

No. ISSN : 2339-1650



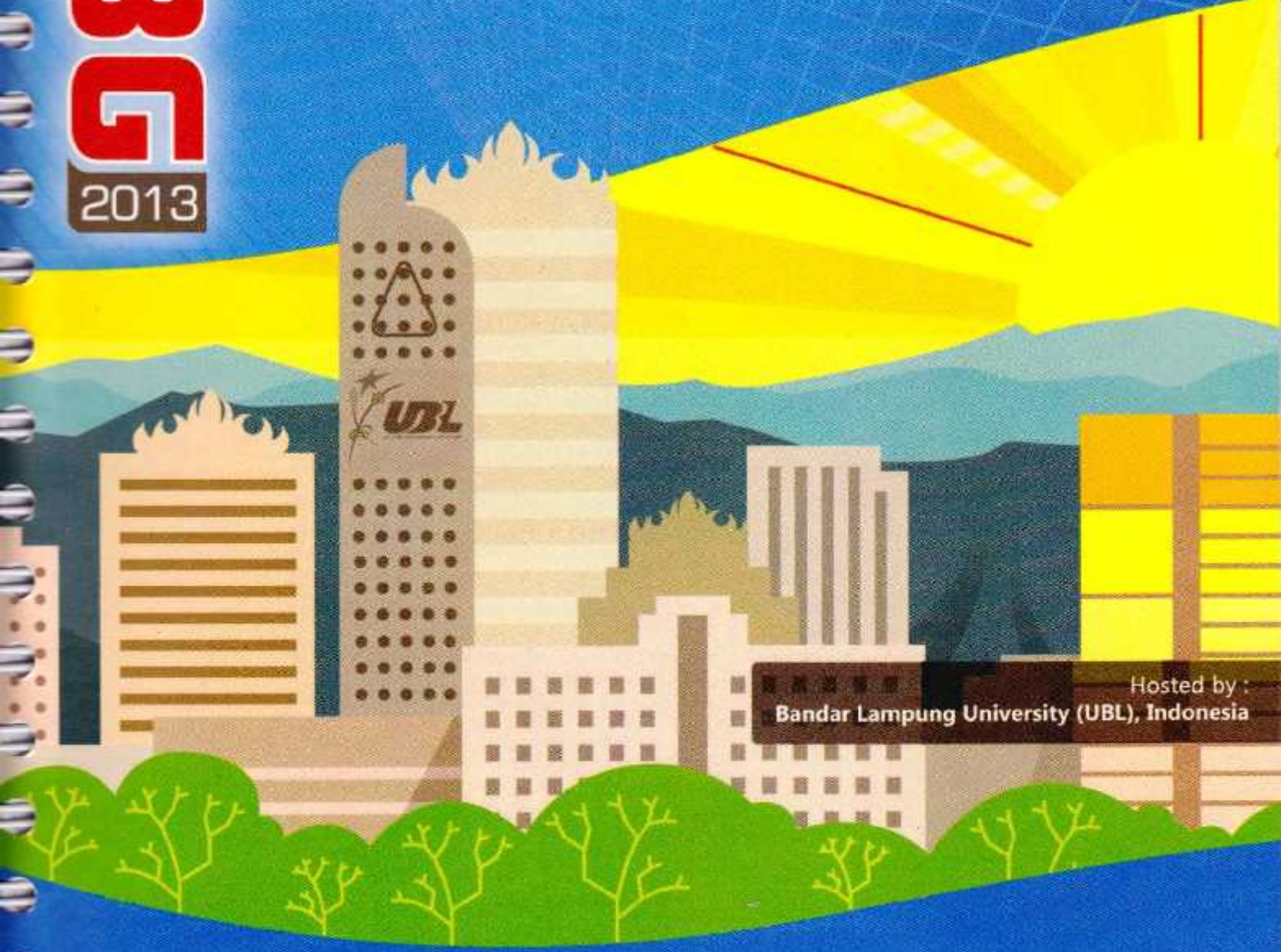
**universitas
bandar lampung**

THE FIRST
INTERNATIONAL CONFERENCE ON
**LAW, BUSINESS
& GOVERNANCE**

23-24

OCTOBER 2013
BANDAR LAMPUNG
UNIVERSITY (UBL),
INDONESIA

**ICON-UBG
2013**



Hosted by :
Bandar Lampung University (UBL), Indonesia



in
corporasi
widy



Universitas Cilembu



Universitas Sebelas Maret
11 September 2013, Lampung



Maastricht
University

PROCEEDINGS

Icon-LBG 2013

THE FIRST INTERNATIONAL CONFERENCE
ON LAW, BUSINESS AND GOVERNANCE 2013

22, 23, 24 October 2013
Bandar Lampung University (UBL)
Lampung, Indonesia

PROCEEDINGS

Organized by:



Faculty of Law, Faculty of Economics and Faculty of Social Science
Bandar Lampung University (UBL)
Jl. Zainal Abidin Pagar Alam No.89 Labuhan Ratu, Bandar Lampung, Indonesia
Phone: +62 721 36 666 25, Fax: +62 721 701 467
website :www.ubl.ac.id

PREFACE

The Activities of the International Conference are in line and very appropriate with the vision and mission of Bandar Lampung University (UBL) to promote training and education as well as research in these areas.

On behalf of the First International Conference on Law, Business and Governance (Icon-LBG 2013) organizing committee, we are very pleased with the very good response especially from the keynote speaker and from the participants. It is noteworthy to point out that about 67 technical papers were received for this conference.

The participants of the conference come from many well known universities, among others : International Islamic University Malaysia, Utrech University, Maastricht University, Unika ATMA JAYA, Universitas Sebelas Maret, Universitas Negeri Surabaya, Universitas Jambi (UNJA), Diponegoro University, Semarang, Universitas 17 Agustus 1945 Jakarta, Universitas Bandar Lampung, Universitas Andalas Padang, University of Dian Nuswantoro, Semarang, Universitas Terbuka, Universitas Airlangga, Bangka Belitung University, President University, Tujuh Belas Agustus University Jakarta, International Business Management Ciputra University, Surabaya, University of Indonesia, Business School Pelita Harapan University, STIE EKUITAS, Bandung, STAN Indonesia Mandiri School of Economics Bandung, Lampung University.

