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SME COMPETITIVENESS IN DONGGALA DISTRICT OF CENTRAL SULAWESI PROVINCE, INDONESIA

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ABSTRACT
The purpose of this study was to examine the influence of specialization factors, research and development capacity, knowledge and skills, human resource development, cooperation networks and social capital, proximity to suppliers, capital availability, entrepreneurial spirit, and leadership and shared vision on the competitiveness of Small and Medium Enterprise (SME) in Donggala District, Central Sulawesi Province. The population of this study is 29 SME groups that received technical, capital, and equipment assistance from the Department of Cooperative and MSME of Donggala District. The samples were taken by the census. Data were analyzed using cross-tabulation and multiple linear regressions. The results showed that those nine independent variables simultaneously and partially had a significant effect on the competitiveness of SME in Donggala District, Central Sulawesi Province. The dominant variable affecting the competitiveness of SME is the availability of venture capital. The observation results revealed that any additional business capital for SME is needed to develop market share because adding working capital without expanding market share will decrease profit margin as a consequence of the cost of capital, which will reduce the competitiveness of SME in Donggala District.

KEY WORDS
Indicators of success, clusters, competitiveness, SMEs.

SME has made important and substantial contributions in providing job vacancy and income for Indonesian society. Therefore, sustainable empowerment and development need to do so that SME not only grow in numbers but also develop in the quality and competitiveness of its products. One approach to developing SME considered successful is through a group approach.

In a group approach, support (both technical and financial) is channeled to SME groups, not the individual. The group approach is believed better because (1) SME is usually unable to capture market opportunities, and (2) the business network is proven to be effective in increasing business competitiveness because it can synergize with one another.

For support providers, the group approach is also better because the process of identifying and empowering SME becomes more focused and efficient. The facts show that the development of SME group successfully increases the competitiveness capacity of SME, optimize the potential of local human and natural resources, expand job opportunities, and increase productivity and added value of SME.

Preliminary literature studies show that the Ministry of Cooperatives and MSME of the Republic of Indonesia from 2000 to 2006 have established a group-based SME development program carried out within the framework of government programs such as through (1) extension workers, (2) providing motivators to business groups, (3) giving technical support through technical service units and BDS, (4) implementing trade fairs to develop SME marketing networks, (5) making trading houses, and others. Some names have also been linked to this group approach model: SME Centers, Clusters in several countries that become a reference. Business clusters have become a powerful mechanism to overcome SME limitations in terms of business size to achieve success in a market environment with ever-increasing competition. The collaborative step involving SME and large companies, public and private support institutions, as well as local and regional governments will provide

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opportunities to develop specific local advantages and the competitiveness of companies incorporated in the cluster.

To build the independence of SME, the government changes the term "cluster" to "group." All types of assistance, capital and technical assistance, and equipment no longer go through the government-formed institutions such as BDS, but directly given to groups of SME or each SME. SME group can form business networks to develop joint projects, the SME group is an open system that involves more actors and is a group of companies that are interconnected and geographically close to institutions in a particular field.

The formation of the SME group is an important issue because SME as an individual is often unable to capture market opportunities requiring large volumes of production, homogeneous standards, and regular submission. SME often has difficulty in reaching economical scale in purchasing inputs (such as equipment and raw materials) and access to financial and consulting services. The small size also becomes a significant obstacle for internalizing several important supporting functions such as training, market research, logistics, and technological innovation. Also, it can inhibit the division of labor between specific and effective companies. All of these functions are the major company's dynamics.

Several benefits from a collaboration of SME group are: Cooperation with other SMEs occupies the same position in the value chain. A company can collectively achieve the economic scale beyond the reach of small businesses, obtain bulk purchase inputs, achieve optimal scale in equipment usage, and combine production capacity to meet large scale orders. Cooperation with other SMEs and large companies in the supply chain. Companies can focus on their core business and provide opportunities for the distribution of external labor.

