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## **The Effect of Entrepreneurship and Regulation Policy on Competitive Advantage**

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Iqbal Alan Abdullah, Aripin<sup>1</sup>

**Abstract:**

*The aim of this study is to know and measure entrepreneurship, regulation policy to develop the competitive advantage in the north coast of West Java Indonesia.*

*The research method used a quantitative approach. Data were collected through questionnaires distributed to 300 respondents (fishermen) from coastal areas of Jakarta, Bekasi, Serang and Cirebon. Data analysis technique use dlinear regression analysis.*

*The results show that entrepreneurship related to competitive advantage, although the regulation policy is not related to competitive advantage. Likewise, between the entrepreneurship orientation with the regulation policy simultaneously related to competitive advantage.*

**Keywords:** *Entrepreneurship, regulation policy and competitiveness advantage.*

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<sup>1</sup>Faculty of economics and Business, Brawijaya University, Malang, Indonesia  
Email: [Iqbalalan3@gmail.com](mailto:Iqbalalan3@gmail.com)

## 1. Introduction

In this era of globalization, the competition between nations is increasingly sharp and the earth is heating up (global warming), only a nation that is able to develop competitiveness that can face the problem (Damanhuri, 2008). With regard to the development of marine resources, the government has made strategic policies. This policy is needed to develop a sustainable and good marine and fishery sector. Development in the context of coastal resource management is intended to increase the income and income of coastal communities optimally (Tajerin, 2009).

The current phenomenon on the coast is the low competence and competitiveness of marine human resources. Coastal management is not well maintained so fishing businesses tend to be stagnant because it is difficult to apply responsible fisheries principles. Management mechanisms do not have good fisheries management (Dahuri *et al.*, 2001). Fishery products are less competitive when compared to other food products, such as beef and chicken. Problems that occur are fishery efforts that have not been efficient and unstable. The cause is the lack of facilities and infrastructure as well as knowledge to increase or add value to fishery products (Damanhuri, 2008; Akopova and Przhedetskaya, 2016).

To manage the coastal competitiveness is good, it must have a human resource that is entrepreneurial spirit and understand the rules and regulations (Kusumastanto, 2002). The development of the marine economic sector taking place in coastal areas, small islands and oceans will also create new centers of economic growth that spread proportionally throughout the archipelago (Suryana, 2003). The entrepreneurial spirit is indispensable for improving competitiveness (Cashmere, 2007). Thomas (2005) states that competitive advantage through a continuous flow of enterprise. Entrepreneurial is also very important to promote and improve competitive advantage (Winarto, 2008). Entrepreneurial actions affect the improvement of competitiveness (Hadi *et al.*, 2016; Hitt *et al.*, 2001). Action to develop competitive advantage at the same time supports entrepreneurial action conducive to exploiting future opportunities (Hitt *et al.*, 2002). Creation of innovation is an integral part of the entrepreneurial spirit if implemented with focus and seriousness will produce a valuable competitiveness in the future (Tavallae, 2010; Suryanto, 2015).

However Pace *et al.* (2005) stated in his research that entrepreneurship has no effect on competitiveness. The purpose of this study is to measure and explain the influence of entrepreneurship on competitiveness in the north coastal area of West Java.

## 2. Literature Review

An entrepreneurial orientation is an effort from someone to do business so that the business can make a profit (Hult and Ketchen, 2001). According to Matsuno, *et al.*,

(2002) entrepreneurs are introducing values to the market done proactively through tolerance to risk, innovating to make a profit. Naman and Slavin, (1993) argued that entrepreneurship is reflected in innovation, proactive, aggressive in exploiting environmental opportunities and ready to take and manage risks.

Entrepreneurship is looking for opportunities and making profits so that it will produce good business performance (Kreiser, 2002). In general, entrepreneurship is relatively small in identifying opportunities, but is less successful in developing competitive advantage. In contrast, large companies are generally successful in building competitive advantage, but lacking in identifying new opportunities (Gurbuz, 2009). The entrepreneurial orientation is a unique construction in which companies can create business benefits. To measure entrepreneurial orientation requires mindset, culture and leadership, strategic resource management and creative application to develop innovation (Ireland, 2003).

Competitive advantage is a condition or ability that allows continuously to generate higher levels of sales and profits than its competitors. Competitive advantage is measured using instruments developed by Barney (1991) and Grant (1991) comprising scarce, difficult to imitate and resilience to competition and the level of ease to distribute goods.

