COMPETITIVE ADVANTAGE STRATEGIES AND CULINARY BUSINESS SUCCESS

Herminda Herminda1) Abdullah Muksin2)
1Faculty of Economic and Bussines, Universitas Persada Indonesia Y.A.I, Jakarta, Indonesia, minda_peris@yahoo.co.id
2Faculty of Economic and Bussines, Universitas Persada Indonesia Y.A.I, Jakarta, Indonesia, abydudung63@gmail.com

Corresponding Author: First Author

Abstract: This study examines the problems of the success of culinary businesses that have not been done much, especially during this covid 19 pandemic. The purpose of this study is to determine and analyze the effect of business competence, financial governance and competitive advantage on the success of culinary businesses in Jakarta. To achieve the success of the culinary business, a competitive advantage strategy is needed by increasing the competence of business actors and financial governance. The object of this research is culinary business in 10 culinary center locations in DKI Jakarta with a selected population of 1,216 culinary entrepreneurs and a total sample of 257 respondents. The data analysis tool used is Structural Equation Modeling (SEM) with the Lisrel 8.80 program. The results of this study prove firstly that the magnitude of the contribution of the influence of business competence and financial governance together on the competitive advantage of culinary businesses is 82%, while the remaining 18% is the influence of other variables. While the second is that the magnitude of the contribution of the influence of business competence, financial governance and competitive advantage together on business success is 86%, while the remaining 14% is the magnitude of the influence of other variables. The most dominant variable influencing business success is the competitive advantage variable variabel.

Keywords: business competence, financial governance, competitive advantage, business success.

INTRODUCTION

During the Covid-19 pandemic, according to a survey by the Ministry of Micro, Small and Medium Enterprises (SMEs) Development and Bank Indonesia Consumer Protection (June 2020), 72 percent of SMEs were affected. Especially SMEs in agriculture, exports and handicrafts supporting tourism. The SMEs sector is the most affected by the Covid-19 pandemic in DKI Jakarta, which is estimated to be 70 percent
of SMEs owning a business in the food and beverage or culinary sector.

The classic problems of SMEs are lack of capital, in addition to product quality, lack of access to marketing, availability of raw materials and lack of skills and licensing management.

The relaxation of SMEs licenses during the economic recovery period is categorized into two types of validity periods. For MSE actors who follow the provisions in Governor Regulation Number 30 of 2018 concerning the Granting of Micro and Small Businesses, they will be given a Micro Small Business Permit with a validity period of five years.

During the Covid-19 pandemic, the MSME business was sluggish due to decreased turnover due to stalled production activities, and forced to lay off thousands of workers. The DKI Jakarta provincial government has provided a stimulus so that the SMEs business will revive according to the Regional Secretary Instruction Number 56 of 2020.

The competitiveness of the culinary business is still not optimal so that it does not have the ability to penetrate and expand the market. Mentality of SMEs business actors, lack of transparency in SMEs management, ineffective implementation of Financial Management, weakness in collaborating with financial institutions, business climate that is not fully friendly to SMEs, limited business infrastructure, unexpected costs, the effect of the implementation of regional autonomy, the negative impact of free trade, the nature of products with short durability, limited access to markets and information. (Ministry of Cooperatives and SMEs RI, 2012).

In the culinary business, of course, sooner or later will face competitive competition, both at the national, regional and global levels, companies that are unable to respond to global challenges will certainly be eliminated. Culinary business owners must have a high commitment, independent and realistic, for that in the culinary business requires a creative and innovative capable strategy in order to be able to compete with other culinary business owners.

On the other hand, the culinary business has the largest contribution from the Indonesian economy, so to overcome the problem, it needs to be supported and encouraged so that the culinary business remains sustainable and highly competitive. Efforts are being made in addition to providing capital stimulus, competent human resources, access to online marketing or digital marketing, as well as strengthening the capacity of business and financial management systems, holistic marketing and strong partnerships from upstream to downstream.

Several previous studies, about the success of the culinary business can be improved by the competence of its employees. Others are concerned about the management and organizational development model. Other studies on the amount of capital, number of workers and work experience have a significant effect on business success, besides that motivation and innovation variables also affect business success. The problem in this research is business success which is influenced by business competence and financial governance which is moderated by the variable of competitive advantage in SMEs in the culinary business sector in Jakarta.

