
Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

“Entrepreneurship on Global Economics Development in the Era of Society 5.0”

The Influence of Business Conduct, Coordination and Competence on Business Repositioning in Batubara District

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ABSTRACT

The purpose of this research is to build a model of business repositioning through behavior, coordination and competence. BatuBara Regency, which is a special area for international standard tourism, is an important focus in the study of Human Resource development in order to create regional economic independence. One sector that is of concern in this tourism area is the development of SMEs. The problems currently faced by SMEs in Pahlawan Village include declining people's purchasing power, distribution barriers due to activity restrictions, difficulty accessing capital and a lack of product innovation. These problems are the focus of researchers to design research that aims to create a repositioning of business development through the behavior, coordination and competence of SMEs. The action plan from this research will also target sustainable SME business improvement by creating business specialization. This research approach uses a quantitative design with explanatory research design through the Structural Equation Modeling research model which will later break down complex problem indicators. The results of this test prove that the Business Behavior variable has a significant effect on Repositioning with a positive direction where the higher and better the Business Behavior, the Repositioning will increase. The Coordination variable has no significant effect on Repositioning with a positive direction where the higher and better the Coordination, the Repositioning will increase with an insignificant effect. Competency variables have a significant effect on Repositioning with a positive direction where the higher and better the Competence, the Repositioning will increase.

Keywords: Repositioning, Business Development, Behavior, Coordination and Competence

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INTRODUCTION

The liberalization of international trade and the globalization of the world economy in general over the last two decades means that all countries must focus on ensuring that their industries are globally competitive. To get the maximum benefit from the changes in the world economic order for now, SMEs, especially in Pahlawan Village, have not yet received the maximum benefits from the globalization of the world economy and the liberalization of international trade, largely because of the mirage of problems faced by the industry, especially the small and medium business (SMEs) economic sector. These problems hinder the sector from being effective not only in the domestic market but also in the international market. This research highlights the repositioning of UKM in Pahlawan Village to have competitiveness through business development, active behavior, coordination and competence. Options and strategies for repositioning the sector are the main focus of this paper.

Many SMEs in Pahlawan Village do not have the required technical, development, behavioral and managerial skills. Due to their limited resources, they are most often unable to compete in hiring skilled workers who can make a significant contribution to their business operations. The traditional paradigm held that individuals starting new businesses often belong to a social class that is already in business and already has sufficient resources to enable them to set up a business. Able to start a business smoothly, overcome obstacles in the first stage of development, and eventually grow. But in fact the existing SMEs are not included in social groups and classes that are already related to business; they lack the cultural and educational orientation to start a business and they lack the material resources to support them.

The development and expansion of their business is thus hampered considerably due to:

1. Newcomers have never before come into contact with life and a strong way of thinking and business mentality.
2. The prospective owners do not yet know scientific ways of managing things.
3. Start-up entrepreneurs have not inherited the skills of technology and how to solve technical problems.
4. People are generally trained in schools and training centers for later employment, not for becoming self-employed entrepreneurs. This phenomenon is important as a frame of reference for research with the theme *Repositioning Business Development Through Behavior, Coordination and Competence of UKM Actors in Pahlawan Village*.

Literature Review

Repositioning

Generally, positioning is the act of designing organizational competencies so that they occupy a meaningful and distinct competitive position in human resource management. Ries and Trout (1982) observed that repositioning occurs in the prospect's mind; positioning expertise by what one does to one's mind [2].

Repositioning is also related to determining the transfer of knowledge that the organization wants to increase. There are four roles of repositioning strategy :

- a. To seek and take the vacant place enough new skills.
- b. To strengthen the current position to anticipate risks in the external environment.
- c. To reposition the vision and mission of the organization.
- d. To develop a niche for the organization that will create employee loyalty [3].

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Business development

According to the Big Indonesian Dictionary, development is process, way, act of developing. Development is a planned effort from the organization to increase the knowledge, skills and abilities of employees. Development is more emphasized on increasing knowledge to do work in the future, which is carried out through an integrated approach with other activities to change work behavior.