Development of maritime and marine economy with the acceleration of marine economic development; enhance and maintain the quality, carrying capacity and sustainability of marine environment functions; enhance insight, maritime culture, strengthening human resources and Marine Science and Technology; as well as improving the living standards and living standards of fishermen and coastal communities. In the framework of institutional strengthening is stipulated by Presidential Regulation no. 178 of 2014 on the Marine Security Agency and establishing the Coordinating Ministry for the Ministry of Home Affairs through Presidential Regulation no. 10 Year 2015. To encourage the eradication of Illegal Fishing, a Task Force on Eradication of Illegal Fish Arrests will be issued through Presidential Regulation no. 115 of 2015, while from the aspect of marine conservation has been established Regulation No. 85 of 2015 on the National Committee of Coral Triangle Initiatives for Coral Reefs, Fisheries and Food Security (Kasanah, Kusnul Nur, 2016).

### **3. Research Methodology**

This research uses quantitative approach with the aim to measure and explain the influence between variables. Variables used in this study as many as three variables of entrepreneurship and policy as an independent variable and competitiveness advantage as a dependent variable. Methods of data collection conducted by survey. Survey research is a study that uses populations and samples. The population is the coastal population of North Jakarta, Tangerang, Bekasi, Serang and Cirebon as many as 1000 people. Sampling technique with stratified cluster sampling was then

taken using the Slovin formula with a margin of error 0.05 so that the number of samples were 301 respondents consisting of:

- 1) Coastal North Jakarta as 101 respondents;
- 2) Coastal Tangerang as 50 respondents;
- 3) Coastal Bekasi with 50 respondents;
- 4) Coastal Serang 50 respondents;
- 5) Coastal Cirebon as 50 respondents.

Secondary data collection is taken from data residing in the Department of Marine and Fisheries Jakarta and the Jakarta Statistical Processing Agency. After the primary data are collected then it is analyzed by multiple linear analysis technique.

Multiple linear analysis used in this research is to measure how big influence of entrepreneurship orientation variable to competitiveness. How big is the effect of legislation policy on competitiveness when viewed partially. Similarly, simultaneously between the entrepreneurial orientation and the legislation policy together affect the competitiveness.

#### 4. Research results

The research results are conducted for a year located in the coastal area of North Jakarta, the north coast of Tangerang, the northern coast of Bekasi, the coast of Serang and the coast of Cirebon. Before the research instrument is distributed to the respondent first try out to check the validity and reliability. The results of validity and reliability test results as follows:

**Table 1.** Validity and Reliability

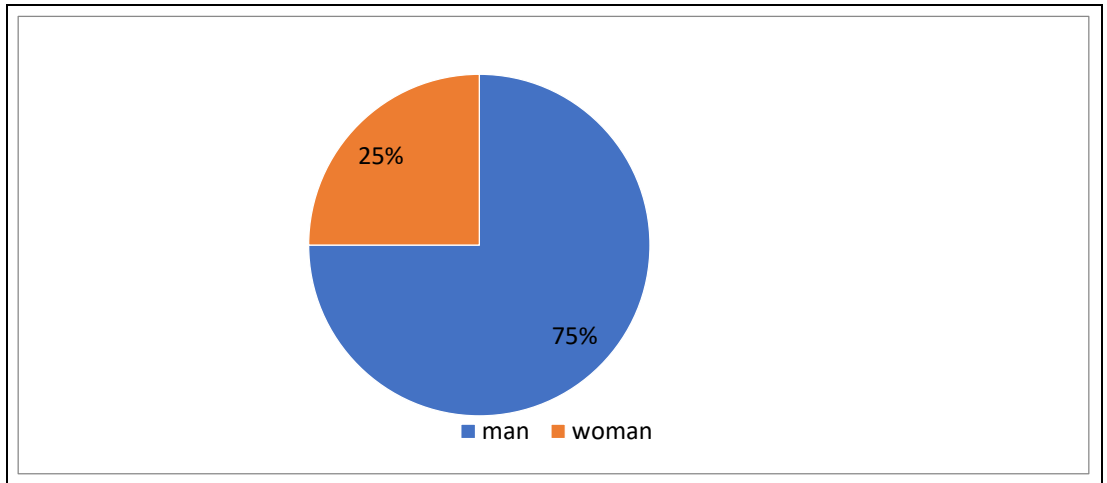
Variable/ Indicator	Validity	Reliability	Information
Entrepreneurship			
• Motivation	0,754	0,910	Significant
• Skill	0,678		
• Education	0,710		
Regulation Policy			
• Strategic plan	0.689	0,890	Significant
• Bureaucracies	0.712		
• Law enforcement	0.690		
Competitive advantage			
• Innovation	0.790	0.930	Significant
• Business climate	0.687		
• Science	0.654		

Based on try out results presented above the research instrument adopted in this study is correct and it can be completed as follows.

