

# COMPETITIVE ADVANTAGE STRATEGY THROUGH MARKETING COMPETENCE AND INNOVATION FOR SMES WITH DISABILITIES IN BEKASI CITY

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## ABSTRACT

SMEs are businesses that have an important role in the Indonesian economy, because they can create jobs and broaden the business side. Therefore, the existence of SMEs, although viewed from the side of capital, is classified as minimal, their existence cannot be underestimated. In 2020, it is estimated that the number of SMEs will decrease where in that year, the world was hit by a pandemic which triggered negative sentiment in the business world including SMEs. According to the Office of Cooperatives and Small Enterprises (KUK) of West Java Province, currently there are 271,000 micro, small and medium enterprises (SMEs) with disabilities in West Java. This figure shows that business opportunities are open to anyone and that people with disabilities also have competitiveness in the business world. One of the cities in West Java Province, namely Bekasi City, is a disability-friendly city, so it is important to develop SMEs with disabilities. So a competitive advantage is needed for SMEs with disabilities so that SMEs with disabilities have different things from their competitors. Competitive advantage is seen from marketing competence because marketing is needed so that people are familiar with the products produced by SMEs with disabilities. In addition, innovation is needed to continue to provide a unique and different side of the products it produces. Marketing capability mediates between marketing competence and competitive advantage because capability is a collection of competencies and knowledge. So this research looks at the effect of marketing competence, marketing capability and innovation on competitive advantage strategies. The results of the study show that marketing competence has a positive and significant effect on competitive advantage, Innovation has a significant positive effect on competitive advantage, capability has a not significant positive effect on competitive advantage, Competence has a significant positive effect on capability, Capability mediates a positive but insignificant effect of Competence on Competitive Advantage

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## 1. INTRODUCTION

Becoming an entrepreneur is a dream for most people, even for those who are already working. But until now, most people have not become entrepreneurs because they are constrained by capital in the form of money with a large nominal value, thus delaying the steps to become entrepreneurs. Even though in the business world, it is known as Micro, Small and Medium Enterprises (SMEs) where SMEs are businesses that can be run with minimal capital. SMEs are businesses that have an important role in the Indonesian economy, because they can create jobs and broaden the business side. Therefore, the existence of SMEs, although viewed from the side of capital, is classified as minimal, their existence cannot be underestimated.

The Ministry of Cooperatives and Small and Medium Enterprises (KemenkopUKM) noted that from 2016 to 2019, the number of SMEs in Indonesia continued to increase to 65.5 million. In 2020, it is estimated that the number of SMEs will decrease, namely 64.2 million, in which year the world was hit by a pandemic which triggered negative sentiment in the business world including SMEs. In fact, MSME is a business sector that plays an important role in the national economy due to the unlimited business opportunities in the MSME market and the national employment absorption of around 97%. The Ministry of Cooperatives and Small and Medium Enterprises is targeting an increase in the contribution of SMEs in various fields by 2020. To achieve this target, the government needs to provide encouragement to SMEs and SMEs must survive in the local market and compete in the global market.

*Competitive Advantage Strategy through Marketing Competence and Innovation for SMEs with Disabilities in Bekasi City. Catarina Cori, et al*  
2111

Competitive advantage is an advantage possessed by a company compared to its competitors in the existing competitive environment, derived from the expertise of a company to carry out something at a higher level than its competitors in the industry (Leo Daphne, 2014). Competitive advantage is a set of factors that differentiate small companies from their competitors. The initial idea of creating competitive advantage begins with developing business development procedures that will be carried out by the company, then the company will analyze what the company's goals are and what policies the company takes to achieve its goals (Aprizal, 2018). When a company has something it really wants from a competing company,

In order to achieve competitive advantage, a business requires competency, one of which is marketing. Especially in the digital era, where marketing is not limited to promotion and marketing through advertising media and then waiting for buyers to come. Marketing will never be separated from factors that influence the success or failure of a business, especially with the presence of social media which is increasingly mushrooming, business actors must have marketing knowledge competencies. By having marketing skills, business actors can see and photograph customer needs so as to obtain a reference in creating differences with competitors that show competitive advantage.