I would like to express my deepest gratitude to the International Advisory Board members, sponsor and also to all keynote speakers and all participants. I am also gratefull to all organizing committee and all of the reviewers who contribute to the high standard of the conference. Also I would like to express my deepest gratitude to the Rector of Bandar Lampung University (UBL) who give us endless support to these activities, so that the conference can be administrated on time

Bandar Lampung, 22 October 2013

Mustofa Usman, Ph.D
Icon-LBG Chairman

PROCEEDINGS

Icon-LBG 2013

**The First International Conference
on Law, Business and Governance**

22, 23, 24 October 2013

INTERNATIONAL ADVISORY BOARD

M. Yusuf S. Barusman, Indonesia
Andala R.P. Barusman, Indonesia
Mustofa Usman, Indonesia
Hayyan Ul Haq, Netherland
Renee Speijcken, Netherland
Zulfi Diane Zaini, Indonesia
Agus Wahyudi, Indonesia
Harpain, Indonesia
Khomsahrial Romli, Indonesia
Ida Farida, Indonesia
Warsono, Indonesia
Andreas Budihardjo, Indonesia
Pawito, Indonesia
I Gusti Ayu Ketut Rahmi, Indonesia
Lintje Anna Marpaung Indonesia
Zainab, Indonesia
Nik Ahmad Kamal Nik Mahmood, Malaysia
Maliah Sulaiman, Malaysia
Mohanraj, India
Wahyu Sasongko, Indonesia
Ari Darmastuti, Indonesia

PROCEEDINGS

Icon-LBG 2013

**The First International Conference
on Law, Business and Governance**

22, 23, 24 October 2013

STEERING COMMITTEE

Executive Advisors

Dr. Ir. M Yusuf S. Barusman, MBA
Prof. Dr. Khomsahrial Romli, M.Si.
Dr. Lintje Anna Marpaun, SH., MH.
Drs. Thontowie, MS

Chairman

Drs. Harpain, MAT, MM

Co-Chairman

Helta Anggia, S.Pd., M.A

Secretary

Tissa Zadya, SE., MM.

Technical Committee of Law Division

Dr. I Gusti Ayu KRH, SH., MH
Dr. Erina Pane, SH., MH
Dr. Zulfi Diane Zaini, SH.,MH
Dr. Zainab Ompu Jainah, SH., MH
Erlina B, SH.,M.Hum

Business Division

Prof. Dr. Sudarsono
Dr. Lindrianasari, S.E., M.Si., Akt
Dr. Anggrita Denziana, SE., Akt.,MM
Dr. Alex Tribuana Sutanto, ST., MM.
Dra. Rosmiati Tarmizi, MM, Ak.
Dr. Drs. Fauzi Mihdar, MM
Andala Rama Putra, SE, M.A, Ec.
Afrizal Nilwan, SE,, M.Ec., Akt.
Tina Miniawati, SE., MBA.

Governance Division

Dr. Drs. Supriyanto, M.Si.
Dr. Ahmad Suharyo, M.Si.
Dr. Hasan Basri, M.Si.
Drs. Hassan Basrie, M.Psi.
Dr. Dra. Ida Farida, M.Si.
Dr. Wawan Hernawan, M.Pd.
Drs. Suwandi, MM.
Drs. Yadi Lustiadi, M.Si.
Dra. Agustuti Handayani, MM

Treasure

Samsul Bahri, SE
Dian Agustina, SE

PROCEEDINGS

Icon-LBG 2013

**The First International Conference
on Law, Business and Governance**

22, 23, 24 October 2013

ORGANIZING COMMITTEE

Chair Person

Tissa Zadya, S.E, M.M

Vice Chair Person

Dra. Yulfriwini, M.T

Administration

Proceedings and Certificate Distribution

Dr. Zainab Ompu Jainah, SH., MH.
R Nadia RP Dalimunthe, S.S., M.Hum.
Drs. Suwandi, MM
Dra. Agustuti Handayani, MM
Berry Salatar, S.Pd.
Kartini Adam, SE
Atin Inayatin
Agung Saputra
Jacinda
Purwanto

Special Events

Dr. Zulfi Diane Zaini, SH.,MH.
Siti Rahmawati, SE
Khairudin, SE., M.S.Ak
Olivia Tjioer, SE., MM.
Achmad Haris
Alvin Aritanando
Mochammad Fikri H.
Ayu Safitri
Pandu Kurniawan
Cecilia Ariani J.B

Sponsorship

Dr. Alex Tribuana Sutanto, ST., MM.
Agus Gunawan
Tari Ines Safitri
Winda Natasya
Dicky Wahyudi
Poppy Irawati
Toni Arifin
Hansen Adi Pangestu

Receptionist and Registration

Dra. Agustuti Handayani, M.M
Tami Ruli, S.H., M.Hum
Haninun, S.E., M.S.Ak
Nilawati
Refli Setiawan
Moh. Fileri H
Alvin Aritanando
Tia Agustina
Rina

Documentation

Noning Verawati, S.Sos
Hesti, S.H
Rifandi Ritonga, SH
Febtry Mariska
M Sabila Rasyad
Putu Riski Mandala
Rico Febrianto
Yahya Saiful
Luqman
Reno Art Simorang

Transportation and Accommodation

Irawati, SE
Pandi
Edi

Consumption

Susilowati, S.T., M.T
Risti Dwi Ramasari, S.H., M.H
Dra. Azima Dimiyati, MM
Olivia Tjioener, S.E., M.M
Mei Endang Lestari
Nadia May Linda
Widiya Nanda

Publication and Public Relation

Ir. Indriati Agustina Gultom, MM.
Dina Ika Wahyuningsih, S.Kom
Noning Verawati, S.Sos., M.A
Siti Masitoh
Wahyu Pamungkas
Habib Mustofa
Andre Putra
Sandi Prayoga
Roni Semendawai
Syifaudin
Dharma Saputra
Yohanes Alex

