

ADVANTAGES OF COMPETING AS A KEY IN THE EFFECT OF ENTREPRENEURSHIP ORIENTATION ON MSME PERFORMANCE OF CATERING SERVICES

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ABSTRACT

The success shown in relation to competitors, choosing excellence and delivering it according to the target market has its own complexity for MSME catering services. Organizational behaviour that is less innovative and aggressive to display excellence in the form of products that are different and valuable to customers is a problem faced by MSMEs. The research objective is to gain an understanding of the role of competitive advantage in the relationship of entrepreneurial orientation with the performance of MSME catering services. Verification approach to surveying APJI members with 170 samples taken randomly in Bandung city. Data analysis using Structural Equation Modelling (SEM) based on co variant. The results of the study show that the success of recognizing excellence, choosing and conveying excellence that has competitive differentiation and price (cost leadership) as an intervening influence on entrepreneurial orientation on organizational performance. The need to improve performance based on selective excellence according to the target market.

Keyword: Entrepreneurial Orientation, Competitive Advantage, Organizational Performance, Catering Service UKM.

INTRODUCTION

Competitive advantage (Torres-Toukoumidis et al., 2017) lack of funding, market challenges and regulatory issues are considered obstacles to small business growth (Gill & Biger, 2012) delaying the realization and slowing down the process (Doern, 2011). According Wood (2006) highlights internal problems as inhibitors. Explained short-term factors that are more operational and the field of strategic planning has an influence but is small as a driver of growth. Family-owned businesses state how managers' behaviour in family-owned businesses. Managers of family companies use several management tools such as management accounting systems and cash budgets for decision-making processes and also provide less importance for strategic planning and personnel training program as a competitiveness factor.

On the other hand, the existing phenomenon is the ability of MSMEs to reach markets. MSMEs are not able to reach a wider market like entrepreneurs with large capital. This has an impact on sales, profits and even increase customer complaints based on dissatisfaction with an item or service due to the product being less in line with market expectations. Human capital, the tendency of innovation, size and age of the company industry characteristics influence how the company develops its market. Increasing sales for MSMEs is a big challenge. MSME players face obstacles especially for small family-owned businesses. Sales challenges not only in terms of interaction and promotion to drive sales. Barraza et al. (2011) suggested that competitive pressures resulted in lower quality products and services, delays in the delivery of such products

and services, decreased sales and loss of customers and even markets. In the end the benefits for MSMEs will decrease due to declining sales and economies of scale in production difficult to achieve.

Low & Macmillan (1996) explain that there is an entrepreneurship research design grouped by purpose, theoretical perspective, focus, level of analysis, time and method. Cunningham & Rowley (2010) asserted about entrepreneurship research in small businesses in diverse perspectives, across regions, sectors and countries, both between and intra-Asia. Research on micro service company catering businesses is still very limited, especially in family owned businesses. Even Jones et al. (2011) describe the entrepreneurial body of knowledge that is currently developing; an important contribution to theoretical and methodological integration has proven to be potentially fragmented and theoretical deficiencies in the field. Entrepreneurs are no longer fixated on concepts that are inherent in individuals and as individual behaviour as stated by Schumpeter (1939). Entrepreneurship develops with the domain of research at the organizational level. Miller (1983) examines entrepreneurship at the organizational level. Criadoy et al. (2011) describe an entrepreneurial conception in a company like a company: Entrepreneurship as a research concept becomes meaningful at the company level during the 1980s, when researchers began to see entrepreneurial behaviour from established companies. Research results can produce a framework for micro SMEs at once as a tradition in family entrepreneurship research.

Regarding the description above, even though it has been carried out with the right steps but still the existing problems regarding the performance of the MSME catering service business cannot be overcome. So that with the underlying problems of research based on the existing phenomena, the author will examine more deeply the performance of superior MSMEs from the knowledge of entrepreneurial management where based on organizational learning, entrepreneurial orientation and competitive advantage. So this study entitled "*Competitive advantage as a key in the influence of entrepreneurial orientation on the performance of food in the city of Bandung (Survey on Catering Services UMKM in Bandung City)*". In general, this study aims to examine competitiveness in relation to company orientation and performance.

LITERATURE REVIEW

Entrepreneurial Orientation

Entrepreneurial Orientation has become a major concept in the realm of entrepreneurship which has received a large amount of theoretical and empirical attention (Covin et al., 2006). Entrepreneurial Orientation refers to a strategy-making process that provides a basis for organizations for entrepreneurial decisions and actions (Lumpkin & Dess, 1996). One of the most widely accepted company-level constructs (Wales et al., 2013). Entrepreneurial Orientation (EO) is a key ingredient for firm success (Wang, 2008). Entrepreneurial orientation is the basis for every entrepreneurial activity. Entrepreneurial orientation has become a key construct in the entrepreneurship literature (George, 2011). Multidimensional construction such as EO is seen as a latent construction which is indicated by the dimensions that describe its structure. Covin & Slevin (1998) conducted research on entrepreneurial orientation as an organizational phenomenon. Li et al. (2008) explained that scientists see entrepreneurial orientation as an important element of high-performing companies.

