:- Tested Hypothesis Model
Source : Primary Data Processing Results, 2019

Social entrepreneurship practices have a high impact on the commitment of business owners to continue to conduct training and development. This finding reinforces what was stated by Syahza (2012), that the touch of social entrepreneurship has an impact on improving business performance due to the strong commitment of business owners in conducting training and development programs.

An important principle in partnership is that both parties must continuously improve the quality of goods or services as well as the efficiency or cost or price of the said goods / services. Thus, companies can survive in increasingly fierce global competition. Resilience in competition causes the company to survive and can develop continuously in the quality and price of goods is in the interests of both parties.

The relationship between market access and competitive advantage has been widely stated by empirical research evidence. As stated by Klupalova (2011), where market accessibility has a crucial role in shaping sales security. High and low levels of sales not only affect the profit, but in a certain period of time will affect the competitive advantage of a company. The creation of competitiveness is caused by easy market access which is able to bring access to products that are also easy for consumers. Ease of consumers in accessing the market can be a competitive advantage because not all competitors can do that.

Company characteristics as measured by business performance or company size have a significant positive effect on profitability and firm value. The size of the company can affect the extent of information disclosure in their financial statements (Ashas, 2016).

In addition to contributing to further studies, this research is also very important practically because it intends to apply or test theories into reality / empirically.

The specification of contributions is practically described as follows :

- The test results in this study are needed by business people, especially the SMES scale. The results of this study can be used as a reference in managing company management and human resources oriented towards social entrepreneurship commitment, so that the company does not lose some needs in winning market competition. During this time, the implementation of the concept of social entrepreneurship is often difficult to implement, namely there is still confusion in managing profit-oriented companies while also having an impact on social improvement. The confusion is often difficult to translate how to manage social entrepreneurship oriented companies, especially for SMES SMEs.
- The results of the empirical (inductive) research carried out are expected to produce propositions, namely striving to provide a better understanding related to the relationship between variables. This understanding is expected to develop the construction of corporate management, especially SMEs, which have been synonymous with the old style, that is, they have not seen a complete connectedness of variables, including social entrepreneurship, organizational learning, partnerships, excellence compete, and business performance. Whereas theoretically, optimal management of social entrepreneurship is required in order to be able to accommodate all variables in order to be able to produce the right decision. The relationship between variables and indicators presented in this study is expected to explain how to apply social entrepreneurship practices carried out on organizational learning strategies, partnerships, realizing competitive advantage, and implementing governance that can achieve business performance.
- Some features and positions of modern social management governance require comprehensive research, so this research seeks to fill these gaps. The

vacancy referred to is the lack of research capable of explaining the complex relationship between :

(i) social entrepreneurship on organizational learning; (ii) social entrepreneurship towards partnerships; (iii) social entrepreneurship towards competitive advantage; (iv) social entrepreneurship on business performance; (v) organizational learning towards competitive advantage; (vi) organizational learning towards partnerships; (vii) organizational learning on business performance; (viii) partnership towards competitive advantage; (ix) partnerships on business performance; and (x) competitive advantage over business performance.

Increasing partnerships for SMEs will be able to improve business performance. This research presents a variety of partnership dynamics and strategies that can be done. Increasing partnerships can improve the performance of SME businesses through the benefit of partner relationships, so that this research can be adopted for improving SMEs business performance through partnership strategy.

V. CONCLUSION

A model of deepening the results of the field is needed in order to deepen the results of hypothesis testing. This is very much needed in strengthening the proposition of research results that are truly able to explore the relationship between social entrepreneurship, organizational learning, partnerships, competitive advantage, and business performance on small scale business actors. Deepening of the results of the field through indepth interviews is also needed in exploring the reasons for the phenomena of each variable.

An analysis of the use of Information Technology (IT) is needed as a supporting aspect of the influence of the relationship between social entrepreneurship, organizational learning, partnerships, competitive advantage, and business performance on small scale business actors. The use of IT analysis is very much needed, considering that currently entering the digital economy which has a significant impact on the performance of business actors, including the level of SMEs.

SUGGESTION

The application of the concept of social entrepreneurship in the case of SMEs has proven to have implications for several variables of competition and strategic management, both for organizational learning, partnerships, competitiveness, and business performance. The relationship between endogenous and exogenous variables is also positive, which indicates that all of these variables work in harmony and have mutual implications. Therefore, future SME development strategies must pay attention to the principles of social entrepreneurship, which are expected to have an impact on optimizing

organizational learning, partnership strategies, competitive advantage, and improving business performance.

Social entrepreneurship has a significant effect on organizational learning. Therefore, in designing the UMKM development strategy it is very much needed a training and development program in order to increase the capacity of SMEs in developing company organizations.

Social entrepreneurship has a significant effect on business performance. Therefore, in designing the SMES development strategy, it is necessary to develop several programs related to this research variable, namely the need for social entrepreneurial practices, expansion of partnerships, and improvement of business competitiveness. All of which can have implications for improving business performance oriented to increasing profit.

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