The Predictors of Competitive Advantage Among F&B MSMEs in Post-Pandemic Era

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ABSTRACT

This study aims to analyze the effect of entrepreneurial orientation, dynamic capabilities, and market orientation on competitive advantage in Food & Beverage Micro, Small, and Medium Enterprises (MSMEs) in Jakarta. The research method used is a quantitative method with multiple linear regression analysis. The research sample was taken based on a survey technique with 123 respondents collecting questionnaires. The data obtained were processed using the Smart-PLS program. The results of the analysis in this study indicate that entrepreneurial orientation has a positive and insignificant effect on competitive advantage. Meanwhile, dynamic capabilities and market orientation have a positive and significant impact on competitive advantage. This research is expected to be useful for MSMEs as information, understanding, and insight in improving the ability of entrepreneurial orientation, dynamic capabilities, and market orientation by building a competitive advantage strategy in the face of transformation in the period after the pandemic in Jakarta.

Keywords: Entrepreneurial Orientation, Dynamic Capabilities, Market Orientation, Competitive Advantage

1. INTRODUCTION

The global community in the last two years has been facing an outbreak of the Coronavirus (COVID-19). After trying to be adaptive in 2020, it is expected to be able to transform in the post-pandemic period through the competitive advantage of Micro, Small and Medium Enterprises (MSMEs) to realize business sustainability. The early assumption in arranging this model is to predict the new situation to go to the post-pandemic of Covid-19, so the enterprises prepare their capability to face the new normal condition. The important thinking to sustain the firm performance is a competitive advantage development.

Competitive advantage is the ability of an organization to take advantage of opportunities for profits. Competitive advantage is carried out by an effort to create a distinct advantage in designing, producing, marketing, and supporting its products. Practically, it is difficult to be maintained by the owner of MSMEs. When are evaluated through an economic pyramid, their position tends to be the medium to the bottom of the pyramid. Many limitations are faced by MSMs' owners to manage the firm. Therefore, a competitive advantage is an important power to sustain the MSMEs in the future.

One of the factors that need to be considered in competitive advantage is entrepreneurial orientation. Entrepreneurial orientation is an entrepreneurial tendency to take calculated, innovative, and proactive risks to win the competition [1]. These three things are indispensable in building a competitive advantage in the current situation.

Furthermore, dynamic capabilities are the ability of an enterprise to integrate, build, and reconfigure internal and external competencies to cope with a rapidly changing environment. An enterprise must be dynamic in dealing with environmental changes to take advantage of existing opportunities so that this is part of its competitive advantage in dealing with the post-pandemic and preparing capability to face the new normal condition.

The third aspect to deal with business transformation is market orientation. Through the market, orientation understands how the competition is with other businesses, their market segments, and efforts to maintain the market share of the business so that it has a positive impact on business performance [2]. In line with the pandemic situation, market orientation increases the ability to survive so this aspect must be needed in preparing for the post-pandemic period.

Based on the background that has been stated previously, the formulation of the problem in this study is as follows: (1) does entrepreneurial orientation affect the competitive advantage of Food & Beverage MSMEs in dealing with the post-pandemic Covid-19 in Jakarta?; (2) do dynamic capabilities affect the competitive advantage of MSME Food & Beverage in the post-pandemic Covid-19 in Jakarta?; (3) does market orientation affect the competitive advantage of MSME Food & Beverage in the post-pandemic Covid-19 in Jakarta?.

The goal of the study is to understand the impact of the market orientation, dynamic capabilities, and market orientation on the competitive advantage among MSMEs, if from the lens to prepare for the post-pandemic of Covid-19.

2. THEORETICAL REVIEW

2.1. Competitive Advantage

Based on [3] defines competitive advantage is the result of the strategy formulation process adopted by the company with the aim of providing added value (differentiation and low cost) to customers to produce a profitable business position. Meanwhile, according to Porter in [3], competitive advantage refers to the advantage of a comparative position in the market that is superior to its competitors. The ongoing COVID-19 pandemic has greatly impacted the MSME sector, causing entrepreneurs to lose money and have to stop running their business due to declining market demand [4].

Learning from the COVID-19 pandemic, MSMEs must have an advantage in facing competition so that they become more prepared to face competition in the post-pandemic in the coming period. One of them is MSME Food & Beverage in the coffee business sector. Moreover, if it is associated with the concept of sustainability, business continuity is very important so as to ensure business sustainability is closely related to the ability to build competitiveness. Through the formation of competitive advantage, the welfare of MSMEs can be revived so that they can encourage regional economic growth.

