



# IMPACT OF KNOWLEDGE MANAGEMENT, ENTREPRENEURIAL MOTIVE, AND COMMUNITY CULTURE IN INCREASING COMPETITIVE ADVANTAGE IN SMALL AND MEDIUM INDUSTRIES (SMIs) IN PEKANBARU CITY RIAU PROVINCE.

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**Abstract:** This study aims to determine the effect of knowledge management, entrepreneurial motives, and community culture in increasing competitive advantage in small and medium industries (SMIs) in the city of Pekanbaru, Riau Province. The population in this study were Small and Medium Industry Business Actors (SMIs) in Pekanbaru City, amounting to 369 people. The sample size is determined by the Slovin formula with a total of 78 people. Data was collected using questionnaires distributed directly to respondents. The analytical tool used is Multiple Linear Regression using factor analysis through the SPSS Version 21 application. The F Test results are proven together Knowledge Management variables, Entrepreneurial Motives, Community Culture have an influence of 24.89 with a significance level of 0.00 against Competitive Advantages, and based on the results of the T test on Hypothesis 1 Testing, there is the influence of Knowledge Management on Competitive Advantages. Testing Hypothesis 2 there is no effect of entrepreneurial motives on competitive advantage and hypothesis 3 testing there is an influence of community culture on competitive advantage.

**Keywords:** *Knowledge Management, Entrepreneurial Motives, Community Culture and Competitive Advantage*

## INTRODUCTION

An unstable economic situation is evidenced by the decline in people's purchasing power, resulting in an increase in the number of poor people both in the village and in the city. Starting from the experience of the crisis in 1998 where many large businesses went bankrupt and even closed, but small businesses actually still exist and are able to go through a crisis without feeling any significant influence. Based on this situation it can be assumed that small businesses basically have their own strength in helping the community to survive and fulfill their household needs.

Another phenomenon that has been faced in recent years is related to economic inequality. There is an imbalance between middle and upper economic groups and middle lower economic groups. Communities with upper middle economic groups have high purchasing power. On the contrary, the middle to lower income economies tend to be low. This problem occurs because the income of the middle to lower class is only enough to be spent on basic needs. As a result of these conditions, many business



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players belonging to small and medium industries face slow business growth, due to the sale and purchase that are not running rapidly.

To get out of the problem, small and medium industries need to think strategically in managing the business. The first step that must be done is to look at what is in the middle class's interest, because they are the ones who can help increase operating income. This is clearly not easy because there are so many things that have to be prepared so that products are in demand by the upper middle class. If that can be done, of course, small and medium industries can be one step ahead of the previous conditions. In the future it is not impossible that small and medium industries can compete with other large industrial groups, especially being able to compete in the region itself, which in the end continues to go further in the wider market.

Pekanbaru as the capital of Riau Province is a city that has quite a number of SMIs. The growth of SMIs in Pekanbaru is quite rapid among other cities / regencies in Riau Province. Based on data from the Pekanbaru City Industry and Trade Office in 2017 the development of SMIs in the city of Pekanbaru continues to increase, as evidenced by the number of new business units that have sprung up even though the percentage increase is not too high. This indicates that SMIs has a good business opportunity in the city of Pekanbaru.

Based on previous research, it is known that lack of knowledge, low motives for entrepreneurship and community culture have proven to have a significant effect on business performance. The study was conducted on female MSMEs in Pelalawan District. However, the current research target focuses more on Small and Medium Industries, especially on formal SMIs, because it will be easier if in the future there will be prospects for creating competitive advantage. If you only look at women MSMEs, of course the research target is too small, especially there are still many MSMEs whose business licenses are not yet clear.

This study focused more on Small and Medium Industries engaged in food manufacturing in the City of Pekanbaru. Based on the available data the number of food entrepreneurs in twelve sub-districts in Pekanbaru City is presented in the data Table 1.

