

## ANALYSIS OF TYPICAL CAPABILITIES AND ENTREPRENEURIAL ORIENTATION AGAINST COMPETITIVE ADVANTAGE IN BANDUNG TRADITIONAL FOODS MSMES

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### ABSTRACT

Traditional food is food that has been consumed since the previous generation, is regional in nature, and has been adapted to the tastes of the local community. The goal of this study is to determine the impact of distinct capabilities and entrepreneurial orientation on competitive advantage in traditional Bandung food SMEs. The independent variables in this study are distinct capabilities and entrepreneurial orientation, and the dependent variable is competitive advantage. The research method used is quantitative. In this study, 32 SMEs representative of Bandung traditional food were sampled using the saturated sample technique. The researchers used multiple linear regression analysis techniques with the SPSS data processing application version 26. According to the findings of this study, there was a positive and significant relationship between typical capabilities and competitive

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### 1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSME) are one of Indonesia's economic drivers because they are the most strategic supporting sectors of the national economy, serving as the country's backbone (Sartika & Handayani, 2021). MSMEs are critical to Indonesia's economic development. The majority of Indonesian regions have an economic structure in the MSME sector that adheres to the corporate and business world economic system. Micro, Small, and Medium Enterprises must have dynamic and strategic skills, as well as the ability to read and identify opportunities for business growth (Tanzil et al., 2021).

MSMEs have also contributed significantly to Indonesia's economic development. MSMEs are growing at a faster rate than large-scale businesses. MSMEs can account for up to 20% of total non-oil and gas exports. All of this assumes that in the future, MSMEs will contribute more to the overall development of the Indonesian economy (Hati & Irawati, 2017). According to lokadata.id data, the number of micro, small, and medium enterprises grows every year.

Changes in raw material prices, competitive levels, and other factors all have a significant impact on the development and progress of the MSME business world. As a result, in order to support the survival of these UMKM, MSME actors must increase their competitive advantage by considering what type of business strategy MSME actors need to compete in today's competitive business world. MSMEs in the food industry are at the heart of the Bandung City government's efforts to improve citizens' economies, particularly in the creative economy, where the number of entrepreneurs is growing. Each business actor manages food characteristics differently, and these differences are tailored to the needs of the MSMEs of each business actor. Food SMEs are constantly innovating to maintain the quality offered by innovating either in the manufacturing process or in the form of promotions, which is closely related to the intense competition in the rapidly growing food industry.

The traditional regional cuisine of Bandung has become a tourist destination icon. Bandung is a tourist destination in West Java with a diverse culinary world, as one of the Sundanese regions with a distinct culture or characteristic of the food, traditional Bandung snacks. Mochi cake, bandros atta, sekoteng singapur, purple udud rice, bunut chicken porridge, surabi, tutug oncom, typical Bandung fried noodles,

and many other traditional foods are popular in Bandung. Another Bandung Traditional food is food that has been consumed by previous generations and is typical of a region, as well as food that has been adapted to the tastes of the local community. One way to help preserve traditional foods is to learn about the various types of traditional snacks. You not only get recipes, basic ingredients, and instructions for making and serving them, but you also get stories and mythology about the market snacks themselves (Putri, 2019). For the past two years, the development of MSMEs in Bandung's traditional food has seen changes, more specifically in 2019-2020. According to data from (Diskoperindag, 2021), there are as many as 32 MSMEs in Bandung's traditional food. The following table shows the total production of UMKM typical Bandung traditional food over the last two years:

Table 1 displays MSMEs' total sales in traditional Bandung food over the last two years.

No.	Years	Criteria	In Number
1.	2020	-	932.200.000
2	2021	Down	642.400.000

The total value of MSME production of Bandung's traditional food in 2019 was Rp. 932,200,000, according to data from (2021). Meanwhile, the total value of traditional Bandung food MSME production in 2020 is Rp. 642,400,000. This indicates that total output in 2019-2020 has decreased.

Many MSME actors face a lack of competitive advantage, particularly in the culinary field of traditional food. This is due to traditional food MSMEs' inability to implement competitive strategies, according to Dedy Kunhadi (Rancah.com, 2020). Lack of product innovation produced by traditional food MSMEs, product packaging produced by traditional food MSMEs is too simple, product marketing is not optimal, traditional food MSMEs own minimal capital, resulting in products that are not renewed and do not keep up with the times.

The low capability of typical Bandung traditional food SMEs, where there is a lack of innovation in product development in terms of shape, taste, number of variants, and how to present the product, results in no renewal. Another charge is that MSME actors' entrepreneurial orientation does not maximize available opportunities.

## 2. LITERATUR REVIEW

### 2.1. Typical Capability

In a foreign language, Typical Capability is referred to as Distinctive Capability. Distinctive capability, as defined by (Ciptagustia, 2019), is the company's ability to create sustainable competitive advantage through its uniqueness, where competitors cannot easily and quickly imitate it, and is established due to a unique combination of external and internal resources. According to another definition proposed by (Ramdan et al., 2021), distinctive capability is a valuable capability because it allows the organization to process existing resources and develop them into new resources. This unique ability is valuable, rare, and cannot be imitated or replaced by other organizations.

According to (Lisnawati, 2019), the dimensions of typical capabilities include general administration, production, research and development techniques, marketing, finance, personnel, community and government organizations. Meanwhile, (Nurwantika & Suwatno, 2019) consists of two components: innovation and reputation. According to (Ciptagustia, 2019), the typical capability dimensions used in this study are: innovation, reputation, and architecture.