2.2. Entrepreneurial Orientation

Referring to [1] Entrepreneurship orientation is defined as processes, practices, and activities that use innovation, risk-taking, and active efforts to excel in competition. According to the study above, it is concluded that entrepreneurial orientation is a process, practice, and activity that enhances product creativity by encouraging pro-activeness, decision making, risk, and innovation to excel in competition.

[5] Argue that entrepreneurs who do not understand the stages or processes of entrepreneurial orientation, there will be no significant changes in providing different products or services compared to competitors. Meanwhile, [6] stated that entrepreneurial orientation is an increase in product creativity by encouraging pro-activeness, decision making, risk, and innovation.

According to the study above, it is concluded that entrepreneurial orientation is a process, practice, and activity that enhances product creativity by encouraging pro-activeness, decision making, risk, and innovation to excel in competition. Therefore, the impact of this variable can foster the competitive advantage, so this mechanism is as inspiring to create the first hypothesis.
H1: Entrepreneurial orientation affects to the competitive advantage

2.3. Dynamic Capabilities

Moreover, aligning with [7], dynamic capabilities are a way for companies to build and adapt their resources to maximize the company's suitability to the environment. [8] Dynamic capabilities are the main source of competitive advantage by using creative and innovative ideas to deal with any changes in the business environment.

Based on these studies, concluded that dynamic capabilities are the company's way of capturing new opportunities, building and adapting resources by using creative and innovative ideas to deal with changes in the business environment. As a company, an enterprise must maintain these capabilities to struggle in achieving competitive advantage. This mechanism is developed as second hypothesis which explanation as follows:
H2: Dynamic capabilities affect the competitive advantage

2.4. Market Orientation

Furthermore, according to [9] market orientation is the creation of an organizational image about the company's ability to gain sympathy from customers with customer orientation, competitor orientation, and coordination between functions. The second study of Buli [2] stated that entrepreneurial orientation understands about competition, market segment, and the efforts to maintain market share. Based on these reasons, it has a positive impact on business performance.

According to these researchers, it is concluded that market orientation is the creation of an organizational image about the company's ability to understand its competition to gain sympathy from customers with customer orientation, competitor orientation, and coordination between functions. Therefore, the ability to grab the market can ensure the power of the firm to improve competitive advantage. This mechanism is as inspiring to create the third hypothesis.
H3: Market orientation affects to the competitive advantage

3. RESEARCH METHOD

In the design of this study, researchers used a descriptive approach to analyse the respondent profiles which taken from primary data through questionnaire. Besides that the study used quantitative approach to analyse quantitatively the perceived among participants related to the statement on the questioner. The population in this study are owners of Micro, Small, and Medium Enterprises (MSMEs) Food & Beverage in Jakarta. The collecting sampling method uses a probability sampling technique. The random sampling is where each subject has the opportunity to be taken as a sample with a research period at September-December 2021. The sample size in this study is MSMEs Food & Beverage in Jakarta during the pandemic period 2020 to 2021. Samples were collected through online questionnaire distribution using the google form link on several online platforms, such as WhatsApp, Instagram, and Line.

The subjects in this study were taken from the population of owners of Micro, Small, and Medium Enterprises (MSMEs) Food & Beverage in Jakarta with a total of 123 respondents.

This study consists of three independent variables, namely entrepreneurial orientation (X1), dynamic capabilities (X2), and market orientation (X3). These variables are used to predict their impact to the competitive advantage as dependent variable (Y). Based on the reason, the tool of analysis in the study uses the structural regression specifically multiple regression.

The measurement as follows: Entrepreneurial orientation uses six indicators [6], dynamic capabilities bases on 5 indicators [8], and the market orientation uses 4 indicators [2], while the competitive advantage uses 4 indicators [8]. These indicators were converted into questions in a questionnaire with a Likert scale from 1 (strongly disagree) to 4 (strongly agree).

The analysis uses Smart-PLS to run the data, including the outer model and inner model. The outer model testing consists of loading factor, cross-loading, average variance extract (AVE), Cronbach's Alpha, and composite reliability. While inner model testing consists of R-Square, Q-Square, Effect Size, Goodness of Fit, and hypothesis testing. Three hypotheses were developed with a

t-test significance level of 5% in one direction or equal to 1.96. This value is used to accept or reject the hypothesis.

