Antecedents of Competitive Advantage of Medium Business Actors
(Study on Medium Business Actors Registered at Department of Cooperatives, Micro and Trade, Banyuwangi Regency)

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Abstract. This research was conducted in the wake of the emergence of many small and medium businesses in Indonesia, especially in Banyuwangi regency. How can these medium-sized business actors compete, especially after the Covid-19 Pandemic conditions. These medium-sized business actors can compete to exist and survive, what factors or variables can affect the competitive advantage of these medium-sized business actors? Digital compatibility, HR competence, and entrepreneurial orientation affect the competitive advantage of these medium-sized businesses. This study aims to describe the variables of Digital compatibility, HR competence, and entrepreneurial orientation, and competitive advantage; To find out and analyze Digital Capability has a significant effect on medium-sized businesses in Banyuwangi; To find out and analyze HR competencies have a significant effect on medium-sized businesses in Banyuwangi; To find out and analyze Entrepreneurial orientation has a significant effect on medium-sized businesses in Banyuwangi; Capability, HR Competence, and Entrepreneurship Orientation affect medium-sized businesses in Banyuwangi. This type of research is descriptive quantitative with the aim of explaining the relationship/influence between variables (explanatory research). The population in this study were medium-sized businesses in Banyuwangi regency, as many as 708 people. The research sample is 88 respondents. The data analysis used is descriptive analysis and using SPSS. The results of the study show that: MSMEs in Banyuwangi already have Digital capability to increase Competitive Advantage. HR competencies owned by MSMEs in Banyuwangi are good and appropriate. The Entrepreneurship Orientation of MSMEs in Banyuwangi is good. Digital capability (X1), which has a positive and significant impact on competitive advantage, HR Competency Variable (X2), which has a positive and significant impact on competitive advantage, and Entrepreneurial Orientation Variable (X3), which has a positive and significant impact on competitive advantage, all have a significant impact simultaneously on MSMEs in Banyuwangi.

Keywords: Digital Capability · HR Competence · Entrepreneurial Orientation · Competitive Advantage

1   Introduction

The micro, small, and medium-sized enterprise (MSME) sector is critical to national economic growth. According to data from the Ministry of Cooperatives and MSMEs, the number of MSME actors in Indonesia is currently 64.1 million, accounting for 99% of all business actors. At the moment, the company's competitiveness is based not only on its ownership of intangible assets, but also on its information system, organizational management, and resources. As a result, businesses are increasingly emphasizing the value of knowledge assets. In addition to economic firms with characteristics of a science-based economy. This is accordance with resource-based theory [1], which states that the presence of company resources is a catalyst for competitive advantage and performance. Intellectual Capital is one approach used in the valuation and measurement of intangible assets with the primary goal of gaining a competitive advantage.

In Banyuwangi, to encourage micro, small, and medium enterprises (MSMEs) to advance to the next level, the Banyuwangi Regency Government has taken licensing balls to villages. The Online Single Submission (OSS) system is used to provide microbusiness license services. This service helps to promote MSMEs in Banyuwangi. Using the RBV theory, you must have variations in the company's resources and capabilities if you want to gain a competitive advantage.

The theory used in this study uses the RBV (Resource-based view) approach, namely by optimizing the resources it has. Digital capability, human resource competence and entrepreneurial orientation are company resources to achieve competitive advantage. Resource-based view (RBV) views company resources as the main driver of competitiveness. Differences in performance between companies when viewed from the point of view of resource-based view can be attributed to the variance in the resources and capabilities of the company [2]. Efforts are urgently needed to explore the importance of intangible assets in the form of digital capability. Barney [3] states that IT capabilities are increasingly being promoted as a source of sustainable advantage (Advantage Competitive).

In addition to digital capability, HR capabilities have a role for competitive advantage. Considering that improving the competence of human resources in organizations is an important element to achieve company success and their involvement in the development and implementation of business strategies will create organizational effectiveness in the industry. The same thing was conveyed by Wright et al. [4] that the development and improvement of employee competencies will affect the achievement of organizational performance and competitive advantage.

MSMEs will have a competitive advantage over rivals if they have strong innovation capabilities, which will allow them to perform better. Entrepreneurial orientation fosters a passion for creativity and innovation in developing company products. Based on this, it shows that entrepreneurial orientation is needed to make business actors superior in competing. Many efforts have been made by the Banyuwangi Regency Government to encourage development, improve quality, and raise the class of Banyuwangi SMEs, one of which is by getting support for digital payment platforms. The digitization of MSMEs not only boosts MSME performance, but is also useful for evaluating economic development by local governments. Based on the phenomenon and the importance of the role of these variables and the competitive advantage for medium-sized businesses

makes this phenomenon interesting to study with the title Antecedents of Competitive Advantage of Medium Business Actors (Study on Medium Business Actors Registered at Department of Cooperatives, Micro and Trade, Banyuwangi Regency).