Collaboration between companies also provides opportunities for collective learning spaces to improve product quality and move to more profitable market segments. Lastly, business networks between companies, business service providers (training institutions, technology centers, etc.) and local policy-makers can support the establishment of a shared vision of local development and strengthen collective action to enhance SME competitiveness. Thus, the SME group can be a good tool for overcoming SME obstacles and is expected to overcome competition in an increasingly competitive market environment.

The idea of SME to SME business groups was made with the belief that the management of business units tend to be more efficient, thereby increasing the competitiveness of the center's products. Following this matter, the Ministry of Cooperatives and MSME of the Republic of Indonesia (2001) has determined the success of the SME group can be seen from several variables:(1) Specialization, (2) Research and development capacity, (3) Knowledge and skills, (4) Human resource development, (5) Cooperation networks and social capital, (6) Proximity to suppliers, (7) Capital Availability, (8) Entrepreneurial spirit, and (9) Leadership and shared vision

Therefore, the objectives of this study were:

1. Examining and analyzing the simultaneous and partial influence of specialization, research and development capacity, knowledge and skills, human resource development, cooperation networks and social capital, proximity to suppliers, capital availability, entrepreneurial spirit and leadership, and the shared vision on SME competitiveness in Donggala District.
2. Establishing dominant factors that affect the competitiveness of SME in Donggala District.

LITERATURE REVIEW

Definition of Cluster

According to Porter (1998), clusters are companies and institutions' geographical concentrations that are interconnected in certain sectors. Their connection is because of togetherness and complementarity. Clusters encourage industry to compete with each other. Not only industry, the cluster also includes the government and industries that provide services such as training, education, information, research and technology support.

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Clusters are defined as a group of companies that gather at one location and work in the same sector. In other words, clusters are defined as similar and interrelated companies that gather within a certain geographical boundary. (Deputy of the MSME Resource Study Division, 2007)

Type of Cluster

A study shows various definitions and types of clusters. Porters divide clusters according to the adoption of member technology into (1) technology clusters (a group consciously uses modern science and technology) and (2) know-how cluster (group members use experience and hereditary knowledge). Technical Development Assistance Asian Development Bank (TAADB, 2001) divides clusters according to the dynamics of their members into (1) dynamic clusters (viable) and (2) sleep clusters (dormant).Whereas the other literature mostly divides clusters into (1) regional clusters (focusing more on grouping businesses in a region with clear boundaries, or (2) business clusters (focusing on cooperation networks between companies to share competencies and resources).

In this study, the observed clusters are business clusters (specifically those engaged in agribusiness) because they provide a more complete and broader scope or regional clusters. Both are used as observation samples. There are many types of clusters in relation to regional development. The two most common categories are regional clusters and business clusters.

1. Regional clusters are a group of companies that appear in or formed by a certain economic boundary. This cluster gains advantages from interactions between companies, the use of shared assets, and/or the provision of shared services.
2. A business cluster is a group of companies having not only different businesses but also interconnected activities. It then jointly conducts synergies and learning processes that are mutually beneficial. Usually, these two clusters are in the same area.

Cluster Diversity

Forming a cluster means arranging a series of units. Artisanal cluster shows the characteristics of the informal sector with productivity and wage scale which is way lower than the scale of mid and large-sized companies. The low level of specialization and inter-company cooperation shows a scarcity of expertise in the local workforce and fragile social structure. The clusters formation process of cooperation is still at a very early stage.

Many artisanal clusters are dormant, meaning that for several years, there has been practically no market development, production methods increase, and product development. Some writers refer to dormant clusters as survival clusters from micro and small companies. However, other clusters have evolved rapidly from increasing skills, technology, and successful penetration of domestic and export markets (Soetrisno, 2002).

Cluster Approach Characteristics

Cluster definitions can vary, but observations show some general characteristics inherent in this concept.

From the output side, there are at least 3 dimensions to be considered:

1. Competitiveness, reflected in dynamic and global contexts, for example, is closely related to innovation and adoption of best practices.
2. Economic specialization, within certain limits of activities that are related (automotive cluster, cultural cluster, cut flower cluster, and others).
3. Spatial identity is relevant to the agents and organizations in the cluster or outside the cluster.