Although entrepreneurial orientation has been defined in many different dimensions and a number of researchers borrow concepts and ideas from the strategic management literature, to describe entrepreneurial orientations such as autonomy, innovation, proactive, competitive aggressiveness and risk taking. Three dimensions, namely: innovation, proactivity and risk taking, have been adopted most often in defining entrepreneurial orientations (Lumpkin & Dess, 1996). Hortoványi (2008) mentioned 5 dimensions in EO namely Autonomy, Innovativeness, Proactiveness, Risk-management, Growth Orientation. Tang et al. (2008) explained that there are 3-dimensions in EO namely proactiveness, innovativeness, and risk-taking. George (2011) describes the literature debate about the dimensions of Entrepreneurial Orientation (EO) and whether the construction is independent (the EO variable becomes an independent variable). The observed variable for EO variables is innovation, risky, and proactive.

Entrepreneurial activities that will automatically drive high performance (Weerawardena, 2003). Competing means being able to produce differentiation and be able to offer the value of superiority to its customers including its employees. (Chan et al., 2004; Rezae & Ort, 2018; Prajogo & Hong, 2008; Wang & Yen, 2012; Kollmann & Stöckmann, 2014; Muecke & Hofer, 2015) suggests EO has a positive effect on company performance. (Kraus et al., 2012; Lechner & Gudmundsson, 2012) who suggested the impact of separate EO dimensions, risk taking had a negative effect on company performance.

H1: Entrepreneurial orientation has a positive influence on competitive advantage.

Advantages of Designing

The advantages of competing both from a market and resource perspective explain how the phenomenon of the business world is today. Competitiveness is a multidimensional concept. According to (Barney, 1991; Baum et al., 2001), resource-based theories consist of capacities and resources that are the foundation for business organizations to build scarce capacity with high value. Gerhard et al. (2007) that: From an RBV point of view, competitive advantage is the result of using strategic resources, both assets and capabilities, to the sustainable benefits of the company. Competitive advantage is the heart of marketing performance to face competition (Porter; 1990; Cater & Putcko, 2005): Competitive advantage can be defined as a unique position that a company develops in comparison with competitors where the boss depends on how the customer feels it. The view of competitive advantage both the concept based on Resources Base View (RBV) and Market Base View (MBV) is basically targeted at efforts to be superior by optimizing the functions that exist within the organization. In the formulated concept there are broad limits of the meaning contained primarily to distinguish between strategy and tactics. The strategy is more long-term and comprehensive. Attributes that are valued by the market (Agha & Alrubaiee, 2011; Li et al., 2006) which suggests competitive advantage can be measured using indicators; price, quality, delivery dependability, and time to market.

Competitive advantage as an output of organizational collective behaviour that originates in the understanding and awareness of organizational members about the functions of Innovativeness, self-control of members of the organization, risk taking, Competitive aggressiveness and autonomy. Processes, practices and decision making that are autonomous in accordance with organizational objectives will produce new products that are unique and different from competitive prices (Kotler & Armstrong, 2003) about positioning. Naidoo (2010) found that marketing innovation in SMEs directly affects sustainable competitive advantage. De

Vrande et al. (2010) found that SME marketing innovation is very important for income and achievement of growth. Competitive advantages can be achieved through market orientation, innovation, and entrepreneurial orientation.

H2: Competitive advantage has a positive influence on performance.

METHODOLOGY

This type of research is descriptive and verification. Subjects in this study are institutions in the form of Micro, Small and Medium Enterprises (MSMEs) which work in the catering sector, where the location studied is in the city of Bandung as many as 170 SMEs. EO measurement is five dimensions of entrepreneurial orientation, including innovativeness, risk taking, proactive, competitive aggressiveness, and autonomy, as suggested by (Miller 1983; Lumpkin & Dess, 1996). Measurement of competitive advantage as explained by Li et al. (2006). Suliyanto & Rahab (2012) as a measurement of SME performance. Help to test all variables and test the suitability of the proposed model is to use covariant-based tools in the form of Structural Equation Model (SEM).

RESULTS

Based on the responses of respondents, Entrepreneurship Orientation included in the "poor" category is below 68% of the ideal score. The superiority of competing percentage is between the ranges of 52% to 67.99% including organizational performance. All indicators constructed by the researcher are accepted. The average MSME service businessmen dare to take risks at a moderate level, especially in offering new products or new services. Exploration of product opportunities and opening new markets is only carried out by entrepreneurs of MSME service catering services known as pioneers. The estimated value of entrepreneurial orientation towards performance is 0.5. (standarized Regression Weights: (Group number 1-Default model) means that 5% performance decline can be explained by the positive value of entrepreneurial orientation. The higher the entrepreneurial orientation, the higher the performance. The influence of competitive advantage on performance is 84%, in the high group. The result of the study shows that the competitive position as a variable mediates the relationship between competitive advantage and MSME performance of catering services. The position of competitive advantage as a mediating variable in realizing performance is undoubted, meaning that the hypothesis in this study influences the total entrepreneurial orientation through competitive advantage over performance. MSME catering services are accepted.