Facility and Decoration

Siti Rahma Wati, SE
Dina Ika Wahyuningsih, S.Kom
Zainal Abidin, SE
Ahyar Saleh, SE
Eko Suhardiyanto
Wagino
Sugimin

Table Of Content

Preface.....	ii
International Advisory Board	iii
Steering Committee	iv
Organizing Committee.....	vi
Table of Content	ix

Keynote Speakers :

1. Leadership Style, Climate, Commitment and Corporate Performance – Andreas Budihardjo	I-1
2. The Great Paradox of Good Governance in Indonesia - Andrik Purwasito	I-8
3. Local Autonomy and Inter-Sector Performance-Based-Governance in Lampung Province – Ari Darmastuti	I-15
4. Urgency of Regulatory Priorities Watershed in Order To Conduct an Integrated Watershed Administrative Law In Indonesia – I Gusti Ayu Ketut Rachmi Handayani.....	I-22
5. The Strategic Development Model of Organizational Dynamic Capabilities at Private Higher Education Institutions Using Soft System Methodology – M Yusuf S Barusman.....	I-29
6. Governance, Business and The Environment - Maliah Sulaiman	I-39
7. Good Governance and The Rule Of Law - Nik Ahmad Kamal Nik Mahmud	I-45
8. The Legal Protection of Geographical Indications in Indonesia Towards The Asean Economic Community - Wahyu Sasongko.....	I-56
9. Bank Indonesia Law Relations With The Financial Services Authority (FSA) in Indonesian Banking Supervision - Zulfi Diane Zaini	I-63
10. Application of Factor Analysis to Public Sector Integrity in Indonesia - Warsono, Armen Yasir, Dian Kurniasari, Widiarti, Ridwan Saifuddin	I-69
11. Strengthening Creative Economic Resources Through Designing Appropriate Regulatory Model in Managing and Optimising Cultural Property- Hayyan ul Haq.....	I-76

Invited Speaker

12. The Direction Of Future Management Accounting Research In The Asia Pacific Region - Grahita Chandrarin	I-77
---	------

Paper Presenter :

Law :

1. Indonesian Marriage Legal System Construction In Order to Protect Children From Marriage Law That is Not Recorded - Amnawaty	II-1
2. Urgently of Harmonization of National Legislation on Juvenile Criminal Justice Towards International Standards: A Review of Rules of Deprivation of Liberty of Child Offender - Antonius Ps Wibowo.....	II-14

3. The Urgency of Total Economic Value Aspect in Food Security Regulation In Order to Engage Asia's Trade Area (Indonesia Case Study) - Anugrah Adiastruti	II-25
4. Strike as The Last Resort In Dispute Settlement Between Workers and Employers - Arinto Nugroho	II-30
5. Politics of Land Law For Indonesian Farmers (Towards the Bill of Land in Indonesia) - Elita Rahmi	II-35
6. State Role In Building People's Economy Amid Economic Globalization - Elly Nurlaili	II-40
7. Legal Protection of Traditional Crafts Tapis Lampung Based Local Wisdom in The Era of Globalization- Erlina B	II-45
8. Perda Progressive : an Alternative To Fulfillment of Poor People Rights of Health in Local Autonomy - H.S. Tisnanta, Agus Triono	II-52
9. The Comparison Between Indonesian Constitutional Court and Russian Constitutional Court - Lintje Anna Marpaung.....	II-58
10. The Politics of Islamic Criminal Law in Indonesia (A Critical Analysis) - Mohamad Rapik.....	II-67
11. Learning Environmental Rights, Finding Green Future: The Road to Ecojustice - Muhammad Akib, Fathoni	II-73
12. The CSR of Tobacco Industries: The Concept And Its Implementation – Nanik Trihastuti	II-80
13. The Comparison Of The Indonesian Ppatk Role With Other Countries Financial Intelligence Unit (FIU) - Nikmah Rosidah	II-86
14. Benefits Of Ratification Of The Madrid Protocol (Protocol Relating To The Madrid Agreement Concerning The International Registration Of Marks) For The Protection Of Intellectual Property Rights In Indonesia - Risti Dwi Ramasari.....	II-92
15. Equitable Law of Democracy Political Policy Against The Election of Incumbent - S. Endang Prasetyawati	II-99
16. Narcotics Crime as A Phenomenon of Transnational Organized Crime - Zainab Ompu Jainah	II-110
17. Safety Net of The Financial System in The Perspective of Indonesian Banking Law - Zulfi Diane Zaini	II-115
18. National Land Law Reform in Facing Globalization - Darwin Ginting	II-122
19. Land Dispute Settlements Insocial Philosophy Perspectives (A Case Study in PTPN VII of Bergen Unit Business in South Lampung Regency) - Herlina Ratna S.N.	II-130
20. Analysis of Regional Expansion as Implications of Regional Autonomy Implementation - Indah Satria	II-137
21. Normative Judicial Analysis of Dissolution of Political Parties Towards Democratic System in Indonesia - Rifandy Ritonga	II-141
22. Limitations Of Legal Ability In Dispute Resolution Of Consumer Protection - Tami Rusli.....	II-147