Meanwhile, from the inside/cluster former, there are at least four elements that can be considered:

1. Emphasizing on the interaction between companies
2. The combination of resources and competencies controlled by the organization/company

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3. Interaction between businesses in a broader institutional support system
4. Spatial concentration (Soetrisno, 2003).

Determinants Factor of Cluster Development

Cluster growth growers, as formulated by Michael Porter (1998), contain four determinants, also known as diamonds models that lead to industrial competitiveness: (1) input factors (factor/input conditions), (2) demand conditions, (3) related and supporting industries, and (4) context for firm and strategy. The following is an explanation of the diamond model from Porter.

1. Input Factor
   Porter's analysis input factors are the variables that already exist and owned by an industrial cluster such as human resources, capital resources, physical infrastructure, information infrastructure, scientific and technological infrastructure, administrative infrastructure, as well as natural resources. The higher the quality of these input factors, the greater the industry's opportunity to increase competitiveness and productivity.
2. Demand Conditions
   Demand conditions, according to the diamond model, are associated with sophisticated and demanding local customers. The more advanced the society and the more demanding domestic customers, the more industry will always strive to improve product quality or innovate to meet desires high local customers. However, through globalization, demand conditions originate not only from local sources but also from abroad.
3. Supporting and Related Industries
   The existence of supporting and related industries will increase efficiency and synergy in Clusters. Synergy and efficiency can be created, especially in transactions cost, sharing of technology, information and certain skills that can be utilized by other industries or companies. Other benefits of supporting and related industries are that there will be increased competitiveness and productivity.
4. Company and competitors' strategies
   The strategy of the company and competitors in the diamond model is also important because it will motivate the company or industry to always improve the quality of the products and look for innovations. With fair competition, the company will always look for new strategies that are suitable and strive to always improve efficiency.

Cluster Benefits

The Indonesian Ministry of Cooperatives and MSME (2001), public community-based MSME have benefits for MSME itself, and the economy in their regions. For MSME, the cluster brings the following benefits:

a. Economic localization. Through a cluster, by utilizing the proximity of locations, the MSME with the same inputs (information, technology or services) can reduce acquisition costs in the use of these services.
   For example, the establishment of a training center in a cluster will facilitate access for MSME cluster actors.
b. Centering of labor. The cluster will attract workers with a variety of skills, making it easier for cluster MSME to meet the needs of their workforce and reduce labor search costs.
c. Access to information exchange and performance benchmarks. MSME joined into a cluster can easily monitor and exchange information about the performance of suppliers and potential customers. The drive for innovation and technology will have an impact on increasing productivity and improving products.
d. Complementary products. Because of the proximity of the location, the product of one cluster actor can have an important impact on other SME business activities. Besides, these complementary business activities can join in joint marketing.

The MSME cluster benefits for the regional economy include:

a. The interconnected MSME clusters tend to have higher productivity and the ability to

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pay higher wages.

b. The impact of employment and regional income from clusters is generally greater than other forms of economy.

While the success of the cluster can be seen from several determinants of cluster strength: (1) specialization, (2) research and development capacity, (3) knowledge and skills, (4) human resource development, (5) cooperation networks and social capital, (6) proximity to suppliers, (7) capital availability, (8) entrepreneurial spirit, and (9) leadership and shared vision.

Cluster Category

Based on the cluster conditions (referring to the diamond models), assessing the quality production, technology, markets, human resource capacity and relationships with related parties for cluster development both from the government, private and related industries, the cluster can be classified into inactive cluster (dormant), active cluster (developing) and dynamic cluster (advantage). Some characteristics (extracted from the JICA Report, 2004) are as follows:

