The Strategy For Improving Competitiveness to win the ASEAN Economic Community (AEC)
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(MIICEMA) 2016

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Dr. Junaidi, SE, M.Si
Prof. Dr. Johannes, SE, MS
Dr. Syahmardi Yacob, SE, MBA
Dr. Tona Aurora Lubis, SE, MS
Dr. Sri Rahayu, SE, M.Si, Ak, CA

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Faculty of Economics and Business, University of Jambi, Kampus Mendalo Darat, Jambi, Indonesia
Telp. 0741-583317 e-mail: miicema2016@unjia.ac.id
FOREWORD

The Malaysia Indonesia International Conference on Economics, Management and Accounting (MIICEMA) is an annual international conference that gathers academics and practitioners from Malaysia, Indonesia and around the World to facilitate the presentation and sharing of research findings particularly in the areas of economics and management.

Numerous benefits have been achieved from the sharing of knowledge and building of working relationships through presentations of working papers after the organisation of 16 series of the conference. The conference has become an important platform for academics to share information regarding current issues and new economic and business challenges prevalent in both South East Asia and globally.

As a continuation of the memorandum of understanding between Universiti Kebangsaan Malaysia, Universitas Syiah Kuala, Institut Pertanian Bogor, Universitas Muhammadiyah Surakarta and Universitas Bengkulu as the founding institutions of MIICEMA, 2016 is witnessing once again the organising of the 17th MIICEMA. Following the tradition of the long-established friendship, the honour of becoming the main organiser and host to the 17th MIICEMA has now been transferred to University of Jambi, Jambi through the Faculty of Economics and Business.

Through the organising of the conference, the research findings that will be presented by academics in various fields such as economics, management and accounting will surely become guides and models for other academics in developing the branches of knowledge and for the industry in managing and strengthening their businesses.

The chosen theme for this year MIICEMA is "The Strategy For Improving Competitiveness to win the ASEAN Economic Community (AEC)". Global economic climate has been undergoing shocks that adversely affecting government and business organisations. The economic turmoil has been considered by few as the worst in the century that prudent and solid business strategies must make accurate market interpretation of both opportunities and constraints. With this in mind, the 17th MIICEMA aims to provide a platform for both academicians and practitioners to sit together and elaborate on these challenges.

The goals and objectives of this international conference are as follows:
- to become a platform for academics in the South East Asia to share latest research findings on economic, management and accounting issues.
- to identify emerging economic and business challenges prevalent in South East Asia and around the world amidst the 2016 economic turmoil.
- to gather input on new opportunities in the domain of business within the contexts of South East Asia and global amidst the 2016 economic turmoil.
- to sustain research collaborations that produce high impact outputs.
- to elevate the status of MIICEMA member institutions through presentation of internationally-recognised research results.

Following the phenomenal successes of the previous conferences, MIICEMA will be proudly brought to you again this October by University of Jambi, Jambi, Indonesia. This year MIICEMA will be organised in conjunction with the Seminar and Annual Meeting of the Western Division of Economics Institutions Cooperation. This is an annual event involving 27 state universities and several private universities that offer Economics programmes in Indonesia. In 2016, the Western Division of Economics Institutions Cooperation meeting will be hosted by the Faculty of Economics and Business, University of Jambi, Jambi, which will also serve as the main organizer of MIICEMA 2016.

This year MIICEMA highlights the current issue facing economies in the region through a theme of "The Strategy For Improving Competitiveness to win the ASEAN Economic Community (AEC)". This theme is to be supported with few key tracks; Microeconomics, Macroeconomics, Monetary Economics, Public Economics, Regional and Urban Economics, International Economics, Natural Resource Economics, Industrial Economics, Labor Economics, Development Studies, Business, Management and Organization, Marketing, Finance, Human Resources, Financial Accounting, Managerial and Behavioral Accounting, Auditing, Accounting Information Systems, Public Sector Accounting, Social and Environmental Accounting, Islamic Economics, and other related areas.

This collection does not include the totality of the papers presented at the conference, as not all contributors submitted their written papers for publication.

