

COMPETITIVE ADVANTAGE: MEDIATION EFFECT BETWEEN ENTREPRENEURIAL COMPETENCY AND BUSINESS PERFORMANCE CREATIVE INDUSTRIES IN WEST SUMATERA-INDONESIA

Fisla Wirda, Padang State Polytechnic
Herri, Andalas University
Elfindri, Andalas University
Harif Amali Rivai, Andalas University
Herizon, Padang State Polytechnic

ABSTRACT

The purpose of this research is to determine how the influence of entrepreneurial competency on business performance with competitive advantage as a mediating variable. The number of samples is 213 business managers of creative industry in the craft sector in West Sumatra-Indonesia. The sampling technique used is sampling area, the sample is allocated proportionally to the potential areas of the creative industries of West Sumatra craft sector, including: Sawah Lunto district, Tanah Datar, 50 Kota, Agam, Bukittinggi, Padang, Padang Panjang, and Pariaman. Data were collected through questionnaires and analyzed by Structural Equation Modeling (SEM) using AMOS software. The results of the research show that entrepreneurial competency has a positive and significant effect on business performance, entrepreneurial competency has a positive and significant effect on competitive advantage, competitive advantage has a positive and significant effect on business performance and competitive advantage is the mediating effect of entrepreneurial competency and business performance.

Keywords: Competitive Advantage, Business Performance, Entrepreneurial Competency.

INTRODUCTION

Today's world economy is not only based on large industrial sectors with the main base of natural resources, especially oil and gas, but begins to shift to creative industries based on human resources. Relying on the oil and gas sector is no longer the time, because it is unrenovable, so there needs to be a solution so that the economy continues to grow, one of which is to optimize the role of the creative industry sector (Afiff, 2012). There are 14 sub-sectors belonging to the creative industry, such as: advertising, architecture, the art goods market, crafts, graphic design, fashion, film, video and photography, interactive games, music, performing arts, publishing and printing, computer services and software, radio and television, research and development (Simatupang, 2008). Especially in the field of crafts and fashion in Indonesia, the highest growth is the value of production which increased to 179.98%, an increase in business units by 27.42%, absorption of labor increased by 26%, in 2014. However, the development of this sector has not been evenly distributed throughout the country, the results of statistics show that small and medium-sized industries are more advanced in Java, while in other islands the development is slow. 62.3% of creative industries are developing on Java, while outside Java only 37.7% (BPS, 2014). For this reason, competent entrepreneurs are needed to manage the business, so that SMEs outside

Java, especially West Sumatra, can develop as well as on Java. One of the competencies needed is entrepreneurial competency because creative industries are also entrepreneurs who not only work to produce products, but also must be able to take advantage of existing opportunities, market products, negotiate and try to take advantage of opportunities. Entrepreneurial competency is needed so that businesses continue to survive in the midst of increasingly competitive environmental challenges (Kochadai, 2012).

Human Resources with good entrepreneurial competencies will be a source of competitive advantage, because they have skills and abilities that are not easily replicated and may not be owned by competitors. This is in line with the resource based view theory which states that a resource will be considered as a source of competitive advantage if it has three criteria, among others: unique, rare, not easily imitated and not easy to substitute (Barney, 1991). Human resources can contribute in achieving competitive advantage through developing specific competencies needed by the company, building social relations, corporate culture and tacit organizational knowledge (Augustine et al., 2013).

Entrepreneurial competency is also an intangible asset whose role is to improve the company's superior performance. (Rungwitoo, 2012, Gerardo et al., 2014, Hoge et al., 2005), intangible assets can be classified into three categories including: employee competencies, internal structures dan external structures (Tanoira & Valencia, 2014). Competencies derived from extensive knowledge, reliable skills will bring forth good work attitudes and behaviors that have an impact on performance which is the key to success in facing the challenges of a competitive business environment (Hsieh & Lin, 2012).