Business

1. Accountability And Financial Performance of Local Government in Indonesia – Aminah, Lindrianasari	III-1
--	-------

2. Competitive Advantage; The Affecting Factors and Its Impact on Selling-In Performance (Studies on Patronage Outlets PT. Indosat Semarang) - Ana Kadarningsih	III-7
3. Bankruptcy Analysis of Banking Companies in Indonesia Period 2001-2012 (Using the Altman Z-Score Model)- Andi Sanjaya, Lindrianasari, Aminah.....	III-20
4. The Influence of Audit Committee Quality and Internal Auditor Objectivity Toward The Prevention of Fraudulent Financial Reporting(A Survey in BUMN of Indonesia) - Angrita Denziana	III-26
5. Performance Measurement of Management Study-Program Based on Balanced Scorecard from Students' Perception – Ardansyah, Ayu Ichda Mardatila.....	III-32
6. E-Business : At A Glance Indonesia Online Shop Agent - Arnes Yuli Vandika, Samsul Arifin, Eka Imama Novita Sari, Debi Herlina Meilani	III-37
7. Brand Awareness Strategy: Role of Blackberry Messenger (Case in Sumber Tiket Murah Travel: PIN 2144C41F) - Dian Pane, Baroroh Lestari.....	III-40
8. Analysis of Corporate Social Responsibility Implementation And Social Audit at PT Semen Padang - Elvira Luthan, Sri Dewi Edmawati	III-50
9. Tourism Investment, Supply and Demand in Indonesia: Impact and Factor Analysis -Faurani Santi, Rina Oktaviani, Dedi Budiman Hakim, Reni Kustiari.....	III-61
10. The Effect of Job Satisfaction and Organizational Justice on Organizational Citizenship Behavior with Organization Commitment as The Moderator - Fauzi Mihdar.....	III-75
11. The Economic of Umar Bin Khatt b Policy in Modern Economic Policy - Hendri Hermawan Adinugraha	III-83
12. The Influence of Corporate Governance Implementation toward Bank Performance (Empirical Study on Banks Listed in Indonesia Stock Exchange) - Heriyanni Mashitoh, Irma.....	III-90
13. The Factors That Influence The Firm Performance In The Furniture Industry Jepara - Mahmud,Guruh Taufan H, Ida Farida.....	III-102
14. The Implication of Opportunistic Behavior Towards a Financial Report Conservatism : A Study of Banking Company Go-Public at BEI - Novi Darmayanti, Nur Suci Mei.....	III-110
15. Innovation Strategy With Environment Variable Antesenden Internal, External And Environmental Partnership Strategy For Their Impact On The Sustainable Competitive Advantage (Survey on Small Business in Pangkalpinang city) - Reniati and Dian Prihardini Wibawa	III-118
16. The Infuence of Cash Flow Information Toward Stock Return - Reza Kurniawan	III-126
17. The Influence of Internal Control toward Production Cost Control Efectivity - Sarjito Surya.....	III-132
18. The Influence of Management Information System to Management Control System - Sihar Tambun, Vienda A. Kuntjoro.....	III-138
19. Identifying Indonesia-Uruguay Bilateral Trade Opportunities:A Revealed Comparative Advantage Approach - Sulthon Sjahril Sabaruddin, Riris Rotua Sitorus	III-145
20. Redesign the Competence Business Strategy of SME's in Dealing with ASEAN Economic Community (AEC) Trade Liberalization 2015 Case Studies: SME's Creative Industry Sector in Bandung - Teddy Fauzi	III-153

21. Service Innovation: In Highly Competitive of Hotel Industry - Widjaja Hartono	III-157
22. The Impact of Liquidity, Profitability And Activity Ratio To The Probability Of Default For Banking Companies Listed in Indonesia Stock Exchanges For The Period 2006 To 2012 - William Tjong, Herlina Lusmeida	III-164
23. Using Altman Z-Score Model and Current Status Of Financial Ratio to Asses Of Consumer Goods Company Listed in Indonesia Stock Exchange (IDX) - Yoppy Palupi Purbaningsih,	III-169
24. Analysis of Factors Affecting Foreign Direct Investment Mineral Mining Sector in Indonesia Period 2009-2012 - Zeflin Anggal, Purwanto	III-176
25. Implement of M-Government to Improve Public Services - Ahmad Cucus, Yuthsi Aprilinda	III-181
26. The Development of Productivity Performance Models: Based on Self-efficacy, Trust, Systems Quality, and Information Quality. Study on Information Systems of PT Pindo Deli Paper Products - Indah Kartika Sandhi.....	III-187

Governance

1. Controlling for Agricultural Land Conversion District in West Java Province Tasikmalaya - Ade Iskandar	IV-1
2. Local Handicraft Development Policy Implementation - Ani Heryani	IV-5
3. Designing IT Governance Approach Standard ISO 38500 for Indonesia Higher Education - Arnes Yuli Vandika, Samsul Arifin, Eka Imama Novita Sari, Debi Herlina Meilani	IV-9
4. Potential Thematic Campaign for Lampung Tourism - Hasan Basri	IV-12
5. Globalization and Its Effect on Democracy - Ida Farida	IV-17
6. Bureaucracy Communication and Government Organizational Culture - Khomsahrial Romli	IV-23
7. Creative Economic Development Mode Through Business Learning Group For The Purpose of Ending The Poverty - Soewito, Suwandi	IV-29
8. Child Protection Strategies at Agrarian Conflict Area (A Case Study at Moro-Moro Village, Register 45, Mesuji Regency) - Wijatnika	IV-36

**INNOVATION STRATEGY WITH ENVIRONMENT VARIABLE
ANTESENDEN INTERNAL, EXTERNAL AND ENVIRONMENTAL
PARTNERSHIP STRATEGY FOR THEIR IMPACT ON THE SUSTAINABLE
COMPETITIVE ADVANTAGE
(Survey on Small Business in Pangkalpinang city)**

A) Reniati* B) Dian Prihardini Wibawa^{1#}

¹Economy Faculty of Bangka Belitung University, Bangka Belitung, Indonesia

Corresponding email : *) r3ni4ti@yahoo.com #)dian_pw2000@yahoo.com

Abstract

Environment faced by entrepreneurs today have changed. Therefore, companies need to consider internal and external environments to survive the competition. Besides partnering strategy become very important to do in order to achieve superior performance and sustainable competitive advantage. This study aimed to analyze the influence of the internal environment, external environment and strategic partnerships for innovation strategy and its impact on SMEs Featured sustainable competitive advantage.

The research method used descriptive and verification with a sample of 48 SMEs featured in Pangkalpinang city taken by random sampling. The analysis technique used is the Partial Least Square –Path Method. So the expected findings are as follows: Base Resources Strategy, SME Partnership Strategy, Innovation Strategy and a Model Policy for Development of SMEs in the province of Bangka Belitung. Results showed internal environment to have the most dominant in influencing sustainable competitive advantage, followed by the external environment and innovation strategies. The partnership strategy has not a significant effect on sustainable competitive advantage, but to the innovation strategy, strategic partnerships have a positive effect. In addition to strategic partnerships, internal environment and the external environment also affect the innovation strategy of SME Pangkalpinang city.