1. Inactive cluster has the following characteristics:
   a. Product is not developing (tends to maintain the existing products)
   b. Technology is not developing (using existing technology, usually traditional, no investment in equipment and machinery)
   c. Local market (fighting over existing markets and having no motivation to expand the market encourage competition at the price level rather than quality) depends on intermediaries/traders between
   d. The level of the actor's skill is statistical (hereditary skills)
   e. The level of the actor's trust and among actors is low (low social capital, encouraging mutual hiding of market information, technical production, etc.)
   f. Market information is very limited (only certain individuals or groups have access to direct buyers)

   Active Clusters have the following characteristics:
   a. Products develop according to market demand (quality)
   b. Technology develops to meet the quality of the product in the market
   c. Marketing is more actively looking for buyers
   d. The formation of market information
   e. The development of joint activity is for production and markets (e.g. purchase of shared raw materials, joint marketing offices)

2. The characteristics of dynamic clusters are as follows:
   a. The establishment of inter-company specializations from clusters (for example specialization of casting, shape-making, cutting, etc. for the metal industry)
   b. The cluster will create new products needed by the market/consumer
   c. Technology develops in accordance with the innovation of the product
   d. The development of partnerships with related industries both in developing products and technology becomes a part of related industries
   e. Cluster institutional development
   f. The development of market information

The research results of a pilot project on cluster development in Indonesia conducted by JICA (2004) revealed that cluster in Indonesia is limited by its fragile form of social capital. Social capital in question is an intangible asset such as "formed trust", "internal ties," or "social networking."

SME Development Strategy through SME Cluster

In Indonesia, a strategy for empowering SME through the formation of industrial clusters began in 1999. This strategy is not a new one, but rather an adoption of successful experiences from several friendly countries which first implemented it. Through this strategy,

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the SME center is used as an entry point for SME empowerment efforts. This approach is based on the thought of providing services to SME in a more focused, collective, and efficient manner because the limited resources will reach a wider SME group. This approach also has high effectiveness because the target is clear and the existing business units are generally characterized by the same needs and problems, both in terms of production, marketing, technology, and others.

Besides, SME centers becoming a growth pool are expected to support efforts to increase employment, value-added, and exports. The Indonesian Ministry of Cooperatives and MSME (2001).

Competitiveness-Attractiveness Analysis

This analysis combines the agribusiness attractiveness as a factor affecting the existence of certain leading commodity agribusiness systems and agribusiness competitiveness as a factor reflecting the condition of certain leading commodity agribusiness systems (Natawidjaja etal., 2002).

Agribusiness attractiveness factors are:

1. Market size is the amount of market demand (domestic and export) of leading commodities.
2. Market growth is a trend of the magnitude of changes in market demand every year, both domestic and export.
3. Profit margin is the number of profits derived from leading commodity businesses.
4. The level of competition is the level of market competition seen from the number of actors and regions commercializing leading commodities, regional, national, and international.
5. The influence of inflation is the effect of changes in inflation and the exchange rate on the sustainability of leading commodity businesses.
6. Social, political, and legal conditions, as the impact of social, political, and legal changes, at the national and international levels affect the sustainability of leading commodity businesses.
7. Capital requirements are the large capital requirements to carry out leading commodity businesses.

Competitiveness Factor

1. The quality of the superior commodity is the quality of the superior commodity produced.
2. Image of superior commodities are consumers' perception of superior commodities.
3. Network marketing is the reach of leading commodity markets.
4. The effectiveness of promotions that reflect the presence or absence of promotion and the level of promotion effectiveness (if any) of leading commodities.
5. Price conditions are the mechanism for determining commodity prices.
6. Cost efficiency is the cost of producing superior commodities.

(Abdullah, 2002)

METHODS OF RESEARCH

Type of Method

Based on the aims and scope, this study can be classified as a causal descriptive research activity with a concentration of research in SME groups in Donggala District, Central Sulawesi Province.

Data Types and Collection Methods

The data collected is an answer to the research question and can identify the problem factors that determine the competitiveness of SME groups. Information and data are obtained from several indicators. To operationalize the process of measuring the variable to observe, the first step is to elaborate on the relationship between the concept-dimension-

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elements from each variable before being derived into question items (primary data) or guidelines for compiling information (secondary data).