**Tabel 1. Recapitulation of SMIs Based on District Areas  
IN 2017**

NO	DISTRICT	FOOD AND MEDIUM INDUSTRY CLASSIFICATION OF FOOD SECTOR BASED ON SMIs DITJEN	
		Number of SMIs	%
1	SUKAJADI	37	10,03%
2	PEKANBARU KOTA	22	5,96%
3	SAIL	15	4,07%
4	LIMAPULUH	16	4,34%
5	SENAPELAN	48	13,01%
6	RUMBAI	9	2,44%
7	BUKIT RAYA	32	8,67%
8	TAMPAN	49	13,28%
9	MARPOYAN DAMAI	30	8,13%
10	TENAYAN RAYA	27	7,32%
11	PAYUNG SEKAKI	76	20,60%
12	RUMBAI PESISIR	8	2,17%
	<b>TOTAL</b>	<b>369</b>	<b>100,00%</b>

- Figure 1. shows good potential for the interest of the people in the city of Pekanbaru to start a business as business people. Especially certain locations such as Payung Sekaki, Tampan, Bukit Raya, Marpoyan Damai, Sukajadi, Senapelan and Pekanbaru Kota. There are several locations that are considered to have enough businesses. However, overall it is not considered to have the same problem, that is the business performance is not optimal and has not been able to demonstrate competitive advantage in the business it manages.



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The phenomenon that strengthens the knowledge management variables that are thought to play a role in determining the business backwardness is carried out, can be seen from what was stated by a group of business people who became samples in pre-survey who said that they did not understand how to apply for loans to third parties to obtain additional capital for develop their business, besides that they also appear not to have records relating to incoming money and cash out which is one of the requirements if you want to borrow from the Bank. Knowledge about the product and the way to produce it correctly is also an obstacle for most businesses. In connection with marketing aspects such as knowledge of the market, form, packaging and consumer tastes, all these things have not yet become the focus of the Small and Medium Industry in Pekanbaru city. For human resource management has not been the focus of business people at all, because it has not used a lot of workforce in the managed business. This is certainly due to the undeveloped business that does not require additional workforce. Other than that, knowledge about producing, packaging in a modern way still needs to get guidance. To be able to compete and compete in a healthy manner SMIs still has a lot to learn.

The phenomenon related to the motives of entrepreneurship is illustrated by the lack of enthusiasm of business people to find solutions to every problem they face in doing business. Not aggressive to find solutions related to the many business constraints found, do not want to learn from experiences and failures that have been faced. According to Soparman Soemahamidjaja in (Suryana, 2009: 4) that the motives of an entrepreneur are due to several things, namely, (1) the ability to formulate life goals, this is to understand what is his will. (2) the ability to motivate themselves to give birth to determination to build increased welfare. (3) the ability to take initiative that gives birth to creativity (creativity) in themselves to create an acknowledgment from the community about the existence of their business. (4) achievement-oriented which is reflected in the views and acting on opportunities, efficiency, prioritizing the quality of work, planning and prioritizing monitoring. The motive is actually enough to be a force to be able to boost business better. Someone who has an entrepreneurial talent can develop his talents through education. To become a successful entrepreneur, having talent is not enough, but also must have the knowledge of all aspects of the business that he will pursue. Entrepreneurship arises when an individual dares to develop his businesses and new ideas. The entrepreneurial spirit is in every person who has innovative and creative behavior and everyone who likes change, renewal, progress and challenges. Besides that, a person's motive in entrepreneurship is to create added value and competitive advantage for his business.

In connection with the cultural phenomenon of society, it can influence the improvement of excellence in competing with what happens in Indonesia, where the loyalty and solidarity of our society is still very low on the products produced by the Indonesian people themselves. This is precisely what happened to the people in the city of Pekanbaru, who seemed to lack loyalty and solidarity with the Small and Medium Industries which resulted in low competitive advantage. The phenomenon for all the variables that will be examined will certainly need to be evaluated in more detail. Therefore, it is important to conduct research through research, by first completing





various supporting data as follows: Community culture is a habit in a society somewhere. Usually the culture of society develops from the habits of community groups based on customs in the area. This is in line with the meaning of the word culture which is a way of life that develops and is shared by a group of people and passed down from generation to generation. Culture is formed from many complex elements including religious systems, politics, customs, language, tools, clothing, buildings and works of art. Culture is a comprehensive lifestyle that is complex, abstract and broad. Many cultural aspects determine communicative behavior, several reasons why a person experiences difficulties when communicating with people from other cultures, can be seen from the definition of culture itself because culture is a complicated device, then the values explored by an image containing views on its features itself, so that force takes different forms in various cultures such as abusive individualism in America, harmony of individuals with nature in Japan, collective obedience in China. This compelling cultural image equips its members with guidelines regarding appropriate behavior and logical values that can be borrowed by members so that they are considered the most modest. Thus culture provides a coherent framework for organizing one's activities and enabling them to predict the behavior of others.