2   Aims/Objectives

The objectives of this research are as follows:

- The description of Digital Capability, HR Competence, Entrepreneurship Orientation, and Competitive Advantage for medium-sized businesses in Banyuwangi.
- To find out and analyses Digital Capability has a significant effect on medium-sized businesses in Banyuwangi.
- To find out and analyses HR competencies that have a significant effect on medium-sized businesses in Banyuwangi.
- To find out and analyses the entrepreneurial orientation has a significant effect on medium-sized businesses in Banyuwangi.
- To find out and analyses Digital Capability, HR Competence, and Entrepreneurship Orientation affect medium-sized businesses in Banyuwangi.

The theory used is the RBV theory. According to Barney [3], resource-based view theory (RBV) emphasizes understanding the sources of a company's sustainable competitive advantage. Barney classified the company's resources as follows: physical capital resources, human capital resources, and organizational capital resources. The following is an explanation regarding the variables used:

2.1   Digital Capability

Amir [5] states that capability is the ability to exploit both the resources owned by individuals and organizations, as well as their potential to carry out certain activities or a series of activities. The level of performance of an employee will depend on the ability of the employee itself, such as the level of education, knowledge, and experience.

There are 3 types of basic abilities that must be possessed to support someone in doing a job or task, so that maximum results are achieved namely: Technical Skill (Technical Ability, Human Skill and Conceptual Skill [6].

In its formation, work ability refers to several indicators, according to Hersey and Blanchard, including the following:

- Technical Ability: Mastery of work equipment, Mastery of work procedures and methods, Understand the rules of the task or job.
- Human/social skills: Able to work with colleagues, Able to work with team, Able to empathize.
- Conceptual ability: Understanding agency policies, Understanding agency goals, Understanding agency targets.

Bharadwaj [7] stated that Digital Capability is a meta-construction to understand how the available and homogeneously distributed technology becomes a competitive

force. The widely adopted definition of IT capability is "the ability to mobilize and deploy Digital-based resources in combination with other resources and capabilities.

Digital Capability indicators are as follows:1) ICT proficiency, The ability to use ICT-based devices, applications, software, and services Feeling; 2) Critical Use, the ability to access information literacy, media literacy, and data literacy, 3) Creative production, the ability to do digital creation, digital data analysis, and digital innovation, 4) Participating, is the ability to carry out digital communication, digital collaboration, and digital participation, 5) Development, the ability to participate in digital learning opportunities, 6) Self-Actualizing, the ability to develop self-identity and the ability to balance work-life in the digital world.

2.2 Human Resources Competency

According to Mangkunegara [8], human resource competencies are competencies associated with knowledge, skills, abilities, and personality characteristics that have a direct influence on how they perform.

According to Hutapea and Thoha [9], three main things in HR competence are:

- A person's mastery of science and technology is defined as knowledge, which they acquire via lifelong learning and experience. Knowledge of business management, product or service expertise, customer knowledge, promotions, and marketing tactics are examples of markers of knowledge (knowledge) in this situation.
- The capacity to physically operate a thing is a skill. Skills such as leadership, management, organization, finance, administration, and accounting are all markers of skill.
- Work Attitude, is having creativity at work and having high morale that has the ability to plan or organize.

In each individual person there are several characteristics of basic competencies, which consist of the following:

- Character, such as self-assurance, restraint, fortitude, or endurance, is what determines a person's behavioral attitude or how that person reacts to something.
- A person's motive is something they desire or have a persistent thought or desire for, which leads to an action or provides the impetus for that person to act.
- Innate (self-concept), namely attitudes and values that a person has.
- Knowledge, which is information that a person has in certain fields and in certain areas.
- Skills, namely the capacity to perform specific tasks both physically and cognitively.

2.3 Entrepreneurial Orientation

Entrepreneurial orientation is touted as a pioneer in realizing sustainable company economic growth, high competitiveness, playing a role in achieving success, improving business performance, and new approaches in performance renewal [10].

Dimensions of entrepreneurial orientation by Lumpkin and Dess [11], namely:

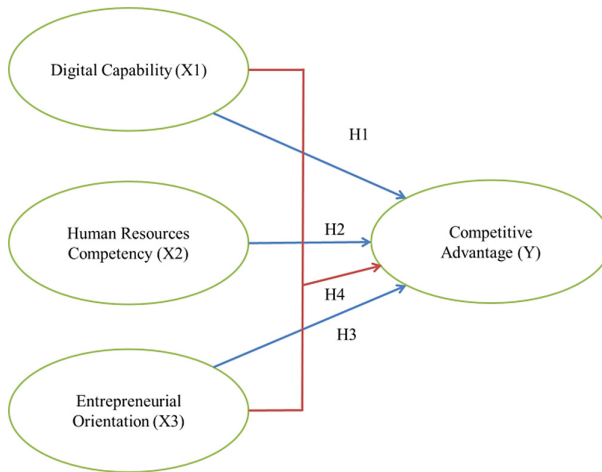- Innovative
- Proactive
- Risk Taking

Fig. 1. Hypothesis model.