Much research has been done on entrepreneurial competency, but most of the theory refers to the western context, which is not necessarily applied in The East. Abdullah & Sentosa (2012) observed that in the academic literature, many leading theoretical or analytical models of the field of human resources management were developed by American or European researchers that reflected western cultural, environmental, and contextual characteristics. Most HRM models in particular competencies are developed and tested in the west and may not be suitable for applications in the east (Abdullah & Sentosa, 2012). There is a scarcity of research in the formation and development of Human Resource (HR) that is empirically tested in the framework of local and eastern customs (Khatri, 1999), relatively little research in the eastern context while human resource management practices in ASEAN countries are developed inseparably from local culture (Sparrow et al., 1994).

This research fills the limitations of the empirical study of the influence of entrepreneurial competency on business performance with competitive advantage as a mediator variable in the context of eastern, especially Indonesia. There is no research that examines competitive advantage as a mediating effect between entrepreneurial competency and performance. Similar research is carried out by Kamukama et al. (2017) which examines competitive advantage as the mediating effect of managerial competency and performance. The scarcity of literature in this study is also supported by the statement of Kamukama et al., (2017).

LITERATURE REVIEW

Business Performance, Competitive Advantage and Entrepreneurial Competency
Business performance began to become a hot topic discussed and applied both practically and research since 1987, precisely when Johnson and Kaplan published their book entitled *Relevance Lost-the-Rise and Fall of Management Accounting* (Bititci et al., 2009). Attention to performance has existed since 770, when Abu Yusuf pioneered administration in Islamic government, both in financial policy, taxation and criminal justice (Shafritz & Ott, 1987). Measurement of business performance has developed until now. Measuring financial

performance is considered insufficient to compete in the modern market, so non-financial performance measurement appears. Performance is a record of what is produced/outcome of a specific job or activity for a certain time, (Russel & Bernadine, 1998). According to Nelly in (Bititci et al., 2009), performance measurement is a process of calculating effectiveness and efficiency that is applied in various sectors for more than two centuries. Efficient performance is measured by how well resources are used while effective performance is measured by whether goals are achieved or not.

Competitive advantage is the result of implementing a strategy that utilizes various resources owned by the company. Unique expertise and assets are seen as sources of competitive advantage. Unique expertise is the company's ability to make its employees an important part in achieving competitive advantage. The company's ability to develop the expertise of its employees well, will make the company superior. Strategies based on human resources will be difficult to replicate by its competitors. Medium assets or unique resources are real resources needed by the company to run its competitive strategy. These two resources must be directed to support the creation of company performance that is low cost and has differences with other companies (Bharadwaj et al., 1993).

The company has a competitive advantage when implementing a strategy that is valuable that is not the same as what is done by current or potential competitors and when other companies cannot duplicate the strategies carried out. Competitors are not only current competitors but also potential competitors that will enter the industry in the future (Barney, 1991).

Entrepreneurial competency is an ability that exists in a person such as specific or general knowledge, motives, traits, social roles, which are generated when the business is born, survive or grow (Bird, 1995).

Entrepreneurial Competency and Business Performance Some empirical research proves the influence of entrepreneurial competency on performance such as Man et al. (2008), Gerardo et al. (2014), Sanczes, (2012), Ahmad et al. (2010). An entrepreneur in SMEs has three roles, including: entrepreneurship, managerial and functional. The effectiveness of an entrepreneur is determined by the ability to combine all three roles according to needs. Traditionally the three main competencies that entrepreneurs must possess include: seizing opportunities, taking risks and innovating. Some studies conclude that the ability to capture opportunities is at the heart of entrepreneurial activity. Entrepreneurs develop strategies that can turn opportunities into profits. The ability to take advantage of opportunities into reality will affect business performance. When entrepreneurs looking for opportunities, faced with uncertain conditions, they may not be blind, but must learn from the environment, from mistakes and from others. When decisions are made, they must commit to achieve the goals that require combining resources, time and new ways of doing things. In this case the entrepreneur must have competency: strategic, opportunity, conceptual which if owned by an entrepreneur will have an impact on business performance (Ahmad et al., 2010).

