

# Impact of Policy and Economy on Market Aspects in Regional Competitiveness in Central Java

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**Abstract:** The Regional Competitiveness Index is one of the recommendations for regional policy directions and is believed to be a parameter of sustainable regional development. The purpose of this study is to analyze how much the impact of the market aspects on the four pillars includes Product Market Efficiency, Employment, Financial Access and Market Size in regional competitiveness. The market aspect is one of four aspects in the Regional Competitiveness Index. 35 Areas in Central Java Province were the location of this study with qualitative descriptions of research results obtained from observations, monitoring and interpretation of four pillars of data obtained in 2018. The research data came from secondary data by including 35 regions in the regional competitiveness index measurement in Province of Central Java. The results of the study indicate that the market aspect has an indirect impact in encouraging regional competitiveness indices, in addition to market aspects that require policy adjustments to be carried out both at regional and national scales in Indonesia.

**Keyword:** market aspect, public policy, the regional competitiveness index

## 1. Introduction

Regional development in Indonesia is carried out with a focus on certain visions as outlined in the Regional Medium Term Development Plan (RPJMD), including in Central Java Province, Indonesia. The scope of the RPJMD consists of various fields that have been agreed to be implemented during the specified period. The coverage is poured in the quantity that is targeted, so as to provide a clearer picture of the achievements of the development that has been carried out. One important point in the RPJMD is improving the welfare of the people in the area. Aspects in people's welfare in some literature can be seen in a market perspective. In line with that, (Chursin & Makarov, 2015) there is now an increase in natural interest in finding knowledge in the fields of management of competitiveness of production, services, companies, and industry among economists, entrepreneurs, and managers of various levels. This monograph presents certain answers to certain considerations, such as the advancement of the science of competitiveness management, the way in which basic economic law in the process of making and marketing products is linked and interrelated. This study shows what hypotheses, arguments, and laws form the basis of competitiveness management theory and what mathematical methods and models in this theoretical framework can be used to carry out quantitative assessments of competitiveness and various economic entities. This monograph offers a theoretical approach to the development of competitiveness management systems for both individual companies and the industry as a whole. This shows that it is possible to achieve considerable competitive advantage in internal and external markets based on the development and application of innovative solutions.

Market aspects in this context are the availability of product market efficiency, employment, financial access and market size, a pillar in the regional competitiveness index. The regional competitiveness index is suspected to be one of the ways in knowing the development progress in quantity, where the market aspects are included. Public policies taken in following up on measurement results become clearer and more directed.

Central Java Province measures the market aspects as part of the regional competitiveness index carried out in 2018. Measurements were made in 35 municipal districts which produced data on the achievement of quantity from aspects of the market. This study aims to evaluate and analyze the achievement of market aspects in 35 municipal districts in Central Java Province. Does the market aspect have an indirect impact in encouraging regional competitiveness indexes, does the market aspect require policy adjustments to be carried out at regional and national scales in Indonesia. An overview of the market aspects focusing on three pillars will be presented with reference to the previous study, the research method in the form of qualitative description with the presentation of secondary data sources obtained from the related measurement results. Discussion and analysis using exploration data obtained. Secondary data sources in the form of regional competitiveness index measurements focus on four pillars including Product Market Efficiency, Employment,

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Financial Access and Market Size, measurements carried out by the Central Java Provincial Development and Planning Research Agency in collaboration with the Ministry of Research Technology and Higher Education, which will be presented in the results and subsequent discussion.

## 2. Competitiveness

The World Economic Forum, which measure competitiveness among countries since 1979, defines competitiveness as “the set of institutions, policies and factors that determine the level of productivity of a country”. In this definition, “productivity” is the main subject (World Economic Forum). Huang et al. (2016) believe that core competitiveness of a company significantly depends on the strategic allocation of human resources and the related policies. We consider competitiveness in two levels of nation’s competitiveness and organization’s competitiveness.

In macro level (industry level), according to UK competitiveness Index (Murphy, Huggins, & Thompson, 2016), competitiveness has been considered as “the capability of an economy to attract and maintain firms with stable or rising market shares in an activity, while maintaining stable or increasing standards of living for those who participate in it.” (Huggins & Thompson, 2016). In this level, competitiveness implies on ability of firms and business organizations of a country to perform, without protection or subsidies, more successful than foreign competitors. To measure the competitiveness in macro level, there are some measures such as profitability, balance of foreign investments, national trade balance, and similar. However, our focus in this book is on the competitiveness in organizational level. Competitiveness in organizational level is highly under influence of Michael Porter. His diamond model suggests four specific factors to explain why some industries are more competitive than others. These factors include (1) firm strategy, structure and rivalry, (2) Supported industries, (3) Demand Conditions, (4) Factor conditions (Porter, 1990).

