



Entrepreneurial Innovation for Micro and Small Businesses that Have Competitiveness in the City of Padang

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Abstract. This study aims to determine and analyze the effect of product innovation, entrepreneurial orientation, and entrepreneurial characteristics on competitive advantage in the micro and small-scale food and beverage industry in Padang. The research method used is descriptive quantitative. The sampling technique used was random cluster sampling. The sample in this study was 100 respondents. The data analysis technique used is multiple linear regression, t-test, F-test, and coefficient of determination. Based on the results of partial research on product innovation variables, entrepreneurial orientation, and entrepreneurial characteristics have a positive and significant impact on competitive advantage in the micro and small-scale food and beverage industry in Padang. Based on the results of the simultaneous test, it is known that product innovation, entrepreneurial orientation, and entrepreneurial characteristics have a positive and significant effect on competitiveness.

Keywords: Entrepreneurial Innovation, Food and Beverage Industry, Micro and Small Business.

1 Introduction

The largest economic supporter in Indonesia is the Micro and Small industries. Micro and Small Industry is one of the stepping stones for the government to create new jobs, and it has a strategic role in driving the national economy, as well as improving people's welfare. However, based on a survey conducted during the pandemic, not a few businesses experienced a decrease in turnover and went out of business, and many employees were laid off. In these conditions, competition in the food and beverage business industry in Padang is increasing. This is due to the large number of new businesses in the same field working in the industry. Therefore, business actors should create a competitive advantage so their business can survive.

Based on data from the Office of UMKM and Cooperatives of Padang City 2021, the number of micro and small-scale food and beverage businesses in the city of Padang dominates the business sector in eleven sub-districts throughout the city of Padang, with a total of 5,153 business units. Of these many businesses, it will certainly cause many problems caused by various factors, such as product innovation, entrepreneurial orientation, and the characteristics of the business actor; where business actors have different attitudes and skills, the innovations made to their businesses are also different. They are diverse and

have expertise and behavior in different businesses, so competition in these businesses is getting higher. These problems will greatly impact the competitive advantage of the business itself. According to Porter (2008) and Darmanto and Wardaya (2016), competitive advantage is the ability of a company to achieve economic benefits above the profits that competitors can achieve in the market in the same industry [1].

Based on the background description above, this study aims to: a) determine and analyze the effect of product innovation on competitive advantage in the micro and small-scale food and beverage industry in the city of Padang. b) To determine and analyze the effect of entrepreneurial orientation on competitive advantage in the micro and small-scale food and beverage industry in the city of Padang. c) To find out and analyze the influence of entrepreneurial characteristics on competitive advantage in the micro and small-scale food and beverage industry in the city of Padang. d) To determine and analyze the effect of product innovation, entrepreneurial orientation, and entrepreneurial characteristics on competitive advantage in the micro and small-scale food and beverage industry in Padang.

2 Literature Review

2.1 Product Innovation

According to Dwanto et al. (2015), innovation usually refers to properties such as changing or making processes or products, as well as ways of doing things so that they become more effective. In a business or enterprise context, this means implementing new ideas, improving existing services, and creating other, more dynamic products. Lucas and Farrel (2000) and Marlina (2019) suggest that product innovation can be divided into three indicators: Product Expansion, Product Imitation, and New Products [11].

Research conducted by Curatman et al. (2016) states that product innovation positively influences competitive advantage in a business or industry. From this research, there is a positive and significant relationship between product innovation and competitive advantage. Product innovation is needed to achieve a competitive advantage because it makes a product have its value, is unique, and is not easy to imitate.

2.2 Entrepreneurship Orientation

According to Hidayat (2020), Entrepreneurship is identifying, developing, and bringing a vision to life. The vision can be an innovative idea, an opportunity, or a better way of doing things.

According to Lumpkin and Dess (1996) in Irena (2016), there are five indicators of entrepreneurial orientation: level of Centralization, Innovativeness, Daring to Take Risks, Proactive, and Aggressive in Competing.

Research conducted by Puspasari and Rahardjo (2017) shows that entrepreneurial orientation has a positive but insignificant effect on competitive advantage. From this research, there is a positive and significant relationship between entrepreneurial orientation and competitive advantage.

2.3 Characteristics of Entrepreneurs

The characteristics of entrepreneurship, according to Meredith (1996) in Yonaldi (2018), are confident and optimistic, task and result-oriented, risk-taking and challenges, leadership, originality, and future-oriented.

According to Meredith (1996) and Yonaldi (2018), there are several indicators of the characteristics of entrepreneurs as follows: confidence, task and result-oriented, daring to take risks, having a leadership spirit, thinking toward results, and originality.