With available competency resources, entrepreneurs can develop better organizational capabilities, such as innovation ability, ability to minimize costs, increase quality and flexibility, in the end these competencies will improve performance in the long run. The result of empirical research shows that there is a positive and significant influence of competency on business performance (Man et al., 2008). From the description that has been described, the hypothesis can be formulated as follows:

Hypothesis 1: Entrepreneurial competency influences business performance.

Entrepreneurial Competency and Competitive Advantage

The RBV theory suggests that SMEs are able to develop competencies because competencies are intangible assets that can improve superior performance and develop competitive advantage (Gerardo et al., 2014; Hoge et al., 2005). Competitive advantage is not only determined by better performance than competitors, but how to create superior value for customers (Rungwitoo, 2012). In the context of SMEs, the role of individual abilities with diverse behaviors greatly determines the success of the company to achieve competitive advantage. Individuals with good marketing knowledge and skills will be able to create competitive advantages, because they are able to create more value for customers. Good communication skills, the ability to find information and manage resources that bring benefits, create a good reputation, provide customer satisfaction and loyalty, creation of superior value which is one component of competitive advantage (Rungwitoo, 2012).

Some empirical research that has proven that entrepreneurial competency influences competitive advantage includes Ismail & Meutia (2012) the results of the study show that entrepreneurial competency has a positive and significant effect on competitive advantage. The ability to develop entrepreneurs' entrepreneurial skills is proven to contribute to the company's profits and competitiveness.

Hypothesis 2: Entrepreneurial competency influences competitive advantage.

Competitive Advantage and Business Performance

The role of the creative industry that is recognized significantly for economic development has triggered experts to examine the factors that make it successful, one of the sources of its success is the competitive advantage it has. Mohebi & Farzollahzade (2014) in their study concluded that there is a positive and significant relationship between competitive advantage and business performance in SMEs. Competitive advantage is the result of the value created by the company for consumers. Consumers will pay fees from superior value/profit/value because prices are lower than competitors. The superior value perceived by consumers will result in consumer loyalty. Loyalty will increase sales growth and company profits. The concept of competitive advantage must be considered by companies that produce goods and services so that the company continues to survive and make a profit. SME performance will increase with the presence of competitive advantages through profit growth, sales growth and consumer growth (Mohebi & Farzollahzade, 2014).

Li et al. (2006), research results indicate a strong relationship between competitive advantage and business performance. The same thing was found by (Majeed, 2011). The results of the study showed that competitive advantage had an effect on business performance as measured by ROA and sales growth. Research conducted by Mohebi Farzollahzade (2014) concluded that there is a positive and significant relationship between competitive advantage and business performance. This is because companies that have competitive advantage are able to create valuable products in the eyes of consumers, have lower prices than competitors so consumers will be loyal, sales will grow and ultimately affect the growth of company profits. The results of Ismail's (2012) research conducted also concluded that there was a positive and significant influence on competitive advantage on business performance, as well as Majeed's research (2011), Lakhali (2009) also found a positive and significant competitive advantage on business performance, especially in SMEs.

Hypothesis 3: Competitive advantages affect business performance.

Entrepreneurial Competency and Performance with Competitive Advantages as a Mediating Variable

Many researches have been done to looking at the relationship between entrepreneurial competence and competitive advantage. RBV Theory is one theory with strong arguments stating that human resources are intangible assets that play an important role in building competitive advantage. Some researchers prove through empirical research such as Ismail & Meutia (2012), the results of their study show that entrepreneurial competence has a positive and significant effect on competitive advantage, Vijaya (2015) found a significant influence between entrepreneurship competency and competitive advantage when viewed simultaneously, but not in partially. Kamukama et al. (2017) research examines the effect of managerial competency on business performance with competitive advantage as a mediator variable. The results of the research show that competitive advantage is the mediating variable between managerial competency and business performance. Rungwitoo (2012) research which found that partially entrepreneurial competency has a positive and significant effect on competitive advantage, but the relationship is weak. In simultaneously entrepreneurial competency have no significant effect on competitive advantage. The inconsistent results of the research are the reason for positioning competitive advantage as mediating variable. Besides that Vijaya (2015), suggesting for future reseach competitive advantage variables are placed as mediating variables.