Porter continued his contribution in understanding of competitiveness by proposing the five factors framework that identifies the sources of competition in an industry or sector. According to this framework, competitive rivalry is a product of interaction of suppliers, buyers, substitutes and potential entrants and firms are under pressure of four threats of entry, threat of substitutes, threat from power of buyers and suppliers and threat of competitive rivalry (Porter, 1980). This framework enhances our understanding from competitiveness that has been gained from diamond model, and connects macro level with organizational level. These five factors are not independent, but highly related to each other: “Pressure in one direction can triggers off changes in another in a dynamic process of shifting sources of competition” (Lo, Chan, Hui, & Johnson, 2005).

It must be noticed that competitiveness is not a zero-sum game, and does not rely on the shifting of a finite amount of resources from one place to another, but it involves the upgrading and economic development of all places together, rather than the improve ment of one place at the expense of another UK competitive index (Huggins & Thompson, 2016). However, competitiveness does involve balancing the different types of advantages that one place may hold over another, i.e. the range of differing strengths that the socio-economic environment affords to a particular place compared to elsewhere (Ibid).

Over the past decade, the term competitiveness has been widely used. Basically the questions and problems that are at the core of the concept of competitiveness are basically questions that have been sought by policy makers and economic theorists for hundreds of years: a better understanding of issues that are central to increasing economic well-being and to the distribution of wealth. In the Indonesian context, the challenge is to live up to the ultimate goal of community welfare, that is the most competitive and dynamic knowledge-based economy in the world during this decade, sustainable economic growth with more and better jobs and greater social cohesion. In this context, the real challenge here is to seek a more precise understanding of regional competitiveness and to gain insight into the driving factors behind it. Before studying regional competitiveness, it is important first to introduce the idea of broader competitiveness, because it has been used both at the microeconomic and macroeconomic level.

At the corporate, or micro-economic level, there is a fairly clear and direct understanding of the idea of competitiveness based on the company’s capacity to compete, grow and become profitable. At this level, competitiveness lies in the company’s ability to consistently and profitably produce products that meet open market requirements in terms of price, quality, etc. Every company must fulfill this requirement if it wants to remain in business, and the more competitive a company is relative to its competitors, the greater its ability to gain market share. Conversely, noncompetitive companies will experience a decline in market share, and ultimately any company that remains uncompetitive - unless provided by some 'artificial' support or protection will get out of business.

In comparison, at the macroeconomic level, the concept of competitiveness is far less clear and stronger. Despite the fact that increasing the competitiveness of a country or region is often presented as a central goal of economic policy, many arguments about exactly what this means and whether it makes sense to talk about competitiveness at the macroeconomic level at all. The lack of a generally accepted definition itself is one source of opposition to the concept of macroeconomic competitiveness; basically the argument is that it is dangerous to base economic policy around an amorphous concept that recognizes a variety of interpretations and understandings.

A harder line of criticism argues that the concept of national competitiveness is basically 'meaningless'. (Krugman, 1994), who goes further by describing the concept of national competitiveness as a dangerous obsession, raises three main points of opposition:

1. It is misleading and wrong to make an analogy between a nation and a company; for example, while companies that fail will eventually go bankrupt, there is no equivalent "bottom line" for a country.

2. Where companies can be seen competing for market share and the success of one company will sacrifice another country, the success of one country or region creates rather than destroying opportunities for others and trade between countries is known not to be 'zero-sum game'.
3. If competitiveness has meaning, then that is just another way of saying productivity; the growth of national living standards is basically determined by the growth rate of productivity - this theme will be discussed later.

In general, these points are very well known by supporters of the concept of macroeconomic competitiveness. In the so-called 'consensus view' of macroeconomic competitiveness there is general recognition that improving a country's economic performance does not need to sacrifice another country (ie we don't have to be in a win/lose situation), and productivity is one of the main concerns of competitiveness. This 'consensus view' can be illustrated by the following definition.

"A nation's competitiveness is the degree to which it can, under free and fair market conditions, produce goods and services that meet the test of international markets while simultaneously expanding the real incomes of its citizens. Competitiveness at the national level is based on superior productivity performance and the economy's ability to shift output to high productivity activities which in turn can generate high levels of real wages. Competitiveness is associated with rising living standards, expanding employment opportunities, and the ability of a nation to maintain its international obligations. It is not just a measure of the nation's ability to sell abroad, and to maintain a trade equilibrium." The Report of the President's Commission on Competitiveness (Krugman, 1994).