LITERATURE REVIEW

Competence is a statement on what a person must do in the workplace to demonstrate his knowledge, skills and attitudes in accordance with the required
standards, in addition, according to Rick Sullivan (2002), competence has five dimensions, namely:

1. **Task skills**- able to do job duties.
2. **Task management skills**- able to manage several different tasks in the job.
3. **Contingency management skills**- Respond to abnormalities and errors in work routines.
4. **Environment skills/job role**- able to face the responsibilities and expectations of the work environment / adapt to the environment.
5. **Transfer skills**- Able to transfer competencies possessed in each different situation.

Thus, competence is the knowledge, skills and abilities that a person learns and develops so that it becomes a part of that person's life to improve his appearance, especially in the field of cognitive, affective and psychomotor behavior which is often expressed in the form of professional certification. According to Rick Sullivan (2002), there are two keys to competency-based education, namely the existence of skills and competencies. Skill is a task or group of tasks performed at a certain level of competence or profession that often uses movement functions and forms of requirements to manipulate instruments and equipment, including skills in providing counseling based on knowledge and attitudes. While, competence is a skill performance that refers to specific standards and conditions.

The financial system process using accounting, of course, has great benefits for measuring the performance of a company, not only providing reports on ongoing financial activities, but also providing important information in making strategic decisions regarding business development. (Tambunan, Tulus T. H. 2012).

The financial governance model referred to here according to Muksin Abdullah and Nurwahyuni (2020) is a business financial governance procedure which includes procedures for preparing budget plans, financial reports and managing sources of business funds that are easily understood and applied by culinary business people, making it easier for culinary business owners. to analyze and make decisions to run and develop its business. If the culinary business manager uses these financial governance procedures properly and consistently, it will make it easier for the culinary business owner to assess the success of the business so that the level of success of the culinary business will be known.

The discussion about the company’s competitive advantage has long surfaced, many definitions are given related to this competitive advantage. Some experts state that: competitive advantage is a function of identifying the right market product dimensions for company positioning (Ansoff, 1965 in Hameed, 2009). Likewise Porter (1990) in not stating that competitive advantage is an effort to create customer value that is better than its competitors by carrying out specific activities economically or with superior quality/service or a combination of both compared to its competitors.

Competitive advantage can also come from the resources owned by the company, this perspective is known as the Resource Based View (RBV) or resource-based perspective which was coined by Penrose (1959) in Hameed (2009). According to him, competitive advantage can be achieved by creating economies of scale, increasing management capability and technological capacity (Penrose, 1959 in Hameed, 2009).
In order to improve company performance, competitive advantage is seen as something that can be used in or as a company strategy. Competitive advantage can be understood by looking at the company as a whole, derived from the many different activities carried out by the company in designing, producing, marketing, delivering and supporting sales (Porter, 1993: 87). So that competitive advantage is a position that the organization is still working on in an effort to beat competitors. The resources based (RB) approach views economic or business activities in terms of resource utilization and capabilities, not according to the market served.

Utilization of these resources and capabilities in order to build competitiveness is directed at efforts to capture various opportunities to overcome various threats in competition, so from this condition a strategy is built to inhibit competitors in the form of barriers to imitation. Porter (1993: 19) states that there are several ways to create competitive advantages for companies, namely:

1. Differentiation.
2. Cost Leadership.
3. Response Speed,
4. Market Focus.

Business success can be achieved with maximum effort, many stages must be passed and of course supported by the ability of an entrepreneur. Facing the industrial era 4.0 and competition as it is today, companies must be able to maximize the resources they have in order to adapt and be able to survive to achieve business success.

According to (Suryana, 2014) there are many concepts put forward by modern economists and management about how to achieve the success of small businesses in maintaining their existence dynamically. In various concepts of competitive strategy, it is stated that the success of a company depends on its internal capabilities. Internally, companies need to have special competencies (distinctive competition) that are sought from functional integration (Mintzberg, 1990), internal capabilities (Mahoney, 1992), core competencies (D’Aveni, 1994), entrepreneurial secrets, namely creativity and innovation (Zimmerer, 1996), strategic focus (Gary Hamel, 1994:129), or the more popular of the dynamic external challenges theory (Porter, 1991).