Dr. Junaidi, SE, M.Si
Conference Chair
WELCOMING SPEECH
DEAN OF THE FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITY OF JAMBI

I would like to welcome all participants to the 17th Malaysia Indonesia International Conference on Economics, Management and Accounting (MIICEMA) in Jambi, Indonesia. It is truly an honor and a privilege for Faculty of Economics and Business, University of Jambi to host this International conference.

I have no doubt in my mind, that this conference will be a worthwhile experience. We have an opportunity to learn each other from some of the best experts in different discipline. Hence I hope after the conference finished, we are enriched with a better understanding of contemporary issues in economics and business in South East Asia. Furthermore, as the member of MIICEMA, we can enrich the network for some important aspects such as publication and student exchange.

I would like to express our sincere gratitude and appreciation to many individuals for their invaluable input to make success this conference. I would also like to extend a special thank you to our Institutions' partners for their support to organize this event successfully.

So, I wish you have a pleasant International Conference and enjoy your stay in Jambi.

Drs. H. Amril, ME
Dean of the Faculty of Economics and Business
University of Jambi
WELCOMING SPEECH RECTOR OF UNIVERSITY OF JAMBI

I extend my warm welcome to all of the distinguished speakers and participants of the 17th Malaysia Indonesia International Conference on Economics, Management and Accounting (MIICEMA) which held by Faculty of Economics and Business, in October 24-25, 2016.

As a Rector of University of Jambi, I am pleased to witness the 17th MIICEMA, it provides a unique opportunity for scholars, experts, researchers, to assemble and share ideas on critical issues and trends in economics and business. Furthermore, I hope this conference could develop the valuable network and international collaboration amongst universities in Indonesia and Malaysia, as well as to facilitate publications of research by Indonesia and Malaysia scholars in international journal.

I congratulate the Dean of Economics and Business, the chairman of the conference, all the renowned speakers and delegates for their participation that makes this conference possible. I welcome you all to University of Jambi.

As a part of the provincial cultural promotion, we hope you enjoy the entire traditional and unique cultural atmosphere. I urge you also to enjoy the beautiful of Muaro Jambi temple and Gentala Arsy Bridge. Muaro Jambi Temple as it has been revealed is the place of Buddhism taught not only for the ancient of Indonesian but for South Asia Countries.

Last but not least, we thank you to every person both that comes from internal and external organization who makes this conference conducted. Finally, I hope God bless you all as long as you follow the conference.

Prof. H. Johni Najwan, SH, MH, Ph.D
Rector of University of Jambi
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KNOWLEDGE MANAGEMENT, STRATEGIC THINKING AND SUSTAINABLE COMPETITIVE ADVANTAGE IN SMALL EKONOMIC ENTERPRISE BATIK BASUREK INDUSTRY AT BENGKULU CITY

Praningrum; Muhartini Salim
Faculty of Economic and Business, University of Bengkulu
e-mail: ningrum-bkl@yahoo.co.id; muhartini_salim@yahoo.co.id

Abstract. Sustainable competitive advantage is essential for the company and organization. Knowledge management and strategic thinking are important things to gain the sustainable competitive advantage and best performance of the organization. This study was conducted to determine whether the small and medium enterprises in the City have implemented knowledge management, strategic thinking and a sustainable competitive advantage? And what about the influence of knowledge management and strategic thinking on sustainable competitive advantage. The data used are primary data from 20 small and medium enterprises Batik Basurek in Bengkulu City, with a number of owners and crafters are 293 people. The sample used in this study were 10 small and medium enterprises and 25% or 73 owners of small and medium enterprises crafters Batik Basurek. The sampling method used is random sampling and the data were analyzed using multiple linear regressions. The results of the research were obtained that there is a positive and significant influence knowledge management and strategic thinking towards a sustainable competitive advantage in the small and medium enterprises Basurek Batik industry in the Bengkulu City.

Keywords: knowledge management; strategic thinking; sustainable competitive advantage.