### Identification and Problem Formulation

1. Does Knowledge Management, Entrepreneurial Motives, and Community Culture simultaneously influence the Competitive Advantages of Small and Medium Industries (SMIs) in Pekanbaru City?
2. Does the Motive of Entrepreneurship partially affect the Competitive Advantages of Small and Medium Industries (SMIs) in Pekanbaru City?
3. Does Community Culture partially affect the Competitive Advantages of Small and Medium Industries (SMIs) in Pekanbaru City?

### Purposes and objectives of the study

1. To Find Out the Influence of Knowledge Management, Entrepreneurial Motives, and Community Culture simultaneously on the Competitive Advantages of Small and Medium Industries (SMIs) in Pekanbaru City.
2. To Find Out the Effect of Knowledge Management partially affect the Competitive Advantages of Small and Medium Industries (SMIs) in Pekanbaru City.
3. To find out the effect of entrepreneurial motives partially affect the competitive advantage of small and medium industries (SMIs) in the city of Pekanbaru.
4. To find out the influence of community culture partially affect the competitive advantage of small and medium industries (SMIs) in the city of Pekanbaru.



## Benefits of research

1. For business people to be able to manage the business through the Knowledge Management owned, the motives in cultural entrepreneurship they have to be able to improve the economy of the community.
2. Increase micro-enterprises in an effort to strengthen the family economy.
3. Solutions to reduce poverty.

## LITERATURE REVIEW

### Knowledge Management

Knowledge management is the process of creating, acquiring, understanding, dividing, and using knowledge, wherever knowledge is located to improve organizational learning and performance (Scarbrough et al, 1999), includes identification, creation, acquisition, transfer, sharing and exploitation of knowledge (Chyntia et al, 2005).

Dimensions and Indicators:

- |                   |  |
|-------------------|--|
| HR Aspect         | : 1. Workforce Development               |
|                   | : 2. Recruitment System                  |
|                   | : 3. Development of Employee Motivation  |
|                   | : 4. Retention (Ability of Survive)      |
| Production Aspect | : 1. Knowledge of Raw Materials          |
|                   | : 2. Knowledge of Aspect of Production   |
|                   | : 3. Knowledge in Packaging Aspect       |
|                   | : 4. Knowledge of Expiration             |
|                   | : 5. Knowledge of Halal Label's          |
| Marketing Aspect  | : 1. Knowledge of Market Share           |
|                   | : 2. Knowledge of Price                  |
|                   | : 3. Knowledge of Competitor             |
|                   | : 4. Knowledge of Distribution Channel's |

### Entrepreneurial Motives

According to Leonardus Saiman (2009: 26) Entrepreneurial motivation is a situation that arises in a person to take action or achieve goals in the field of entrepreneurship.

Dimensions and Indicators :

- |                       |   |
|-----------------------|---|
| Economic Motives      | : |
| Profit                |   |
| Business Development  |   |
| Non-Economic Motives  | : |
| Hobby Distribution    |   |
| Recognition of Effort |   |





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- b. Pengutipan tidak merugikan kepentingan umum dan tidak untuk tujuan komersial atau keuntungan.

Eksternal

1. Competitor
2. Government

### Community Culture

Robbins and Judge (2008: 256) organizational culture refers to a system of shared meanings adopted by members that distinguishes the organization from other organizations.

Dimensions and Indicators

Businessmen

1. Seriousness in running a business
2. Creativity and Innovative
3. Persistence

Environment (Local Community)