"[Competitiveness] may be defined as the degree to which, under open market conditions, a country can produce goods and services that meet the test of foreign competition while simultaneously maintaining and expanding domestic real income" OECD Programme on technology and the Economy (1992) "An economy is competitive if its population can enjoy high and rising standards of living and high employment on a sustainable basis. More precisely, the level of economic activity should not cause an unsustainable external balance of the economy nor should it compromise the welfare of future generations." European Competitiveness Report (2000).

The Oxford English Dictionary (R. Baxter, N. Hastings, A. Law, 2008) defines competitiveness as an agent's ability to sell products on markets and obtain revenue. Porter (1980, 1990) observes that enterprises' characteristics allow them to surpass their rivals, but that to do so, these enterprises must exploit their comparative and competitive advantages. At the global level, countries compete on international markets to sell their goods and services, and thus, the competitiveness concept applies both nationally and internationally.

## 2.1 Regional competitiveness

At this stage, it is important to shift attention to regional competitiveness, a new term in Central Java Province, even though there are already institutions that carry out the measurement. As a starting point, the definition of regional competitiveness refers to the Sixth Periodic Report on the Region: "[Competitiveness is defined as] the ability to produce goods and services that meet international market exams, while at the same time maintaining high and sustainable income levels or, more generally, the ability (region) to produce, while still being exposed to external competition, relatively high income, and the level of employment". "And" In other words, so that an area becomes competitive, it is important to ensure the quality and quantity of work. "Sixth Periodic Report on the Territory (1999). The existence of companies in a region that is able to consistently and profitably produce products that meet open market requirements in terms of price, quality, etc. The underlying assumption is that the interests of the company and the area where they live are always parallel. This idea is difficult to maintain, because companies will seek productivity and profit, while regional competitiveness also needs to cover the level of employment, as stated in the definition of the Sixth Periodic Report. The European Commission, in setting the challenge of defining the concept of regional competitiveness, stated that "[Definition] must capture the notion that, despite the fact that there are highly competitive and uncompetitive companies in each region, there are general features in the region that affect all competitiveness company located there". In addition, even though productivity is clearly important, and increasing understanding of what factors increase productivity is an important input for developing regional competitiveness strategies, a focus on productivity should not obscure the problem of translating productivity increases into higher wages and profits and, in turn, analysis of institutional arrangements and market structure. The alternative definition of regional competitiveness that reflects this idea is: "Regional economic capabilities to optimize indigenous assets to compete and develop in national and global markets and to adapt to changes in these markets" (team analysis). However, there seems to be a limit to this angle too. Some laws governing the economy of international trade do not operate at the regional level. Unlike countries, exchange rate movements and price-wage flexibility do not function well or do not exist at the regional level. Conversely, migration between cellular factors, capital and labor, can be a real threat to the region. In the absence of competitiveness it cannot be fully applied to the regional level.

Therefore, regional competitiveness seems to be a concept that is 'stuck in the middle'. This literature survey will look for useful concepts and elements that help to define and understand regional competitiveness, including the driving factors. For this purpose, a brief review of the theoretical literature will be provided, both from a macro and micro perspective. In theory, it requires a spatial view, then empirical literature, which comes from the benchmarking and scoreboard approaches at the national and regional levels. In addition, to show the drivers of regional competitiveness, it is necessary to go beyond this literature. Efforts to form different conceptual positions on this important topic that can serve as a basis for further research - empirical.

The competitiveness of regions (Huggins, Izushi, Prokop, & Thompson, 2014) generally refers to the presence of conditions that both enable firms to compete in their chosen markets and for the value these firms

generate to be captured within a particular region (Begg, 1999; Huggins, 2003). Regional competitiveness, therefore, is considered to consist of the capability of a particular region to attract and maintain firms with stable or rising market shares in an activity, while maintaining stable or increasing standards of living for those who participate in it (Storper, 1997). Given this, competitiveness may vary across geographic space, as regions develop at different rates depending on the drivers of growth (D. Audretsch & Keilbach, 2004). While the competitiveness of regions is intrinsically bound to their economic performance, there exists a growing consensus that competitiveness is best measured in terms of the assets of the regional business environment (E. Malecki, 2004; E. J. Malecki, 2007). These include the level of human capital, the degree of innovative capacity, and the quality of the local infrastructure – all of which affect the propensity to achieve competitive advantage in leading-edge and growing sectors of activity. The influence these assets and other externalities can have on firm competitiveness, such as the ability of regions to attract creative and innovative people or provide high-quality cultural facilities, are all important features of regional competitive advantage (Kitson, Martin, & Tyler, 2004). In other words, competitiveness is increasingly concerned with creativity, knowledge, and environmental conditions, rather than being purely based on accumulated wealth (Huggins, 2003).