#### 4.1 Demographic test

The results of this study begin with a demographic analysis that includes gender, age of respondents, income levels are packed in the graph as follows:

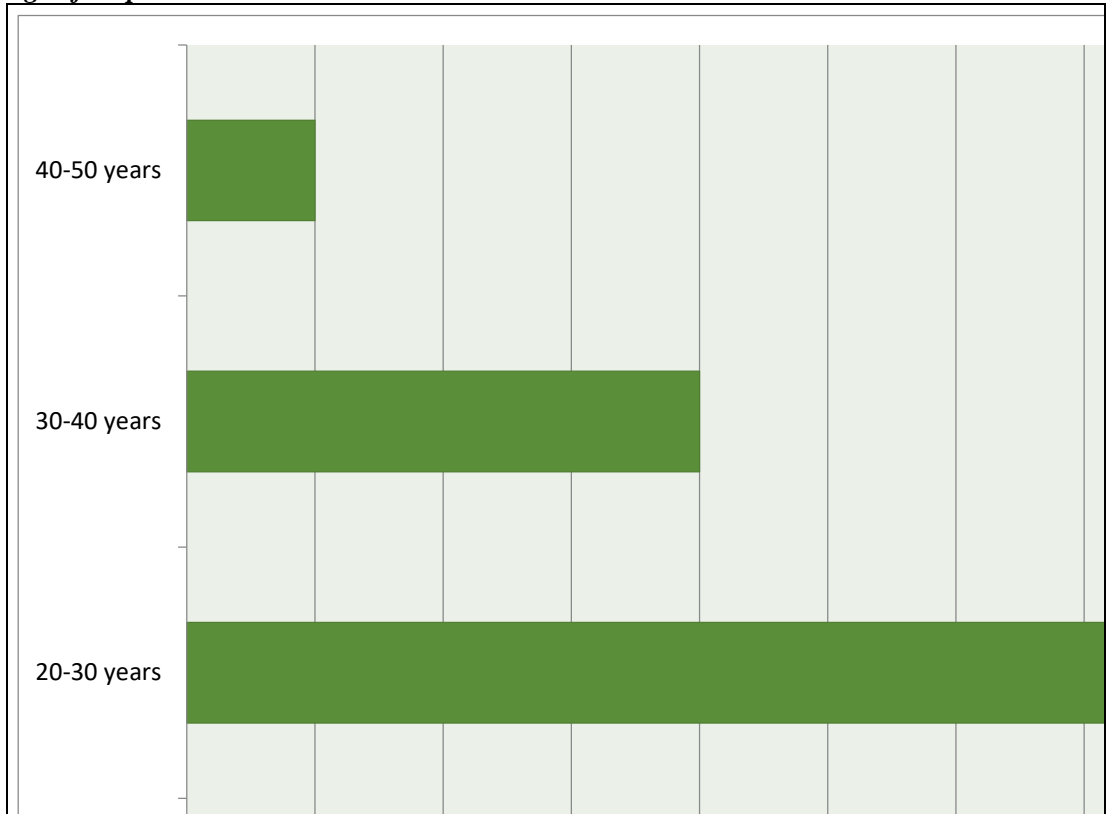
##### Gender



Based on the demographic test results that have been mentioned above related to the gender data of respondents that showed that the male sex is more dominant than female respondents. Why is that? Can be explained that the work of fishermen require more energy because every day looking for fish in the middle of the ocean of course the energy and mind drained how to catch the catch abundance. While female respondents although there are also some who go to sea, but most of them wait at the fish auction in their daily life.

The age level of the respondents in the fishermen is dominated by the age of 20 to 30 years. This shows that the age level is a productive age, powerful because it is young, so by their families made the backbone as a breadwinner to help his parents. While the least age as a fisherman is aged 40 to 50 years, indicating that this age is as a companion for a young age. They are generally parents who have had experience as fisherman.

Their lowest income level is between one to two million per month about 60% on the average while the largest income is only 1%. Generally, they earn 2 to 3 million per month. This income is relatively different as it depends on the weather factors at sea. They do not go to the sea if the weather factor is not good therefore their income is affected drastically.

**Age of respondents**

For the educational level that the respondents with the lowest level of education is only primary education by 25%. Junior high school by 30%, high school by 34% and undergraduate education only 1%. Regarding the level of education related to many of the elementary school graduates indicate that they have not yet realized that education is important. In addition, the environment is very dominant influence especially parents often bring their children to sea so no longer think to send their children to school.