Keywords: Internal Environment, External Environment, Partnerships Strategy, Innovation Strategy and Sustainable Competitive Advantage.

1. INTRODUCTION

The environment faced by the current entrepreneurial has changed a lot. Therefore, companies need to pay attention to the internal and external environment in order to survive competition. In addition to achieving sustainable competitive advantage, according to Hao Ma (2004) is to gather resources with partners to increase the power of form alliances with others in dealing with third parties, join multiple alliances to gain a wider expansion.

Sustainable competitive advantage becomes the last keyword to see the final performance of a business. So it's not a short term performance is assessed but long-term performance which means referring to the business continuity with an ever increasing level of profit. Next also said (Man et all, 2008 p. 130) sustainable competitive advantages are affected besides the internal factors, external factors, entrepreneurial competence and performance of SMEs.

In the province of Bangka Belitung Islands, based on an research result of Indonesia bank with LPPM Bangka Belitung University (2008) in 10 (ten) KPJU/ group seed products services inter-sector province as seen on the table 1.1.

Table 1.1 : 10 (ten) KPJU/ Group Seed Products Services Inter-Sector Province In 2008

No	Commodity Seed	Score
1	Capture Fisheries	0,8333
2	Oil Palm	0,4230
3	Rubber	0,4048
4	Fishery Products Processing	0,3847
5	Wholesale Groceries	0,2476
6	The Cultivation of Freshwater Fishes	0,1819
7	Peper	0,1302
8	The Cultivation of Kerapu	0,1282
9	Restaurant/Food Stalls	0,1035
10	Hotel/Inns	0,0891

Source: research results of basic research the economic potential of the area/Baseline Economic Survey (BlS) within the framework of the development of the main commodity of micro, small And medium enterprises (SMEs), in the province of Bangka Belitung Islands (2008)

From the table above that all superior products for SMES in the province of Bangka Belitung Islands is in addition to the products is environmentally friendly is also based on natural resources, the product is not widely known outside of Bangka Moreover export to foreign countries (except black pepper), if a superior product was developed then it could be one way to get out of the lead problem ‘Tin’ is still coiled Bangka and Belitung.

The problems encountered by SMES practitioners in Pangkalpinang city as a capital city of a province is still limited owned and pre-sighted, technology also to capital, who are still small packaging design less innovative, unique and all this because of low observation of its external and internal and environmental partnership strategy that has not yet been established. For that required partnership strategy, with various parties as stakeholders of Pangkalpinang city.

Based on the above phenomenon, this study takes a central theme:”Excellence SME’s Sustainable in Pangkalpinang city competing through its performance, by managing the strategy of innovation, Environmental Partnerships Strategy, Internal and external environment”. So according to the background research, then reformulated the problem as follows:

1. How do environmental influences internal and external environment, strategic partnerships, innovation strategy in Pangkalpinang city.
2. How do environmental influences internal and external environment, strategic partnerships, sustainable of competitive advantages of SME's Flagship in Pangkalpinang city.
3. How to influence innovation strategy of competing superiority of SME's Flagship Sustainable in Pangkalpinang city.

2. RESEARCH OBJECTIVES

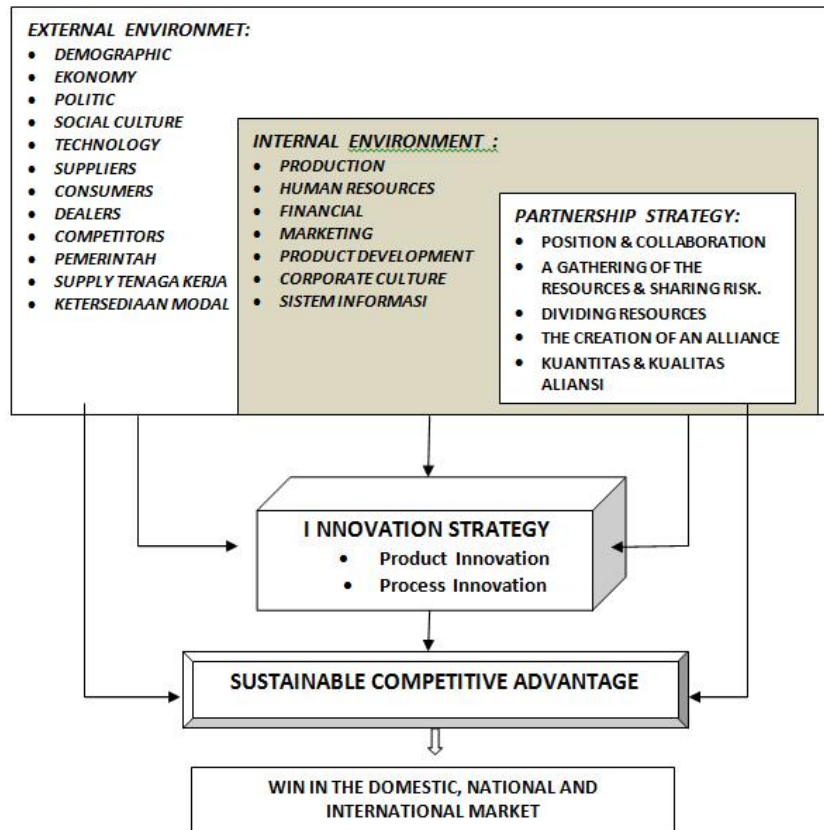
Based on past experience and the identification of problems on the research objectives are:

1. Analyses the influence of the internal environment, external environment, strategic partnerships, innovation strategy in Pangkalpinang city.
2. Measure and analyze the influence of internal environment, external environment, strategic partnerships, sustainable competitive advantages of SME's Flagship in Pangkalpinang city.
3. Measure and analyze the influence of innovation strategies of sustainable competitive advantages flagship SME Cooperation in Pangkalpinang city.