Hypothesis 4: Competitive advantage is a mediating effect between competitive advantage and business performance.

RESEARCH METHODOLOGY

The population of this research is entrepreneurs/managers of the creative craft industry in West Sumatra that are focused on leather, wood, woven, earthenware/ceramics and precious metals, with a total population of 7602 people. The sampling technique used is the sampling area with 213 samples. Determination of sample size is determined on the basis of the methodology used, namely SEM. According to Hair (1998), one of the requirements of SEM techniques is a large sample size ranging from 100 to 200. The sample area in this study is West Sumatra Province, including Agam district, 50 Kota district, Padang Pariaman district, Tanah Datar district, Sijunjung district, Bukittinggi, Padang and Padang Panjang.

Data collection techniques in this study are questionnaires compiled based on Likert-guided ordinal scale summated rating. Where the answer to each item has a gradation from very positive to very negative, namely: (1) Very Important, (2) Not Important, (3) Less important, (4) Neutral, (5) Rather Important, (6) Important, (7) Very Important.

The data analysis technique is SEM using AMOS software. Before the data is processed, it must be tested before the presence or absence of outlier data and the distribution of data must be normal multivariate. After the SEM assumption is fulfilled, the next step is to test construct validity by looking at the standarized coefficient. After that, make an assessment of the model fit. Goodness of fit measures the suitability of observation inputs or actually with predictions from the proposed model. If the model is fit, then testing the full model and submitting the hypothesis. Hypothesis testing is done by looking at the CR value produced by AMOS processing. If the CR value of the processing results is greater than the critical value, which is 1.96 at the level of significance ($p < 0.05$), the proposed hypothesis is accepted.

Entrepreneurial Competency variables use the dimensions of Man and Law (2000), which consist of Strategic, Commitment, Conceptual, Opportunity, Organization and

Leading, Relationship, Learning, Personal Strength. This dimension was later extended by Ahmad (2010), among others: Technical, Ethical, CSR. This dimension is developed into 90 indicators. Competitive Advantage variables use indicators by (Chen et al., 2006), which consist of 8 indicators including lower costs, better product quality, better innovation, more managerial abilities, better friendship, growth the company exceeds competitors, the company is a first mover, a better company image. The Business Performance Dimension uses the Ahmad (2007) indicator which consists of dimensions of financial performance, nonfinancial performance, performance versus competitors and business growth. This dimension was developed into 28 indicators.

RESULTS

Data was collected through respondents using a questionnaire for approximately 6 months. Previously, 40 respondents were tested. A questioner trial was conducted from October 2017 to November 2017 aimed at finding out whether the questionnaire was well understood by the respondents. After the questionnaire is filled out by the respondent, it is then processed to test the factorial validity of the theoretical construct using the First Order Confirmatory Factor Analysis (CFA) model. This test aims to determine the multidimensionality of a theoretical construct. You do this by looking at the value of the loading factor of each indicator. Convergent values accepted validity is 0.5 (Ghozali, 2004). The results of the trial data processing for entrepreneurial competency variables using CFA are all indicators declared valid because of loading factors >0.5 , as well as indicators of green innovation and competitive advantage and performance can be used as a measure for the overall spread.

After testing, the questionnaire was distributed to 220 respondents. Because the data obtained from the questionnaire is ordinal data while the SEM technique implies that the data should have a continuous measurement scale/interval (Ghozali, 2004), for which the measurement scale is changed to an interval scale using the Method of Successive Interval (MSI). After that, looking at the standardized estimate results, the indicator that is considered feasible is the factor loading and CMIN above 0.5. The test results show that there are indicators that are discarded from the analysis, among others: entrepreneurial competency variables there are 7 items, green innovation: 4 items, competitive advantage 3 items and performance of 10 items.