3.1. Respondents' Profiles

Respondent consists of 123 owners of MSMEs in the Food & Beverage sector. The majority of respondents were men as many as 63 people (51.2%), the age range of respondents in this study was the majority aged 20-30 years as many as 108 people (87.8%), the length of time the business was established in this study was mostly less of 2 years as many as 88 people (71.5%), the majority of the types of businesses in this study are food as many as 52 people (42.5%), and the estimated annual sales performance is the majority of less than 100,000,000 as many as 89 people (72.4%).

4. RESULTS

4.1. The Results of Validity and Reliability Tests

[10] states that validity test is used to measure the validity or validity of a questionnaire. A questionnaire is said to be reliable or not reliable if a person's answer to the statement is consistent or stable from time to time. The reliability of a test refers to the degree of stability, consistency, predictability, and accuracy. Measurement of reliability is done with one measurement when compared with other questions. Table 1 shows the result of the outer model testing. It illustrates score of loading factor above 0.60. The highest score is 0.819 in KB1, while the lowest is 0.604 in OP1. It proves the loading factor value resulting from the indicator score is greater than the loading factor on other indicators. All indicators in one construct have the highest score when compared to scores among indicators in other contracts. Therefore, in accordance with the discriminant validity between indicators. The score of AVE are over than 0.50 so that it meets the criteria of convergent validity. Moreover, the score of composite and Cronbach's Alpha are over than 0.70, so it is reliable. Based on these results, all data is valid and reliable so that it can be directed to the next test.

Moreover, the results of the inner model testing are as follows: R-Square (0.542) shows that the three variables contribute 54.20% while the rest is influenced by other variables. The value of Q-Square (0.289) indicates that the value is in moderate condition. Effect Size consists of 0.013 (EO), 0.087 (DC), and 0.248 (MO). These results show the relationship between entrepreneurial orientation and performance in the small category while the other two relationships are in the medium category. The goodness of Fit, (0.679) shows a fairly good value.

Table 1. Validity and Reliability Instruments

Construct	Indicator	Loading	Status	AVE	Test Results
Competitive Advantage	KB1	0.819	Valid	0.561	Composite Reliability 0.833 Cronbach's Alpha 0.731
	KB2	0.717	Valid		
	KB3	0.664	Valid		
	KB5	0.773	Valid		
Entrepreneurial Orientation	OK1	0.754	Valid	0.533	Composite Reliability 0.820 Cronbach's Alpha 0.709
	OK3	0.781	Valid		
	OK5	0.672	Valid		
	OK6	0.709	Valid		
Dynamic Capabilities	KD1	0.780	Valid	0.534	Composite Reliability 0.821 Cronbach's Alpha 0.709
	KD2	0.725	Valid		
	KD4	0.700	Valid		
	KD5	0.714	Valid		
Market Orientation	OP1	0.604	Valid	0.556	Composite Reliability 0.863 Cronbach's Alpha 0.806
	OP2	0.763	Valid		
	OP3	0.800	Valid		
	OP4	0.787	Valid		

OP5	0.773	Valid	

4.2. The Results of Hypothesis Tests

According to [11], hypothesis testing is done by looking at the values contained in t-statistics through the bootstrapping. The path analysis coefficient shows the effect of the construct variables [12]. Based on the results in Table 2, the impact of entrepreneurial orientation towards competitive advantage has a t-statistic value of 0.916 and a p-value of 0.360, then H1 is rejected because the t-statistic result is less than 1.96 and the p-value is greater of 0.05. It can be said that the entrepreneurial orientation has a positive but not significant effect on post-pandemic competitive advantage. Based on the results of the hypothesis testing that has been carried out, the dynamic capabilities on competitive advantage has a t-statistics value of 2.832 and a p-value of 0.005, then H2 is accepted because the t-statistics result is greater than 1.96 and the p-value is less than 0.05. Based on the results of the hypothesis testing that has been carried out, the market orientation towards competitive advantage has a t-statistics value of 4.981 and a p-value of 0.000, then H3 is accepted because the t-statistics results are greater than 1.96 and the p-value is less than 0.05.