## 2.2 Market Aspect

According to Khajeheian (2017) in (Khajeheian, Friedrichsen, & Mödinger, 2018), articulating six types of changes that create new markets: (1) changes in technology, (2) changes in consumption habits, (3) changes in demographics, (4) changes in laws and regulations, (5) changes in social demands, and (6) changes in value. This change creates many new markets and at the same time reduces many existing markets. Focus on competitiveness in the markets that are highly protected by subsidies, monopolistic rights and similar protections. Success of firms in such markets is not necessarily reflection of their competitiveness, but it comes from their advantage in using such monopolistic benefits. Understanding how to obtain and sustain the competitive advantages, empowers companies and firms in emerging economies to enhance their competitiveness capacity to expand their markets.

## 3. Pillar of Market Aspect

For many countries today, (Chursin, Vlasov, Makarov, & others, 2016) the issue of optimal investment in industrial and national economic sectors constitutes a pressing challenge. Big investors, primarily the government, need to invest in business networks recognized for their own specific features. Although hopes are high that investment practices and donor companies will boost business competitiveness, the global economic crisis calls for accurate assessment of intensive investments.

### 3.1 Product Market Efficiency

The pressures of a global financial and economic crisis (Peris-Ortiz, Ferreira, Farinha, & Fernandes, 2016), further highlight the importance of reflecting on the competitiveness of economies and business (Potts, 2010). Through a simplified view, competitiveness can be viewed as the success with which the economies and businesses can achieve a permanent competitive environment not only at the market level but also with regard to the ability to attract financial resources and human capital (D. B. Audretsch, Hülsbeck, & Lehmann, 2012). The productive competitiveness of business and the stability of relationships between the different actors involved in the processes of innovation, transfer of knowledge and technology, have also been included within the Triple Helix framework (Cooke & Leydesdorff, 2006; Etzkowitz, 2003; Etzkowitz & Leydesdorff, 2000). According to the logics underpinning regional development, the predominance of the Triple Helix relationships and specific local activities (for example, local technology transfers, the development of human capital and networking), in conjunction, determine better overall results (Smith & Bagchi-Sen, 2010).

Companies (Peris-Ortiz et al., 2016) need the skills and capacities to innovate in the global marketplace, designing, inventing, producing and selling a flow of new products, advancing the frontiers of their state of the art technology and evolving faster than their rivals. According to Porter and Stern (2001), this is characterised by capacities, within the terms of free and fair markets, to produce goods and services able to meet the prevailing needs in the marketplace, maintaining and increasing the flow of earnings to their population in the long term (Budd & Hirmis, 2004). Furthermore, two of the leading reasons which strengthen the competitive pressures are the growing international mobility of capital and the openness of markets in conjunction with phenomena derived from globalization. Economies have strengthened their interdependence by increasing levels of both exports and imports, boosting direct foreign investment, removing barriers to trade and the transnational organization negotiating powers over the transport sector (Turok, 2004).

The concepts of competitiveness and sustainability (Peris-Ortiz et al., 2016) are linked at both, country (regional) and company levels. At the regional level, the European 2020 strategy defines a vision of Europe's social market economy for the twenty-first century and proposes three mutually reinforcing priorities: smart growth (developing an economy based on knowledge and innovation); sustainable growth (promoting a more resource efficient, greener and more competitive economy); and inclusive growth (fostering a high-employment economy delivering social and territorial cohesion).

### 3.2 *Employment*

The productivity (Posteuca & Sakamoto, 2017) is in continuous growth (man \* hour/product); there is continuous concern to reduce the bottleneck and to meet the employment capacity of the current production flow in talk time; the complaints from customers tend to zero; the scrap and rework level is in obvious decline; the cost of conversion is in constant decline (only maintenance costs are in small increase the cost of spare parts).

The concept of labor refers to (R. Baxter, N. Hastings, A. Law, 2008) the management of human resources in an organization is a strategic, consistent and comprehensive approach to the management and training of corporate human resources. Human resource management can also be defined as practical work with people which includes analysis of employee performance, labor requirements planning and candidate recruitment, candidate selection, orientation and training of new employees, administration of wages and salaries, educating employee commitments, and creating a work environment fair and safe. Human resource management - is a coordinated approach to managing people who seek to integrate various personnel activities so that they are compatible with each other. The definition of human resource management provided makes it possible to distinguish what are called "hard" and "soft" cases of human resource management : a) A "soft" approach to human resource management is used to increase employee loyalty, quality and flexibility ; 2) "Hard" approaches to human resource management emphasize a strategy in which human resources are distributed to obtain business results. However, the "hard" approach in human resource management is more related to cost minimization strategies (eg low salaries, minimal training) and economical production (dismissal, work intensity).