Marketing capability is a set of skills and knowledge accumulation and the ability to coordinate marketing activities which has seven dimensions, namely product, price, place, promotion, people, process and physical evidence (Lovelock and Laurent, 2012). Marketing capabilities enable businesses to provide added value and create value for customers and to be competitive (Mawu et al, 2016). The company's marketing capabilities can be increased through marketing knowledge competencies and entrepreneurial orientation (Charir et al., 2017).

Apart from the marketing side, innovation also supports the competitive advantage of SMEs. Competitive advantage can be interpreted by having certain uniqueness or characteristics. To produce this uniqueness, innovation is needed. Innovation is the ability to apply creative solutions to existing problems and opportunities to further prosper people's lives. So innovation is doing something new (Harvard's Theodore Levitt in Suryana, 2014). Several studies have also shown that innovation is the key to success in increasing excellence through new products, such as research conducted by Nurul Nadia AbdAzizand Sarminah Samad(2016) produced that *innovation has a strong positive impact on the competitive advantage, indicating that SMEs should invest in innovation to gain competitiveness.*

Bekasi City is one of the densest cities because besides being a residential area, Bekasi City is also developing as a city of commerce, services and industry in accordance with the Vision of Bekasi City, which is to excel in services and trade. Therefore, the industrial and trade sectors are superior sectors in Bekasi City. Not only large-scale industry and trade are advantages, many small industries have also developed and opened up international markets. In 2016, the number of SMEs in Bekasi City was approximately 203,000 units, increasing to 206,941 in 2018. The increase in small industries is shown by an increase in SMEs assisted by the Government of Bekasi, namely 3,000 in 2019, an increase from 2,667 in 2018 including SMEs with disabilities who have the same rights in doing business.

Data from the 2019 Inter-Census Population Survey (SUPAS), people with disabilities have reached 8.56% of the total population of Indonesia or around 21.84 million people. The Central Statistics Agency (BPS) also noted that in February 2020 the number of people of working age with disabilities was 17.74 million people. Meanwhile, as many as 7.8 million people entered the workforce, meaning that the Labor Force Participation Rate (TPAK) of Persons with Disabilities was only around 44%, far below the National TPAK figure of 69%. Meanwhile, the number of people with disabilities who work is 7.57 million people, so the number of open unemployed people with disabilities is 247 thousand people with an Open Unemployment Rate (TPT) of 3%.

In 2021, the number of people with disabilities in Bekasi City will reach 6,803 people or around 0.2% of the total population of Bekasi City. Meanwhile, in the entrepreneurial area, data from the Office of Cooperatives and Small Enterprises (KUK) of West Java Province, currently there are 271,000 micro, small and medium enterprises (SMEs) with disabilities in West Java. This figure shows that business opportunities are open to anyone and that persons with disabilities also have competitiveness in the business world.

To make Bekasi City disability-friendly, not only in terms of infrastructure but it is also important to carry out the development of disabled MSME actors so that disabled MSME actors can improve the economy through SMEs because based on an interview with one of the SMEs with disabilities, the SMEs currently being fostered have decreased sharply as a result of the pandemic that occurred during the last 2 (two) years which paralyzed the business activities of SMEs with disabilities due to restrictions on community interaction. However, SMEs with disabilities must continue to survive so that the economy can continue. So

a competitive advantage is needed for SMEs with disabilities so that SMEs with disabilities have different things from their competitors. So this research looks at the effect of marketing competence, marketing capability and innovation on competitive advantage strategy

## **2. LITERATURE REVIEW**

### **SMEs**

SMEs are productive business units that stand alone, which are carried out by individuals or business entities in all economic sectors. According to the Central Statistics Agency (BPS) provides a definition of SMEs based on the quantity of labor. SMEs are businesses that have a workforce of 5 to 19 people, while medium-sized businesses are businesses that have a workforce of 20 to 99 people. Inna Primiana takes the definition of SMEs from a different perspective. According to, SMEs is an activity that has something to do with the economy and the economy in the form of the Indonesian development movement.