3. FRAMEWORK OF THOUGHT AND HYPOTHESIS

This research framework of thought can be plotted on the chart 3.1 where illustrates that became a staple of this research is “the Excellence of sustainable Competitive SMEs in Pangkalpinang city. Through the Innovation Strategy by designing the Environmental Partnership Strategy, Internal and external environment”. Bangka Belitung islands province is an area of the Islands is of course the development of his business was greatly influenced by the external environment. In addition to internal environmental influences

and strategies of partnership as well as the determinants of innovation, this is because the competition has been so tight and the need for SMES to get support by many institutions, both Government and private sector in development. The innovation strategy is declared to be the most important determinant for sustainable competitive advantage gained from SME'S if you want to be a winner in the marketplace in both the local and national level and even internationally.



Picture 3.1 Framework Research of SMES in Pangkalpinang city

From the framework of thought, then compiled a hypothesis as follows:

1. The internal Environment, external environment, and partnership strategies affect the SME innovation strategies in Pangkalpinang city.
2. The internal environment, external environment, and partnership strategies affect the sustainable competitive advantage of SMES in Pangkalpinang city.
3. Innovation Strategy affect the sustainable competitive advantage of SMES in Pangkalpinang city.

4. RESEARCH METHODS

For researching more about the influence between the variables then this research was designed using the verification properties. In this research analysis technique used is Partial Least Squares Path-Modeling. So associated with hypothesis testing, engineering the most appropriate sample sizes used is power analysis. MacCallum (1996). The structural Model in this study is a model of causality between the latent variables according to the hypotheses on previous chapters. The method PLS-Path Model is used as an alternative to the completion of the structural equations where the settlement with LISREL relative complex, including any abnormalities of the data, the sample size is relatively small so the LISREL does not provide a good solution for structural equation model for settlement. The main purpose of the application of PLS is to predict. In addition to predicting, another goal of the PLS is to confirm the theory and explains the relationship between the presence or absence of the latent variables. The focus in the variance of maximizing PLS variables the dependent variables that are described by its independent variables as placeholders in the covariance matrix yields empiric.

Various limitations often encountered when using LISREL researchers in structural equation models to become one of the factors causing the growing use of Partial Least Squares Path Modeling in structural equation models especially in marketing research. Calculation of sample size with power test performed using Statistic Software 7.0, so the sample size is at least that should be taken in this study as much as 60 units of the respondents. But from a questioner who propagated only 48 questioner who returned and processed in this research.

5. RESULTS AND DISCUSSIONS

5.1. The Industry Of Micro, Small And Medium Enterprises In Pangkalpinang City Industrial

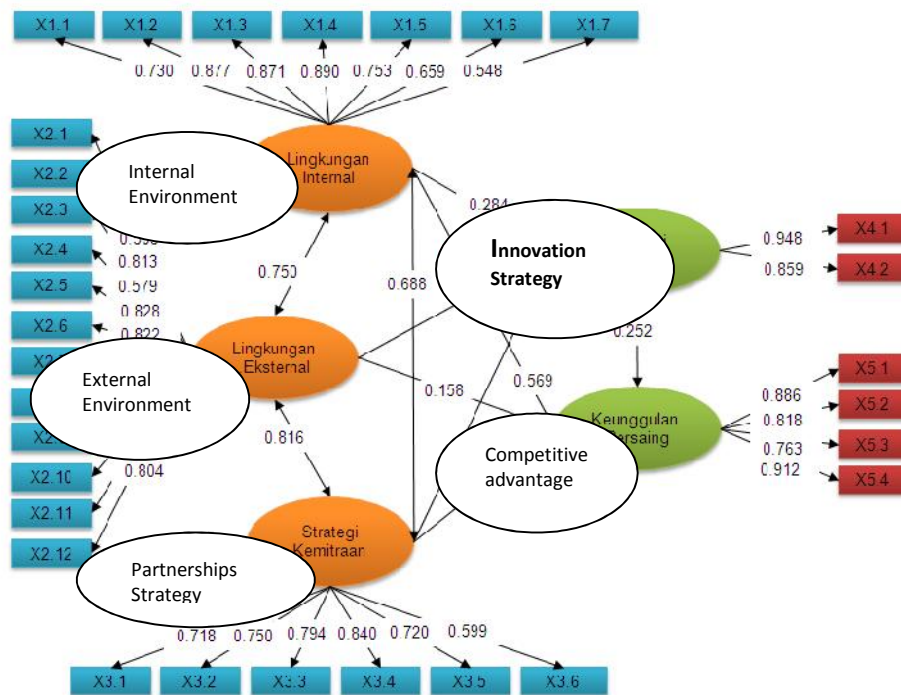
Development and its development is an attempt to increase the added value, extending the field and job opportunities, providing quality goods and services at competitive prices in the domestic market and abroad, increasing exports, supporting local development and other development sectors as well as simultaneously developing technology capabilities. Agricultural products and mining are processed into products such as industrial goods of wood, rubber, ceramic and others.

Based on data from the Department of industry, Commerce, cooperatives and small and medium enterprises in Pangkalpinang city, by 2011 the number of units of the small and medium industrial enterprises totaled 612 shaped, which is capable of absorbing manpower 3.171 people.

When viewing the development of the industry for a decade and the Economic Census results can be seen in 1996 and 2006. The number of industrial enterprises as much as 1192 shaped in 1996, and has decreased quite markedly into the 2006 effort. 968 This decrease was caused partly because the merger efforts into larger enterprises (mergers), there are businesses that were already closed and the existence of differences in the methodology used as well as the differences in the classification effort. Whereas the development of labor from 3,275 people in 1996 to 4,819 people in 2006. Thus means the industry business has decreased on average by 18,79 percent per year, instead of growing labor 45.40 percent per year.