Table 2. Hypothesis Tests

Construct	Path	Original Sample	t-Statistics	p-Values
OK	OK -> KB	0.113	0.916	0.360
KD	KD -> KB	0.292	2.832	0.005
OP	OP -> KB	0.437	4.981	0.000

4.3. Discussion

Based on the data obtained through the outer loadings, 19 indicators have a result of more than 0.6 so that it can be said that the data is valid, and there are 3 indicators, namely OK2, KD3, and OP6 which have values below 0.6. These items must be deleted because do not meet the requirements and the data is declared invalid. Two indicators have a value above 0.6 but must be deleted, namely OK4, and KB4 because the Average Variance Extracted (AVE) value does not reach 0.5 so it is declared invalid.

The following are the results of research from the formulation of hypotheses regarding the variables studied:

The entrepreneurial orientation variable has a positive but not significant effect on competitive advantage in the post-pandemic period in Micro, Small, and Medium Enterprises (MSMEs) Food & Beverage in Jakarta. The results of this study are not in accordance with the results of previous research conducted by [6] and [14] which proved that entrepreneurial orientation is a factor that influences competitive advantage. This is because the respondent has a business that is still in the early stages of a business, the respondent does not do much exploitation on the business and focuses more on sales.

The results of testing the dynamic capabilities variable have a positive effect on competitive advantage in the post-pandemic period in MSMEs Food & Beverage in Jakarta. These results are in line with the research of [8] and [15] which states that each dynamic capabilities variable has a positive and significant influence on competitive advantage. The results of this study also show that dynamic capabilities is one of the important factors needed to excel in competing for business owners.

Hypothesis testing of market orientation variables has been proven to have a positive effect on competitive advantage in the post-pandemic period in MSMEs Food & Beverage in Jakarta. This result is in line with [2] and [16] which states that market orientation has a positive and significant influence on competitive advantage. Market orientation is very necessary so that a business that is run can understand the market conditions that will be run. Owners of MSMEs Food & Beverage in Jakarta are very aware that market orientation is very necessary for running a business, especially in the post-pandemic period. This is done to reach a wider market so that the business can grow rapidly.

The Food & Beverage micro, small and medium enterprise sector in Jakarta has started to rise due to digital transformation. Business actors really take advantage of technological advances such as

"Gojek, Grab, Shopeefood", and others. Business actors have also developed significant innovations to deal with the post-pandemic period, for example, such as "Kopi Lima Detik, Jacob, and Nako". which are engaged in the coffee sector make innovations in the form of bottled coffee that can be ordered through online applications. The application of these innovations has increased the competitive advantage of MSME actors.

With a competitive advantage in Micro, Small, and Medium Enterprises, it will increase new job opportunities for the community and of course improve the regional economy. It assists the sustainable development process by finding, evaluating, and exploiting opportunities. Micro, Small and, Medium Enterprises (MSMEs) Food & Beverage in Jakarta need to implement sustainability in order to adjust the business strategies implemented to better respond to the environment around MSMEs. Related to this moment, the study of [17] stated the term eco entrepreneurship views entrepreneurship through the environmental side so that its transformation involves an entrepreneurial process by maintaining a shared ecological mind set in obtaining opportunities, maintaining commitment, and generating innovation. Related with sustainability issues, MSMEs can apply entrepreneurial behaviour and relate it to economic, environmental, and social factors as the main assets to build a competitive advantage in increasing market value and the advantages of these MSMEs.

5. CONCLUSIONS

Based on the research of hypothesis tests, statistical tests, and discussions that have been described, it can be concluded that, Entrepreneurial orientation has an insignificant positive effect on competitive advantage in the post-pandemic period in MSMEs in Jakarta. Dynamic capabilities have a significant positive effect on competitive advantage in the post-pandemic period for MSMEs in Jakarta. Market orientation has a significant positive effect on competitive advantage in the post-pandemic period for MSMEs Food & Beverage in Jakarta.

For further research, it is expected to classify the Micro, Small, and Medium Enterprises (MSMEs) between new business actors and those that have been running for a long time. In this study, entrepreneurial orientation, dynamic capabilities, and market orientation can explain the competitive advantage variable by 54.2%. Future researchers are expected to be able to use variables other than those contained in this study such as marketing performance and supplier relations which may have a large enough effect to explain competitive advantage further. In line with the post-pandemic, digital marketing is very possible to be studied from the entrepreneurial marketing aspect which will affect the competitive advantage for MSMEs.

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