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THE INFLUENCE OF COMPANY SIZE ON THE COMPETITIVENESS OF MEDIUM AND LARGE SCALE MANUFACTURING COMPANIES IN THE CITY OF SERDANG BEDAGAI

Elidawati[1], Azhar Maksum[2], Idhar Yahya[3], Nurlinda[4]
Universitas Sumatera Utara, Indonesia[123], Politeknik Negeri Medan, Indonesia[4]
elidawaty@pmci.ac.id, azhar@usu.ac.id, idharyahya@gmail.com, nurlinda@polmed.ac.id

ABSTRACT

As the economy grows and competition intensifies, companies need to understand how their size can affect their ability to compete in the market. Medium and large manufacturing companies have differences in terms of scale of operations, resources, and challenges faced. The purpose of this study is to analyze the effect of company size on the competitiveness of medium and large scale manufacturing companies in Serdang Bedagai City. This research uses quantitative research methods. The data collection techniques in this study were questionnaires and literature studies. The data were then analyzed using the help of the SPSS program, namely validity, reliability and linear regression tests. The results showed that company size affects the competitiveness of medium and large scale manufacturing companies in Serdang Bedagai City. Companies with large size have higher competitiveness than companies with small size.

Keywords: company size, competitiveness, manufacturing companies

INTRODUCTION

Competitiveness is an effort to create better customer value compared to competitors by carrying out specific activities economically or with superior quality/service or a combination of both compared to competitors (Mohamad & Niode). According to Dewi, M (2020), in order to increase competitiveness in the modern retail market, taking into account internal and external factors is by (1) increasing sales turnover from the product and marketing side; (2) developing partnerships with large companies; (3) establishing and improving cooperative relationships with suppliers, modern retailers and the government; (4) increasing competitiveness; (5) utilizing information technology as a means of promotion and expanding market networks; (6) maintaining and improving the quality of healthier products in the context of price competition; (7) improving the quality of human resources in terms of management and marketing; and (8) managing the supply chain of raw materials and finished products effectively and efficiently.

In the midst of high demands to be able to compete globally, the integration of regional competitiveness in Indonesia as a whole is a determinant for increasing national competitiveness (BRIN, 2020). Increasing regional competitiveness is an important component in strengthening the domestic economy. In an effort towards economic transformation to become a developed and competitive country, improving the domestic economy both nationally and regionally will be the main capital for maintaining development momentum and efforts to accelerate economic development. Each region is required to be able to identify the determining factors of competitiveness and strategies to increase its competitiveness.

The demand for each region to be able to create a conducive business climate, creative new ideas and various improvements that can encourage the emergence of new businesses as well as new industries and jobs is needed to support regional and national economic growth. Apart from

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that, it is necessary to map business competitiveness according to regions in Indonesia, especially to face the increasingly strengthening economic globalization and opportunities that allow imported products to enter various regions as a result of the opening of the free market (Central Statistics Agency, 2019).

One of the cities in North Sumatra Province, namely Serdang Bedagai, plays an important role in contributing to national economic growth rates. Three business fields that play a dominant role in the GRDP of Serdang Bedagai Regency according to business fields in 2021 are: agriculture, forestry and fisheries business fields at 43.51 percent; processing industry business field of 17.61 percent; as well as wholesale and retail trade business fields and car, motorbike repairs amounted to 15.11 percent (Central Statistics Agency, 2021).

In previous research conducted by Nurdin and Nasito (2023) explained that mentioning service quality has a positive effect on competitiveness, where quality is a dynamic condition related to products, services, people, processes and the environment that meet or exceed expectations. So there has been no research regarding the effect of company size on competitiveness. Thus, it is hoped that this research will be new in the world of knowledge.

The description above shows the importance of competitiveness today so it is necessary to always improve the competitiveness of a company. The importance of efforts to increase competitiveness is expected to result in micro, small and medium scale business actors (MSMEs) being able to improve business capabilities through increased creativity and innovation (Irawan D, 2010). For this reason, this research aims to determine the effect of company size on the competitiveness of large and medium scale manufacturing companies in Serdang Begadai City.

RESEARCH METHOD

This research uses quantitative research methods. Quantitative method is a research method that uses a lot of numbers. Starting from the data collection process to its interpretation. Meanwhile, the research method is an in-depth and careful study of all the facts (Arisa & Latifah, 2023). The population in this research is large and medium scale manufacturing companies located in Serdang Bedagai City. The sample used was 34 companies with random sampling as the sampling technique.

Table 1. Manufacturing Industry

Manufacturing Industry	**The type of company**
Food and drinks	9
Textile	3
Wood and Furniture	2
Chemistry	1
Machines and tools	3
Electronic	3
Transportation	5
Construction	2
Consumables	2
Service	4

Data collection techniques in this research are questionnaires and literature studies. The data was then analyzed using the SPSS program, namely validity, reliability and linear regression tests.

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RESULTS AND DISCUSSION

Validity test

Validity testing is a method in research used to evaluate the extent to which a measurement instrument (such as a questionnaire or test) actually measures what it is intended to measure. Validity assesses whether the instrument measures the concept or variable in question in a precise and accurate way (Hendryadi, 2017).

Table 2. Validity test

Company Size		**Company Size**	**Company Competitiveness**	**Total**
	Pearson Correlation	1	.637**	.658**
	Say. (2- Tailed)		.000	.000
	N	34	34	34
Company Competitiveness	Pearson Correlation	.637**	1	.673**
	Say. (2- Tailed)	.000		.000
	N	34	34	34
Total	Pearson Correlation	.658**	.673**	1
	Say. (2- Tailed)	.000	.000	
	N	34	34	34

Based on the data in table 2, it can be seen that all instruments have a Pearson correlation value greater than r Table = 0.278 (N=34) and the Sig. (2-tailed) correlation for all items 0.000 is smaller than 0.05 so it can be concluded that all statement items are declared valid, so the questionnaire is declared valid for use.