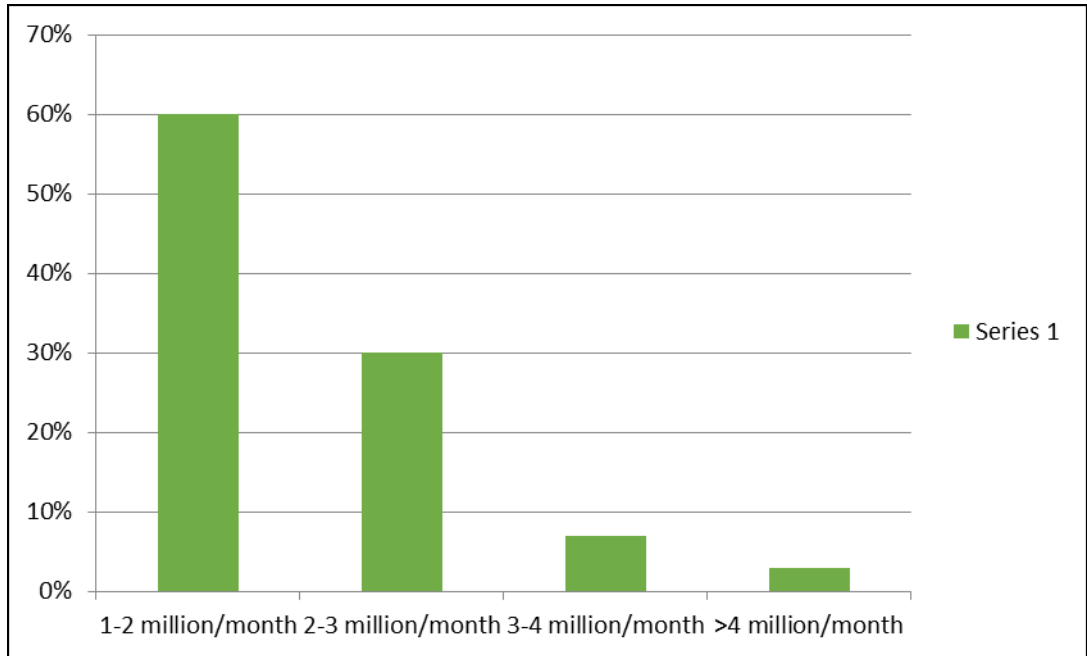
**4.2 Hypothesis testing**

The hypothesis constructed in this study is as follows:

*H1: Effect of entrepreneurship orientation on competitiveness.*

Hypothesis that is built is entrepreneurship orientation has a significant effect on competitiveness. The results show that the entrepreneurship orientation is related to the competitiveness by 0.782 or 78% with a probability of 0.000. Thus the hypothesis is acceptable. These results support the results of the study (Tavallae, 2010; Hitt *et al.*, 2002)

**Income level**



**4.3 Influence of legislation policy on competitiveness**

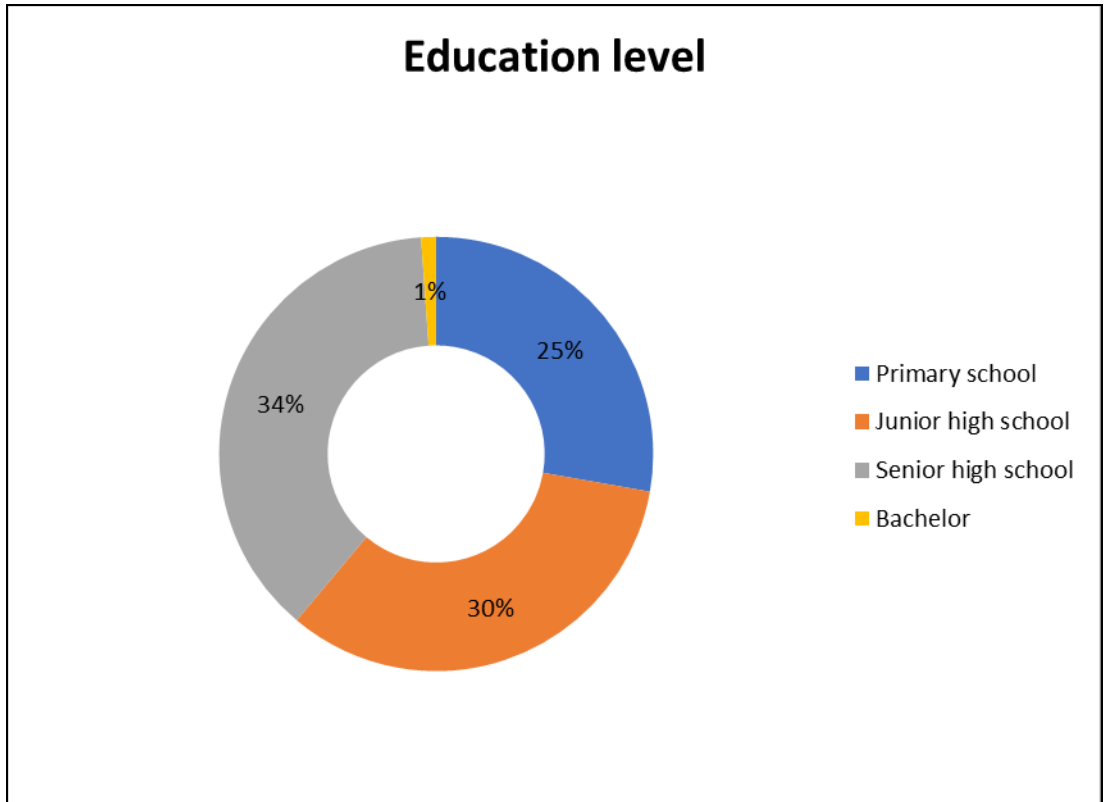
The hypothesis that is built is that the legislation has a significant effect on competitiveness. The results showed that the statutory policy has no significant effect on the competitiveness, coefficient -0.150, with probability 0.045. Thus the hypothesis is not accepted.