### **Disabilities**

Law 8 of 2016 concerning Persons with Disabilities writes that everyone who experiences physical, intellectual, mental and/or sensory limitations in the long term interacting with the environment can experience obstacles and difficulties to participate fully and effectively with other citizens based on equality. right. SMEs actors with disabilities mean people who have MSME who experience limitations physical, intellectual, mental and/or sensory for a long time in interacting with the environment may experience obstacles and difficulties to participate fully and effectively with other citizens based on equal rights.

### **Competitive advantage**

According to Wikipedia.org (2016), Competitive advantage is the ability gained through the characteristics and resources of a company to have a higher performance than other companies in the same industry or market. Porter (1994) in Iva Yustisia (2016) Competitive advantage cannot be understood by looking at a company as a whole, but having a competitive advantage originates from the various activities carried out by the company in designing, producing, marketing, shipping and supporting its products. Danang Sunyoto (2015) said that companies must have the ability to differentiate products produced in competition to gain competitive advantage. The resulting product must have key characteristics in capturing consumers so that it becomes a special product. Indicators of competitive advantage according to Ana in Darmanto et al (2015) are superior product quality created, selling prices, production costs, asset capabilities, skills and capacity capabilities.

### **Marketing competence**

Literally, competence comes from the word competence which means skill, ability, and authority (Tambunan, 2013). As for etymology, competence is defined as a behavioral dimension of expertise or superiority of a leader or staff having good skills, knowledge, and behavior. Competence is the ability to carry out or carry out a job and task that is based on skills and knowledge and is supported by the work attitude demanded by the job (Wibowo, 2016). Groedu Academy (2017) defines it as the ability to retrieve information that is relevant and clear to the "market" that is being or will be used as a goal. In practice, this includes the collection, analysis and dissemination of information. Knowledge competency describes a business organization and structured information about markets, customers, competitors and developing trends. Marketing intelligence has several main parts, namely competitor intelligence, product intelligence, market understanding and also understanding of customers. Indicators of marketing competence according to Nur Azizah Charir, et al (2017), namely exploring marketing knowledge and disseminating marketing knowledge, Indra Perdana Putra Maw, et al (2016) resulted in research that the influence of marketing knowledge competence on marketing capability is partially significant. I Putu Pratama Adiputra and Kastawan Mandala (2017) conducted research which resulted in competence having a positive and significant effect on competitive advantage.

### **Marketing Capability**

Marketing Capability is a set of resources and skills in marketing which is the result of the process of accumulation of knowledge and integration with values and norms developed through organizational processes. Marketing capabilities according to Chahal & Kaur (2014) are grouped into four approaches, namely the operational perspective approach, the marketing mix approach, the intellectual capital approach, and the competition perspective approach. ). The marketing mix approach and the competition

*Competitive Advantage Strategy through Marketing Competence and Innovation for SMEs with Disabilities in Bekasi City. Catarina Cori, et.al*

perspective approach are the indicators in this study. Charir, Nur 'Azizah (2017) the marketing knowledge competency variable has a positive and significant influence on the marketing capability variable in Fisheries SMEs in Malang City, East Java. Wimpi Sugeng Suyitno and Diah Dharmayanti (2014) there is a positive influence between Marketing Capability on Competitive Advantage.

### Innovation

Sandee (1995) in Iva Yustisia (2016) said that innovation is an important strategy for small industries to strengthen their competitive position. Makmur and Thahier (2015, p. 9), innovation comes from the English word innovation which means change so that innovation can be defined as a process of human activity or thought in discovering something new related to input, process and output, and can provide benefits in human life. Soleh (2014) states the dimensions of innovation, namely product innovation, process innovation, market innovation which will then become indicators of innovation. Nurul Nadia AbdAziz, Sarminah Samad (2016) show that innovation has a strong positive impact on the competitive advantage, in which innovation contributes 73.5 percent variance in competitive advantage. The results indicate that SMEs should invest in innovation to gain competitive advantage. Silvia Hendrayanti, Vina Nurauliya (2021) partially there is a positive and significant effect between Product Innovation on Competitive Advantage.

