Entrepreneurship and National Competitiveness

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ABSTRACT: The purpose of this study is to examine the effect of entrepreneurship on competitiveness, with a locus of 14 member countries of the Organization of Islamic Cooperation (OIC) in ASIA. The results show that entrepreneurship has a significant negative effect on the competitiveness of these 14 countries. This opposite effect explains that entrepreneurship in quantity has proven to be unable to increase competitiveness, so a change in strategy is needed to increase competitiveness, namely by increasing the quality of entrepreneurship, for example by implementing a capacity building program human resources, production capacity, marketing network supported by an adequate financial structure.

KEYWORDS: Entrepreneurial Culture, Competitiveness, Entrepreneurship, Organization of Islamic Cooperation

I. INTRODUCTION

Competitiveness is a top priority for companies on a micro basis and even in a country if viewed from a macro aspect. As research Tsurayya & Kartika (2015) that competitiveness can create prosperity, which if implemented in the real sector and other manufacturing companies can increase sales and profits. For a country, Rivani (2020) argued that increasing competitiveness could encourage exports so that foreign exchange would increase and foreign trade would experience a surplus. This is a consideration that is commonly used by companies and even the state to improve the welfare of shareholders, employees to the community or residents of a country.

Increased competitiveness when viewed from a macro or country aspect compared to other countries can be explained using 12 aspects that integrate institutional aspects, infrastructure aspects, ICT adoption aspects, macroeconomic stability aspects, health aspects, skills aspects, goods and services market aspects, market aspects workforce, aspects of the financial system, aspects of economic size, aspects of business dynamics and aspects of innovation ability (Nadya et al., 2020). Because of an integration, these aspects cannot be explained partially, for example, the institutional aspect is more important than the innovation capability aspect, and vice versa. Each of these aspects together form competitiveness towards excellence in competing at the international level.

However, competitiveness does not stand alone, because the success of building competitiveness requires the participation of the community and citizens in the form of entrepreneurial or entrepreneurial abilities. Specifically related to Indonesia, Sugiarto (2021) suggested that the level of entrepreneurship Indonesia in 2020 at 3.47%. Meanwhile, the requirements for the formation of a developed country are at least 4% of the population by profession as entrepreneurs. Currently Singapore's entrepreneurship rate is 8.5% and 4.5% for Thailand and Malaysia, respectively. Of course this requires a hard struggle on all fronts, strata and is not only the duty and responsibility of the government as explainedTarigan (2011) that geographical position, conducive security sector, law enforcement, work discipline, business infrastructure, service sector development, per capita income, natural resources, regional market expansion and the birth of entrepreneurs.

While the consideration of choosing the two variables as mentioned above, namely entrepreneurship and competitiveness, is based on the researcher's in-depth observations and analysis of relevant previous studies from 2015 to 2022 sourced from Crossref which is visualized in the following image.

Figure 1. Network Visualization
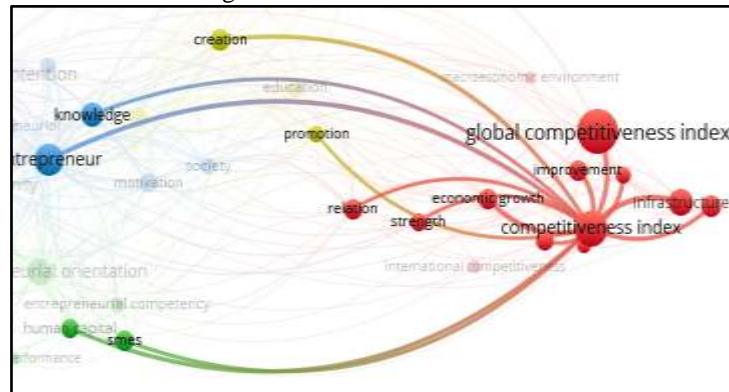
The Network Visualization above can be explained that there have not been many studies on the competitiveness index when it is associated with entrepreneurship which can be proxies by the development of Micro, Small and Medium Enterprises or MSMEs' (Olayiwola et al., 2019; Wijaya et al., 2017). Meanwhile, other previous studies that strengthen the influence of entrepreneurship on competitiveness were carried out both domestically (Indonesia) and abroad (Domi & Panayiotis, 2013; Handrimurtjahjo, 2014; Iandoli et al., 2007; Khatani et al., 2021; Lake et al., 2019; Lestari et al., 2022; Mohammadi Khyareh & Rostami, 2018; Mulyadi et al., 2021; Paek & Lee, 2018; Ratten & Dana, 2019; Sergi et al., 2019; Syahribulan et al., 2021; Wiyono et al., 2020).

