


Value Chain Analysis to Improve Competitive Advantage Using VRIO at RM Bu Tomo Slawi, Tegal

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Article Info	ABSTRACT
Keywords: Competitive Advantage, Value Chain, VRIO.	Indonesia's culinary diversity is one of the richest in the world. Satay is one of the original foods originating from Indonesia. Goat satay is a speciality food originating from Tegal, Central Java. The number of restaurants that provide goat satay in Tegal requires each business to have a strategy in order to achieve competitive advantage. The purpose of this research is to analyse RM Bu Tomo Slawi, Tegal in order to achieve competitive advantage using value chain and VRIO analysis. This research uses a qualitative case study method with data collection techniques. The results show that some activities, such as procurement, operations, and inbound logistics, have provided a competitive advantage. However, there are weaknesses in other activities, such as firm infrastructure, technology development, marketing and sales, and service, which are not fully optimised in supporting competitive advantage.
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INTRODUCTION

Indonesia is known as one of the countries with the richest culinary heritage in the world, renowned for its diversity and distinctive flavours. This culinary diversity reflects the cultural diversity and traditions of the people of the archipelago spread across around 6,000 inhabited islands. In addition, Indonesian cuisine plays an important role in shaping national cultural identity. Indonesian cuisine generally uses a variety of spices, such as candlenut, chilli, galangal, ginger, galangal, turmeric, coconut and palm sugar. Cooking techniques are often adapted to the type of raw materials used and influenced by local traditions and customs. In addition, Indonesia's culinary diversity has also been enriched through the influence of trade with various countries, including India, China, the Middle East, Africa and Europe.

One of Indonesia's most famous dishes is satay, which has unique variations in each region. In Tegal, Central Java, goat satay is one of the specialities. The dish is made by cutting mutton or lamb into cubes about 1.5-2cm in size, which are then arranged on bamboo skewers along with fat (gajih), liver or kidneys. The skewers are then grilled over wood charcoal or coconut shells until cooked through, producing a distinctive, appetising aroma.

Satay kambing is a popular dish in the Tegal area, with many restaurants serving this dish. Intense business competition, especially with the emergence of new restaurants, encourages businesses to design effective business strategies. These strategies are needed

so that they are able to manage their business optimally, maintain business continuity, and achieve sustainable growth.

Adaptability to change is very important in the strategic management process. Companies need to adopt adaptive strategies that allow them to be market-oriented, develop targeted actions, and overcome competition with other faster-growing companies (Nguyen, 2016; Anichiti & Butnaru, 2020; William & John, 2018). Optimising internal resources with an adaptive and agile approach can enhance a firm's dynamic capacity to create opportunities and sustain innovation performance. Effective adaptation involves constant monitoring of external changes so that companies can respond in a timely manner (Anichiti & Butnaru, 2020).

Companies that are able to effectively manage change and adapt to various aspects, such as bureaucracy, strategy, systems, products, and culture, have a greater chance of facing threats and winning the competition (Wheelen et al., 2018; Ion & Criveanu, 2016). Adaptation strategies to the economic crisis involve external measures that have a direct impact on the market, as well as internal actions that focus on restructuring the company's processes, systems or resource utilisation (Karman & Savaneviciene, 2020; William & John, 2018).

According to Rosmadi (2021), there are four main elements in competition, namely companies that are competitive, ambitious, and oriented towards creating competition through business similarities, market proximity, scarcity, price wars, and innovation. Kantabutra (2020) adds that a sustainable vision should be concise, clear, future-orientated, stable, challenging, abstract, and inspiring, and able to fulfil stakeholder expectations. In the context of a stressful economic environment, such as demands for innovation, social concerns, and environmentally friendly products, organisations need to have the ability to improve sustainable performance (Polook, Williams, & D'Adderio, 2022).

Barney and Hesterly (2012) state that a good strategy is a strategy that can create competitive advantage. Competitive advantage occurs when a company can generate greater economic value than its competitors. To achieve this, companies need to go through the right analytical and decision-making process. According to Barney (1995), valuable resources and capabilities are the main basis for creating internal competitive advantage. However, if these resources are widely available, they are no longer a competitive advantage but only create a competitive balance. Conversely, resources that are rare and difficult to imitate can provide a significant competitive advantage.

According to Porter (1986), competitive advantage is defined as a company's ability to achieve greater economic benefits compared to competitors in the same industry. Companies that have a competitive advantage tend to be able to understand changes in market structure and adopt effective marketing strategies. The selection of generic strategies relies heavily on the analysis of the business environment to identify opportunities and threats. Porter explains that competitive advantage can be achieved through a differentiation strategy, which offers unique products or services, or a focus strategy by targeting certain segments.

Kotler and Armstrong (2014) describe competitive advantage as the ability to offer more value to consumers than competitors, either through price reduction or increased benefits that result in greater profits. Meanwhile, David (2006) explains that competitive

advantage occurs when a company is able to do something that competitors cannot do or has something that competitors really want. Grant (1991) also states that competitive advantage occurs when two companies compete in the same market, but one company has advantages that allow greater profit potential compared to its competitors.

