

SMEs Competitiveness on Market and Resource Based Integration

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SMEs Competitiveness on Market and Resource Based Integration

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Abstract

The purpose of this study is to analyze the descriptiveness of small micro enterprises based on the resource-based and market-based. The contribution of this study expected to map the competitiveness of micro and small enterprises featured in South Sulawesi. This study applies a quantitative approach and focuses on the venture silk weaving, coconut oil, and brown sugar in South Sulawesi particularly in Sengkang, Bone, Selayar, and Jeneponto region. Using the quantitative approach, questionnaires were distributed within the population and eventually responded by 149 business ventures. The research findings indicate that low mastery of technology resources, the lack of good management in financial resources, organizational resources, human resources, as well as the availability of resources have less contribution on the competitiveness of micro and small enterprises. However, this study finds that the price becomes one of the major effects on such enterprises' competitiveness. The findings also show that innovation on product and the availability of skilled labor has correspondingly become the major effects for micro and small enterprises.

Keywords: Competitiveness, Resource Based, Market Based, Medium and Small Enterprises

Introduction

The limitation of resources and capabilities, according to Pan and Lee (2020) and Popescu et al., (2020) scientifically attached with the micro and small enterprise (MSE), Tambunan (2019) in addition, argues that technology mastery, capitals, and so on tends to attach with MSE. Based on these issues, some scholars (Holatova & Březinová, 2017; Popescu et al., 2020; Starzhinskiy & Tsepkalov, 2020) suggest that in order to address the limitation of MSEs, the development of resource strategic is important. This is due to the intense competition level on performance. Hence, the success of MSE in improving its business performance is determined by the control of strategic resources. Moreover, according to the literature (Sukaatmadja et al., 2021; Andersen, 2021), through the application of resource-based view (RBV), MSE is ease to develop the specific competencies so as to achieve the sustainable competitive advantage. Bai et al., (2021) shows that the acquisition of strategic resources can help MSE to create as well as develop the competitive advantage and improve its performance particularly on the aspect of profitability, productivity, and market.

Furthermore, the competitive advantage is affected by the external environment as described in the theory of industrial organization (I/O) (Porter, 1980) its theory also suggests that the enterprise is considered as a set of strategic activities that aim to adapt on the environment of industrial through the discovery of strategic position in the market (Porter, 1980) in order to finally determine the potential profitability (Budzinski & Kuchinke

2018; Wu et al., 2017; Cheng, 2020). Furthermore, based on the study of Hutahayan and Yufra (2019), industry environment provides a significant and positive impact indirectly on the performance of companies through the competitive strategy (cost leadership and differentiation). However, the direct impact is not significant and has negative relationship on the business performance. This means that in formulating strategies to obtain high performance, the company has to analyse the pressure within industrial environments. Hutahayan and Yufra (2019) also shows that most of enterprises especially MSEs in Indonesia deal with some major problems such as barrier of entry, the suppliers, substitution items, and other competitive firms. Pratonov et al. (2018) additionally says that the environments of industrial for example the new competitors, substitute products, the strength of the buyer and existing competitors are significant and offer a positive impact on the performance of small industries either directly or indirectly through a strategic competitive advantage. Additionally, there are 2 methods in order to improve the performance of company, as shown in the literature, namely: RBV and I/O. Barua & Ioan (2021) for example suggests that RBV is fit and match to improve the resources and internal capabilities of the organization and IO for the external dynamics. Barua & Ioan (2021) also suggests that through the application of both theories mentioned above will help to determine the performance of the company either directly or indirectly through the strategy.

Furthermore, Islami, et al, (2020) indicate that the effect of the company's assets and complementary industrial environment, where the assets of the company are significant

and having a positive impact on the market performance, but on profitability. Meanwhile, industrial environment significantly and negatively (directly or indirectly) affect the profitability through the competitive strategy. This shows that the assets of the company and the industry environment both affect different dimensions but interrelated. Budzinski & Kuchinke (2018) also suggest that the internal factors of the company directly or indirectly affect significantly and prove a positive impact on the corporate performance through the company's strategy. However, the environmental factors of the industry have positive and significant relationship indirectly onto the firm performance through the competitive strategy (cost leadership and differentiation), but has no significant effect on the business performance. Therefore, this study suggests that internal resources and the environment within the industry are important for the performance of enterprises especially MSEs. In addition, literature shows that MSEs have important role on the economy development, unfortunately such enterprises show that they are internally lack of competitiveness due to the issues of growth of the industry, lack of raw material supply, production capability, mastery of technology, and products competitiveness). Additionally, the awareness of people to use domestic products Hutahayan and Yufra (2019) are becoming the major issues for MSEs externally. As a result, MSEs tend to be low on productivity and some of them are fail to survive Pratono et al. (2018). In regard with the study of Chaşovschi, et. al. (2022), the high performance of small businesses considered as one of the important factors to survive in the market and accordingly it is central to identify and comprehensively analyze the method for increasing the small businesses' performance.