INTRODUCTION

In the current economic context, the growth of knowledge in the organization is synonymous with improved economic performance, creating economic added value and improve the operational efficiency of each organization. The success of organizations today is strongly influenced by how companies acquire and use knowledge in practice in the form of a real, innovative products and services. In these conditions, the performance of a knowledge based organization, inseparable from the Knowledge Management (KM), namely the ability to take advantage of opportunities created by the development of the knowledge acquired (Popsa and Nicula, 2014).

Ghannay et.al (2012) citing that the organization has a lot of resources, but this resources are unique, inimitable, and valuable is the most important for competitive advantage (Barney, 1986, 1991; Prahalad and Hamel, 1990; Wernerfelt, 1984). Knowledge is one of the organization's resources. According Civi (2000) and Gupta et al (2000), the only competitive advantage that will be owned by the organization in the 21st century is what they know and how they use. This is because the management and proper knowledge can encourage organizations to become more adaptive, innovative, smart and sustainable (Wong and Aspinwall, 2004a).

Knowledge Management (KM) has become an important strategy to enhance the competitiveness and performance of the organization to apply them to the areas of production, marketing, research and development, labor, planning and innovation and is also considered as creating a sustainable competitive advantage (Sustainable Competitive Advantage / SCA) for the organization (Raja and Zeithaml, 2001; Johannessen and Olson, 2003; Lado and Wilss, 1994; Ofek and Sarvary, 2001). Thus, the KM vision is to enhance the competitive strength of companies or to maintain the competitive strength of companies. KM is the management of knowledge assets within an organization to increase competitive power with focus on product leadership, operational excellence, and customer intimacy. KM is an operational strategy and help the company gain knowledge and information related technology markets. KM also assist companies in innovation, circulation, transformation, apply, store and maintain or improve the company's competitive advantage in the long run (Lee dan Chen, 2005).

In order to remain competitive in an increasingly global environment and volatile, Bonn (2001) stated that the ability to think strategically (Strategic Thinking / ST), it is important for the company. His research identified major weaknesses in the organization is the lack ST on their organizations. To remedy that, he advises organizations split on two different levels, namely the individual level and the level of organisasi. Analisisnya shows that at the level of individuals, especially senior managers, must have a holistic understanding of the organization and its environment; they must be creative and must have a vision for the future organization. At the organizational level should design selection and assessment
process that focuses on the ability of ST and or adaptation to changes, is no longer the traditional selection criteria such as experience and past performance. At the organizational level, it is necessary to make "Stratgis Thinking Forum" as a place processes and systems that drive continuous strategic dialogue between top management team and harness the ingenuity and creativity of every employee. This requires the company's commitment to promoting innovation and change and a willingness to involve people throughout the organization. Organizations that successfully manage ST at the level of individuals and organizations will be able to create core competencies to facilitate interaction and learning organizations across Strategic Business Units and functional areas. These core competencies will be difficult to imitate competitors, making the organization more flexible and adaptable to change, and help to survive and succeed in a turbulent environment in the twenty-first century.

Sustainable competitive advantage (Sustainable Competitive Advantage / SCA) is the most important thing for the company, even more so for profit-oriented company. There are many SCA understanding of some of the results of research, cited by Alpircic et al (2005) interpreted in terms of being able; get ... an ongoing basis; above-average profit on invested capital in relation to the competition (Grant, 2002), surplus value of the product over the cost of production (Porter, 1985), or, the best performance in "competitive arena". Some of the new definition of relevant states that SI is "superior value provided consumers and differentiate your business from its competitors" (Ryan, 2003), Creation of a system that has a unique advantage out-ranking (Heizer, 2003).

According to Davies (2005), there are two approaches to improve SCA, the first market-based approach (market based view), based on industry analysis of the strengths, weaknesses, opportunities and threats, and the positioning of the company. This approach evolved since 1980 with Michael Porter as its main author. According to Porter to run a market-based ST to acquire SCA there are two things to do that select attractive industry and choose strategies generic cost leader, differentiator or focused firm. However, market-based view, failed to explain why the company at the same level in the industry are performing differently or why companies have different levels have the same performance? With missed her these questions, then conducted various studies and obtained a second glance, resource-based view that emerged since 1990. This approach can be explained that SCA can be enhanced by having a unique resource, it is difficult to substituted and imitated, long-term value that can be maintained by the owner of the company. Resource-based view can be tangible (equipment and space), intangible (intellectual property, patents and reputation), or the ability (skills, routines and culture). However, the intangible resources and capabilities more may increase the advantage, because it is more difficult to replicate.