1. Support provided by the community
2. Positive response from the environment

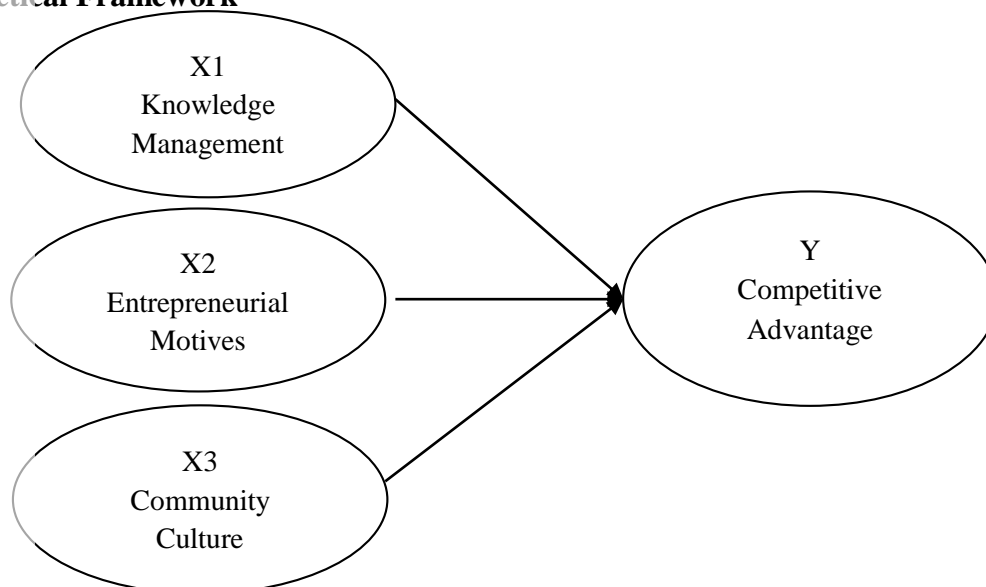
### Competitive Advantage

According to (Saiman: 2014) competitive advantage is expected to be able to achieve profits according to plan, increase market share, increase customer satisfaction, and continue the survival of a business. Competitive advantage is the heart of the company's performance in a competitive market.

Dimensions and Indicators

- Superior Skills
  - Technical ability
  - Managerial
  - Operational
- Superior Resource
  - Network
  - Production Capability
  - Market Strength

## Theoretical Framework



## METHODOLOGY

### Location Research

This research was conducted in Small and Medium Industries in Pekanbaru City, Riau Province.

### Types and Data Sources

According to Umar (2009: 42) the types of data used in this study are two types of data, that is :

- a. Primary data
- b. Secondary data

### Data collection technique

Data collection techniques used in this study are:

- a. Interview
- b. Observation
- c. Questionnaire

### Population and Sample

The population in this study were Small and Medium Industrial Business Actors in the City of Pekanbaru, totaling 369 people. The sample size is determined by the Slovin formula in Umar (2011: 78), which is 78 people.

### Data analysis

To determine the effect of Knowledge Management Impacts, Entrepreneurial Motives and Community Culture on Increasing Competitive Advantages in Small and Medium





Industries (SMI) in Pekanbaru City, Riau Province, multiple regression analysis was used as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

### Hypothesis testing

#### Determination Coefficient Test ( $R^2$ )

The magnitude of the coefficient of determination ( $R^2$ ) of the independent variable. The coefficient of determination ( $R^2$ ) is said to be strong or weak, that is if ( $R^2$ ) approaches 1, it means that the influence of the independent variable is simultaneously considered strong and if ( $R^2$ ) is close to zero (0), the influence of the independent variable on the dependent variable simultaneously is weak.

#### F test

To test the significance of the influence of Knowledge Management, Entrepreneurial Motivives and Community Culture on increasing Competitive Advantages in Small and Medium Industries (SMI) Pekanbaru City, Riau Province simultaneously used the F test.

#### T test

To test the significance of the Effect of Knowledge Management, Entrepreneurial Motivives and Community Culture partially on increasing Competitive Advantages in Small and Medium Industries (SMI) Pekanbaru City, Riau Province is used t test.

### Validity and Reliability test

#### Validity test

Validity is proof that the instrument, technique, or process used to measure a concept really measures the intended concept. Validity test aims to measure the validity of a management system.

#### Reliability test

Reliability is the index that shows the extent to which a measuring device can be trusted relied upon. If a measuring device is used twice or more to measure the same symptoms and the results obtained are relatively consistent, the measuring device is reliable. Reliability test aims to measure the consistency of a person's answer to management items in the questionnaire. (Sekaran in Sarjo 2011: 35).

#### Classic assumption test

#### Normality test

Normality test is a test of the normal or not distribution of data analyzed by the normality test of Kolmogorov-Smirnov (Santoso, 2001: 86). Calculation is done using SPSS assistance program, where if significant from Kolmogorov-Smirnov is greater than the value of 0.05 ( $\alpha = 0.05$ ) means the data is normally distributed, otherwise if



the Kolmogorov-Smirnov value is smaller than the value of 0.05 ( $\alpha = 0.05$ ) means that the data is not normally distributed.