In 2018 the number of businesses registered including MSEs in South Sulawesi has reached 17,434 businesses, and labour absorption reached 69,797 people. However, this achievement gives less significant increase in the GDP (Hutahayan and Yufra, 2019; Pratono et al., 2018). This means that SMEs have not been able to provide the maximum added value to the achievement of the activity or the performance of the regional economy. Furthermore, most of MSEs in South Sulawesi are in silk weaving business, coconut oil as well as brown sugar manufacturing business. The main problem for small micro business is lack of the allocation of strategic resources and market access limitation (Hutahayan and Yufra, 2019; Pratono et al., 2018).

In addition, the management of resource-based enterprises (resources-based) and market position are consequently seen as the solution for small coconut oil industry. Development and utilization of company resources, capabilities and core competencies can be understood through RBV and market position can be understood through models IO (Barua & Ioanid, 2021).

Review Of Theory

Sustained Competitive Advantage: An integrated I/O Model and RBV Theory

As stated by Porter (1980) as well as Popescu et al., (2020), the strategic manager has considered that the understanding of the source of sustainable competitive advantage has become an important area in such field of strategic management study. Even in the last two decades of strategic management literature has been dominated by the fundamental question of whether the company's performance is the result of industry effect (market-based) or the specific

capabilities (based resource) owned by the company as well as how companies can achieve and maintain a competitive advantage (Islami, et al.,(2020). In fact, both models (I/O and RBV) shows that the model of I/O focused outside the enterprise, while models of RBV focuses on the enterprise Barua & Ioanid (2021), RBV and I/O tools in addition as the method for establishing the composition of this study framework. Barua & Ioanid (2021) proposed two things in common: (1) Perspective of RBV and frameworks of Porter has the same view that to obtain returns above normal is possible; (2) to explain the same phenomenon is mainly a sustainable competitive advantage. Furthermore, Frau et al., (2020) describes the strategy of operating as a reconciliation between the market needs (outside-inside) and the ability of resource operations (inside-out). This has been understood by many researchers in the field of strategic management that the company's competitive advantage depends on the suitability between capability internal organization and organizational changes in external conditions. According to Barua & Ioanid (2021) effective combination of results obtained using the model I/O and RBV models, companies can radically improve profitability by achieving strategic competitiveness and generate earnings above the average.

Industrial Environment

Porter's concept (1980) is concerning on the environment of industry, is a cornerstone of strategic thinking and business planning. The five forces that shape the competition in an industry, the threat of new competitors; bargaining strength of suppliers; bargaining strength of buyers/customers; the threat of substitute products; and the intensity of rivalry among existing competitors (Islami et al, 2020).

The concept put forward by Michael Porter in "Porter's five forces" can be used for industry analysis and the development of a company's strategy to see market attractiveness. Market attractiveness in this context refers to the overall profitability of the industry. The industry becomes unattractive if the combination of moving forces reduces overall profitability, whereas if the industry's market conditions move towards "pure competition" then the industry is considered truly unattractive.

Strategic Resources

The process of strategic resource identification as its core competency is an essential activity to achieve a competitive advantage for companies (Popescu et al., 2020; Starzhinskiy & Tsepkalov, 2020, Hamad, Elbetagi, & El-Gohary, 2018). Measurement of strategic resources in this study were divided into six groups of resources in order to create competitive advantage, namely; (1) physical resources, (2) resources reputation, (3) the organization's resources, (4) financial resources, (5) the intellectual resources / human, and (6) the technological resources (Hamad, Elbetagi, & El-Gohary, 2018; Xuhua, Elikem, Akaba, & Worwui-Brown, 2019; Wu et al., 2017; Pratono et al., 2018)

Research Method

In the methodology, the design of this research is quantitative descriptive. The research location is in Sengkang, Bone, Selayar, and Jeneponto region. All these regions are in South Sulawesi. The population of small micro in South

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Sulawesi is 149 units, namely: companies run into silk weaving clothes are 45 units, the businesses of making coconut oil are 59, and the businesses of making brown sugar are 45. The numbers above are considered as the sample of this study. Respondents are the business owners. The data was collected through the surveys using a questionnaire. The data analysis used in this research is descriptive statistics.