### 2.2 Entrepreneurial Spirit

Entrepreneurial orientation refers to the processes, practices, and decision-making that drive new directions. It consists of three entrepreneurial aspects: always being innovative, acting proactively, and taking risks. The primary function of the significance of entrepreneurial orientation is to include optimal risk measurement and risk taking. Entrepreneurship is defined as a combination of innovative, proactive, and risk-taking behavior aimed at creating value within an organization (Feranita & Setiawan, 2018). An organization can have an entrepreneurial structure as well as members. Another definition proposed by (Paulus & Wardhani, 2018) is the ability to create something new and different in order to create an opportunity through creative thinking and innovative actions.

According to (Paulus & Wardhani, 2018), the dimensions of entrepreneurial orientation are as follows: innovative, proactive, and risk taking. Meanwhile, the entrepreneurial orientation dimensions used in this study are as follows: (Kusuma & Rastini, 2017) Entrepreneurial orientation has three dimensions: innovative, proactive, and risk-taking.

### 2.3 Competitive Advantage

Competitive advantage refers to a company's ability to optimize all of its resources in order to produce better products than competitors in every way, so that consumers are satisfied and the company's market share is larger. According to the definition of competitive advantage (Kusuma & Rastini, 2017), competitive advantage is a set of factors that distinguishes a company from its competitors and gives the company its own market position. According to (Fatmawati, 2019), competitive advantage is the result of implementing a strategy that makes use of the company's various resources. Unique skills and assets are viewed as a source of competitive advantage. The ability of a company to make its employees an important part of achieving competitive advantage is referred to as unique expertise.

According to (Kusuma & Rastini, 2017), the dimensions of competitive advantage are price, innovative products, customer relationships, and differences. Meanwhile, according to (Supranoto, 2018), they are: uniqueness, rarity, difficulty to imitate, difficult to replace, and competitive prices. The dimensions of competitive advantage used in this study are (Paulus & Wardhani, 2018)

### 3. METHOD

In this study, a quantitative approach was used, as well as saturated sample techniques. This study's sample consisted of 32 SMEs representing traditional Bandung cuisine. Data is gathered by creating a questionnaire and distributing it online via Google Form. and data

### 4. RESULT AND DISCUSSION

#### Multiple linear regression test result

Table. 2 Multiple linear regression test result

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	31.250	9.654		3.281	.005
Typical Capability	.257	.124	.325	2.356	.025
Entrepreneurial Orientation	.015	.099	.018	-.100	.923

a. Dependent Variable: Competitive Advantage

Based on the regression results, the values  $b_1 = 0.358$  and  $b_2 = 0.015$  are obtained, while the value  $a = 31.250$  is obtained. The following values are then entered into the regression equation: The equation above means:

1. A constant value of  $a = 31,250$  indicates that the competitive advantage variable value is 31,250 if the value of typical capabilities and entrepreneurial orientation remains constant or equals zero.

2. The regression coefficient for the typical capabilities variable is  $b_1 = 0.246$ , indicating a positive influence, implying that each increase in typical capabilities of one unit results in a 0.358 increase in competitive advantage.

3. A regression coefficient of  $b_2 = 0.015$  for the entrepreneurial orientation variable indicates a positive influence, implying that every unit increase has a positive impact.

$$Y = a + \beta_1 X_1 + \beta_2 X_2$$

$$Y = 31.250 + 0.257 X_1 + 0.015 X_2$$

#### Research Hypothesis Testing :

Table Test F ANOVA<sup>a</sup>

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	65.221	2	33.16	3.023	.064 <sup>b</sup>
Residual	327.351	27	10.97		
Total	371.345	33			

a. Dependent Variable: Competitive Advantage

b. Predictors: (Constant), Typical Capability Orientation

Based on data from table 3, the calculation above shows the results of Fcount of typical capability variables (X1) and entrepreneurial orientation (X2) on competitive advantage (Y) of 3,023. The Ftable number is 0.349 when the Fcount and Ftable values are compared. The test criteria are as follows:

1. If  $F > F_{table}$ ,  $H_0$  is rejected and  $H_a$  is accepted, indicating that the relationship is significant.
2. If  $H_0$  is accepted but  $H_a$  is rejected, there is no significant relationship.

As a result, Fcount 3.023 Ftable has a value of 0.349. As a result,  $H_0$  is rejected and  $H_a$  is accepted, demonstrating that typical capabilities and entrepreneurial orientation both have a significant impact on competitive advantage.

### Research Hypothesis Testing

Table 4 T

Model	Unstandardized		Standardized		T	Sig.
	Coefficients		Coefficients			
	B	Std. Error	Beta			
1 (Constant)	32.140	9.763			3.292	.003
Kapabilitas Khas	.358	.146	.415		2.458	.020
Orientasi Kewirausahaan	.010	.099	.017		.100	.921

a. Dependent Variable: Keunggulan Bersaing

Referring back to the previously mentioned test results, they can be summarized as follows:

1. The result of the above calculation table data is ( $2.458 > 0.349$ ). The level of significance is 0.004 0.05. As a result,  $H_0$  is rejected while  $H_a$  is accepted. This implies that common capabilities have a positive and significant impact on competitive advantage.
2. The result of the calculation table data is ( $0.100 > 0.349$ ). The level of significance is 0.000 0.050. As a result,  $H_0$  is rejected while  $H_a$  is accepted. This implies an entrepreneurial mindset.

### 5. CONCLUSION

According to the study's findings, there is a positive and significant relationship between typical capabilities and competitive advantage in Bandung traditional food MSMEs. This is obvious because Tcount is greater than Ttable. According to the study's findings, there is a positive and significant relationship between entrepreneurial orientation and competitive advantage in MSMEs, as well as traditional Bandung cuisine

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