### Multicollinearity Test

Multicollinearity is used to show the existence of a linear relationship between the independent variables in the regression model, if the independent variables are perfectly correlated it is called perfect multicollinearity. One way that can be done to find out whether there is Multicollinearity between variables can be seen from the variance inflation factor (VIF) of each independent variable on the dependent variable.

### Heterocedacity test

According to Wijaya (2009: 124), heterocedacity shows that variable variance is not the same for all observations or observations. There are several ways to detect the presence or absence of heterocedacity by looking at scatterplot and through or using a glacier test, park test, and white test. But the most commonly used heterocedacity test is scatterplot test.

## RESULTS AND DISCUSSION

### Instrument Testing

#### Reliability test.

The reliability test results on the indicators of the variables of this study namely Competitive Advantage, Knowledge Management, Entrepreneurial Motivation and Community Culture show that the indicators are real where Cronbach's alpha is  $\geq 0,6$ .

**Table 2. Realibility**

No	Variable	Cronbach's Alpha
1	Competitive Advantage	0,758
2	Knowledge Management	0,898
3	Entrepreneurial Motives	0,727
4	Community Culture	0,643

#### Validity Testing.

Based on testing the validity of the indicators of this research variable produced that indicators of the research variables consisting of variable Competitive Advantage, Knowledge Management, business and cultural motives were declared valid because  $r_{hit} > r_{table}$  is  $r_{hit} > 0.2227$  where the value  $r_{hit}$  can be seen in the corrected item-correlation.



Table 3. Validity Competitive Advantage Variable

No	Variable	Indicator	Corrected Item – Total Correlatio
1	Competitive Advantage	LA1	0,474
2		LA2	0,523
3		LA3	0,440
4		SA1	0,462
5		SA2	0,508
6		SA3	0,587

Table 4. Validity of Knowledge Management Variables

No	Variable	Indicator	Corrected Item – Total Correlatio
1	Knowledge Management	HR1	0,651
2		HR2	0,605
3		HR3	0,666
4		HR4	0,505
5		PROD 1	0,281
6		PROD2	0,368
7		PROD3	0,552
8		PROD 4	0,764
9		PROD 5	0,673
10		MARKET 1	0,658
11		MARKET 2	0,699
12		MARKET 3	0,724
13		MARKET 4	0,665

Table 5. Validity of Variables of Entrepreneurial Motives

Variable	Indicator	Corrected Item – Total Correlatio
Entrepreneurial Motives	INTMOTIVES1	0,513
	INT MOTIVES2	0,451
	INT MOTIVES3	0,346
	INT MOTIVES4	0,478
	EKS MOTIVES1	0,541
	EKS MOTIVES2	0,47



**Table 6. Validity of Community Culture Variables**

No	Variable	Indicator	Corrected Item – Total Correlatio
1	Community Culture	B. BEHAVIOR 1	0,404
2		B. BEHAVIOR 2	0,383
3		B. BEHAVIOR 3	0,578
4		BUSINESS ENV 1	0,469
5		BUSINESS ENV 2	0,256

### Factor Analysis Testing

**Table 7. Competitive Advantages**

#### Communalities

	Initial	Extraction
1	1,000	,735
2	1,000	,735

Extraction Method: Principal Component Analysis.

#### Total Variance Explained

Initial Eigenvalues				Extraction Sums of Squared Loadings		
Total	% of Variance	Cumulative %		Total	% of Variance	Cumulative %
1,471	73,528	73,528		1,471	73,528	73,528
,529	26,472	100,000				

Extraction Method: Principal Component Analysis.

#### Component Matrix<sup>a</sup>

	Component
	1
	,857
	,857

Extraction Method: Principal Component Analysis.





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a. 1 components extracted.

From the table above it can be seen that there is a factor called competitive advantage, where the variation can be explained that factor analysis can be explained by 73.528%. It can also be stated that the two dimensions have the same contribution in forming competitive advantage factors which contribute to the formation of a factor of 0.857.

**Table 8. Knowledge Management**

Communalities		
	Initial	Extraction
HR	1,000	,689
Production	1,000	,845
Marketing	1,000	,808

Extraction Method: Principal Component Analysis.