Result Analysis

The competitive powers that may result having any effect

on the industry fields including the business entities considered as the overview of the environment of industrial. Such forces cover such as the barriers during such entities entering the market to be more specific e.g. the rivals' existence coming with their threats, the suppliers and buyers bargaining issue, and substitute products as well as the existing rivals' threats. Industrial environment in this study was defined as the intensity of competition in the business environment of silk weaving, coconut oil, and brown sugar are reflected through five indicators, namely the MSE's barrier in entering the market, the suppliers and buyers bargaining issue, and substitute products as well as the existing rivals' threats.

Indicator/ Item	Frequency Response (f) & Percentage (%)										Mean	Index	
	1		2		3		4		5				
	f	%	f	%	f	%	f	%	f	%			
X11-1	The strength of financial capital	0	0	0	0	6	4	33	22	110	74	4.70	94.00
X11-2	The production capability	0	0	0	0	14	9	31	21	104	70	4.60	92.20
X11-3	Loyalty Buyers	0	0	28	17	87	45	38	26	18	12	3.32	66.60
X11-4	Access to raw materials	0	0	8	4	19	13	31	21	93	62	4.42	88.20
Barriers of (New) Entry (X11)											4.36	85.35	
X12-1	The ability of suppliers to raise prices	0	0	1	1	58	38	45	30	47	31	3.93	78.20
X12-2	The raw material suppliers	0	0	1	1	32	21	59	40	57	38	4.15	83.00
X12-3	The number of suppliers	0	0	2	2	63	42	18	12	66	44	3.99	79.62
Supplier Bargaining Strength (X12)											4.42	80.37	
X13-1	Quality of product substitution	8	5	73	49	68	46	0	0	0	0	2.40	48.30
X13-2	Price substitutes	0	0	0	0	14	9	67	45	68	46	4.36	87.40
X13-2	Availability of substitutes	0	0	0	0	5	3	76	51	68	46	4.42	88.60
Product Substitution (X13)											3.73	74.73	
X14-1	Price demands cheap products	0	0	0	0	58	39	60	40	31	21	3.82	76.40
X14-2	Stack demand payment	0	1	0	0	52	35	38	25	59	40	4.04	81.00
X14-3	The drop-in demand	0	0	3	2	40	27	38	25	68	46	4.15	83.00
Bargaining Buyers Power (X14)											4.40	80.13	
X15-1	Product quality competitor	0	0	0	0	3	2	72	48	74	50	3.89	77.56
X15-2	Competition price of toe product	0	0	0	0	4	3	62	41	83	56	4.31	90.60
X15-3	Production Innovation Competition (PIC)	0	0	71	47	28	19	34	23	16	11	2.71	59.60
X15-4	Seizing skilled workforce	0	0	47	32	28	19	14	9	60	40	3.52	71.40
Existing Competitors (X15)											3.66	74.79	
Perceptions index: The Average of the Environment of Industrial (X1)												79.43	
Interpretation Value index 10 to 40% is low; 41 to 70% is moderate; and 71 to 100% is high													

Table I: Description of Respondents Perception of the Business Environment
Data Processed, 2022

The perceptions that come from the respondents suggest that the level of competition, particularly the competition intensity is considered high inside the environment of silk weaving business, coconut oil, and brown sugar fields in South Sulawesi. This is because, the result shows that the average value of perception index is 79.6%. Indicators highest barriers to entry to obtain responses with 4.26 mean value, and 85.25 of index. In accordance with such results, this study suggests that silk weaving industry, coconut oil, and brown sugar have less ability in providing a barrier for new competitors which aim to enter the markets where such 3 industries attached. This means that the new rivals' threats considered to be possible or extremely high entering the abovesaid markets. While other indicators mean respectively 4.02 bargaining strength of suppliers, 4.00 value of bargaining strength of buyers, existing competitors amounted to 3.66 as well as 3.73 of product substitution. Overall value perception index averages each indicator showing the intensity of competition in the business of

silk weaving, coconut oil, and brown sugar high or more competitive.