To summarize, human resource management is very important in a company because the performance of generating markets is very dependent on personnel (employees). The importance of human resource management does not only lie in the recruitment of personnel, maintenance of social security, or dismissal of employees. Human resource management is the deployment of employee resources that enable companies to achieve their strategic goals. Human resource management is the effective deployment of employee resources to get the company's strategic goals. The aim of the human resource strategy - is to find ways to facilitate and contribute to management personnel and the achievement of organizational goals. The compilation of human resource management strategies begins with a management philosophy and important values that highlight the importance of employees as a source of competitive advantage.

### 3.3 *Financial Access*

Issues that have challenged the measurement of financial access include (Barr, Kumar, & Litan, 2007), first, the question of the relevance of the distinction between access to financial services and actual use of services. It has been argued that because of voluntary exclusion, access to financial services may be much wider than use. However, it is difficult to measure the proportion of persons who voluntarily exclude themselves because voluntary exclusion is not generally directly observable in surveys of the use of financial services. Measuring use, on the other hand, is a more straightforward proposition.

In addition, the concepts of "voluntary" and "involuntary" may be indistinct in practice. For example, voluntary exclusion may include those who lack awareness of the products available or who believe that services are too expensive or that they may not be treated well by formal financial institutions. That is not the same as opting out of using known and affordable services. Similarly, involuntary exclusion may include not only those who have a poor credit history and who would rationally be excluded by informed financial institutions but also those who are irrationally discriminated against because they are perceived to pose greater risk. Difficulties in interpreting voluntary and involuntary exclusion are as relevant to enterprises, especially small enterprises, as to individuals. Because of the difficulties of disentangling such effects, the emerging consensus has been to measure access, in a first approximation, by actual use of services.

### 3.4 *Market Size*

Market variables (Berger, Rosen, & Udell, 2007) include a measure of market growth and two measures of market size the log of total deposits in the local market and a dummy for whether the local market is an MSA as well as some measures of the condition of banks in the market. Variables that control for firm characteristics include firm age, financial ratios, asset size, delinquencies and judgments of the firm and owner, organizational structure, industry, growth, and informational opacity.

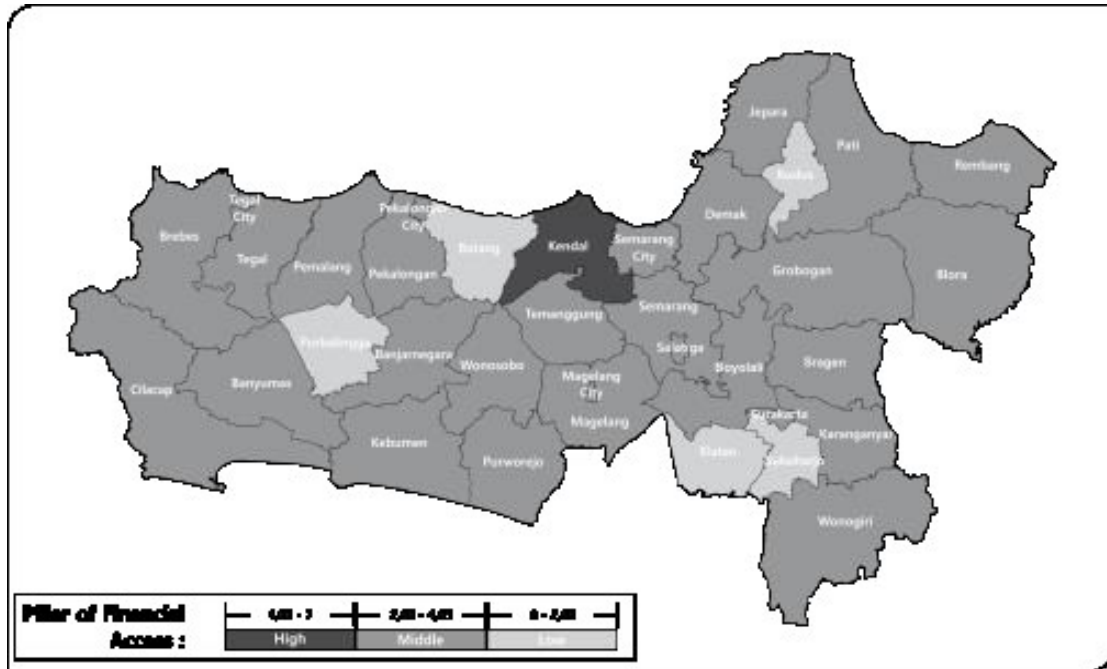
## 4. **Result and Discussion**

The results of measurements on the market aspects of 35 regencies / cities in Central Java Province show numbers that cannot yet be concluded as portraits of market aspects in 35 regions. This happens because in the process of inputting data not all of them have the data as required, what happens is that regions that have complete data can produce high values and vice versa areas that do not have or do not even know get low scores. Furthermore, in the four aspects, it can be explained in the following four images that are briefly described what values are obtained in 35 regions. Measurements in the pictures are presented by distinguishing black for high values up to white for low values.