**4.4 The influence of entrepreneurship orientation and legislation policy together affect the competitiveness**

The hypothesis constructed in this research is entrepreneurship orientation and legislation policy together have a significant effect on competitiveness. The results showed that the orientation of entrepreneurship and legislation have a significant effect on competitiveness of 0.601 or 60% with probability value 0.000. Thus the hypothesis is accepted. Thus the research model can be described as in Figure 1.

**5. Conclusions**

Based on the results of the study can be concluded that the orientation of entrepreneurship is reflected by motivation, skills and education was associated with competitiveness. For statutory policies reflected from strategic plans, bureaucracy and law enforcement are unrelated to the potential competitiveness of fishermen. However, the results show that simultaneously between entrepreneurship orientation together with the legislation related to the competitiveness of fishermen in the coastal of North Jakarta, Cirebon, Bekasi, and Serang West Java.

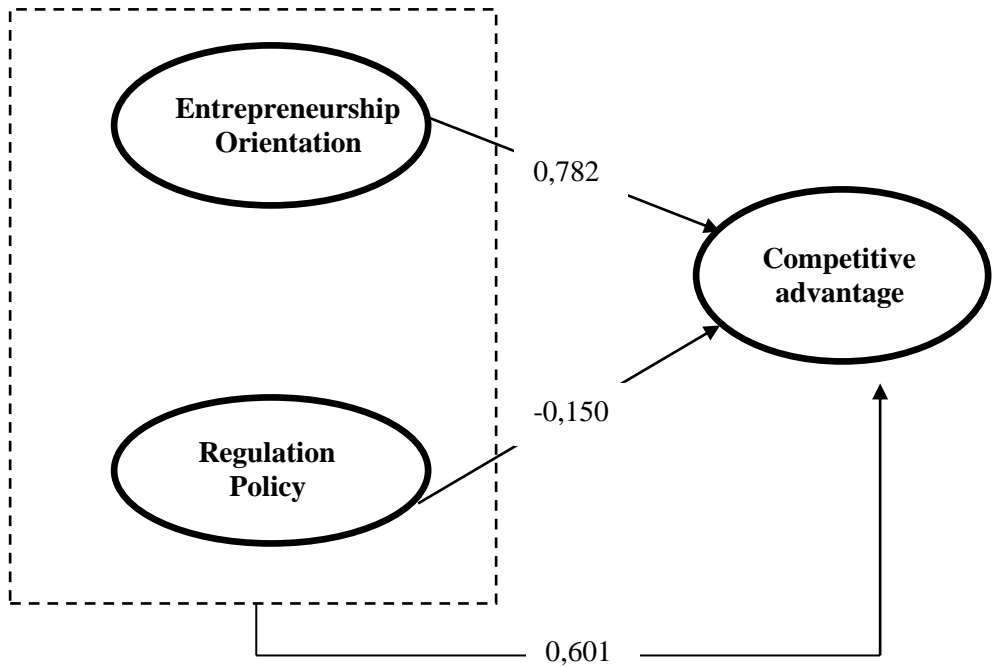
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Figure 1. Research Model



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