There are two types of business development, namely: Vertical development is business development by developing the core of the business. Horizontal development is business development that is not linear with the core business, but can strengthen the core business. In developing a business, there are three aspects that must be considered, namely: The sales aspect pays attention to how the goods are sold, the age majority, origin, and also trends, and the sales process. The management aspect pays attention to managerial processes from business starting from manufacturing, marketing planning, to distribution planning. The strategic aspect includes how to develop a business by improving quality, creating new ones, or cooperating with other parties.

Business Conduct

Business behavior is an important point for every business actor in running a business. Therefore, it is important that you know the meaning of business ethics from a number of experts. That is:

1. According to Bertens (2000), According to Bertens, business ethics is broader than the provisions regulated by law. Even business ethics is a higher standard when compared to the minimum standards of legal provisions. Because in business activities or activities we often find gray areas that are not regulated by law.
2. According to Hill and Jones, According to Hill and Jones, the definition of business ethics is the teaching of distinguishing between right and wrong in providing provisions to every company leader when considering strategic decision making related to complex moral issues.
3. According to Sumarni (1998: 21), the definition of business ethics is related to the problem of assessing business activities and behavior that refers to truth or honesty in doing business.
4. According to Sim, this is related to effective leadership in an organization.
5. According to Velasques, According to Velasques, the definition of business ethics is a study that is based on right and wrong morals.
6. According to Business & Society-Ethics and Stakeholder Management, Business Ethics is a discipline that deals with the merits of a duty and moral obligation in a business context.
7. According to Steade et al: According to Steade et al, Business Ethics are ethical standards related to objectives and ways of making business decisions

As an illustration, the public still views BUSINESS as BUSINESS, where it is very possible to carry out actions that are not commendable to achieve business goals, for example committing bribery to obtain business licenses, committing fraudulent practices in business or marketing manipulation. It is wrong to think that business has nothing to do with ethics or morality, and that morality is only considered a myth in business.

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Coordination

Coordination is the activity of directing, integrating and coordinating elements of management and the work of subordinates in achieving organizational goals. The form of coordination is divided into two major parts, namely vertical coordination and horizontal coordination. Both of these forms are usually present in an organization.

The benefits of coordination include:

- a) Coordination can avoid feeling detached from one another, between organizational units or between officials in the organization;
- b) Avoid an opinion or feeling that the organizational unit or official is the most important;
- c) Avoid the possibility of conflict between parts
- d) within the organization;
- e) Avoiding the occurrence of job vacancies for an activity within the organization;
- f) Raise awareness among employees to help each other

Competence

Competence is a characteristic that stands out for a person and becomes ways of behaving and thinking in all situations, and lasts for a long period of time. From this opinion it can be understood that competence refers to a person's performance in a job which can be seen from thoughts, attitudes, and behavior [3].

The five competency characteristics are as follows:

- a) Motives, namely something that people think and want cause something;
- b) Traits, namely the physical characteristics of consistent responses to situation;
- c) Self Concept, namely attitudes, values, and image of a person;
- d) Knowledge, namely information owned by a person in a particular field;
- e) Skill, namely the ability to perform tasks related to physical and mental [3].

The research criteria are illustrated in the figure below:

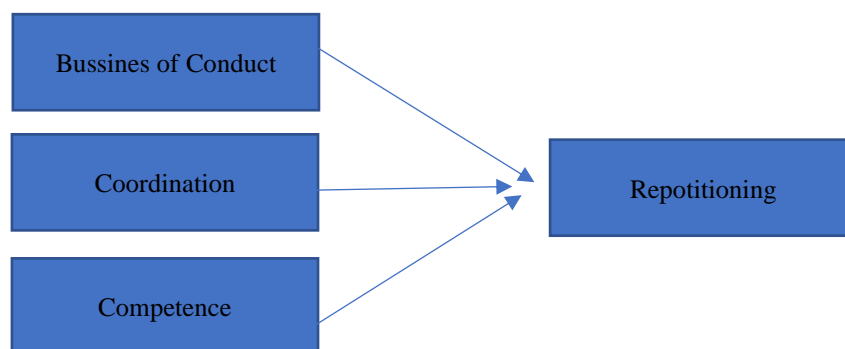


Figure.1: Conceptual Framework

METHOD

The design of this study uses an associative quantitative research approach which describes the relationship pattern of exogenous variables to endogenous variables. In this study, data analysis used the Partial Least Square (PLS) approach. PLS is a component- or variant-based Structural Equation Modeling (SEM) model. According to Ghozali (2006), PLS is an alternative approach that shifts from a covariance-based SEM approach to a variance-based one. SEM which is based on covariance generally tests causality/theory while PLS is more of a predictive model. PLS is a powerful analytical method (Ghozali, 2006), because it is not based on many assumptions. For example, the data must be