KM and ST plays an important role for all companies in maintaining and improving the company SCA. Although KM, ST and SCA is very important for the company, but has not been much research done on small businesses. In fact, Micro, Small and Medium Enterprises (SMEs) become a mainstay of the economy in Indonesia, because when economic conditions fell SMEs can always survive. SMEs reached 99 percent of the total number of businesses in Indonesia; therefore the government is attempting to develop the SME sector to be more advanced and can become the backbone of the economy in Indonesia. Various attempts have been made such as the development of SMEs, which is done through training to SMEs and SME board funding agencies, dissemination of results of research, education, and dissemination to SMEs on financial management, and information exchange (Kompas.com 2013).

Bengkulu province is also developing small and medium businesses by implementing regulations and training as an effort in kil and medium enterprise development. One area of SMEs developed and preserved is Batik Besurek industry, by maintaining and developing motifs and still preserve its existence Batik Basurek. Various attempts have been made to develop it. Such efforts include the provision of capital in the form of loan / credit from financial institutions, provide training to artisans and establish batik Basurek as mandatory uniforms for elementary school students to high school. Batik Basurek also be made mandatory attire for Civil Servants in the region of Bengkulu province since 1990 (Kompas/12/2011). This study was conducted to determine whether the small and medium enterprises in the city of Bengkulu have implemented knowledge management / KM, strategic thinking / ST dan sustainable competitive advantage / SCA? and what an important role both in influencing the competitive advantage?

**Knowledge Management (KM)**

Aktharsha (2011), knowledge is an important organizational resources. Unlike other information sources organizations institutions, the application of existing knowledge has the potential to generate new knowledge. Knowledge is not only rechargeable but can also be combined and merged to generate new knowledge. Once created, the knowledge can be articulated, shared, stored and context to generate options for the future. For all these reasons, knowledge has the potential to improve outcomes across space and time.
KM is a key factor that can help the organization to maintain the SCA in a volatile environment. Organizations should switch to strategic KM and technology to utilize the resources of knowledge. KM can be defined as a systemic and organizational processes specific to acquire knowledge, organize, and communicate with other employees so that employees can take advantage of such knowledge to be more effective and productive in their jobs (Kankanallili, Tan, and Wei, 2005). KM is also important in the relationship between organizations.

Another opinion, KM is a routine based capability (Mustaghir, 2009), and is the only source of SCA for an organization (Grant, 1996; Kogut and Zander, 1992). Gould et al. (2001) and Lee and Choi (2003) shows how some aspects of the culture of the organization, structure and technology directly related to KM. Similarly, research conducted by Nonaka (1994) revealed that some aspects of the organizational structure and the influence of organizational culture to create a process of knowledge within the organization.

KM is today considered a process rather than product (Mustaghir, 2009). This recognition has resulted in a large number of knowledge management framework defining the activities which are of KM in an organization (Heisig, 2009). Most frameworks KM activities include identifying, acquiring, creating, storing, sharing and utilization of knowledge by individuals and groups within the organization (Heisig, 2009; Soliman and Spooner, 2000; Zheng et al., 2009). KM performed through three processes: knowledge acquisition, knowledge creation, knowledge utilization and knowledge sharing (Davenport and Prusak, 1998; Gold et al., 2001; Heisig, 2009). Knowledge acquisition refers to the process by which new knowledge is obtained from outside sources, creation of knowledge is a process of transformation of newly acquired knowledge to the context of the organization, and utilization of knowledge and sharing is a process of continuing to implement (or exploit) new knowledge is created and shared from individual to individual or group, Heisig (2009), suggests four factors that context is essential for knowledge management: 1) human-oriented factors such as culture, people, and leadership; 2) the organizational process and structure; 3) technology; and 4) management processes such as strategy, objectives, and measurements, (Sun, 2010).