Entrepreneurial competency reliability test value 0.815, competitive advantage 0.86 and business performance 0.89. Variable reliability is in good category. Outlier evaluation results showed that there were 4 questionnaires which were discarded. The normality test shows that data is normally distributed because the value of the critical ratio Skewness value is below the absolute price of 2.58 (Ghozali, 2008). The next step is to test Goodness-of-fit. It is a model suitability test based on the specified criteria. The test results are seen in Table 1.

Goodness of fit indicates	Cut-Off Value	Model Results	Description
C min	< 5	1.807	Good
Probability	≥ 0.05	0.002	Marginal
CFI	≥ 0.90	0.927	Very good
TLI	≥ 0.90	0.919	Very good
IFI	≥ 0.90	0.928	Very good
NFI	≥ 0.90	0.851	Good
GFI	90%	0.818	Marginal
AGFI	≥ 0.90	0.785	Marginal
RMSEA	≤ 0.08	0.062	Good

From Table 1, it can be seen that the criteria for goodness of fit are all fulfilled, so that testing can be done at a later stage.

Hypothesis Testing

The composition of respondents based on age, the majority of respondents (55.4%) aged 31-60 years, based on sex 67.1% of the creative industry business in the handicraft sector were led by men and 32.9% were led by women. The composition of the respondents is based on the majority of work period (33.8%) working period of 1-5 years, based on education (46%) has high school education, while based on the duration of business the majority is more than 26 years (23.5%).

Hypothesis testing is done by looking at the CR value produced by AMOS processing. If the CR value of the processing results is greater than the critical value, which is 1.96 at the significance level ($p < 0.05$), the proposed hypothesis is accepted. On the other hand, if the CR value is smaller than the critical value with a significance level ($p > 0.05$), the proposed hypothesis is rejected. Parameter estimation results can be seen in Tables 2 & 3.

	C.R.	P	Description
Competitive Advantage <-- Entrepreneurial Competency	1.970	0.049	Sign
Business Performance <-- Entrepreneurial Competency	4.933	***	Sign
Business Performance <-- Competitive Advantage	5.530	***	Sign

Note: ***Significant at $p \leq 0.01$.

Hypothesis	Direct Effect		Indirect Effect	Description
	No Mediation	With Mediation		
Entrepreneurial Competency–Business Performance	0.569	0.457	0.425	Sign
	Sign	Sign (0.15)	Sign (0.02)	

DISCUSSION

Entrepreneurial Competency and Business Performance

The test results show that the CR value is at 4.933 with a p value of 0.00. The CR value is bigger than 1.96 and $p < 0.05$, it can be concluded that the hypothesis is accepted. This means that Entrepreneurial Competency has a positive and significant effect on Business Performance. Entrepreneurs who have good entrepreneurial competencies will lead to increased business performance. This finding supports the research of Man et al. (2008), Gerardo et al. (2014), Sanczes (2012), Ahmad et al. (2010).

According to Man et al. (2008), competencies supported by available resources will improve the ability of the organization towards a better one. Such as the ability of innovation, the ability to minimize costs, increase quality and flexibility, in the end these competencies will improve performance in the long run. The results of empirical research show that there is a positive and significant influence of competency on business performance.

Entrepreneurial competency is an ability possessed by entrepreneurs to achieve superior performance. Entrepreneurial competency variables consist of constructs: Strategic,

commitment, conceptual, opportunity, organizing, relationship, learning, personal, technical, ethical, Social Corporate Responsibility and Familism. These indicators build entrepreneurial competency, and it has been proven that entrepreneurial competency influences business performance empirically. For example, with the company's strategy, it can design the right business, both short and long term, taking into account environmental changes, so that the movement and goals of the company can be harmonized with the conditions and demands of the surrounding environment. A well-implemented strategy in the long term will improve business performance, especially the West Sumatra creative industry.