II. HYPOTHESIS DEVELOPMENT

Iandoli et al. (2007) explained that small companies play an important role in increasing the nation's competitiveness as happened in the late 19th century and early 20th century. The contribution of small companies in several countries is not only quantitatively indicated by the large number of companies, but also the contribution in quality. The importance of this quality is expected to be able to solve economic problems such as unemployment which is also a world problem in addition to the economic recession. Small, quality and highly competitive companies can absorb labor, and this high job opportunity can increase the turnover of income streams so that economic success can be realized.

The above explanation is relevant to the findingsDomi & Panayiotis (2013)that in Kosovo, especially after the war, the government's economic policies prioritized aspects of economic resilience as indicated by the increasing competitiveness of Kosovo at the world level. Increasing competitiveness cannot be separated from policya

proactive government to build the economy through the entrepreneurship of its citizens, which is fully supported by the private sector's alignment to further enhance national economic growth. According toKhatani et al. (2021) to realize sustainable economic growth, a driving factor is needed, namely entrepreneurship, which is supported by researchSergi et al. (2019)in developing countries that entrepreneurship is an important aspect to increase competitiveness through the development of the business world.

StudyHandrimurtjahjo (2014)explained that improving economic performance in a sustainable manner is the target of every country by increasing its competitiveness. However, competitiveness can be optimized when entrepreneurship is not only a mindset and strong in the realm of concepts, but also becomes real action so that its role is very significant in increasing global competitiveness. The results of the study are the same as the researchMulyadi et al. (2021)to 117 business owners and entrepreneurs in Bandung that the main focus to improve the country's economy at the global level is to improve the entrepreneurial behavior of the Indonesian people. Entrepreneurial behavior in this study is perceived by respondents in the form of attitudes towards money, management skills, relationship skills, personality and product marketing abilities. The results showed that entrepreneurial behavior had a significant positive effect on competitiveness with a contribution of 50%.

Even in large companies, the secret of success in seizing opportunities so as to gain a sustainable competitive advantage is by implementing entrepreneurial strategies and positioning entrepreneurship as a work culture in the company (Paek & Lee, 2018). Meanwhile, entrepreneurship, which is the source of every innovation and business creativity, is a determining factor in increasing economic growth(Franco,

2020; Mohammadi Khyareh & Rostami, 2018). Especially during the COVID-19 pandemic, the innovation and creativity of entrepreneurs in Indonesia are a source of profit for companies (on a micro basis), and macro economically is a determinant in increasing the circulation of money so that income distribution can be improved so that the economy is in a position of full employment (factors of production in the economy). full employment)(Wiyono et al., 2020).

Several other previous domestic studies that examine the effect of entrepreneurship on competitiveness or competitive advantage can be explained that competitiveness is empirically influenced by entrepreneurship. More specifically, it is stated that these two variables have a positive and significant effect, meaning that if entrepreneurship is measured by increasing creativity and innovation, it will have an impact on increasing competitiveness (Lake et al., 2019; Lestari et al., 2022; Ratten & Dana, 2019; Syahribulan et al., 2021).

Based on the theory and previous research above, the research hypothesis can be derived, namely: "Entrepreneurship has a significant effect on the competitiveness of the nation".

III. METHOD
3.1. Research Approach and Type
This research approach is quantitative because the research data is in numerical form which is analyzed using statistical methods. The type of research chosen is associative because it is directed to examine the effect of the independent variable, namely entrepreneurship, on the dependent variable, namely competitiveness. Data on entrepreneurship and competitiveness is measured by index numbers obtained from documentation published by the Global Entrepreneurship and Development Institute for the entrepreneurship index, and The Global Competitiveness Index from the World Economic Forum for the competitiveness index.