Data Collection Method

Referring to the research objectives and problem identification, this research collects various data and information related to variables that determine the success of the competitiveness of SME groups in Donggala District, Central Sulawesi Province, both primary data directly collected by the research team and secondary data obtained from agencies or publication results from the publishing institution. Primary data were collected using questionnaire and interview. Therefore, the study questionnaire was not designed to be left alone and filled out by respondents (drop-off method) but rather was a guide for data enumerators to collect data/information (people assist method).

Population and Sample

The population and sample in this study were 29 SME groups that received technical, capital, and equipment assistance from the Department of Cooperative, MSME, and Industry and Trade of Donggala District, including SME groups formed by individuals. The sample used was the census sample that observes 29 groups of SME.

Unit of Analysis

Since the learning is drawn from a comparison between successful SME centers evolved into the SME group, the unit of analysis of this study is the SME group.

Respondent

The respondents are the Chairperson of the SME group, SME Manager, SME members, Economic Coordinator of twelve districts, and the Head of the Donggala SME Section totaling 100 respondents.

Analysis Method

The data were classified based on the category of fulfilling the characteristics of the SME group. They were tabulated based on the specified classification. The tabulation results are then re-checked to ensure the accuracy and logic of the presentation. The data were processed in the form of a spreadsheet to make it easy to further process with Multiple Linear Regression Analysis. The results showed that the descriptive analysis remains an analysis that will be widely used throughout this study.

Variable Operational

The Indonesian Ministry of Cooperatives and MSME (2001) has determined that the success of the SME group can be seen from several

1. Specialization;
2. Research and development capacity;
3. Knowledge and skills;
4. Human Resource Development;
5. Cooperation networks and social capital;
6. Proximity to suppliers;
7. Capital Availability
8. Entrepreneurial spirit;
9. Leadership and shared vision;

RESULTS AND DISCUSSION

The description of respondents' answer to the competitiveness of SME in Donggala District is:

Table 1 – Specialization Variable (X1)

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INDICATOR	Respondents' Answer (X1)										MEAN	Desc
	SS		S		N		TS		STS			
	∑	%	∑	%	∑	%	∑	%	∑	%		
X1.1	24	24%	54	54%	9	9%	8	8%	5	5%	3.84	Good
X1.2	26	26%	56	56%	4	4%	9	9%	5	5%	3.89	Good
X1.3	22	22%	60	60%	8	8%	4	4%	6	6%	3.88	Good
X1.4	25	25%	53	53%	11	11%	4	4%	7	7%	3.85	Good

Table 1 above shows that the specialization variable (X1.1) received the highest positive response with a mean value of 3.89, and the statement of equipment assistance received appropriately. This means that most actors and/or business groups have received equipment assistance under the conditions of the business. Meanwhile, the indicator (X1.1) gets the lowest mean value of 3.84 and the statement of variation assistance equipment. Overall, each indicator has almost the same mean, so it can be concluded that generally, each indicator on the specialization variable is in accordance with the needs of the actors and groups of SMEs in Donggala district.

Table 2 – Research and Development Capacity Variable (X2)

INDICATOR	Respondents' Answer (X2)										MEAN	Desc
	SS		S		N		TS		STS			
	∑	%	∑	%	∑	%	∑	%	∑	%		
X2.1	33	33%	41	41%	10	10%	13	13%	3	3%	3.88	Good
X2.2	37	37%	41	41%	7	7%	8	8%	7	7%	3.93	Good
X2.3	28	28%	42	42%	17	17%	10	10%	3	3%	3.82	Good
X2.4	29	29%	39	39%	20	20%	6	6%	6	6%	3.79	Good

Table 2 above shows that the indicator of research and development capacity receiving the highest positive response is the indicator (X2.2) with a mean value of 3.93 and the statement of having information. This means that most of the actors and or business groups already have information facilities to support their business activities. Later on, the indicator that has the lowest mean value is the indicator (X2.4) with a mean value of 3.79, and the statement of participation in training and development.