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normally distributed, the sample does not have to be large. Besides being able to be used to confirm theory, PLS can also be used to explain whether there is a relationship between latent variables. PLS can simultaneously analyze constructs formed with reflective and formative indicators. According to Ghozali (2006) the purpose of PLS is to help researchers for prediction purposes. The formal model defines the latent variable as a linear aggregate of its indicators. The weight estimate for creating the latent variable score component is obtained based on how the inner model (a structural model that links between latent variables) and the outer model (a measurement model, namely the relationship between indicators and their constructs) is specified. The result is the residual variance of the dependent variable.

Parameter estimation obtained with PLS can be categorized into three. First, is the weight estimate used to create latent variable scores. Second, it reflects the path estimate that connects latent variables and between latent variables and their indicators (loading). Third, related to means and parameter locations (regression constant values) for indicators and latent variables. To obtain these three estimates, PLS uses a 3-stage iteration process and each iteration stage produces estimates. The first stage generates a weight estimate, the second stage generates estimates for the inner and outer models, and the third stage generates means and location estimates (Ghozali, 2006).

RESULT AND DISCUSSION

Result

There are three criteria in the use of data analysis techniques with SmartPLS to assess the outer model, namely Convergent Validity, Discriminant Validity and Composite Reliability. Convergent validity of the measurement model with reflexive indicators is assessed based on the correlation between the item score/component score estimated by the PLS Software. The individual reflexive measure is said to be high if it correlates more than 0.70 with the construct being measured. However, according to Chin, 1998, for early stage research, the development of a measurement scale for a loading value of 0.5 to 0.6 was considered sufficient. In this study, a loading factor limit of 0,60.

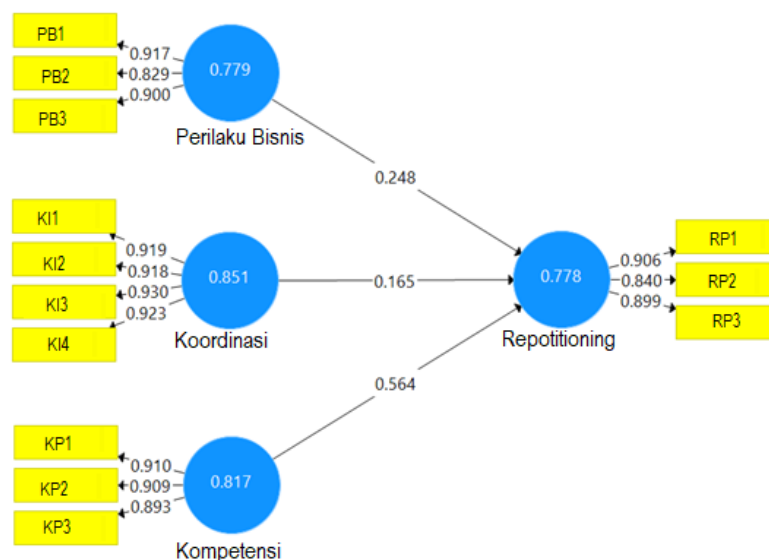


Figure 2. Loading factor

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Table 5. Outer Loadings (Measurement Model)

Variable	Indikator	AVE
Bussines of Conduct	PB1	0.917
	PB2	0.829
	PB3	0.900
Coordination	KI1	0.919
	KI2	0.918
	KI3	0.930
	KI4	0.923
Competency	KP1	0.910
	KP2	0.909
	KP3	0.893
Repositioning	RI1	0.906
	RI2	0.840
	RI3	0.899

The results of processing using SmartPLS can be seen in Table 5. The value of the outer model or the correlation between constructs and variables has met convergent validity because the indicator has a loading factor value above 0.60 so it is feasible to continue in the next analysis.