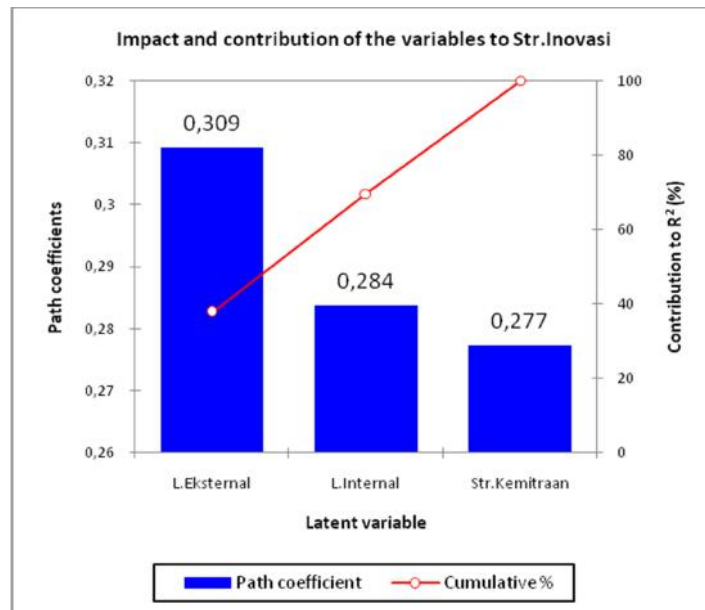
5.2. Analysis of verification.

Analysis of suitability of the model indicates that the proposed research fits models with data indicating that the models were constructed in accordance with reality. The complete research model can be described as follows:



Picture 4. 1. Structural Model
Source: Processed Data Research (2012)

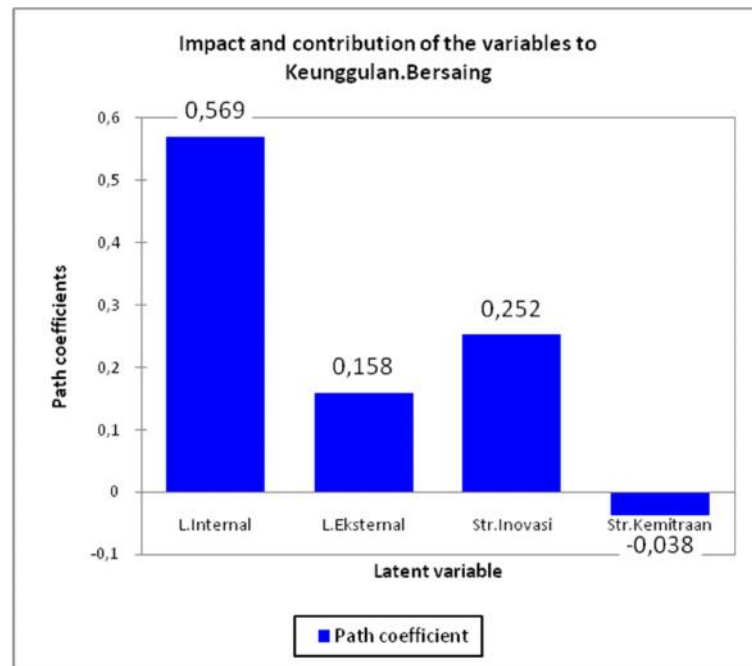
After done with significant levels of hypothesis testing of 5% and concludes that the internal environment variable, environment variables, and external partnerships strategy provide innovation strategy, an impact on subsequent interpretation of the results. Sub model structure first explains the influences of environmental variables are internal, external and environmental partnership strategy towards innovation strategy. Results of analysis showed that the external environment variable is the variable that most of its effects on innovation strategies that achieve the standard derivation 0.309 followed by internal environment variables with the huge influence of 0.284. Variables that influence most small innovation strategy is a strategy of partnerships i.e. variable reaches the standard derivation 0.277 as presented in the following figure:



Picture 4.2. Direct Influence of the Sub Model First Structure
Source: Processed Data Research (2012)

These results illustrate that the changes to the innovation strategy is related to the external environment variables as well as internal environment but less so predominantly influenced by the partnership strategy. Analysis of model of kindness coefficient determination value of 0.633 show model is a good model with variable proportions of diversity for innovation strategies capable of sub model is described by the first structure by the internal environment variables, and external environment strategy partnership reached 63%.

Next up for the second structure model sub explained that the significant influence the internal environment variables and variables significant innovation strategies at the level of 5% to sustainable competitive advantage, and at the influence of the external environment variables significant at the level of 10% with respect to sustainable competitive advantage. Results of the analysis show that variable does not affect partnership strategies at competitive advantage is sustainable. The most influential variables of sustainable competitive advantage is the internal environment variables with the direct effects of 0.569 next followed by the innovation strategy variables with immediate effect of 0.252 standard deviation, influence the external environment variables of 0.158 standard deviation as depicted in the following picture:



Picture 4.3. Direct Influence of the Second of Sub Structural Model
Source: Processed Data Research (2012)

In addition to providing direct effect, the internal environment variables, external environment, and innovation strategies of competitive advantage also provides indirect influences so that it can be counted a total of three such variables influence towards a sustainable competitive advantage.

Tabel 4. 1 Direct Effect, Un Direct Effect and Total

Variabel	Direct Effect	Indirect Effect	Total
E.Internal	0.57	0.07	0.64
E.Eksternal	0.16	0.08	0.24
Str.Inovasi	0.25		0.25

Source: Processed Data Research (2012)

Results of analysis showed that the internal environment variables provide total impact on sustainable competitive advantage reached 0.64 of standard deviation and external environment achieved a 0.24 standard deviation and innovation strategy variable reach 0.25 of standard deviation. These results indicate that the internal environment provide the most dominant impact in influencing sustainable competitive advantages.