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2,342	78,053	78,053	2,342	78,053	78,053
2	,445	14,838	92,891			
3	,213	7,109	100,000			

Extraction Method: Principal Component Analysis.



### Component Matrix<sup>a</sup>

	Component
	1
Product ion	,919
Marketi ng	,899
HR	,830

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

From the table above it can be seen that formed a factor called Knowledge Management, where the variation can be explained that factor analysis can be explained at 78.053%. It can also be stated that these three dimensions have a contribution in shaping knowledge management factors where the Production dimensions are 0.919, Marketing is 0.899 and HR is 0.80.

**Table 9. Entrepreneurship Motives**

### Communalities

	Initial	Extraction
Internal	1,000	,698
Eksternal	1,000	,698

Extraction Method: Principal Component Analysis.

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1,396,604	69,799	69,799	1,396,604	69,799	69,799
2		30,201	100,000			

Extraction Method: Principal Component Analysis.



### Component Matrix<sup>a</sup>

	Component
	1
Eksternal	,835
Internal	,835

Extraction Method:

Principal Component

Analysis.

1. 1 components extracted.

From the table above it can be seen that a factor is formed called the Entrepreneurial Motives where the variation can be explained that factor analysis can be explained at 69,99%. It can also be stated that these two dimensions have the same contribution in forming competitive advantage factors which contribute to the formation of a factor of 0,835.

**Table 10. Community Culture**

### Communalities

	Initial	Extraction
Businessmen	1,000	,690
Business Environment	1,000	,690

Extraction Method: Principal Component Analysis.

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1,380	68,980	68,980	1,380	68,980	68,980
2	,620	31,020	100,000			

Extraction Method: Principal Component Analysis.



### Component Matrix<sup>a</sup>

	Component
	1
Business Environment Unit Business	,831
	,831

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

From the table above it can be seen that a factor called Community Culture is formed where the variation can be explained that factor analysis can be explained at 68.980%. It can also be stated that the two dimensions have the same contribution in forming competitive advantage factors which contribute to the formation of a factor of 0.831.

### Classic Assumption Testing

#### Residual Normality Testing

Table 11. Normality Testing

#### One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		78
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std.	
	Deviation	,70551306
Most Extreme Differences	Absolute	,093
	Positive	,093
	Negative	-,072
Test Statistic		,093
Asymp. Sig. (2-tailed)		,092 <sup>c</sup>

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

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Based on the results of the study it can be stated that the residuals of the regression model are normally distributed. This can be seen from its significance > 0.05, which is equal to 0.092 which means that the assumption of normality is fulfilled

Multicollinearity Testing  
Table 12. Multicollinearity

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Knowledge	0,436	2,296
	Management		
	Motive	0,476	2,101
	Culture	0,473	2,113

a. Dependent Variable: Competitive Advantage

Multicollinearity testing aims to determine whether in the regression model there is a correlation between independent variables. The results show that there is no correlation between independent variables, this can be seen from the  $VIF < 10$ . This means that the regression model is free from the correlation between variables.

Heteroscedasticity Testing.

Heteroscedasticity testing aims to find out whether the residual has the same variance. This research is based on Scatterplot which shows that residuals do not occur heteroscedasticity because they do not form a particular pattern.

Picture 2. Heteroscedasticity

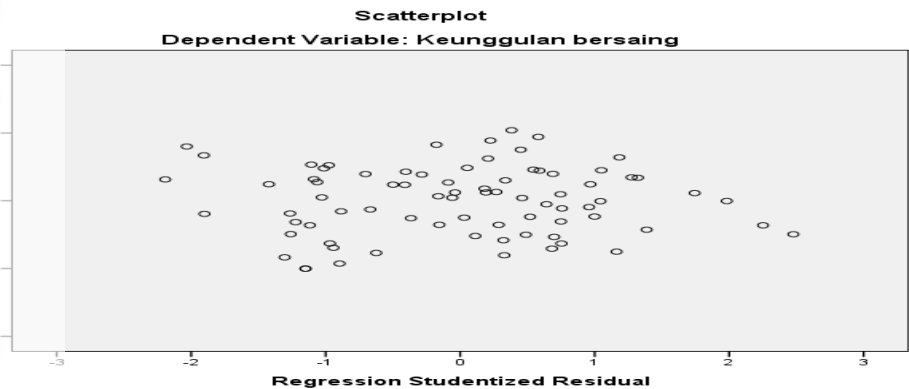


Table 13.