Table 3 – Knowledge and Skill Variable (X3)

INDICATOR	Respondents' Answer (X3)										MEAN	Desc
	SS		S		N		TS		STS			
	∑	%	∑	%	∑	%	∑	%	∑	%		
X3.1	33	33%	31	31%	18	18%	11	11%	7	7%	3.72	Good
X3.2	32	32%	36	36%	12	12%	13	13%	7	7%	3.73	Good
X3.3	29	29%	27	27%	21	21%	12	12%	11	11%	3.51	Good
X3.4	31	31%	31	31%	25	25%	3	3%	10	10%	3.70	Good

Table 3 shows that the indicator of knowledge and skills variables receiving positive responses is indicators (X3.2) with a mean value of 3.73 and the statements of increasing knowledge about marketing. This means that most actors and or business groups have tried to increase knowledge to market the products of their business. Then, the indicator that has the lowest mean value is the indicator (X3.3) with a mean value of 3.51 and the statement of being skilled in making use of facilities and infrastructure.

Table 4 – Development and Human Resource Variable (X4)

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INDICATOR	Respondents' Answer (X4)										MEAN	Desc
	SS		S		N		TS		STS			
	∑	%	∑	%	∑	%	∑	%	∑	%		
X4.1	32	32%	38	38%	8	8%	16	16%	6	6%	3.74	Good
X4.2	28	28%	40	40%	12	12%	11	11%	9	9%	3.67	Good
X4.3	34	34%	35	35%	9	9%	11	11%	11	11%	3.70	Good
X4.4	31	31%	37	37%	9	9%	11	11%	12	12%	3.64	Good

Table 4 shows that the human resource development variable indicator receiving a positive response is the indicator (X4.1) with a mean value of 3.74 and the statement of employees is given the opportunity to find innovations. This means that most actors and or business groups have allowed each member or employee to innovate which is certainly in line with the type of business being run. While the indicator that has the lowest mean value is the indicator (X4.4) with a mean value of 3.64, and the statements of the employee are included in training or the like.

Table 5 – Partnership Network and Social Capital Variables (X5)

INDICATOR	Respondents' Answer (X5)										MEAN	Desc
	SS		S		N		TS		STS			
	∑	%	∑	%	∑	%	∑	%	∑	%		
X5.1	30	30%	45	45%	4	4%	14	14%	7	7%	3.77	Good
X5.2	29	29%	46	46%	7	7%	10	10%	8	8%	3.78	Good
X5.3	30	30%	43	43%	10	10%	10	10%	7	7%	3.79	Good
X5.4	29	29%	41	41%	14	14%	10	10%	6	6%	3.77	Good

Table 5 shows that the indicator of the cooperation network and social capital variable receiving a positive response is the indicator (X5.3) with a mean value of 3.53, and the statement of the company has a network with social institutions. This means that most business players and or business groups have collaborated with related social institutions to improve their business performance. Then, the indicator that has the lowest mean value is the indicator (X5.1) of 3.77, and the statement that the company has a network with downstream industries.

Table 6 – Proximity Suppliers Variable (X6)

INDICATOR	Respondents' Answer (X6)										MEAN	Desc
	SS		S		N		TS		STS			
	∑	%	∑	%	∑	%	∑	%	∑	%		
X6.1	27	27%	46	46%	14	14%	6	6%	7	7%	3.80	Good
X6.2	25	25%	43	43%	18	18%	6	6%	8	8%	3.71	Good
X6.3	28	28%	27	27%	31	31%	8	8%	6	6%	3.63	Good
X6.4	44	44%	41	41%	2	2%	4	4%	9	9%	4.07	Good

Table 6 shows that the indicator of proximity to supplier variable receiving a positive response is the indicator (X6.4) with a mean value of 4.07, and the statement of the company utilizes suppliers as consumers. This means that most business actors and or business groups also utilize suppliers as consumers to facilitate the sale of processed products from each business group. Then, the indicator that has the lowest mean value is the indicator (X6.3) of 3.63, with the statement of utilizing suppliers as spies. This is indicated by the number of respondents choosing neutral.