According to the Dynamic Theory of Strategy” from Porter (1991) in Suryana (2014: 245). A company can achieve success if three conditions are met, namely: First, the company's goals and policies of management functions (such as production and marketing) must collectively show the strongest position in the market. Second, these goals and policies are grown based on the company's strengths and are continuously updated (dynamically) in accordance with changing opportunities and threats in the external environment. Third, the company must have and explore special competencies as a driving force to run the company, for example with a "brand reputation" and low production costs.

These special competencies must be developed continuously
dynamically. If these special competencies are not changed, the company's profit level can decrease.

**RESEARCH METHODS**

The research method applied in this research is quantitative analytical research method with descriptive and explanatory analysis approach. Respondents' data and information were collected directly at the research location. Descriptive research aims to obtain an explanation of the variables studied. While explanatory research tests the hypothesis through data collection on the object under study, which in this study will test whether the competence of Human Resources, Financial Governance, competitive advantage, either partially or jointly affects business success.

The research population is culinary business owners who are domiciled in Jakarta, totaling 1,216 people and the number will be narrowed based on their business turnover. The selected sample is the management and culinary business people who have had a minimum of 3 years experience. The selection of samples by purposive sampling is a sample that is in accordance with the wishes of the research objectives as many as 257 respondents.

Data collection was carried out by distributing questionnaires through seminars and workshops to respondents. The questionnaire contains questions related to business competence, financial governance, competitive advantage and the success of the culinary business under study.

The first independent variable is business competence which consists of 5 dimensions, namely Task skills, Task management skills, Contingency management skills, Environment skills/job roles, Transfer skills which are measured through respondents' perceptions using a Likert scale.

The second independent variable is financial governance consisting of three dimensions, namely procedures for preparing budget plans, financial reports and managing business sources of funds, which are measured by respondents' perceptions using a Likert scale.

The first dependent variable is sustainable competitive advantage consisting of four dimensions, namely Differentiation, Cost Leadership, Response Speed, Market Focus, which is measured by perception using a Likert scale.

The second dependent variable is business success consisting of three dimensions, namely business objectives, business actor strengths and special competencies measured by perception using a Likert scale.

The approach in making the model and the solution technique used as an analysis tool in this study is the structural equation model (SEM) analysis (Ghozali, Imam and Fuad, 2014). The reason for choosing this method is its ability to measure the construct indirectly, namely through its indicators and at the same time analyzing indicator variables and latent variables.

SEM can analyze the relationship between indicators and their latent variables which can be referred to as measurement equations, and the relationship between one variable and another latent variable is referred to as a structural equation. In SEM, the dependent variable is also called the endogenous variable while the independent variable is also called the exogenous variable.

**Model Fit Test**

Available Online: [https://dinastipub.org/DIJDBM](https://dinastipub.org/DIJDBM)
In testing SEM, it can be done through two stages, namely testing the measurement model and after that testing the structural model simultaneously. In the SEM analysis method, estimates are tested individually using the t-test, through the path diagram output (Path) statistic t-value, Lisrel confirms the complete t-test results with a test error rate of 0.05, if the test results show no significance, Lisrel will print the output with a red line diagram path.

The model suitability test uses several measures of model suitability (Goodness of Fit/GOF), as shown in table 1. below.

| Size GOF | Estimate | Test results |
|----------|----------|--------------|
| RMSEA    | RMSEA < 0.08 | Good/Marg/Bad Fit |
| GFI      | GFI > 0.90  | Good/Marg/Bad Fit |
| NNFI     | NNFI > 0.90 | Good/Marg/Bad Fit |
| NFI      | NFI > 0.90  | Good/Marg/Bad Fit |
| AGFI     | AGFI > 0.90 | Good/Marg/Bad Fit |
| RFI      | RFI > 0.90  | Good/Marg/Bad Fit |
| IFI      | IFI > 0.90  | Good/Marg/Bad Fit |
| CFI      | CFI > 0.90  | Good/Marg/Bad Fit |

Source: Ghozali in Supranto, J&Nandan Limakrisna (2013:130), processed

If the results of the suitability test of the model do not fit or do not match the data, then there are two things that can be done, firstly accepting the fact that the model does not match the facts. Second, use all available information to modify the proposed model.

Summary of SEM Calculation Results on Structural Model Equations can be seen in table 2.