The value chain concept is an analytical tool used to understand the value-added creation process among various firm activities. The framework divides a firm's activities into two main categories, namely main activities and supporting activities, which together contribute to the creation of profit margins (Porter, 1985; Hitt et al., 1997; Hansen & Mowen, 1999). Key activities include processes directly related to the flow of products to customers, such as production and sales, while supporting activities include activities that support key activities, such as technology development and human resource management.

Pearce and Robinson (2013) state that a business can be seen as a chain of activities that transform inputs into outputs that provide value to customers. The main objective of value chain analysis is to identify the stages at which a business can improve the value provided to customers (Blocher et al., 2000). This process includes steps ranging from the procurement of raw materials to the production of goods or services (Rayburn, 1999). In the application of this analysis, value activities are classified into the most relevant groups to indicate their role in creating competitive advantage (Blocher et al., 2000).

Porter (1985) outlines that the value chain consists of two parts, namely primary activities and support activities. Primary activities include five main categories: inbound logistics, operations, outbound logistics, marketing and sales, and services. Support activities include four categories: corporate infrastructure, human resource management, technology development, and procurement.

The VRIO framework is an analytical tool used to evaluate a company's resources and capabilities in creating competitive advantage. This analysis includes four main dimensions, namely Value, Rarity, Inimitability, and Organisation (Barney, 1991). By answering a series of questions related to these four dimensions, companies can assess whether a resource or capability is a strength or weakness (Wandrial, 2011). VRIO also helps in evaluating a company's competitive position compared to competitors and the dynamics of competition in the market (Pratami, 2018). Through this analysis, companies can identify and utilise strategic resources to maintain competitive advantage.

METHODS

This research uses a qualitative approach with a case study method. Data collection techniques were conducted through in-depth interviews with the owner and employees of RM Bu Tomo Slawi. According to Creswell (1998), a case study is an in-depth research method on a particular phenomenon over a period of time, using various data collection techniques to gain a comprehensive understanding.

Data analysis was conducted with the following steps: Firstly, identifying value chain activities at RM Bu Tomo Slawi, which were classified into primary activities and support activities. Second, compiling the results of the value chain analysis by integrating the VRIO framework to evaluate the competitive advantage in each indicator.

To support this research, there are 2 previous studies to support this research. The first literature that is used as a reference in this research is an article entitled "A Study on 7-Eleven's Core Competencies - Focusing on the VRIO Model" published in the International Journal of Advanced Culture Technology (Vol. 10, No. 1, 2022) by Kwang-Keun Lee. This article discusses the core competencies that are the source of 7-Eleven's competitive advantage through value chain analysis (Porter) and resource-based view (Barney). The VRIO framework is used to identify management resources that become the company's core competencies.

The second literature is an article entitled "Analysis of Telkomsel's West Java Regional Competitive Strategy Formulation Using the Resource-Based View of the Firm Concept with the VRIO Framework" published in the Journal of Accounting and Business Studies (Vol. 1, No. 2, 2017) by Kristine Butarbutar. This article analyses Telkomsel's resources and capabilities that have the potential to generate sustainable competitive advantage and develop strategies to exploit these resources. The results showed that Telkomsel has 22 resources and 10 potential capabilities, of which 11 resources and 4 capabilities meet the criteria for sustainable competitive advantage based on VRIO analysis.

RESULTS AND DISCUSSION

Value Chain Analysis

Support Activities

1. Firm infrastructure

The management of the restaurant is currently run by the owner of the restaurant, while the task of financial recording is done by employees. Recording is done manually during a 10-day period, then the results are reported to the restaurant owner. The obstacles that are usually experienced when doing financial records are in the form of discrepancies in financial reports due to negligence in the process of inputting sales data.

2. Human resource management

The employee recruitment process is still the direct responsibility of the restaurant owner. Usually, new employees are generally placed as waiters to facilitate the adaptation process to the work environment. To increase employee satisfaction, the restaurant provides various facilities such as free food and drinks (on the condition that they do not choose a menu that burdens the business), transportation money given every two days, a holiday allowance of 100% of salary, and vehicle inventory facilities for those who do not have a vehicle that will belong to the employee after five years of work.

3. Technology development

The utilisation of technology in supporting restaurant operations is still limited. The technology used currently includes digital payments and the installation of CCTV for surveillance and security purposes. However, technologies such as online ordering systems, and the use of social media as communication and marketing tools have not yet been implemented.

4. Procurement

Supplier selection is done by considering price as the top priority, followed by the quality of raw materials. Price negotiations are conducted directly at the farm, with the aim of assessing the quality of goats offered.

Primary Activities

1. Inbound logistics

Goat meat is supplied from farmers in Magelang who have established partnerships with restaurants. To maintain the quality of raw materials, goat slaughtering is done three times a day in the morning, afternoon and evening. Each slaughtering session requires 6-8 goats on a typical day.

2. Operations

The process of making satay starts from cutting the meat in the cage, then the meat is cut according to the size of the satay, followed by skewering the satay with each skewer containing five pieces of meat or fat mixture according to customer demand. Each grilling session can produce up to 45 skewers, which are coated with a special pre-prepared marinade. To maintain flavour consistency, only goats under five months old are used, and the animal feed is specially formulated to maintain the quality of the goats. Slaughter waste is stored in special septic tanks that are drained every two months.