Discriminant validity is carried out to ensure that each concept of each latent variable is different from other variables. The model has good discriminant validity if each loading value of each indicator of a latent variable has the largest loading value with other loading values for other latent variables.

The validity and reliability criteria can also be seen from the reliability value of a construct and the Average Variance Extracted (AVE) value of each construct. The construct is said to have high reliability if the value is 0.70 and the AVE is above 0.50. Table 4.6 will present the Composite Reliability and AVE values for all variables.

Table 6. Composite Reliability dan Average Variance Extracted

	Cronbach...	rho_A	Composi...	Average ...
Perilaku..	0.942	0.942	0.958	0.851
Repoti..	0.888	0.893	0.931	0.817
Koord...	0.857	0.866	0.913	0.778
Komp....	0.859	0.878	0.913	0.779

Based on table 4.10 it can be concluded that all constructs meet the criteria of being reliable. This is indicated by the composite reliability value above 0.70 and AVE above 0.50 as the recommended criteria.

Testing of the inner model or structural model is carried out to see the relationship between the constructs, the significance value and the R-square of the research model. The structural model was evaluated using the R-square for the dependent construct t test and the significance of the structural path parameter coefficients.

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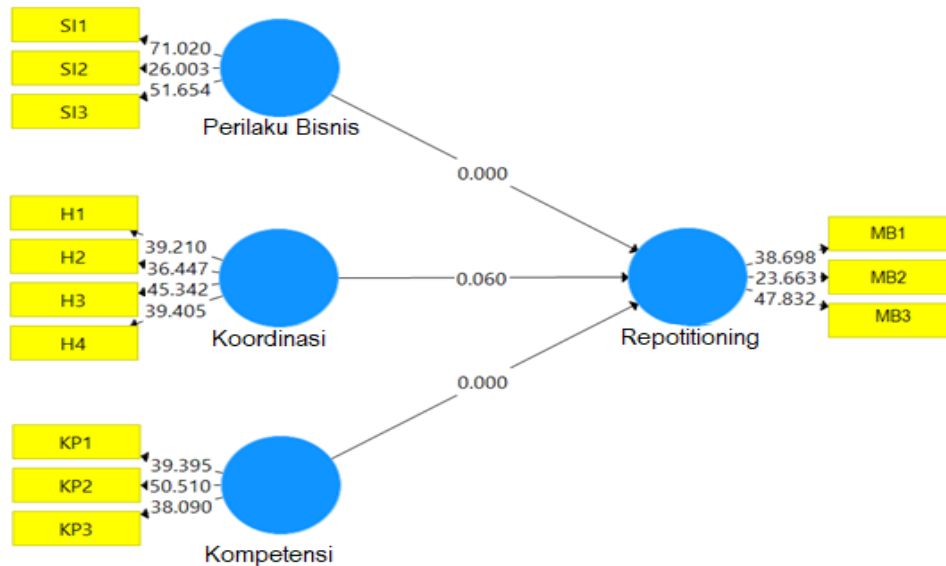


Figure 4. Hypotesis Testing

The picture above shows the R-square value obtained at 0.914 or 91.4%. These results indicate that 91.4% of the Repotitioning variable can be influenced by the variables Business Behavior, Evidence Coordination and CRM strategy. The following are the results of testing the hypothesis with bootstrapping testing.

Table 7. Bootstrapping Test

	Original ...	Sample ...	Standard ...	T Statistic...	P Values
Koordina- > ...	0.165	0.168	0.088	1.882	0.060
Perilaku...	0.564	0.566	0.084	6.682	0.000
Komp -> ...	0.248	0.245	0.042	5.977	0.000

1) The Effect of Business Conduct on Repotitioning UKM in Pahlawan BatuBara Village

From table 10, the t-count value of 6,682 is greater than the t-table of 1.977 with a t probability that is sig 0.000, which is less than the significance limit of 0.05. This means that the Business Behavior variable has a significant influence on the Repotitioning of UKM in Pahlawan BatuBara Village (Y). Thus the Competency factor has contributed to the Repotitioning of UKM in Pahlawan BatuBara Village. The following is a graph of the influence of Business Behavior on Repotitioning of UKM in the BatuBara Heroes Village.