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Table 7 – Capital Availability Variable (X7)

INDICATOR	Respondents' Answer (X7)										MEAN	Desc
	SS		S		N		TS		STS			
	∑	%	∑	%	∑	%	∑	%	∑	%		
X7.1	44	44%	42	42%	1	1%	8	8%	5	5%	4.12	Good
X7.2	26	26%	33	33%	24	24%	9	9%	8	8%	3.60	Good
X7.3	26	26%	21	21%	35	35%	13	13%	5	5%	3.50	Good
X7.4	32	32%	40	40%	18	18%	3	3%	7	7%	3.87	Good

Table 7 shows that the indicator of capital availability variable receiving a positive response is an indicator (X7.1) with a mean value of 4.12 and the statement of available working capital. This means that most business players and/or business groups have capital that will be used as working capital. Then, the indicator that has the lowest mean value is the indicator (X7.3) of 3.50 with a statement of available investment capital. This is indicated by the number of respondents choosing to be neutral.

Table 8 – Entrepreneurial Spirit Variable (X8)

INDICATOR	Respondents' Answer (X8)										MEAN	Desc
	SS		S		N		TS		STS			
	∑	%	∑	%	∑	%	∑	%	∑	%		
X8.1	30	30%	38	38%	20	20%	9	9%	3	3%	3.83	Good
X8.2	35	35%	35	35%	10	10%	11	11%	9	9%	3.76	Good
X8.3	34	34%	33	33%	15	15%	11	11%	7	7%	3.76	Good
X8.4	21	21%	36	36%	31	31%	8	8%	4	4%	3.62	Good

Table 8 shows that the indicator of entrepreneurial spirit variables receiving a positive response is the indicator (X8.1) with a mean value of 3.83 and the statement of employees having independence. This means that most business group members have understood every task that has been distributed. Then, the indicator that has the lowest mean value is the indicator (X8.4) of 3.62, with the statement of an employee having confidence. This means that the group members have not been fully able to cope with each task, so they need more supervision. This is indicated by the number of respondents choosing to be neutral.

Table 9 – Leadership and Shared Vision Variable (X9)

INDICATOR	Respondents' Answer (X9)										MEAN	Desc
	SS		S		N		TS		STS			
	∑	%	∑	%	∑	%	∑	%	∑	%		
X9.1	17	17%	35	35%	26	26%	15	15%	7	7%	3.40	Good
X9.2	27	27%	36	36%	22	22%	9	9%	6	6%	3.69	Good
X9.3	28	28%	30	30%	15	15%	17	17%	10	10%	3.49	Good
X9.4	32	32%	32	32%	15	15%	12	12%	9	9%	3.66	Good

Table 9 shows that the indicator of leadership and shared vision variable receiving positive responses are indicators (X9.2) with a mean value of 3.69, and the statement of the leaders delegate their tasks. This includes some leaders or group leaders too. Then, the indicator that has the lowest mean value is the indicator (X6.3) of 3.63, with the statement of utilizing suppliers as spies.

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Table 10 – SME Competitiveness Variable (Y)

INDICATOR	Respondents' Answer (Y)										MEAN	Desc
	SS		S		N		TS		STS			
	∑	%	∑	%	∑	%	∑	%	∑	%		
Y1.1	22	22%	33	33%	15	15%	19	19%	11	11%	3.36	Good enough
Y1.2	22	22%	41	41%	14	14%	13	13%	10	10%	3.52	Good
Y1.3	24	24%	39	39%	14	14%	14	14%	9	9%	3.55	Good
Y1.4	29	29%	39	39%	19	19%	8	8%	5	5%	3.79	Good

Table 10 above shows that the indicator of SME competitiveness variable receiving a positive response is the indicator (Y1.4) with a mean value of 3.79 and the statement that the effectiveness of SME promotion is considered good. It means that respondents' answer to the effectiveness of promotions has been good. The indicator that has the lowest mean value is an indicator of superior commodity quality (Y1.1) of 3.36, meaning that both commodity goods/services provided by SME in Donggala District are considered good enough for respondents.