### RESEARCH MODEL

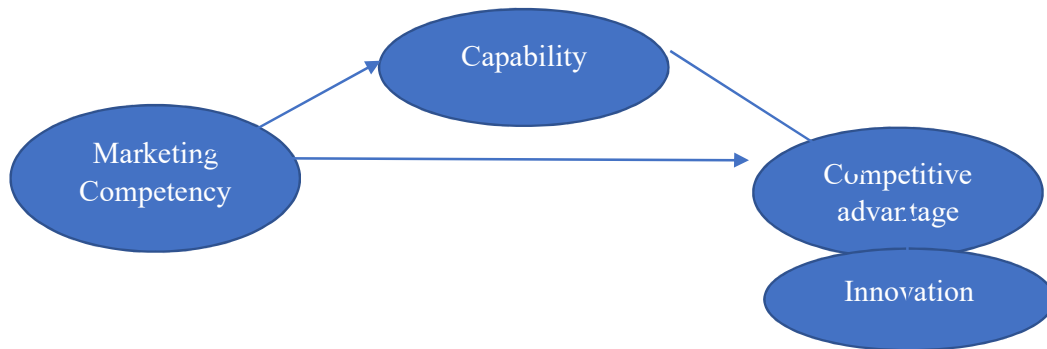


Figure 1. Research Model

### 3. METHOD

The research method used is to use quantitative methods. The population in this study were 200 MSME actors with disabilities in Bekasi City who are members of the Indonesian Association of Women with Disabilities (HWDI) with a total of 200 (two hundred) people. The sample was obtained using the slovin formula with an error margin of 5% (five percent) so that a sample of 133 (one hundred thirty three) respondents was obtained and the Returned Questionnaire was 105 (one hundred and five) so that the sample in this study was 105 (one hundred and five) respondents. The sample selection uses simple random sampling which means allelements or members of the population have the same opportunity to be selected as the sample.

The first stage that must be carried out in this research is to collect phenomena and study literature, followed by formulating problems and objectives. Next is data collection with questionnaires, interviews and observations. After obtaining data from questionnaires, interviews and observations, data processing was carried out using PLS with the first stage (Ghozali, 2014) the first stage was model conceptualization, namely construct domain specifications, determining question items that represented a construct, data collection, reliability testing, validity testing and determine construct measurement scores. The next step is to determine the algorithm analysis method. In PLS-SEM the algorithm analysis method provided is only the PLS algorithm with three scheme options namely factorial, centroid and path or structural weighting. The suggested scheme is path or structural weighting. After doing the algorithm analysis method then determine the resampling method, namely bootstrapping and jackknifing. The bootstrapping method is more often used in structural equation models. After that draw a path diagram and finally model evaluation is done by assessing the results of model measurements through testing the validity and reliability of latent constructs, then proceed with structural model evaluation and significance testing to test the effect between constructs or variables.

#### 4. RESULTS AND DISCUSSION

##### Effect of Marketing Competence on Competitive Advantage

Results Data processing shows that marketing competence has a positive and significant effect on competitive advantage. This can be seen in the P value <0.005. This is different from research conducted by Adiputra, I Putu Pratama and Kastawan, Mandala (2017) that competence has a positive and insignificant effect on company performance. However, Danzen's research, Olazo (2021) states that marketing competency significantly influences sustainable competitive advantage. Currently, marketing competence is something that is really needed by SMEs with disabilities because since the pandemic, marketing activities have decreased. In addition, the limitations experienced by persons with disabilities cause the product to be less well known due to lack of marketing.