2.4 Competitive Advantage

Competitive advantage is an important factor for a company to succeed in winning the competition. The dimensions of competitive advantage include: a. Price, b. Quality, c. Product uniqueness.

3 Methods

In this study used quantitative method with using SPSS For Window 22. The location of this research is medium-sized business actors registered with the Banyuwangi Regency Cooperative Service. Variables used in this study are Digital Capability (X1), HR Competence (X2), Entrepreneurship Orientation (X3), and competitive advantage (Y). The population in this study were medium-sized businesses in Banyuwangi district, as many as 708 people. Based on the Slovin formula, 88 samples of research respondents were obtained.

3.1 Hypothesis Model

Analysis data in this research use descriptive and inferential analysis.

4 Findings

Respondents in this study amounted to 88. Grouped by age, type of business, and gender of the respondent. That respondents aged 20–24 years were 27 (30.68%), aged 25–29 years were 17 (19.32%), aged 30–34 years were 9 (10.23%), 10 (11.36%), aged 35–39 years as many as 11 (12.5%), those aged 45–49 years as many as 6 (6.82%), those aged 50 years and over as many as 8 (9.09%).

The respondents who have a business in the trade sector are 31 (35.23%), who have a business in the hotel sector as many as 29 (32.95%), who have a business in the restaurant sector as many as 28 (31,82%). The respondents who have male sex are 42.05%, while women are 57.95%. Based on these data, the most respondents are respondents with male sex as much as 57.95%.

- Descriptive analysis results. Based on the descriptive analysis shows that the overall respondents in this study mostly agree with the statements put forward in the research questionnaire.
- The results of multiple linear regression analysis.

This regression analysis is used to determine the magnitude of the influence of the independent variables, Digital Capability (X1), HR Competence (X2), and Entrepreneurship Orientation (X3), on the dependent variable, Competitive Advantage (Y). The regression model is obtained using SPSS for Windows ver 21.00, as shown in the Table 1:

The regression equations obtained based on that table are as follows:

$$Y = 2,210 + 0,202\,X1 + 0,091\,X2 + 0,115\,X3$$

To partially test the hypothesis used t test (Table 2).

Table 1. Regression result equation.

Dependent Variable	Independent Variable	Unstandardized Coefficients	Std. Error	Standardized Coefficients (Beta)	t	Sig.
Y	(Constant)	2.210	2.019		1.094	0.277
	X1	0.202	0.037	0.440	5.417	0.000
	X2	0.091	0.034	0.231	2.701	0.008
	X3	0.115	0.038	0.274	3.058	0.003

Table 2. Partial test results (t test).

Variable relationship	t	Sig.	t table	Description
Digital capability → competitive advantage	5.417	0.000	1,989	Significant
HR Competency → Competitive advantage	2.701	0.008	1,989	Significant
Entrepreneurial orientation → Competitive advantage	3.058	0.003	1,989	Significant

5   Conclusion

This study was conducted in order to identify which variables influence Competitive Advantage. The independent variables in this study were Digital Capability (X1), HR Competence (X2), and Entrepreneurship Orientation (X3), while the dependent variable was Competitive Advantage (X3) (Y). The following are the study's findings:

- Digital capability variable has a total grand mean of 3.98. This shows that MSMEs in Banyuwangi already have Digital capability to increase Competitive Advantage. HR competencies obtained a total grand mean of 3.76. This shows that the competence of human resources owned by Banyuwangi SMEs is good and appropriate. The Entrepreneurial Orientation variable has a total grand mean of 3.79. This shows that the Entrepreneurship Orientation of SMEs in Banyuwangi is good. The Grand Mean on the Competitive Advantage variable was obtained at 3.93. This shows that MSMEs in Banyuwangi already have a good competitive advantage.
- The variable Digital capability (X1) was determined to have a positive and substantial influence on Competitive Advantage based on the findings of the t test.
- HR Competency Variable (X2), which has a positive and significant impact on Competitive Advantage.
- Entrepreneurial Orientation Variable (X3) which has a positive and significant impact on Competitive Advantage.
- The simultaneous (combined) impact of each independent variable on Competitive Advantage is examined using the F-test. Multiple linear regression analysis revealed that the independent factors simultaneously have a substantial impact on Competitive Advantage.

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