In line with the research of Ahmad et al. (2010), that the effectiveness of entrepreneurs is determined by the ability to combine three roles according to needs. Traditionally the three main competencies that entrepreneurs must possess include: seizing opportunities, taking risks and innovating. Some studies conclude that the ability to capture opportunities is at the heart of entrepreneurial activity. Entrepreneurs develop strategies that can turn opportunities into profits. The ability to take advantage of opportunities into reality will affect business performance. When looking for opportunities for entrepreneurs faced with uncertain conditions, they may not be blind, but must learn from the environment, from mistakes and from others. When decisions are made, they must commit to achieve goals that require combining resources, time and new ways of doing things. In this case the entrepreneur must have competency: strategic, opportunity, conceptual which if owned by an entrepreneur will have an impact on business performance.

Entrepreneurial Competency and Competitive Advantage

The test results show that the CR value is at 5.530 with a p value of 0.00. The CR value is bigger than 1.96 and p value is smaller than 0.05, it can be concluded that the hypothesis is accepted. This means that Entrepreneurial Competency has a positive and significant effect on Competitive Advantage in the West Sumatra creative industry. This means that entrepreneurial competency will make the organization different from the others so that it is superior to its competitors. Competent entrepreneurs have good knowledge, skills or abilities that are different from others. For example, an entrepreneur who has communication skills will be able to negotiate well. Being able to find information and manage resources that bring benefits, create a good reputation, provide customer satisfaction and loyalty, support the creation of superior values so as to produce competitive advantages (Rungwitoo, 2012).

Competent entrepreneurs in the view of Resource Based View are innocent assets that are a source of competitive advantage that comes from internal companies (Rungwitoo, 2012, Gerardo et al., 2014), Hoge et al., 2005). Business entrepreneurs with creative ideas will produce unique product designs that are not easily imitated by competitors which are a source of competitive advantage. The creative industry sector, especially handicrafts, has the opportunity to create unique product designs and quality, because the products are handmade, the work will be different between one producer and another, this is a source of competitive advantage for the company.

Competitive Advantages and Business Performance

The test results show that the CR value is at 5.530 with a p value of 0.00. The CR value is greater than 1.96 and the p value is smaller than 0.05, it can be concluded that the hypothesis is accepted. This means that competitive advantage has a significant effect on business performance. The results of the study show that competitive advantage influences business performance. The results of this study support the research conducted by Mohebi &

Farzollahzade (2014) in a study concluded that there is a positive and significant relationship between competitive advantage and business performance in SMEs.

The company has a competitive advantage, when implementing a strategy that is valuable that is not the same as what is done by its competitors and the company cannot duplicate the strategies carried out by competitors. Indicators of competitive advantage used in this study include: Businesses have a competitive advantage with low costs compared to other competitors, the quality of products or services offered is better than competitors' products or services, business innovation is better than competitors, businesses have managerial capabilities that better than competitors, business profits are better than competitors, business growth exceeds competitors, business is the first mover in several important fields and occupies an important position, a better corporate image than competitors.

When a company is able to implement lower costs than competitors, the company's financial performance will increase, for example profit. Profit is the result of income minus costs, the lower the cost, the level of profit will increase. Low costs will also result in companies being able to set a lower selling price than competitors. Lower prices will attract consumers to consume products, so that the company's revenue will increase. So companies that can excel in terms of costs, business financial performance will increase. It is the same when companies offer products or services that are better than competitors. Better service will make consumers feel satisfied consuming the product. When consumers are satisfied, consumers will be loyal/loyal to the product. This resulted in an increase in sales growth and corporate profits.

Entrepreneurial Competency and Business Performance with Competitive Advantages as a Mediation Variable

The test results show that entrepreneurial competency has a significant effect on performance with competitive advantage as a mediating variable. It means that competitive advantage is the mediation between entrepreneurial competency and business performance. Entrepreneurial competencies can improve business performance through competitive advantage. This finding is in line with the research conducted (Kamukama et al., 2017).