Table 2. Summary of SEM Calculation Results on Structural Model Equations

| Equation of Measurement | Path Coefficient (Standardized) | Standard Error (SE) | The Value of t Calculated | Test Results (α=0.05) |
|-------------------------|---------------------------------|---------------------|----------------------------|----------------------|
| Latent Variable Endoge... | Latent Variable Exogenous       |                     |                            |                      |
| Competitive advantage (η1) | Business Competence (ξ1) | γ1 | ζ1 | γ1/ζ1 | Significant / Not |
| Financial Governance (ξ2) | γ2 | ζ1 | γ2/ζ1 | Significant / Not |
| Business Success (η2) | Business Competence (ξ1) | γ3 | ζ2 | γ3/ζ2 | Significant / Not |
| Financial Governance | γ4 | ζ2 | γ4/ζ2 | Significant / Not |
RESULTS AND DISCUSSION
Structural Model Suitability Analysis
In the overall model suitability test, it has the same stages as the measurement model suitability test. The result of this suitability test is the Goodness of Fit (GOF) value. The suitability test for the structural model is the same as the suitability test for the hybrid model (full SEM). This conformity test will produce a conformity value.

Table 3. Size of Overall Structural Model Suitability

| GOF Indicator | Expected Size | Estimated Results | Conclusion |
|---------------|---------------|-------------------|------------|
| GFI           | GFI > 0.90    | 1.00              | Good Fit   |
| RMSEA         | RMSEA < 0.08  | 0.00              | Good Fit   |
| NNFI          | NNFI > 0.90   | 1.00              | Good Fit   |
| NFI           | NFI > 0.90    | 1.00              | Good Fit   |
| AGFI          | AGFI > 0.90   | 1.00              | Good Fit   |
| RFI           | RFI > 0.90    | 1.00              | Good Fit   |
| IFI           | IFI > 0.90    | 1.00              | Good Fit   |
| CFI           | CFI > 0.90    | 1.00              | Good Fit   |

Source: LISREL Processing Results 8.80
Referring to Table 3. above, the eight conformity measures were obtained, so the conformity index of the measurement model that was good of fit were GFI, RMSEA, NNFI, NFI, AGFI, RFI,
IFI and CFI. Therefore, the model can be continued in the next measurement analysis. Then based on the results of the analysis with Lisrel 8.80, the overall structural equation model is obtained as shown in Figures 1 and 2 below.

**Figure 1. Full Model Structural Equation Standardized**

![Figure 1. Full Model Structural Equation Standardized](image)

Source: LISREL Processing Results 8.80

**Figure 2. Full Model Structural Equation**

![Figure 2. Full Model Structural Equation](image)

Source: LISREL Processing Results 8.80

From Figure 1, it can be seen that there is a relationship between the independent variable and the dependent variable. The results of the significance test of the relationship between latent variables can be seen in Table 4 and found the resulting coefficient values along with the tcount value. If the structural path has a tcount value of 1.96, it means that the path coefficient is significant, and if tcount < 1.96, it can be concluded that the path coefficient is not significant.

**Table 4. Significance Between Variables**

| No | Structural Track | Path coefficient | t hitung | t tabel | Test Result |
|----|------------------|------------------|----------|---------|-------------|
| 1  | BCT → CAD        | 0.04             | 1,24     | 1.96    | Not significant |
| 2  | FGV → CAD        | 0.91             | 16,26    | 1.96    | Significant  |
| 3  | BCT → BSC        | -0.06            | -2.58    | 1.96    | Significant  |
| 4  | FGV → BSC        | -0.07            | -1.09    | 1.96    | Not significant |
| 5  | CAD → BSC        | 0.98             | 13,54    | 1.96    | Significant  |

Source: LISREL Processing Results 8.80

Hypothesis Testing Results and Discussion

a. Hypothesis 1, 2 and 3

Referring to the output obtained using the Lisrel 8.80 program for sub-structural model 1 (standardized and t-value model) and sub-structural equation 1, according to
the three hypotheses proposed above, the following equation can be generated;

Sub Structural Equations 1:

\[
\text{CAD} = 0.04 \times \text{BCT} + 0.91 \times \text{FGV}, \ \text{Errorvar} = 0.18, R^2 = 0.82
\]

\[(0.031) \quad (0.056) \quad (0.024)\]

(1.24) (16.26) (7.74)