KM can be defined in various ways, Gao et al., (2002) identified KM as a process that requires the activities undertaken to initiate a purpose. Sun (2010), said KM as a process due to growth. In some cases KM referred to as a technical platform that is used to maintain and provide knowledge (Liebowitz, 2004; Marshall and Brady, 2001; Randeree, 2006) while others see it as an activity that is realized by people (Datta and Acar, 2010; Mohamed et al., 2006). KM as the activities are realized, the merger of the team as a sub-process of KM will be experienced in improving the effectiveness, efficiency, and production organization. Lastres (2011) defines KM as the collective wisdom of the organization on how to recognize (know-how) to create systems and processes to support and facilitate the identification, arrest, dissemination and use of knowledge organization to meet business objectives. Many organizations have realized that the collective wisdom of this lies in the intellectual capital of its employees. Creation process can be done by utilizing the team as a sub-process for the KM to get the organization's goals.

**Strategic Thinking (ST)**

Bonn (1994) explains the difference between the ST (Strategic Thinking) and strategic planning and argued that focusing on the strategic planning and analysis related to articulation, elaboration and formalization of existing strategies. ST on the other hand, emphasizes on the synthesis, using intuition and creativity to create "an integrated perspective of a company", that strategic planning is a process that must occur after ST.

Bonn (2005) defines the ST, as a way to solve strategic problems by combining rational and convergent approach to the process of creative thinking and divergent. The orientation of these processes focuses on how the efforts of senior managers in managing the organization to understand the strategic action in a very complex environment, ambiguous and competitive. It is essential for strategic decision making and may provide a key to better understand the phenomenon of organizational change and ultimately, the performance and survival of the organization. ST is very closely linked to sustainable action and interrelated processes.

A major element in ST by Bonn (2005), is a system thinking is characterized by change of view the organization as a conglomerate of divided compete for resources, to view and manage the corporation as a holistic system that integrates every part in relation to the whole Kaufman (1991), the ability to stay out of trouble for daily operations (Garratt 1995), and to see how different problems and issues that are connected to one another, how they influence each other and what the effects of the solutions are certain things to it -hallainnya (Liedt, 1998). Creativity is about ideas and the development of new solutions to create SCA, ST must find new and better approaches to imagine ways of doing things. Creativity is the creation of something valuable, useful new product, service, idea, procedure, or process by individuals who work berama together in complex social systems (Woodman et al. 1993), combine or make
connections between things that may seem unrelated (Robinson and Stern, 1997), how to approach to the problem and the solution - their capacity to put ideas exist together in new combinations (Amabile, 1998), the ability to produce many alternative solutions to problems and to develop or identify an association or pattern (Ford, 1996). Vision, are the values, priorities, and clarity about preferensi- to help them develop an appropriate strategy and design appropriate action (Weick, 1995), for conveying the direction and provide a focus for all activities within the organization (Collins and Porras, 1998).

Sustainable Competitive Advantage (SCA)

Since two decades ago, the concept of SCA is defined as the ability of organizations to implement a strategy that would fully utilize the internal strength while effectively neutralize external threats. The organization is believed to have gained a competitive edge when they are able to create and implement a strategy that is not exercised by their current competitors. SCA, on the other hand, is achieved when the current competition or even competition in the future can not duplicate the development strategy of the organization. (Nadarajah and Kadir 2014).

Competitive advantage occurs when a company has one or more competencies that enable to create superior value, relative to competitors, to some market segments (Hunt and Morgan, 1995). Porter and Kramer (2006), proposes that the advantages of sustainability is "inescapable priority for business leaders in each country. So that the company can maintain a sustainable advantage, it should be difficult for competitors to duplicate the competences of the company due to the fact that they are rare, valuable, can not be imitated perfectly and have little strategic substitution (Barney, 1991).

Furthermore Barney (1991) explains that the organization wanted the SCA needs to instill four key attributes for SCA, value, rarity, not able to be replicated, and there is no substitute. Values shown the ability to exploit the element of SWOT covering strengths, weaknesses, opportunities, and threats. Rare relates to the ability to create a unique set for prasahaan differentiate from rivals. Next, unable to be imitated is the ability to create value that is difficult for competitors to duplicate. Difficulties could be due to the high investment cost, complexity or particular skill. Finally, there is no substitution (replacement) is when a rival can not replace capabilities with other similar resources. There are instances when a rival, after learning capability will try to emulate. However, when the rivals realize that the ability can not be imitated, they will rearrange or replace with the same resources. Capabilities with the ability not biased imitated elements would be difficult for any rival to search for the same resources for substitution.