3. Outbound logistics

To speed up service during the holiday period, satay is prepared in a semi-cooked condition so that customers do not have to wait too long. As this restaurant does not use online ordering application services, all orders can only be placed on-site.

4. Marketing and sales

The restaurant attracts customers through sponsorship of activities organised by the local government, schools and universities. Since social media has not been utilised, the marketing strategy used is still conventional. In addition, cooperation with bus drivers is carried out to bring new customers by making the restaurant a temporary stop, bus drivers will be given incentives in the form of free food and 2 packs of cigarettes.

5. Service

The restaurant provides a channel to receive criticism and suggestions from customers. This feedback is used as an evaluation material to improve the quality of service provided.

Analysis VRIO

Table 1. Analysis VRIO

Resource/capability	V	R	I	O	Competitiveness status
Firm Infrastructure					
Restaurant operations and financial management and its challenges	■	O	O	O	Did not competitive advantage
Human Resource Management					
Employee recruitment, skills development and employee satisfaction	■	■	■	■	Competitive advantage
Technology Development					

Resource/capability	V	R	I	O	Competitiveness status
Use of technology to help restaurants	■	■	■	■	Did not competitive advantage
Procurement					
Raw material supplier selection and negotiation process	■	■	■	■	Competitive advantage
Inbound Logistics					
Receiving, storage and handling of raw materials	■	■	■	■	Competitive advantage
Operations					
Manufacture of raw materials into final products	■	■	■	■	Competitive advantage
Outbound Logistics					
Distribution of products to buyers, operation of delivery vehicles, and order processing	■	■	■	■	Temporary competitive advantage
Marketing and Sales					
Advertising and promotion by the restaurant	■	■	■	■	Did not competitive advantage
Service					
Services to maintain and enhance product value	■	■	■	■	Temporary competitive advantage
*) data source personal interview					

Based on the VRIO analysis of the value chain activities of Bu Tomo goat satay restaurant, several competitive advantages were found that can be utilised. Firm Infrastructure, which is still managed manually by the owner and employees, is considered less than optimal. The manual recording system often has errors, indicating that this activity is not high value, and does not provide a competitive advantage. Digitalisation of the system is needed to improve effectiveness.

In human resource management, sustainable competitive advantage is evident. A simple but effective recruitment system, plus benefits such as free meals, transport allowance, and an inventory vehicle that can be owned after five years of employment, creates a supportive work environment. These advantages are valuable, rare, and well-organised, providing attraction for employees and increasing productivity.

Technology development shows a lack of application of modern technology to support operations. The use of digital payments and CCTV benefits, food delivery, and marketing through social media have not been implemented. These technologies are commonly used so they do not provide a competitive advantage. In procurement, a sustainable competitive advantage is seen in the process of negotiating directly with farmers in Magelang to ensure quality raw materials at the best price. This method is valuable, and well organised, making it a key element in creating high-quality products.

In inbound logistics, the strategy of slaughtering goats three times a day to maintain the freshness of raw materials provides a sustainable competitive advantage. This process is valuable, rarely done by competitors, and consistently managed, ensuring product quality is maintained. Operations activities also provide a sustainable competitive advantage. High standards in raw material quality (age of goat and type of feed) and skewer preparation with special seasonings create a unique customer experience. These methods are valuable, and

well managed, ensuring consistency of flavour. In outbound logistics, the strategy of providing half-cooked satay during holiday periods helps reduce customer waiting time. While this strategy is valuable and well organised, it is not rare and easily replicated, providing only a temporary competitive advantage.

Marketing and sales, which are still conventional, do not provide a competitive advantage. Cooperation with bus drivers to attract customers is unique, but this marketing is not maximised through digital platforms. As a result, this activity is of limited value, easily copied, and not optimised. Finally, on service, the restaurant is open to criticism and suggestions from customers, which is valuable in improving service quality. However, as this feature is common in the food industry and easily imitated, the resulting competitive advantage is temporary.

CONCLUSION

Overall, activities that provide sustainable competitive advantage are human resource management, procurement, inbound logistics, and operations. Meanwhile, activities such as outbound logistics and services provide a temporary competitive advantage, while firm infrastructure, technology development, and marketing and sales need to be improved in order to support the competitiveness of the restaurant more effectively. Based on the results of the analysis, it is recommended that Bu Tomo Goat Satay Restaurant immediately digitalise the management system to overcome the weaknesses in manual records that often experience errors. In addition, the application of modern technology, such as food delivery needs to be adopted to support operational efficiency and provide a better customer experience. Marketing strategies also need to be improved by utilising social media and digital platforms as more effective promotional tools, in order to reach a wider market. On the other hand, customer service innovations can be made by developing loyalty programmes and providing special discounts. In addition, a digital survey system can be implemented to collect customer feedback in a structured manner, enabling continuous service improvement. By implementing these measures, it is expected that Bu Tomo Goat Satay Restaurant will be able to optimise its competitive advantage and maintain its position in the competitive market.

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