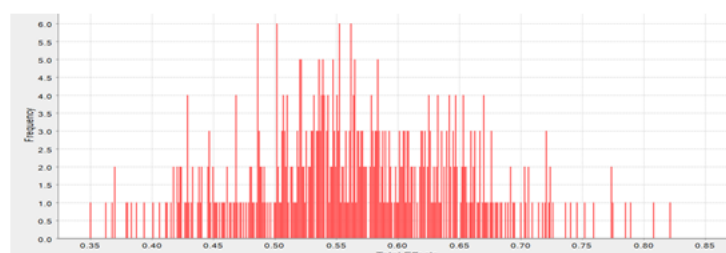


Figure 5. Hypotesis Graph 1

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The graph above shows the distribution of data on the influence of business behavior on Repotitioning UKM in Pahlawan BatuBara Village which looks left-leaning and has a random distribution. This shows that UKM Business Behavior is very optimal so that it can influence UKM Repotitioning in BatuBara Heroes Village.

2) The Influence of Coordination on Repotitioning of UKM in Pahlawan BatuBara Village

From table 7, it is obtained that the t-count value is 1,882 which is smaller than the t-table of 1.977 with a t probability that is sig 0.060 which is greater than the significance limit of 0.05. This means that the Coordination variable does not have a significant effect on the Repotitioning of UKM in Pahlawan BatuBara Village (Y). Thus the Coordination factor has no contribution to the Repotitioning of UKM in Pahlawan BatuBara Village. The following is a graph of the influence of Coordination on the Repotitioning of UKM in the BatuBara Heroes Village.

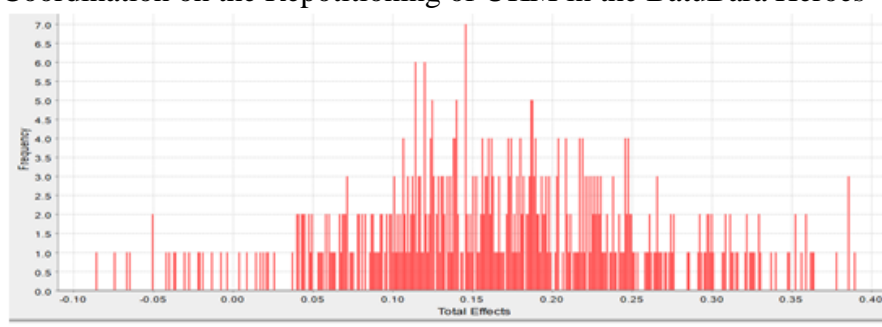


Figure 6. Hypothesis Graph 2

The graph above shows the distribution of data on the effect of Coordination on Repotitioning UKM in Pahlawan BatuBara Village which seems to be skewed to the right and has a random distribution. This shows that coordination has not been optimal so that it cannot affect UKM Repotitioning in the BatuBara Heroes Village.

3) The Influence of Competence on Repotitioning UKM in Pahlawan BatuBara Village

From table 7, it is obtained that the t-count value is 5,977 which is greater than the t-table of 1.977 with a t probability that is sig 0.000, which is less than the significance limit of 0.05. This means that the Competency variable (X3) has a significant effect on the Repotitioning of UKM in Pahlawan BatuBara Village. Thus the Competency factor has contributed to the Repotitioning of UKM in Pahlawan BatuBara Village. The following is a graph of the influence of Competence on Repotitioning.

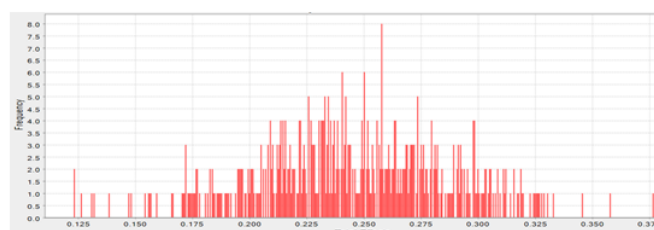


Figure 7. Hypothesis Graph 3

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The graph above shows the distribution of data on the influence of Competence on Repositioning UKM in Pahlawan BatuBara Village which looks to be in the middle and has a random distribution. This shows that competence affects UKM Repositioning in BatuBara Heroes Village.