To discuss the first and second problems, this study will analyze the variables that determine the competitiveness of 29 (twenty-nine) SME groups spread over 12 (twelve) districts which become the development partners of the Department of Cooperative, MSME, and the Trade Industry of Donggala District.

After testing the normality with the classical assumption approach of the analysis model, it can be concluded that: there are no symptoms of multicollinearity, heterokedasticity, and autocorrelation. Table 11 shows the results of the multiple linear regression of the success factors influence of SME competitiveness in Donggala District:

Table 11 – Summary of Multiple Linear Regression

Variable	Unstandardized Coefficients		t	Sig.
	B	Std.Error		
Constant	-.386	.363	-1,063	.291
Specialization (X_1)	.252	.089	2,831	.006
Research and development capacity (X_2)	.252	.088	2,875	.005
Knowledge and skills (X_3)	.172	.082	2,099	.039
Human Resource Development (X_4)	.134	.066	2,019	.046
Cooperation network and social capital (X5)	.186	.082	2,268	.026
Proximity to suppliers (X6)	.215	.102	2,113	.037
Capital Availability (X7)	-.622	.109	-5,703	.000
Entrepreneurial spirit (X8)	.265	.090	2,936	.004
Leadership and shared vision (X9)	.199	.079	2,507	.014
R Square	.667			.000[a]
Adjusted R Square	.633			0.05
Multiple R	.817[a]			

Source: Data processed.

Table 11 above shows the multiple linear regression equation as below:

$$Y = -0.386+0.252(X_1)+0.252(X_2)+0.172(X_3)+0.134(X_4)+0.186(X_5)+0.215(X_6)-0.622(X_7)+0.265(X_8)+0.199(X_9)+0.363$$

Discussion and Research

The success of SME competitiveness in Donggala District is determined by specialization, research and development capacity, knowledge and skills, human resource development, cooperation networks and social capital, proximity to suppliers, capital availability, entrepreneurial spirit, leadership and shared vision. This is in line with the criteria for determining the success and competitiveness of SME by the Indonesian Ministry of

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Cooperatives and MSME (2001).

The strong relationship between the nine variables on the success of competitiveness

SME in Donggala District is in a very strong category (Multiple R 0.817), as required by Riduwan (2013; 150). This is proven that before the nine variables were applied by SMEs in Donggala District, the competitiveness of SME decreased by 0.386 or minus 38.6%.

Capital requirements become the dominant factor for the success of SME competitiveness in Donggala District. In the case of SME in Donggala District, the additional capital is needed to develop market share because adding working capital without expanding market share will lead to a decrease profit margin as a result of the consequences of the cost of capital. This is in line with the study by (Natawidjaja et al., 2002) that capital adequacy is a factor that determines the attractiveness of agribusiness. As with the research conducted by (Nyayu et al.,2018) that business capital is one of the constraints in running the Cipageran milk cluster business model,

These nine variables, namely specialization, research and development capacity, knowledge and skills, human resource development, cooperation networks and social capital, proximity to suppliers, capital availability, entrepreneurial spirit, and leadership and shared vision, have a significant influence on the success of SME competitiveness in Donggala District.

CONCLUSION

These nine variables, namely specialization, research and development capacity, knowledge and skills, human resource development, cooperation networks and social capital, proximity to suppliers, capital availability, entrepreneurial spirit, and leadership and shared vision, have a significant influence on the success of SME competitiveness in Donggala District.

The relatively more dominant variable influencing the success of SME competitiveness in Donggala is the availability of capital as indicated by the regression coefficient (B) with a negative direction of 0.622. This means that each addition of 1 rupiah of SME business capital will reduce competitiveness by 62.2%. The observation results revealed that any additional business capital for SME is needed to develop market share because adding working capital without expanding market share will decrease profit margin as a consequence of the cost of capital, which will, in turn, reduce the competitiveness of SME in Donggala District.

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