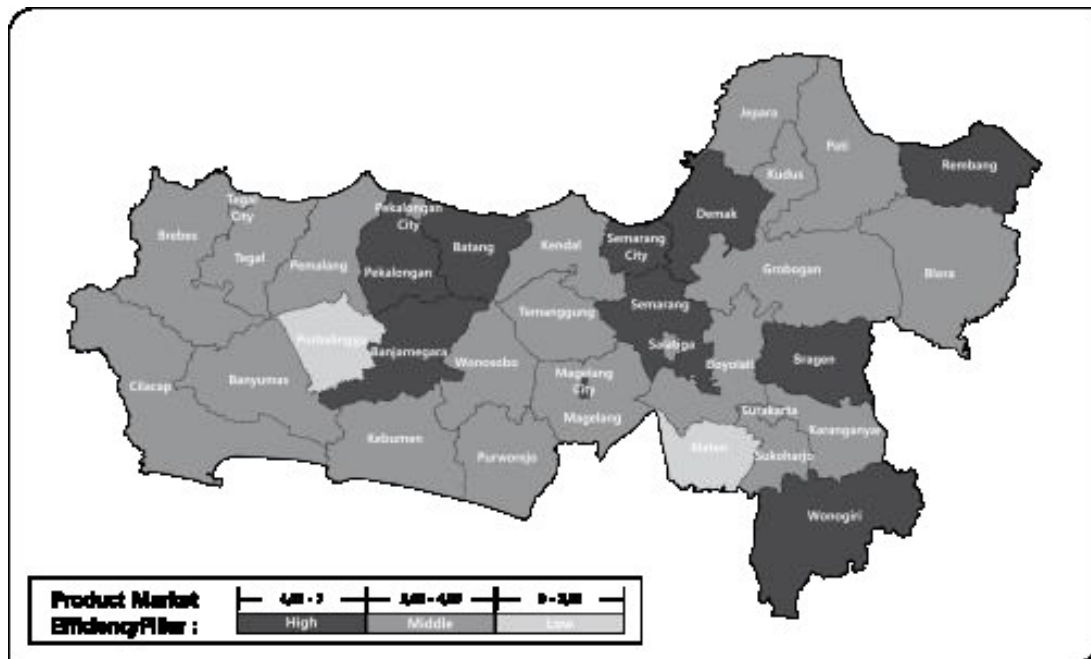
In the regional map image (Figure 2 and 3) seen from the Financial Access Pillar on Market Aspects, the results of the measurement of Regional Competitiveness Index (figure 1.), almost all regions have a value of 2.66-4.65 points, Kendal District has the highest value, but there are still 5 has a low value (below 2.66 points). This value should be discussed because at least the financial access in regencies / cities in Central Java Province has

the same facilities, for example local government banks, national-owned banks and private banks. The assumed value obtained should have been in a position of more than 2.66 units.

Regional maps viewed from Pillar Market Efficiency Products in Market Aspects. The results of the Regional Competitiveness Index measurement show that 10 regions have achieved high scores, 23 regions have intermediate scores, but there are still 2 regions that have low scores (see figure 2). In line with the Financial Access Pillar, it can be stated that all regions in Central Java Province have superior potential that contributes to the distribution of market efficiency products, but there are still two districts with low value, which can be said to be false because the two regions have potential market efficiency products.



**Figure 1.** Regional maps are seen from the Pillar of Financial Access in the Market Aspect as a result of measurements of the Regional Competitiveness Index  
 (Source: Bappeda Central Java Province, 2018, picture by Andjar, 2019)



**Figure 2.** Regional maps seen from Pillar Market Efficiency Products in Market Aspects results from measurements of the Regional Competitiveness Index  
 (Source: Bappeda Central Java Province, 2018, picture by Andjar, 2019)