Sustainability does not refer to a specific period of time calendar, nor does it imply that the benefits last forever (Gunther et al., 1995); it depends on the likelihood and degree of duplication competitive. Fahy (2000) states the assumption that the desired result of managerial effort in the enterprise is SCA.

In some studies, conventional terms such as market share and profitability (Bharadwaj et al., 1993) have also been used as a barometer measuring superior performance that lead to SCA. In their proposed conceptual model, Bharadwaj et al. (1993) made an effort to integrate SCA factors from various fields such as management, marketing and economic organization of industry to explore the implications of the distinctive characteristics of the company to achieve SCA (Fahy, 2000). They noted that it is an internal resource. Companies that are not available to competitors who have a great potential to generate superior competitor advantage as opposed to environmental factors are very much available for all other competitors. In addition to capabilities such as team-embodied knowledge, organizational culture and history, Bharadwaj et al. (1993) also includes a set of formal rules and structures that govern the way people connect and enterprise culture and history as an important point for the success of an organization. This view is shared by (Barney, 1986; Dennison, 1984; Kotter and Heskett, 1992) which states that a company with strong values, a shared belief and vision of the company will outperform weak.

According to Grant (1995) SCA is a dimension of durability, mobility and impersonation. Endurance is a measure of the ability and resilience of the organization to counteract imitation from competitors. Mobility, on the other hand, refers to the extent to which resources can be transferred between the competitors together and impersonation that describes the ease with which resources can be copied by competitors (Chaharbaghi and Lynch, 1999). Based on all points of view, sustainability, basically, consists of various subsets internal and external to the organization and (Chaharbaghi and Lynch, 1999), best thought of as a dynamic process rather than konsepstatis locked in time. SCA can be termed as the prolonged sustenance value-creating and value-providing strategies that non imitable or not simultaneously carried out by a rival organization currently.

Knowledge Management, Strategic Thinking, and Sustainable Competitive Advantage

Since 1990 (Clarke, 2006), KM is increasingly recognized as a source for the company SCA. Drucker (1991) states, improved knowledge and productivity of workers is a priority of major economic and social pressures are also a challenge for developing countries. Models of competency-based
companies view organizations as a collection of competencies that can be developed, maintained, merged or removed to create SCA (Prahalad & Hamel, 1990).

Knowledge is increasingly considered as a means of survival in a dynamic and competitive environment (Laudon and Laudon, 2000). Nissen (2004) stressed that an efficient flow of knowledge is critical to the performance of the company. Despite the important role of knowledge, is often not managed systematically and its contribution to the company's success is often overlooked. The company believes that investment in knowledge processes is unlikely to increase their business and generate enough revenue (Hiebeler, 1996) only companies that can organize KM properly can preserve the SCA.

Honey (2003), the knowledge needs of the organization formed by the business context in which the organization operates. In addition to traditional components in a business context (such as competitors, customers, suppliers, and the regulatory environment), new factors are becoming increasingly visible (Drucker, 1992; Prahalad & Hamel, 1990), which makes business become more complex. Author literature management and strategy (Champy, 1995; Drucker, 1995; Hamel & Prahalad, 1994a; Hammer & Champy, 1993; Porter, 1990) agree on changes affecting four main areas of business: 1, the organizational structure; 2, the demographics of the workforce; 3, the role and responsibilities of the employee; and 4, information technology, and therefore required the resources of knowledge in the organization to respond to the changing business environment is becoming increasingly important to quickly and effectively (Prahalad & Hamel, 1990; Stewart, 1993).