This means that the leadership of the creative sector of the craft sector with unique skills and knowledge has the opportunity to achieve competitive advantage which in turn will improve company performance. Therefore, it needs a skilled and knowledgeable leader and more experienced if you want to achieve a position of competitive advantage and better performance. The development of competitive advantage in an organization helps produce superior performance. Competitive advantages are manifested in terms of competitive advantage with low costs compared to other competitors, product quality or services offered are better than competitors, business innovation that is better than competitors, and a better corporate image than competitors, this can be realized if business has leaders who have good entrepreneurial competencies. This finding supports the theory of competitive advantage which states that assets that are difficult to replicate are closely related to the company's competitive position (Barney, 1991). Similarly, Hitt et al. (2001) also note that intangible resources are more likely than real resources to achieve a company's competitive advantage, which translates into superior performance.

Competitive advantage as a mediating effect between entrepreneurial competency and performance is one of the innovations of this study. There is no research that examines the mediating effect of competitive advantage between entrepreneurial competency and performance. Similar research is carried out by Kamukama et al. (2017), which examines competitive advantage as the mediating effect of managerial competency and performance.

The scarcity of literature in this study is also supported by the statement of Kamukama et al. (2017).

CONCLUSION

The test results using the Structural Equation Model show that entrepreneurial competencies affect business performance. For example entrepreneurship with good commitment will focus on achieving long-term goals and commit not to fail and strive to achieve success, this results in a strong desire to overcome all obstacles in the process of achieving goals. Unyielding attitude and consistent with the aim will support good performance.

Entrepreneurial competency influences competitive advantage, competent entrepreneurs who have the skills, knowledge, abilities and good personality are unique assets that are unique and cannot be substituted. Entrepreneurial competency will make the organization different from the others so as to produce competitive advantage.

Competitive advantages affect business performance. When a company offers a product or service that is better than a competitor, so consumers feel satisfied consuming the product and when consumers are satisfied, the consumer will be loyal/loyal to the product. This resulted in an increase in sales growth and corporate profits.

The effect of entrepreneurial competency and performance mediated by competitive advantage results is significant. It means that the leadership of the craft sector creative industry with unique skills and knowledge has the opportunity to achieve competitive advantage which in turn will improve company performance.

LIMITATION AND FUTURE RESEARCH

Allocation of samples in this study without looking business characteristics such as the length of business and scale of business, the longer the company stands and the larger the scale of the company, the greater the opportunity to gain competitive advantage and better performance. Future research, the sample should be allocated only to large or medium or small scale enterprises, so that respondents are more homogeneous and bias of the respondent's answer can be minimized.

Method of analysis in this research only uses quantitative analysis, the future research should integrate quantitative and qualitative analysis (mix method), so that researchers better understand the complex phenomena that occur in the field.

REFERENCES

- Abdullah, A.H., & Sentosa, I. (2012). Human resource competency models: Changing evolutionary trends. *Interdisciplinary Journal of Research in Business*, 1(11), 11-25.
- Afiff, F. (2012). *The pillars of the creative economy*. Binus. Jakarta.
- Ahmad, N.H., Ramayah, T., Wilson, C., & Kummerow, L. (2010). Is entrepreneurial competency and business success relationship contingent upon business environment? A study of Malaysian SMEs. *International Journal of Entrepreneurial Behaviour & Research*, 16(3), 182-203.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-20.
- Bharadwaj, S., Varadarajan, P., & Fahy, J. (1993). Sustainable competitive advantage in service industries: A conceptual model and research propositions. *The Journal of Marketing*, 57(4), 83-99.
- Bird, B. (1995). Toward a theory of entrepreneurial competency. *Advances in Entrepreneurship, Firm Emergence, and Growth*, 2, 51-72.
- Bititci, U., Garengo, P., Dörfler, V., & Nudurupati, S. (2009). Performance measurement: Questions for tomorrow. *SIOM Research Paper Series*, 005(October), 1-36.
- Chen, Y.S., Lai, S.B., & Wen, C.T. (2006). The influence of green innovation performance on corporate advantage in Taiwan. *Journal of Business Ethics*, 67(4), 331-339.