Discussion

Business of Cunduct Affects Repotitioning

The test results provide empirical evidence that Business Behavior has a positive and significant effect on Repotitioning where this proves the hypothesis is accepted. This means that the better the business behavior shown for the products of Desa Pahlawan BatuBara, the more Repotitioning of UMKM business actors will increase.

The results of this study are consistent with the research findings of Pradipta, Surya, and Suprpti (2013) which explain that business behavior is an expression of someone who reflects likes or dislikes of an object. In general, the more positive the business behavior, the stronger the intention to bother the business and vice versa (Aman, Harun, & Hussein, 2012). Marketers believe that positive business behavior shown by MSME entrepreneurs towards an object will make it easier to spur positive behavior towards that object. Previous research was also conducted by Arttachariya (2012), Chen and Leu (2010) and Aman et al. (2012) showed the results that there is a positive and significant relationship between the Business Behavior of MSME Business Actors on the environment and Repotitioning on green products. The results of this study are also in accordance with the opinion of Chen and Chang (2012); Zhou, Thøgersen, Ruan, & Guang (2013).

Coordination affects Repotitioning

The test results provide empirical evidence that Coordination has a positive and insignificant effect on Repotitioning where this proves the hypothesis is rejected. The regression coefficient shows a positive effect, meaning that the higher the Coordination set, the Repotitioning of MSME business actors will increase. Of course, these findings show how Coordination cannot influence Repotitioning so that it is hoped that MSME business actors in Pahlawan BatuBara Village will be able to evaluate their Coordination so that it remains in line with MSME Business Repotitioning.

The results of this study are inconsistent with the findings of Junaedi's research (2008) where coordination has a significant effect on the Repotitioning of MSME Business Actors. Therefore, in this study coordination is still very low in influencing Repotitioning. MSME business actors who are willing to pay more for environmentally friendly products believe that companies carry out their social responsibility to the environment. MSME business actors who are willing to pay more for environmentally friendly products believe that companies carry out their social responsibility to the environment. Coordination sensitivity measurement or the Price Sensitivity Measurement (PSM) is a technique developed as a survey methodology for measuring perceptions of Coordination. This technique directly questions respondents about Coordination. The structure of individual questions for respondents is to qualify Coordination based on assumptions related to quality.

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Competence affects Repotitioning

The test results provide empirical evidence that competence has a positive and significant effect on Repotitioning where this proves the hypothesis is accepted. Of course, these findings show how competence can influence Repotitioning so that it is hoped that MSME actors in Pahlawan BatuBara Village will be able to build brand competencies so that Repotitioning of MSME Business Actors can be improved.

The results of this study are inconsistent with the opinion of Schurr and Ozanne (1985) who explained that competence is caused by three beliefs - integrity, usefulness, and ability - namely an expectation of one party that words, promises, or statements from other parties can be relied upon. Customer competence is a long-term fundamental determinant of the behavior of MSME Business Actors (Lee et al, 2011). Therefore, the purchase intention of MSME Business Actors is influenced by the Competence of MSME Business Actors (Harris and Goode, 2010). Previous literature suggests that customer competence is a determinant of purchase intentions of MSME entrepreneurs (Schlosser et al., 2006). If buyers have Competency experience with sellers, they will have increased purchase intent. Thus, the competence of MSME business actors is an antecedent of the purchase intention of MSME business actors (van der Heijden et al, 2003). Previous studies have shown that the competence of MSME business actors will have a positive effect on the purchase intention of MSME business actors (Schlosser et al., 2006).

CONCLUSION

The conclusion from the results of this test is that it is proven that the Business Behavior variable has a significant effect on Repotitioning with a positive direction where the higher and better the Business Behavior, the Repotitioning will increase. The Coordination variable has no significant effect on Repotitioning with a positive direction where the higher and better the Coordination, the Repotitioning will increase with an insignificant effect. Competency variables have a significant effect on Repotitioning with a positive direction where the higher and better the Competence, the Repotitioning will increase.

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