KM has become increasingly important with the results of a study proving effective KM contribute to the SCA (Connor and Prahalad, 1996, Hall, 1993) improved financial performance (Teece, 1998; Wiig, 1997; innovation (Antonelli, 1999; Carneiro, 2000; Dove, 1999; Nonaka and Takeuchi, 1995); anticipate problems (Carneiro, 2000); improvement of organizational learning (dan Carter Buckley, 2000); and the use of superior information (Carneiro, 2000), and empirically (Darroch, 2005) proved that KM significant effect on innovation and company performance. This was in line with the theory of Penrose (1959), knowledge of employees is based on skills and experience and its ability to absorb new knowledge. Therefore, while knowledge is a resource in itself, the way in which knowledge is managed and digunakanakan affect the quality of service that can be used from any resource owned by the company. An alternative way to look KM is considered as a coordination mechanism that allows resources to be converted into capabilities (Nelson and Winter, 1982). Furthermore, Nelson and Winter (1982) proved, coordination mechanisms are needed to ensure people not only know their own job but also be able to interpret and respond to information flowing into the organization, knowledge management is a simple way to use it.

Organizational management based on knowledge serves to ensure the regulatory system in the organization in accordance with the evolution of modern organizational and customer requirements. Knowledge is a key factor for productivity and innovation for any organization. Especially for the modern enterprise, it is very important to use management tools to identify the most appropriate way to maximize the volume of knowledge, in order to develop a mutually beneficial relationship with the organization's stakeholders (Popsa and Nicula, 2014).

One of the main conditions for the success of the company in a competitive environment is to identify how to maintain the SCA. To develop and exploit the SCA, the company must have the ability to be used to create a valuable resource, rare and difficult to imitate (Barney, 1991). Enterprise resource-based theory indicates that the company's resources and its ability to influence the growth and performance of the company (Penrose, 1959; Barney, 1991; Mahoney and Pandian, 1992).

RESEARCH METHODS
This type of research is descriptive quantitative research to obtain an overview of KM at Batik Basurek business in the city of Bengkulu. Sugiyono (2005) gives an idea of the quantitative descriptive research as a method in researching the status of human groups, an object, a set of conditions, a system of thought or class events in the present. The purpose of this descriptive study was to create a description, picture or painting in a systematic, factual and accurate information on the facts, nature and the relationship between the phenomenon investigated by calculating the statistics and hypothesis testing.

Operational Definition
1. KM activities include identifying, acquiring, creating, storing, sharing and utilization of knowledge by individuals and groups within the organization are carried out through three processes: the acquisition of knowledge, creation of knowledge, and the use and sharing of knowledge in the environment Batik Basurek Enterprises in the city of Bengkulu.
2. ST is a way to solve strategic problems by combining rational and convergent approach (centered) with the process of creative thinking and divergent (spread to all members of the organization), which
is an act that is sustainable and interrelated processes with dimensions of system thinking, creativity and vision in Batik Besurek Business environment in the city of Bengkulu.

3. SCA's competitive advantage is the company that has one or more competencies that enable to create superior value, relative to competitors for several market segments, by implanting four key attributes for SCA, value, rarity, not able to be replicated and no substitution.

Data Collection Technique

Data collection techniques used in this study are: questionnaire method is a technique used for data retrieval in order to obtain information that is really needed by making a list of questions, disseminate and collect back. In response to questions questionnaire, used measurements with "Likert scale". This method is a systematic way to give it a score on the index (Singarimbun and Effendi, 1995: 111), each of which is given a score, Alternative answer Strongly Agree (SS) by a score of 5, the answer Agree (S) by a score of 4, the answer quite Agree (CS) by a score of 3, the answer Disagree (TS) by a score of 2, and the answer Strongly Disagree (STS) were given a score of 1.

Respondents Determination Techniques

The population in this study are all Batik Besurek industry registered at the Department of Industry and Trade of the city of Bengkulu, which amounted to 20 businesses which has 293 owners and workers. Batik Besurek enterprises selected using simple random sampling of 50% of the total population, ie as many as 10 businesses Batik Basurek and respondents by 25% with the number 74 and pekeranya owner. To analyze the data, the method used is multiple linear regression.