- Gerardo, F., Tanoira, B., Alberto, R., & Valencia, S. (2014). Knowledge management, entrepreneurial competencies and organizational development in micro and small enterprises in rural regions in the state of Yucatan, Mexico. *European Scientific Journal*, 10(1), 177-194.
- Ghozali, I. (2004). *Structural equation model concepts and applications with the Amos program* (1st Edition). Semarang: Diponegoro University Publishing Agency.
- Hair. (1998). *Multivariate data analysis*. New Jersey: Prentice Hall.
- Hoge, M.A., Tondora, J., & Marrelli, A.F. (2005). The fundamentals of workforce competency: Implications for behavioral health. *Administration and Policy in Mental Health*, 32(03), 509-531.
- Hsieh, S., chin, K., & Lin, J., shin, A. (2012). Analysis on literature review of competency. Exhibition literature and analysis. *International Business Dand Economic*, 2, 25-50.
- Ismail, T. (2012). The development of entrepreneurial social competency and business network to improve competitive advantage and business performance of small medium sized enterprises: A case study of batik industry. *Development*, 65(ICIBSoS), 46-51.
- Kamukama, N., Kyomuhangi, D.S., Akisimire, R., Orobia, L.A., Kamukama, N., Kyomuhangi, D.S., & Orobia, L.A. (2017). Competitive advantage mediator of managerial competency. *African Journal of Economic and Management Studies*, 8(2), 154-167.
- Khatri, N. (1999). Emerging issues in Strategic HRM in Singapore. *International Journal of Manpower*, 20, 516-529.
- Kochadai, M. (2012). The concept of entrepreneurial competency. *Competency Model and Review of Earlier Studies*, 23-58.
- Lakhal, L. (2009). Impact of quality on competitive advantage and organizational performance. *Operation Research Society*, 60, 637-646.
- Li, S., Ragu-Nathan, B., Ragu-Nathan, T.S., & Subba Rao, S. (2006). The impact of supply chain management practices on competitive advantage and organizational performance. *Omega*, 34, 107-124.
- Majeed, S. (2011). The impact of Baldrige on organizational performance. *European Journal of Business Management*, 3(4), 191-197.
- Man, T.W.Y., Lau, T., & Snape, E. (2008). Entrepreneurial competencies and the performance of small and medium enterprises: An investigation through a framework of competitiveness. *Journal of Small Business & Entrepreneurship*, 21(3), 257-276.
- Man, T.W.Y., Man, T.W.Y., Lau, T., Lau, T., Snape, E., & Snape, E. (2008). Entrepreneurial competencies and the performance of small and medium enterprises: An investigation through a framework of competitiveness. *Journal of Small Business & Entrepreneurship*, 21(3), 257-276.
- Mohebi, M.M., & Farzollahzade, S. (2014). Improving competitive advantage and business performance of smes by creating entrepreneurial social competency. *MAGNT Research Report*, 2, 20-26.
- Rungwitoo, T. (2012). *The simultaneous effect of individual entrepreneurial competencies*.
- Russel, & Bernadine. (1998). *Human resource management an experiential approach*.
- Shafritz, M.J., & Ott, S.J. (1987). *Classics of organization theory*. Washington.
- Simatupang, T. 2008. Policy analysis of creative industries in the city. *Technology Management*, 8(1), 1-12.
- Sparrow, P., Schuler, R., & Jackson, S. (1994). Convergence and divergence: Human resource practices and policies for competitive advantage worldwide. *Journal of Human Resource Management*, 5, 267- 299.
- Tanoira, F.G.B., & Valencia, R.A.S. (2014). Knowledge management, entrepreneurial competencies and organizational development in micro and small enterprises in rural regions in the state of Yucatan, Mexico. *European Scientific Journal*, 10(1), 1857-7881.