The first hypothesis (H1) states that business competence has an effect on competitive advantage. The results of structural equation 1 above, it can be seen that the loading factor (path coefficient) of the Business Competency (BCT) variable on Competitive Advantage (CAD) is 0.04 with a t-count value of 1.24 < 1.96, meaning that it is not significant, so H1 is rejected. The magnitude of the path coefficient illustrates that there is no direct influence of business competence on competitive advantage. This shows that if business competence is improved, it will not affect the competitive advantage of culinary businesses in Jakarta. The dimension of business competence that most dominantly affects competitive advantage is the dimension of Contingency Management Skills (CMS) with responsive indicators in handling errors in work routines, this can explain that business competence in the culinary business will be formed higher, if entrepreneurs have good Contingency Management Skills. high, both from the way of responding to irregularities and errors in routine work, so that it will increase the competitive advantage of culinary businesses in Jakarta.

The second hypothesis (H2) states that financial governance (FGV) has an effect on competitive advantage (CAD). The results of structural equation 1 above, it can be seen that the path coefficient of the financial governance variable on competitive advantage is 0.91 with a t-count of 16.26 > 1.96, which means it is significant, so the second hypothesis (H2) can be accepted. The magnitude of the path coefficient indicates that the magnitude of the direct influence of financial governance on competitive advantage is 0.91(91%). This means that the financial governance variable is able to positively and significantly influence the competitive advantage of the culinary business. Meanwhile, the dimension of financial governance that most dominantly affects the competitive advantage of culinary businesses is the procedure for preparing budget plans.

The third hypothesis (H3) states that Business Competence (BCT) and Financial Governance (FGV) together have an effect on Competitive Advantage (CAD). The results of structural equation 1 above, it can be seen that the magnitude of the coefficient of determination (R2) for the variables of Business Competence and Financial Governance together with competitive advantage is 0.82 with an Fcount value of 7.74 > 3.84, meaning that it is significant, so the third hypothesis (H3) is acceptable. The magnitude of the coefficient of determination (R2) shows that the magnitude of the contribution of the influence of business competence and financial governance together on the competitive advantage of culinary businesses is 82%, while the remaining 18% is the influence of other variables, outside of business competence and financial governance. This can explain that the higher the Contingency Management Skills in improving business competence and the better the budget planning procedures, the higher the competitive advantage of culinary businesses in Jakarta.

b. Hypothesis 4, 5, 6 and 7
The output results obtained using the Lisrel 8.80 program for sub-structural model 2 (standardized and t-value model) and sub-structural equation 2, according to the four hypotheses proposed above can be explained as follows:

Sub Structural Equation 2:

BSC = 0.98*CAD - 0.062*BCT - 0.072*FGV,
errorvar.= 0.14 , R² = 0.86
(0.073) (0.024) (0.066) (0.014)
13.54 -2.58 -1.09 9.67

The fourth hypothesis (H₄) states that business competence (BCT) has an effect on business success (BSC). The results of structural equation 2 above, it can be seen that the magnitude of the path coefficient of the business competence variable on business success is -0.062 with a tcount of -2.58 > -1.96, meaning that it is significant so that the fourth hypothesis (H₄) is accepted. The magnitude of the loading factor coefficient indicates that the magnitude of the negative and significant influence of the direct business competence variable on business success is -0.062, while the indirect effect on business success through competitive advantage is -0.06, so the total influence of business competence on business success is by contributing of -0.122 or 12.2%. This means that business competence is not able to affect the success of culinary businesses in Jakarta.

The fifth hypothesis (H₅) states that financial governance (FGV) has an effect on business success (BSC). The results of structural equation 2 above, it can be seen that the path coefficient of the financial governance variable on business success is -0.07 with a tcount of -1.09 < 1.96, so it can be said to have a negative and insignificant effect, so the fifth hypothesis (H₅) is rejected. The magnitude of the path coefficient indicates that financial governance has a direct negative effect on business success of -0.072, while the indirect effect on business success through competitive advantage is -0.07, so the total negative effect of financial governance on business success is -0.142 (14.2%). This shows that the variable of financial governance, whether fixed or not, will not increase the success of culinary businesses in Jakarta.