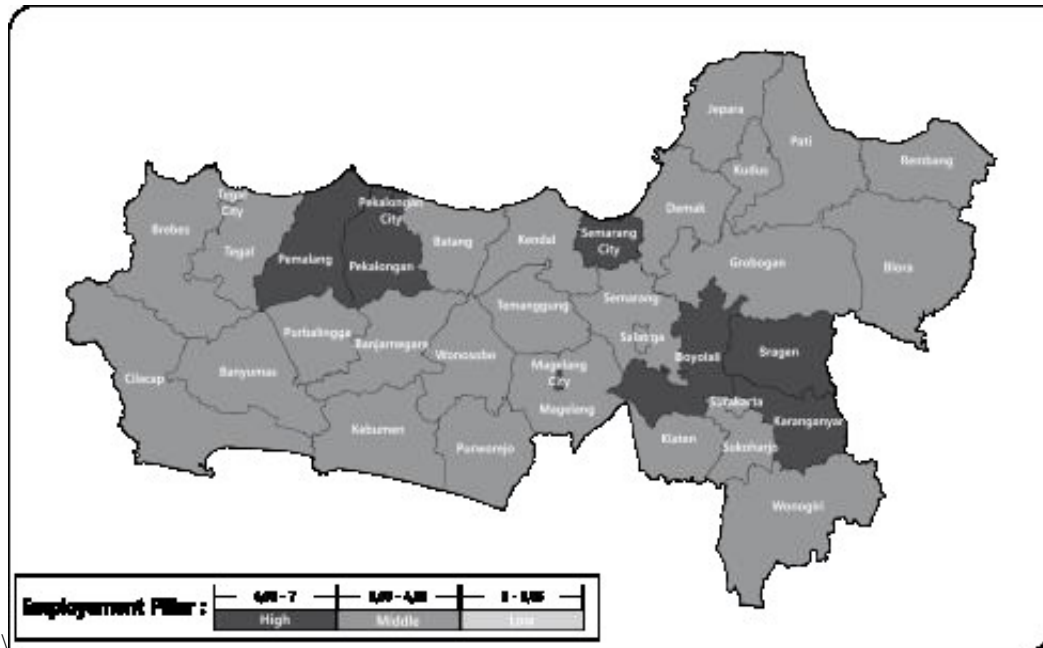


Figure 3. Regional maps are seen from the Pillar of Employment in Market Aspects as a result of measurements of the Regional Competitiveness Index

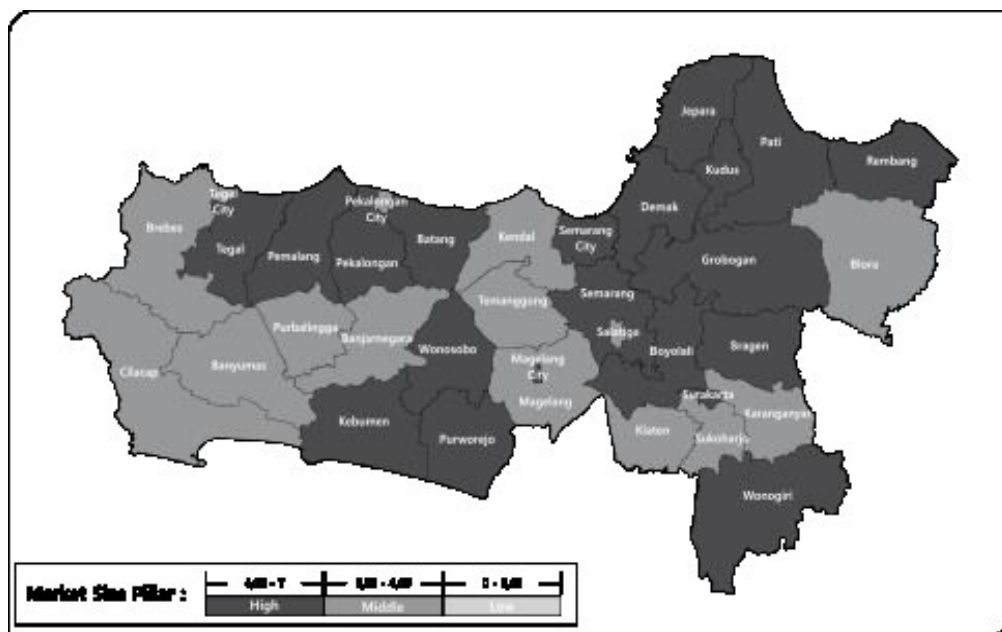


Figure 4. Regional maps seen from Pillar Market Size in Market Aspects results from measurements of the Regional Competitiveness Index

(Source: Bappeda Central Java Province, 2018, picture by Andjar, 2019)

In Figure 3, the Regional map of the Employment Pillar in Market Aspects, the measurement results show that the area has reached a high score of 6 regions while 29 regions have moderate scores. Employment in Central Java Province shows two conditions, positive conditions, namely the balance between labor and the availability of aspects of the market, the second condition is the imbalance between the two that have an impact on unemployment. Both of these conditions are relevant to the next aspect.