Entrepreneurial characteristics have a significant influence on Competitive Advantage. A strong entrepreneurial character in an entrepreneur is one of the determining factors to excel in industrial competition. This is evidenced by research conducted by Ardiani and Miraza (2016), stating that the characteristics of entrepreneurs have a significant effect on competitive advantage.

2.4 Competitive Advantage

According to Hajar and Sukaatmadja (2016), exposing competitive advantage is a strategy to be superior to competitors. Longenecker, Moore, and Petty (2003) and Mirza (2011) suggest indicators of competitive advantage as follows: Product uniqueness/service privileges, Cost/price, Quality of available products, Customer Experience, and Ease of consumer [5].

Based on the author's review, the Factors Affecting Competitive Advantage are:

1. **Product Innovation.** Research conducted by Noviani (2020:2082) shows that individual product innovation has a positive and significant effect on competitive advantage. The first factor that influences competitive advantage is product innovation.
2. **Entrepreneurship Orientation.** Research conducted by Wadud (2018:154) shows that entrepreneurial orientation has an impact on competitive advantage in a company. The positive relationship between entrepreneurial orientation and competitive advantage shows that business actors with an entrepreneurial orientation must have management skills.
3. **Characteristics of Entrepreneurs.** Research conducted by Ardiani and Miraza (2016: 40) shows that competitive advantage depends on the entrepreneurial characteristics of a business actor. A business actor who has entrepreneurial characteristics will be able to produce high-quality products and be able to market them well so that it will produce a competitive advantage.

3 Results and Discussion

3.1 Product Innovation Variables on Competitive Advantage

Based on research on product innovation, variables have a positive and significant impact on competitive advantage in the micro and small-scale food and beverage industry in the city of Padang. The results of this study are supported by the highest and lowest Respondent Achievement Levels (TCR). So from these results, product innovation carried out by micro and small-scale food and beverage industry entrepreneurs in the city of Padang is considered good because they have run businesses by imitating the way other people run their businesses. Whether it is how to behave towards consumers or actions taken in dealing with problems in their business, this needs to be maintained properly so that the business runs well.

3.2 Variables of Entrepreneurship Orientation to Competitive Advantage

Based on the research results, the entrepreneurial orientation variable has a positive and significant effect on competitive advantage in the micro and small-scale food and beverage industry in the city of Padang. The results of this study are supported by the highest and lowest Respondent Achievement Levels (TCR). From these results, it can be concluded that

the entrepreneurial orientation of business actors in the micro and small-scale food and beverage industry in the city of Padang is good because they have dared to take all the risks from business activities that are carried out in the city of Padang. This needs to be maintained properly so the business runs well.

3.3 Entrepreneur Characteristics Variables on Competitive Advantage

Based on research on entrepreneurial characteristics, variables have a positive and significant impact on competitive advantage in the micro and small-scale food and beverage industry in the city of Padang. The results of this study are supported by the highest and lowest Respondent Achievement Levels (TCR). From these results, the entrepreneurial characteristics possessed by business actors in the micro and small-scale food and beverage industry in the city of Padang are good because they have a strong determination to improve the business continually. That is being carried out in the future, so this needs to be maintained properly so that the business runs as desired.

3.4 Competitive Advantage Variables

Based on the study results, the competitive advantage in the micro and small-scale food and beverage industry in the city of Padang has looked good. This is evidenced by the highest and lowest Respondent Achievement Levels (TCR), so from these results, it can be concluded that the competitive advantage in the food and beverage industry and micro and small-scale drinks in the city of Padang is good.

4 Conclusion

Product innovation variable has a positive and significant effect on competitive advantage in the micro and small-scale food and beverage industry in Padang. This means that if product innovation in running a business is carried out properly, it can increase competitive advantage in the micro and small-scale food and beverage industry in Padang.

The entrepreneurial orientation variable has a positive and significant effect on competitive advantage in the micro and small-scale food and beverage industry in Padang. This means that if the entrepreneurial orientation of business actors is carried out properly, it can increase competitive advantage in the micro and small-scale food and beverage industry in the city of Padang.

The variable of entrepreneurial characteristics has a positive and significant effect on competitive advantage in the micro and small-scale food and beverage industry in Padang. This means that if the entrepreneurial characteristics of business actors are applied properly, they can increase competitive advantage in the micro and small-scale food and beverage industry in the city of Padang.

Product innovation variables, entrepreneurial orientation, and entrepreneurial characteristics have a positive and significant impact on competitive advantage in the micro and small-scale food and beverage industry in the city of Padang. This means that if product innovation, entrepreneurial orientation, and entrepreneurial characteristics of business actors are carried out well, they can increase competitive advantage in the micro and small-scale food and beverage industry in Padang.

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