6. CONCLUSIONS AND SUGGESTIONS

6.1. Conclusions

Based on the discussion, then the conclusion of this study is as follows:

There is a positive influence both simultaneously as well as internal environment between partial, external environment, and the partnership strategy of innovation strategies. The environmental sector support means more internal, external and environmental partnership strategy which is being built by all stakeholders of existing SMES in Pangkalpinang city then innovations will be higher and well, especially with regards to the innovation of its products. External environment variable is the variable that most of its effects on innovation strategies that achieve 0.309 standard deviation which was followed by a huge variable with internal environmental influence of 0.284. Variables that influence most small its influence on innovation strategy is a strategy of partnerships i.e. variable reach 0.277 standards deviation

There is a simultaneous influence of internal environment, external environment, strategic partnerships and innovation strategies of sustainable competitive advantage. As for the partial of internal environment

variables and innovation strategies at the level of significance of 5% effect on sustainable competitive advantage and to the significant influence of external environmental variable to the sustainable competitive advantages on a significant level of 10%. On partnership strategies variable does not provide significant influence towards sustainable competitive advantages of variables. This is because the partnership programs conducted by STATE and local governments have yet to touch the roots of the problems of the SME itself so it does not have a significant impact to their advantage.

The internal Environment provide the most dominant impact in influencing sustainable competitive advantage, followed by the external environment and the innovation strategy.

6.2. Suggestions

Based on the conclusions above, recommendations are given for research:

Advanced research, especially research area needs to be expanded not only for Pangkalpinang city, but also coverage of Bangka Belitung Islands Province. Variables such as the entrepreneur's value system need to be included in a follow-up study, this is due to differences in value systems it is possible to affect the competitiveness of SMEs. In addition to sustainable competitive advantages, variable customer satisfaction and loyalty are important consumers is measured, this is due to the quality of services have not been optimally conducted SMES today.

For SMEs, so as to improve in Pangkalpinang city on environmental quality internal information system usage primarily in business, for the external environment in order to better take into account economic factors, as well as suppliers of labor. In the partnership strategies need for SMES to develop strategic alliances with various parties so that the quantity or the quality will be better. Innovation process, although it has been continuously improved in order to promote efficiency and effectiveness, thereby reducing operational costs and competitive prices of its products. To increase competitive advantage, it is very important that programs relating to taking care of customers so that their loyalty is getting stronger.

For the Government of Pangkalpinang city, to support internal environment of SMES needs to be made more intensive assistance to them by including academics from tertiary institutions to become involved. The external environment is a very important safeguard economic condition primarily to inflation so that purchasing power is always awake and higher economic growth. Having trouble finding a qualified workforce needs to be addressed seriously by providing training to jobseekers in Pangkalpinang city.

BIBLIOGRAPHY

- [1] Bank Indonesia and LPPM UBB (2008), *result of research Penelitian Dasar Potensi Ekonomi Daerah/Baseline Economic Survey (BlS) Dalam Rangka Pengembangan Komoditi Unggulan Usaha Mikro, Kecil Dan Menengah (UKMM), Di Provinsi Kepulauan Bangka Belitung* .
- [2] Barney, J.B. (1991), *Firm Resources and Sustained Competitive Advantage*. *Journal of Management* 17 (1), 99-120.
- [3] Barney, J. (2000), *Firm Resources and Sustained Competitive Advantage*. *Advances in Strategic Management*, 17, 203-227.
- [4] Chong, H. Gin, (2008), *Measuring Performance of Small and Medium Sized Enterprises : The Grounded Theory Approach*, *Journal of Business and Public Affairs*, Vol.2 Issues. 1.
- [5] Cooper, R. Donald and Pamela S. Schindler, 2003, *Business Research Method*, Seventh Edition, McGraw-Hill, New York
- [6] Hitt, Michael. A, R. Duane Ireland, and Robert E. Hoskinsson, (2003), *Manajemen Strategis : Menyongsong Era Persaingan dan Globalisasi*, Penerbit Erlangga-Jakarta.
- [7] HOE,Siu Loon. (2008) *Issues And Procedures In Adopting Structural Equation Modeling Technique*. *Journal of Applied Quantitative Method*. Vol 3. No. 1 Spring.
- [8] Kotler, Philip, and Keller, Kevin Lane. (2012), *Marketing Management*. Fourteen Edition. Pearson International Edition.
- [9] Ma, Hao (2004), *Toward Global Competitive Advantage : Creation, Competition, Cooperation, and Co-Option*. *Journal of Management Decision*. Vol. 42, No.7. pp.907-924.
- [10] Man. Thomas W.Y., Lau.Theresa, and Chan, K.F (2008). *Home Grown and Abroad-Bred Entrepreneurs in China : A Study of The Influences of External Context on Entrepreneurial Competencies*. *Journal of Enterprising Culture* Vol. 16. No. 2 June.

- [11] Pearce, John A, and Richard B. Robinson (2009), *Formulation, Implementation and Control of Competitive Strategy*, Eleventh Edition, MC Graw Hill Company. Inc.
- [12] Peraturan Pemerintah No.44 Tahun 1997 Tentang Kemitraan
- [13] Thomson, Arthur A.; Gamble, John E; Strickland III, A.J. (2010), *Stragegy Winning in The Marketplace-Core Concepts, Analytical Tools, Cases*. Mc.Graw Hill-Irwin.
- [14] Umar, Husein (2003), *Metodologi Penelitian : Aplikasi Dalam Pemasaran*, Gramedia, Jakarta.
- [15] Undang-Undang No. 9 Tahun 1995 *Tentang Usaha Kecil*
- [16] Undang-Undang No. 20 Tahun 2008 *Tentang Usaha Mikro, Kecil dan Menengah*.
- [17] Walker, Gordon, (2009), *Modern Competitive Strategy*. Third Edition, Mc.Graw Hill, International.
- [18] Wheelen, L.Thomas and J. David Hunger, 2009, *Strategic Management and Business Policy Concepts and Cases*, Eleventh Edition, Prentice-Hall International USA.
- [19] Zuhail, (2010), *Knowledge & Innovation-Platform Kekuatan Daya Saing*, PT.Gramedia Pustaka Utama-Jakarta.



**universitas
bandar lampung**

Jl. Z.A. Pagar Alam No.26 Labuhan Ratu
Bandar Lampung 35142 Phone: +62 721 701463
www.ubl.ac.id
Lampung - Indonesia

copyright@2013