3.2. Data collection technique
This study uses in-depth observation and documentation to collect data. What is meant by in-depth observation is observation activities to obtain research samples, namely member countries of the Organization of Islamic Cooperation in Asia that have complete data availability. Only countries with complete data available will be processed into the research sample. While the documentation is time series data on the entrepreneurship index and competitiveness index of each country from 2015 to 2019.

3.3. Data analysis technique
The systematics in the panel data regression analysis of this study are: (1) normality test of the data; (2) linearity test; (3) test the selection of the best model with the commond effect, fixed effect or random effect and (4) test the hypothesis. First test for normality, by comparing the probability value with = 0.05 or 5%. The provisions used, if the probability value of Jarque-Bera> 0.05 then the data is normally distributed and if it is smaller it means that the data is not normal (Winarno, 2011). The two linearity tests used in this study were only on the aspects of heteroscedasticity and autocorrelation because according toWinarno (2011)multicollinearity test will not occur in the simple regression equation. The autocorrelation test is based on the theoryField (2009)that a very conservative practical guideline states that when the Durbin-Watson Stat value is in the range of 1 to 3 there is no autocorrelation. While the heteroscedasticity test according toWinarno (2011)can be detected using the Glejser test, where there is no heteroscedasticity if the probability value is greater than alpha (0.05). The three best model tests, in this study using the Chow test, Hausman test and the Lagrange multiplier test. The fourth hypothesis test, which was conducted using the Least Square Panel method.

IV. RESULT AND DISCUSSION
Result
As part of the linearity test, the data normality test is a prerequisite before statistical testing is carried out. Based on table 1, it can be explained that the data being tested for normality is the Standardized Residuals data. The observation period was from 2015 to 2019 with a total of 14 countries, namely: Saudi Arabia, Bahrain, Bangladesh, Indonesia, Iran, Kazakhstan, Kuwait, Lebanon, Malaysia, Oman, Pakistan, Qatar, United Arab Emirates and Jordan. The results of the analysis show that the probability value of Jarque-Bera = 0.279638, which means it is greater than alpha 0.05, it can be concluded that the data is normally distributed.
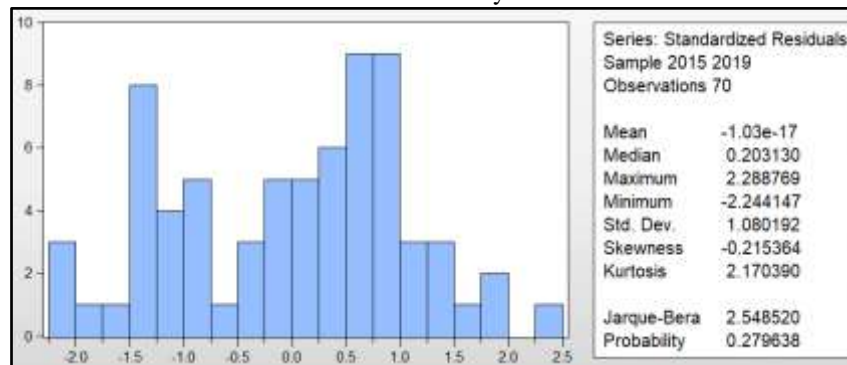
Table 1. Normality Test

Table 2 below describes the results of the linearity test, namely the autocorrelation and heteroscedasticity tests. In the autocorrelation test, it is known that the Durbin-Watson Stat value is 1.244287 at an interval of 1 to 3, so it can be concluded that the data is free from autocorrelation problems. Likewise with the heteroscedasticity test which in this study uses the Glejser test where the probability value of the independent variable is 0.221 greater than alpha 0.05 so that the data is free from heteroscedasticity problems.

Table 2. Heteroskedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.228330	0.559254	0.408276	0.6844
LOG_X	0.195255	0.158079	1.235167	**0.2210**
Durbin-Watson stat	**1.244287**			

While table 3 below is a Fixed Effect Model test that has previously been tested for common effects. To decide the best model of the two models, namely the common effect and fixed effect model, a test is carried out using the Chow test as shown in table 4. The results of this Chow test give a decision that the fixed effect model is better than the common effect model because of the probability value.Cross-section Fof 0.0398 is smaller than alpha 0.05.