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## Autocorrelation Testing

### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.709 <sup>a</sup>	.502	.482	.71967	1.772

a. Predictors: (Constant), Culture, Knowledge Management, Motive

a. Dependent Variable: Y11

The table above shows that the results of the Durbin Watson test (DW) of this study were 1,772.  $1.6581 < 1.772 < 2.3419$ . This means that there is no positive or negative autocorrelation.

## Determination Coefficient Test (R<sup>2</sup>).

The Determination Coefficient value found in this study is 0.502 which means that 50.2% dependent variable variation (Competitive Advantage) can be explained by independent variables (Knowledge Management, Entrepreneurial Motivation and Community Culture), the remaining 49.8% is explained by other variables which is not examined.

## Simultaneous Testing (Test F)

Simultaneous influence test is used to determine whether the independent variables together or simultaneously affect the dependent variable. Simultaneous testing results can be seen in table 4.11. the following.

Table 14. Test results F

### ANOVA<sup>b</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	38,673	3	.12,891	24,890	.000 <sup>a</sup>
Residual	38,327	743	.518		
Total	77,000	77			

a. Predictors: (Constant), Culture, Knowledge Management, Motive

a. Dependent Variable: Y11

Based on the results of the F Test conducted in this study found that Knowledge Management, Motive and culture have a significant effect on Competitive Advantage where  $F_{hit} < F_{table}$  ( $0.00 < 0.05$ )



## Hypothesis testing

**Table 15. Individual Test Results Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1,658	,081		0,000	1,000
	Knowledge Management	,233	,124	,233	1,871	,065
	Motive	,190	,119	,190	1,602	,113
	Culture	,375	,119	,375	3,145	,002

a. Dependent Variable: abresid2

### Hypothesis 1 Testing: The Effect of Knowledge Management on Competitive Advantages

Based on the results of the study, the table above shows that knowledge management has a significant effect on competitive advantage in 0.065 sig. It can be concluded that  $H_a$  can be accepted and  $H_o$  is rejected. This means that Knowledge Management has a significant influence on competitive advantage.

### Hypothesis 2 Testing: The Effect of Entrepreneurial Motives on Competitive Advantages.

Based on the results of the research that appears in the table above. Entrepreneurial motives do not have a significant effect on Competitive Advantages at 0.113 sig. It can be concluded that  $H_o$  can be accepted and  $H_a$  is rejected ... This means that the business Motive has no significant influence on Competitive Advantage.

### Hypothesis 3 Testing: The Effect of Community Culture on Competitive Advantages.

Based on the results of the research shown in the table above shows that community culture has a significant effect on Competitive Advantage at sig 0.002. it can be concluded that  $H_a$  is accepted and  $H_o$  is rejected. This means that culture has a significant influence on competitive advantage.

## CONCLUSION

The company has not been able to obtain competitive advantage because they do not have extensive networks in marketing their products. This is because businesses are not able to empower their people optimally both in the production



and marketing processes as evidenced by many employees who do not want to last longer.

2. Competitive advantage cannot be created because the business actor is not enthusiastic to develop his business maximally due to his low entrepreneurial motives. The low motive for entrepreneurship was triggered by the difficulty of obtaining business licenses and procedures for obtaining assistance that was poorly understood by businesses.
3. There is no implementation of competitive advantage among business actors supported by community cultural variables, where people are less active in helping businesses to promote products from small and medium industries because the tendency of the community prefers to buy food products produced by industries that already have brands. Like Vanholano, Holand Bakery, Bread Boutique.

## SUGGESTION

1. Business actors should be more active in participating in courses related to the products they produce and participating in training related to how to market their products better. Knowledge that is owned should be transferable to employees so that they can indirectly work with the right procedures and can help businesses to market their products.
2. To improve the motive of entrepreneurship and overcome the obstacles faced by the related parties such as the Industry and Trade Service down to the business community to explain how the procedure for obtaining business licenses and the Bank appointed by the government in helping provide capital to Small and Medium Industries can really socialize how to get help, especially for Small and Medium Industries.

Community culture needs to be changed to be more proactive in buying products produced by Small and Medium Industries so that they can compete well in order to gain competitive advantage.

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