The sixth hypothesis (H₆) states that competitive advantage affects business success. The results of structural equation 2 above, it can be seen that the magnitude of the path coefficient of the variable Competitive Advantage on business success is 0.98 with a tcount of 13.54 > 1.96, meaning that it is positive and significant so that the sixth hypothesis (H₆) is accepted. The magnitude of the path coefficient indicates that the magnitude of the direct effect of competitive advantage on business success is 0.98 (98%). This shows that if competitive advantage is increasing, it will be able to have a positive and significant effect in increasing the success of the culinary business in Jakarta. The most dominant dimension of competitive advantage is cost leadership, this indicates that competitive advantage will increase, if the culinary business has the most expensive or cheapest cost leadership so that it is able to win the culinary business competition because it is known to be the cheapest, which ultimately has an impact on increasing business success, especially in increasing the strength of the culinary business.

The seventh hypothesis (H₇) states that business competence, financial governance and competitive advantage jointly affect business success. The results of structural
equation 2 above, it can be seen that the magnitude of the coefficient of determination ($R^2$) for the variables of business competence, financial governance and competitive advantage together on business success is 0.86 with an Fcount of 9.67 > 3.84, which means positive and significant. The magnitude of the coefficient of determination ($R^2$) indicates that the magnitude of the contribution of the influence of business competence, financial governance and competitive advantage together on business success is 86%, while the remaining 14% is the magnitude of the influence of other variables, outside the business competence variable, governance, financial and competitive advantage. The most dominant variable influencing business success is the competitive advantage variable. Meanwhile, business competence indirectly affects business success through competitive advantage. Likewise, the variable of financial governance through competitive advantage has an effect on business success, so that the variable of competitive advantage acts as a full mediating variable for the variable of business competence and financial governance on the success of the culinary business in Jakarta.

The description of the test results above shows that the business competence and financial governance variables directly affect the competitive advantage variable with an influence contribution of 82%. Then the variables of business competence and financial governance have no direct or indirect effect on the business success variable with the magnitude of the effect being -12.2% and -14.2%. However, through competitive advantage, business competence and financial governance through competitive advantage affect business success with a contribution of 86%. This shows that the competitive advantages in this study are:

1) Partial mediating variable of business competence on business success
2) Partial mediating financial governance variables on business success
3) Full mediating variables of business competence and financial governance on business success.

This means that the success of the culinary business in Jakarta, especially in the dimensions of the strength of the culinary business with indicators of business experience, can be improved, if culinary business actors are able to increase competitive advantage, especially in cost leadership with low cost leadership indicators.

**CONCLUSION**

**Conclusion**

Referring to the hypothesis testing and discussion above, it can be concluded that:

1. Business competence does not affect the competitive advantage of culinary business in Jakarta. The dimensions of Contingency Management Skills (CMS) with responsive indicators in handling errors in the routine work of culinary businesses in Jakarta.

2. Financial governance has a positive and significant impact on the competitive advantage of culinary businesses in Jakarta. The dimensions of financial governance that most dominantly affect the competitive advantage of culinary businesses are the procedures for preparing budget plans.

3. Business competence and financial governance together have a positive and
significant impact on the competitive advantage of culinary businesses in Jakarta. The most dominant variable influencing competitive advantage is the financial governance variable.

4. Business competence affects the success of culinary business in Jakarta. As for business competence, directly or indirectly, it is not able to affect the success of culinary businesses in Jakarta.

5. Financial governance has no effect on the success of the culinary business in Jakarta. Variables Financial governance is improved or not improved will not increase the success of culinary business in Jakarta.

6. Competitive advantage has a positive and significant impact on the success of the culinary business in Jakarta. The most dominant dimension of competitive advantage is cost leadership, this indicates that competitive advantage will increase if the culinary business has the most expensive or cheapest cost leadership.

7. Business competence, financial governance and competitive advantage together have a positive and significant impact on the success of the culinary business in Jakarta. The most dominant variable influencing business success is the competitive advantage variable variabel

**Suggestion**

1. In increasing competitive advantage, especially in cost leadership, culinary business actors must first improve business competence, especially increasing Contingency Management Skills and using measurable budget planning procedures.

2. To achieve business success, especially by building the strength of the culinary business in the future, culinary business actors must build competitive advantages, especially in cost leadership, through low and efficient costing, while to increase competitive advantage, culinary business actors must build competence efforts, especially in Contingency Management Skills, through a decision-making system training program to resolve irregularities and errors in their routine work.

3. It is recommended to examine the variables of business success with other exogenous variables such as online marketing programs, managerial abilities, business motivation and other relevant variables..

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