Reliability Test

Reliability testing is a method for evaluating the extent to which a measurement instrument is consistent and reliable. Reliability measures whether an instrument will produce similar results if used repeatedly on the same or similar samples (Amanda et al., 2019).

Table 3. Reliability Test

No.	**Variable**	**Cronbach Alpha**	**Information**
1	Company Size (X)	0.774	Reliable
2	Company Competitiveness (Y)		Reliable

Based on the reliability test in table 3, a Cronbach Alpha value of 0.774 was obtained, which is greater than 0.600, so the questionnaire was declared to have a good level of consistency and was reliable for use in further research.

Linear Regression Test

Linear regression test is a statistical method used to assess the relationship between two or more variables, where one variable is considered as a dependent variable (dependent) and the other as an independent variable (controller). This test is used to understand the extent to which changes in the independent variable can predict changes in the dependent variable (Darma, 2021).

Table 4. Regression Test

Model		Unstandardized B	Coefficients Std. Error	Satandardized Coefficient Beta	t	Say.
1	(Constant)	7.152	4.423		1.617	.116
	Company Size	.736	.157	.637	4.680	.000

Based on table 4, the results of the regression test show a significance value of 0.000 < 0.05, which means company size has a positive and significant effect on company competitiveness.

DISCUSSION

Research resultshowing that company size influences the competitiveness of medium and large scale manufacturing companies in Serdang Bedagai City. Based on research, there are several factors that explain how company size affects their competitiveness. First, large-scale manufacturing companies usually have more resources, such as capital, sophisticated production facilities, and qualified labor. This allows them to carry out production on a larger scale and at a lower cost per unit of product. Thus, large-scale companies can offer more competitive prices to consumers and have an advantage in market competition. Second, large companies also tend to have advantages in terms of innovation, so they can allocate more resources for research and development of new products and more efficient production processes. This allows them to continuously introduce new products and improve operational efficiency, which is an important factor in increasing competitiveness in an ever-changing market. In addition, large companies often have wider distribution and marketing networks, both locally and internationally, this allows them to reach more markets and potential customers, which positively influences their sales volume and market share. However, medium-sized manufacturing companies can also have a strong competitive edge, especially if they have the right focus, flexibility in responding to market changes, and efficient management. In addition, cooperation between small and medium companies can also increase their competitiveness. Therefore, company size is one of the important factors influencing competitiveness, but not the only factor that should be considered. Strategy, management, innovation and other factors also have an important role in determining the competitiveness of manufacturing companies in Serdang Bedagai City or anywhere else.

The results of this research support the results of previous research by (Liargovas & Skandalis, 2010) which shows that company size can significantly influence overall competitiveness. In his research, company size, export activity, liquidity and management competency have a significant influence on company competitiveness, measured by three variables, namely Return on Assets, Return on Equity or Return on Sales. Other research by (Le Thanh et al., 2021; Park & Yoo, 2017)found that company size has a positive and significant effect on company competitiveness. The results of the analysis reveal that company size has a certain impact on company competitiveness, namely that larger size is associated with higher competitiveness.

Size can have both destructive and beneficial effects on a company's competitive advantage (Dvouletý & Blažková, 2020). Large companies can benefit from specialization, economies of scale, economies of scope, better access to capital markets, diversification, better agreements with trading partners, and easier access to human resources (Damoah, 2013; Blažková & Dvouletý, 2019). According to (Chen, 2022) found that larger companies have sophisticated research capabilities, market skills, complex organizational structures than smaller companies. Smaller companies tend to be simpler and focus on a narrow set of ideas and projects to achieve innovative performance. The negative effects of competitive disadvantage are greater in small-scale companies that have limited resources. Assigning employees under unprepared conditions creates negative impacts and requires additional resources to correct problems in business routines (Lafuente et al., 2020).

Company size influences company performance in many ways as large companies are said to have different skills and capabilities in comparisonsmall company.The composition of large companies consisting of different skills and capabilities is considered to be better able to take advantage of economies of scale and scope that offer performance advantages compared tosmall company. Unlikesmall company,Large companies are more likely to invest in advanced technology and other important equipment because the company has the resources to obtain it. In addition, because the resources are large in terms of capacity compared tosmall company,Large companies are able to implement plans efficiently and effectively, better thansmall company.Large companies that have higher resource capacity are more likely to be risk tolerant and better able to absorb competitive pressures.

The statistically significant relationship between size and performance implies that large companies, because of the diversity of skills in their workforce, will perform better than companies with very small capacity. Larger companies will find it easier to raise capital financing, mobilize other resources to perform better thansmall company.Larger companies can compete better for skilled labor, manage risk and maintain the competitive bargaining power of customers and suppliers better than small businesses. As shown in the empirical literature, large companies usually have the advantage of internal and external economies of scale that will have a positive impact on the performance of the heir (Damoah, 2013).

CONCLUSION

Company size is one of the factors that can influence the competitiveness of manufacturing companies, especially in Serdang Bedagai City. Companies with a large size have certain competitive advantages, this is due to greater access to financial and technological resources, the ability to invest in research and development, and the ability to achieve efficiencies in production and distribution due to the large scale of operations. However, company size can also have some challenges. Larger companies may tend to become more complex in management and decision making. Additionally, they may face stiffer competition from other large companies in the same sector.

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