ANALYSIS AND DISCUSSION

Knowledge management applied to small and medium enterprises in the city of Bengkulu is good. Knowledge management is the process by which organizations acquire knowledge. Dimension highest conducted on knowledge management in small and medium enterprises is the creation of knowledge. Knowledge creation is done by means of dialogue fellow team members to discuss new things about the job. Before carrying out the work and at the time of carrying out the work, the workers used to coordinate with artisans/employees of the business owner and co-workers to discuss the work to be done, efforts to improve the quality of work, preparing the follow-up action will be taken, and discuss all things related to the job.

KM is starting from the acquisition of knowledge. The acquisition of knowledge in this study had an average score of the lowest compared with the average score ratings overall knowledge management. The acquisition of knowledge means that artisans/employees are always acquiring new knowledge from various sources. However, employees/crafters very rarely do job rotation, resulting in them only know one kind of work alone. For the craftsman/employee must strive to seek knowledge for themselves. Knowledge can be obtained from the business owner, books, internet, and social media at their disposal. Craftsman/employee should always seek new knowledge from various sources individually, or together prajin other and business owners, especially over the trsidia latest knowledge about small and medium enterprises from a variety of sources.

Knowledge creation is done after the acquisition of knowledge. Knowledge creation has an average score highest, where the craftsman/employee support policies and regulations that have been established business owner, always in dialogue, communicate and has a good social relationship between one part and another. Activities tersbut course will bring new ideas, and new knowledge.

Furthermore, the dimensions of the use and sharing of knowledge is also an important dimension. If the knowledge that has been collected then discussed but not utilized and shared with fellow artisans/employees in the field or in other fields, the knowledge becomes beneficial, stored or used only for us. It turned out that this condition is consistent with the findings (Fong and Choi, 2009), which states, despite the important role of knowledge, but knowledge is often not managed systematically, and its contribution to the company's success is often overlooked. The Company believes that this kind of investment in the process of knowledge is unlikely to improve their business and generate significant revenue.

In the future it is necessary for small and medium enterprises to further increase investment in an effort to cultivate a knowledge management by buying books, bulletins, e-book, or other means to improve knowledge so that knowledge acquisition process is easy to implement. The acquisition of knowledge is necessary to continue with the creation of knowledge through discussions weekly or monthly, so it will obtain new knowledge and ultimately can be used to improve the performance of small and medium businesses and can ultimately improve competitive advantage. (Hiebeler, 1996) only companies that can manage with good knowledge can preserve its competitive advantage.
Sustainable Competitive Advantage (SCA)

In general, small and medium enterprises in the city of Bengkulu has had a good SCA, and the most dominant is the dimension of value, in which artisan learns the powers that be in the business of small and medium businesses, and they also know the opportunities that are in the business. On the dimension of no substitution / replacement, can not be imitated and rare, is below the average SCA as a whole. This means that although existing SCA on small and medium enterprises especially on batik Basurek, but has not become a tool for creating sustainable competitive advantage.

Future must be pursued in order indicator SCA on small and medium enterprises actually appear to produce valuable products, which perain and workers to know their strengths, weaknesses, opportunities and threats of its products. This knowledge will pondorong crafters to be responsive to the needs of local and national consumer, understand the threats that may arise from competitors, and capable mendadikan weaknesses and threats as a business opportunity. Craftsmen are able to produce high quality products, using high quality raw materials, are able to make products with motifs, patterns and colors that are different from competitors. In the end, small and medium enterprises, especially Batik Basurek must have values that are difficult to follow by other businesses, has a special way of working, have special skills and become difficult to duplicate. For that mereka should be able to find ways to make investments increased knowledge through training, internships, study and further studies can obtain funding source willing to pass up or sharing payment for his efforts.

Knowledge Management (KM) dan Sustainable Competitive Advantage (SCA)

Simple regression calculation results show that KM positive and significant effect of the SCA. That is, if the acquisition of knowledge, knowledge creation, use and sharing of knowledge can be improved, it will hopefully be able to increase the SCA on small and medium enterprises.

CONCLUSION

The survey results revealed: Knowledge management in Batik Basurek SMEs in the city of Bengkulu has been executed, ST has gone well, and SCA has run well too. KM and ST directly affect knowledge management positively and significantly.

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