Table 3. Fixed Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	31.16142	5.587361	5.577128	0.0000
LOG_X	-7.997605	1.590348	-5.028839	**0.0000**
R-squared	**0.320899**			

Table 4. Uji Chow

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.984797	(13,55)	0.0398
Cross-section Chi-square	26.927115	13	0.0127

Regression model with Fixed Effect Model, namely:
Y = 31.16142 – 7.997605 (LogX)
or
Competitiveness = 31,16142 – 7,997605 (Entrepreneurship)
The results of testing the research hypothesis are"Entrepreneurship has a significant effect on the country's competitiveness" based on table 3, where the probability value of the entrepreneurial variable of 0.0000 is smaller than alpha 0.05 so that the research hypothesis is tested.

DISCUSSION

Based on the test results in table 3, it can be explained that entrepreneurship (X) has a negative effect on competitiveness (Y) with a probability value smaller than the alpha level. That is, there is an opposite effect between the entrepreneurial variable on the country's competitiveness with significant results and can be

accounted for statistically. This negative effect implies that the increase in entrepreneurship has an impact on the decline in the country's competitiveness. And vice versa if there is a decline in entrepreneurship, it can increase the country's competitiveness.

The increase in entrepreneurship is not just an increase in the number of entrepreneurs but rather an increase in the quality of entrepreneurs. It is true what was conveyed by Sugiarto (2021) that to become a developed country, a minimum of 4% of the population is required to be entrepreneurs. However, it is not true if the increase in entrepreneurs is not followed by an increase in hard skills and soft skills. Pasrizal (2011) argues that hard skills are related to technical knowledge and expertise in doing other technical jobs. Soft skills are related to one's ability in personal and interpersonal management. The balance of hard and soft skills is important and must be mastered by entrepreneurs. However, in reality there are still weaknesses in the management strategy, where MSMEs' are only built for employment. The absorption of this workforce should be the impact of the quality management of MSMEs.

This research also supports research Prianto (2015) that competitiveness can be improved, especially in the era of the ASEAN Economic Community (AEC) when entrepreneurship is increasingly entrenched, especially in the lives of Indonesian people. This entrepreneurial culture is also expected to be able to seize the domestic market by strengthening innovation which has so far been inferior to Singapore, Malaysia and even Thailand. In addition, innovation must be supported by mastery of Information Technology (IT) to realize the quality of Indonesian entrepreneurship that is able to build business networks to capture business opportunities. This study is also relevant to research Purnomo (2017) that entrepreneurship in Indonesia needs to be improved by strengthening its human resources, expertise, skills, finances and marketing.

The findings of this study also support research Lestari et al., (2022) that the quality of entrepreneurship in the form of innovation affects competitive advantage, and this competitive advantage can improve company performance if viewed from the micro aspect. Same result as research Lake et al. (2019); Syahribulan et al. (2021) which explains that the quality of entrepreneurship cannot be separated from the entrepreneurial orientation. And the entrepreneurial orientation of these entrepreneurs can increase competitive advantage. So it is not always true that

the number of entrepreneurs can increase competitiveness, however this study proves that it is the quality of entrepreneurship that can actually increase competitiveness as research Ratten & Dana (2019). By building an entrepreneurial ecosystem, it can increase the competitiveness of the region and the country.

V. CONCLUSION

Competitiveness is measured using 12 aspects including infrastructure aspects, IT adoption aspects, macroeconomic stability aspects, skills aspects and in particular the health aspect currently felt by the world including Indonesia, namely the Covid-19 pandemic is influenced by entrepreneurship. Considering that entrepreneurship not only has a positive impact on employment, but also increases income distribution, it is a wise choice to continuously strengthen the quality of entrepreneurship through 4 potential aspects or 4Ps, namely: strengthening human resources, strengthening production capacity, strengthening marketing networks and strengthening structures finance. So it is suggested to future researchers to expand the study by conducting empirical tests on the influence of human resources, production capacity, marketing network and financial structure on the quality of entrepreneurship in Indonesia.

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