Goodness	Cut of Value	Test Result	Conclusion
Signifikansi Probability	≥ 0.05	0.00	Marginal Fit
RMSEA	≤ 0.08	0.09	Marginal Fit
GFI	≥ 0.90	0.646	poor
AGFI	≥ 0.90	0.589	poor
CMIN/DF	≤ 2 atau ≤ 3	3.34	Marginal Fit
TLI	≥ 0.95	0.787	Marginal Fit
CFI	≥ 0.95	0.84	Marginal Fit

PNFI	> 0.6	0.685	Fit
IFI	> 0.90	0.805	Marginal Fit

Referring to the opinion about testing the structure obtained the description that all criteria as fit model are not fulfilled. Therefore modification of the model is done so that this model can be well received. Especially in samples that have extreme values.

DISCUSSION

The results of this study are in line with Lumpkin & Dess (1996) which shows the usefulness of seeing a company EO as a multidimensional construction. All EO dimensions can be present when a company enters a new market (essential entrepreneurial actions), but that success does not need all of this for long-term goals, and some of these dimensions can play a more prominent role during new market entry. Multidimensional aspects in EO may have a different relationship with company performance. EO dimensions such as innovativeness, proactiveness and risk taking play different roles in improving corporate performance.

Entrepreneurial orientation will appear to be the nature, character and organizational characteristics inherent in catering service business owners. Business owners, who have the courage to take risks, take advantage of opportunities proactively, willingness to realize differentiation and optimization of the value chain to produce the most efficient costs. Conditions of competition, the large number of new players in business, the large number of followers and only a few innovators in the catering business cause the dimensions of the EO to have no significant influence on long-term performance directly. This is based on empirical conditions in the field which shows that the EO dimension is only directed towards performance without the value superiority that is superior. More cheap prices are caused by the strategy of controlling the market in the short term or as an effort to seize the market in an instant way.

The results of the study are in line with (Kraus et al., 2012; Lechner & Gudmundsson, 2012) who suggested the impact of separate EO dimensions, risk taking has a negative effect on company performance, in contrast to positive effects from innovation and proactive nature. The impact of EO dimensions on performance must be considered separately. The results of the study differed from (Wang & Yen, 2012; Kollmann & Stöckmann, 2014; Muecke & Hofer, 2015) who suggested that the EO dimension was found to have a positive effect on overall company performance. Innovativeness in product and service services affects how the company performs but is not significant in this study. In line with the results of Prajogo & Hong (2008) research which suggests that the weakness of innovation is one of the most prominent in performance.

Proactive behaviour of food service entrepreneurs is less related to the core business of catering services. Many job offers are accepted. This is quite risky. MSMEs do not pay attention to how internal resources support work. The impact is that there is a discrepancy in performance expectations with reality. The functions of MSME organizations tend to be forced to accept offers of products and services that are not necessarily the core competencies of the company.

Venkatraman (1989) suggested that looking for new opportunities that might or might not be related to the operating line. Rezae & Ort (2018) which shows that EO affects performance emphasized that each EO dimension has a different impact on performance. Bhuian et al. (2005). It was explained that risk taking can be seen as an important EO component, can have positive and negative effects on performance. There is a possibility to find an inverse relationship between risk and performance. That means that taking risks has a positive effect on performance,

after that it has negative impact. The autonomy dimension describes fast and independent decision making to provide new markets with new products or services, lacking, in contrast to the concepts put forward by Lumpkin & Dess (1996). Average food is not much different and has low variance.

Competitive advantage affects how the level of company control over the market includes how it sells. In a very complex situation with a tight level of competition, average performance is not enough to maintain organizational sustainability. Performance is needed that is supported by superiority. This means that excellence that is valuable to customers, difficult to replicate by competitors, cannot be substituted and rarely possessed by competitors is an important factor that determines how the company reaches the Market. Increase sales, increase profits, including how they manage customers' extinction. The increase in the number of employees as an indication of an increase in productivity is determined by the value offered by the company to its customers. Lower with higher benefits (Kotler & Armstrong, 2003; Porter, 1990) competitive advantage is the heart of performance.

Companies that understand the importance of customer value seek to recognize the advantages that can be displayed in the product in relation to competitors. Value identification and analysis that has the most powerful advantages delivered to the target market effectively and efficiently. Selection of excellence is the key to success in reaching the market. The success of identifying excellence, selecting and delivering it according to the target market expands the company's opportunity to increase sales or market share.

CONCLUSION

Determination of control variables related to the description of the characteristics of the company, especially from the size of the company that affects the performance. Data on micro to determine the control variable is very limited. Competitive advantage is the key to EO relationships and performance. Competitive advantage guarantees how companies increase Market Coverage, sales, profits, respond to complaints, profits and increase the number of employees and customers. EO as a motor that moves how companies identify analyses and deliver value to customers. Unique positions and competitive prices are the focus of the operation of the catering service SMEs.

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