The final measurement, as can be seen in Figure 4, is a regional map of the Pillar Market Size in the Market Aspect. The results of the measurement of the Regional Competitiveness Index show that 20 regions achieved high scores and 15 other regions had moderate scores. Relevant to the reference of this study, the availability of market size can be expressed as a result / output of previous market aspects. The four pillars in the following radar curve can be seen that the average score when accumulated value acquisition in 35 districts / cities in Central Java Province is still in a moderate position except the Market Size aspect (see fig.5).

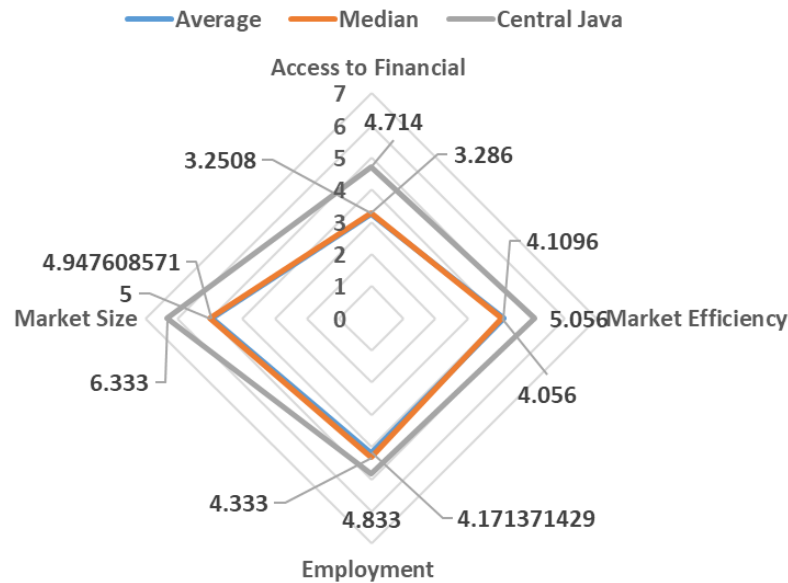


Figure 5. Average, Median Market Aspect

When viewed from the median, it shows the same value as the average, which is still in a moderate position. From the results of the measurement of market aspects in the regional competitiveness index, classic problems are still encountered, namely the imbalance between labor and employment. But in this study it does not conclude this, the seriousness of the regency / city government in Central Java Province must be agreed together so that in the process of data input is official and valid data, so as to provide a clear portrait of market aspects in the regional competitiveness index.

The measurement results show that the regencies / cities in Central Java Province have relatively good aspects of the market, in terms of the aspects measured. However, this measurement has two meanings, first, the existing conditions are not entirely a real portrait of the market aspect because in practice the process of inputting data used in measurements is not fully understood by each district / city, both data inputs that have been implemented actually show conditions what the Regency / City has so it needs a systematic effort so that the value in the low area can be increased. This effort can be carried out through several processes including the maintenance of data in a sustainable manner, from the technical side it can be carried out starting from careful planning, utilization of existing resources, both infrastructure, budget and human resources, increasing positive culture in maintaining and improving performance, and the maintenance process of the results that have been obtained sustainably and proportionally.

These efforts can be carried out with policy interventions carried out by stakeholders through a tiered process from policy makers at the kelurahan / village, sub-district to district/city levels that have synergistic performance flows, village can form work units tasked with promoting availability data regularly and regularly both activities that are partial or comprehensive. Subdistricts can issue policies that are coordinative in urban areas which function to encourage the sustainability of activities in supporting the availability of market aspect indicators.

#### 4. Conclusions

The results of the measurement of market aspects show that there are 4 districts / cities that have high values, namely Pekalongan Regency with 5,556 units, Magelang City with 5,322 units, Wonogiri Regency with 5,270 units and Rembang Regency with 5,226. These results illustrate that the four regions are able to demonstrate capabilities in aspects of the market, so as to boost the competitiveness of the region.

The market aspect has an indirect impact in encouraging regional competitiveness indexes seen from the pillars found in the aspects of the market, but policies for market aspects need to be emphasized so that the process of input indicators can be sustainable. The input from market aspects shows two important things, namely the unpreparedness in the input process that occurs in several regions as evidenced by the images presented above and the availability of unsustainable indicators. Policies on aspects of the market can be started from the basic level to the policies of the district / city government both in terms of technical and implementation. Policies on market aspects need to be carried out on planning, resources, culture and results.

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