##### The Effect of Innovation on Competitive Advantage

Innovation has a significant positive effect on competitive advantage as evidenced by the P value <0.005. This is in accordance with research Nurul Nadia AbdAziz, Sarminah Samad (2016) show that innovation has a strong positive impact on the competitive advantage, in which innovation contributes 73.5 percent variance in competitive advantage. The results indicate that SMEs should invest in innovation to gain competitive advantage. In facing the competitive situation, especially after the pandemic, where the business world is competing to rise, the competition in the business world is getting tighter so that innovation is needed to be able to compete in the market and maintain business continuity.

##### Effect of Capability on Competitive Advantage

Data processing shows that capability has no significant positive effect on competitive advantage because the P value > 0.5. These results differ from research conducted by Nuryakin (2018), namely marketing capability has a significant effect on competitive advantage. Capability plays an important role in achieving competitive advantage because it is a collection of knowledge and marketing capabilities. The business world, especially SMEs, is very dependent on marketing capabilities so that MSME products can be known and liked by the public.

##### The Effect of Competence on Capability

Competence has a significant positive effect on capabilities. These results can be seen in the values which indicate the P value is 0.004 so that the P value <0.005. Marketing competencies form marketing capabilities so superior competencies are needed to create capabilities.

##### Capability mediates the effect of Competence on Competitive Advantage

Results data processing shows a P value of 0.175 so that it can be interpreted that Capability mediates a positive but not significant effect of Competence on Competitive Advantage.

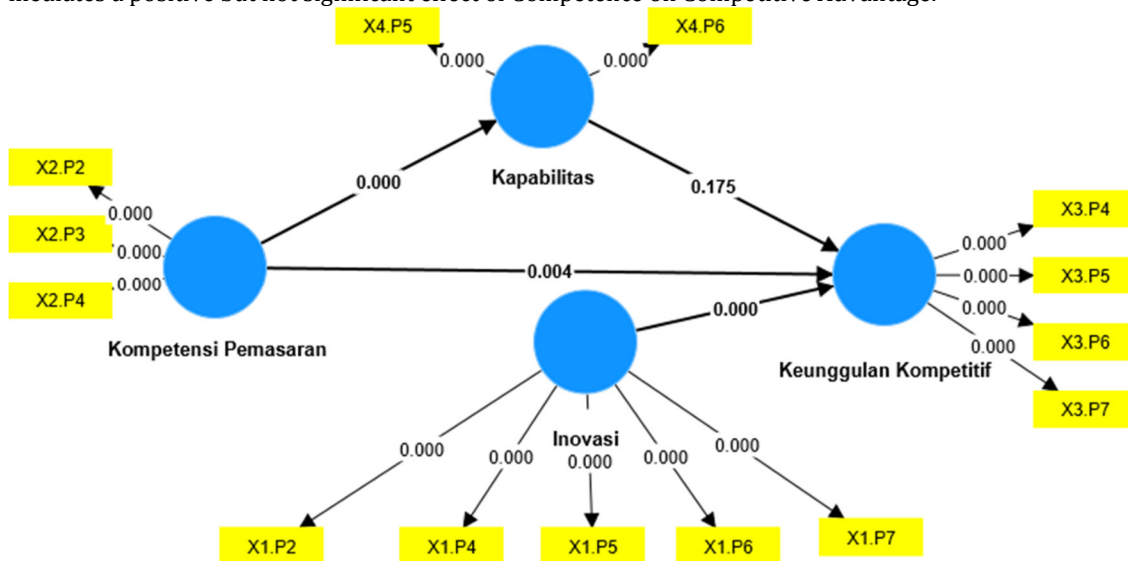


Figure 2. Structural Model Results with PLS

## 5. CONCLUSION

The results showed that marketing competence had a positive and significant effect on competitive advantage, Innovation had a significant positive effect on competitive advantage, capability had a not significant positive effect on competitive advantage, Competence had a significant positive effect on capability, Capability mediated a positive but not significant effect of Competence on Competitive Advantage. So that from the results of this study it was found that marketing is something that needs to be followed up immediately so that SMEs with disabilities have the motivation to rise up to face business competition so that people with disabilities are no longer looked down upon but can live independently and contribute to society and the country.

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