Additionally, the perception from the unit analysis of this study showing that the barriers to enter the market are measurable instruments of capital strength, capabilities in producing goods, buyer loyalty, and access to raw materials, item financial capital strength obtain 4.70 mean value and considered as the biggest value of the response. The item production capability to obtain responses with 4.60 mean value and access to raw materials to obtain responses with 4.42 mean value as well as the loyalty of buyers to obtain responses item lowest with 3.32 mean value. This study shows that the weakness that plays vital role in affecting the silk weaving, coconut oil, and brown sugar industry is the power of finance capital and production capabilities that provide great opportunities new competitors to enter into the business of silk weaving, coconut oil, and brown sugar. In addition, businesses

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silk weaving, coconut oil and brown sugar are also difficult in obtaining raw materials as well as the lack of buyers remains increasingly reflects low entry barriers. The evidence suggests that the main obstacle for small business coconut oil is a shortage of capital which triggers the limited production capabilities and the ability to access raw materials. Consumer interest in silk, coconut oil, and brown sugar local markets diminishing reinforce that loyalty buyers also decreased.

Description of respondents' perceptions of supplier bargaining strength indicator measured the ability of suppliers to raise prices, the primacy of raw material suppliers, and the number of suppliers. Item primacy of raw material suppliers obtain 4.15 mean value and considered as the biggest value of the response. While the item number and item suppliers raised the price of the supplier's ability to obtain responses respectively with 3.99 - 3.93 average value. The total average of respondents to the bargaining strength of suppliers 4.02. This means there is high suppliers bargaining strength on the business of silk weaving, coconut oil, and brown sugar in terms of the primacy of raw materials for the survival of the production due to the limited number of existing suppliers, thus providing flexibility for suppliers raise prices. The fact that the scarcity of raw materials caused by the purchase of a local trader to supply the local market inside and outside 14 province of South Sulawesi. The perception coming from the unit of analysis in this study describes the threat of substitute products which indicators measured by the quality of substitute products, the price of substitute products, and the availability of substitute products. Item availability of substitute products earn 4.42 mean value and can be said as the biggest value of the response. The price of the product substitution to obtain responses with 4.36 mean value and a substitution product quality items only elicit a response with the average at 2.40. The total average value from the respondents on the substitute products threats to 3.73. In line with such results, this study suggests that the potential threaten that comes from the substitute products onto silk weaving, coconut oil, and brown sugar industry considered high due to the substitute products already available inside market that are cheaper nonetheless having less quality.

In indicator of buyer's strength of bargain, 4.15 mean value inside the declining level of demand. This means that such mean value above considered as the biggest value of the response. Subsequently, the demands payment allowances

and item's price demands of each product to obtain responses with 3.82 as well as 4.05 mean value. The total average value from the respondents is 4.01 for the buyer bargaining strength. These results showed a high-power purchaser to affect the profits of businesses silk weaving, coconut oil, and brown sugar with a decrease in the purchase of palm oil. Customers still in power in a bid for leniency payments and is vital to the pricing of the product and it is similar to something that occur where the owner of a small business depends a lot of coconut oil to market information of customers, so that transactions that occur between the owner and the customer is more confidence.

Overview of existing competitor's indicator shown by element price competition products that obtain 4.51 mean value and considered as the biggest value of the response. In contrast, the unit of PIC to obtain responses with the lowest average of 2.71. As for the item and item product quality competition race for skilled labour each with 3.89 as well as 3.52 mean value. The respondents to the indicator of existing competitors with the average 3.66. In regarding with such result, this study recommends that the price war appears and attached with the silk weaving, coconut oil, and brown sugar industry. In addition, also rivalry between existing competitors in terms of quality and the seizure of skilled labour. Nonetheless, innovation production, on the other hand, having less ability to compete. Based on the abovesaid results, this study suggests that the price competition is suggested as the leader with a better quality of the product. The battle for skilled labour triggered by the lack of experienced existing workforce. The weakness, to be more specific, the principal weakness, that is showing innovation in production did not change significantly due to there is indication that the earlier products' designs/forms/shapes considered similar with the product of MSEs. The ability of businesses silk weaving, coconut oil, and brown sugar in controlling and managing the tangible and intangible resources as well as the capabilities is viewed as the strategic resources. Strategic resource in this study was measured through six indicators, namely the availability of physical resources, achieving the reputation of resources, management of organizational resources, financial resources management, human resources management and mastery of technology resources. The respondents' perceptions of strategic resources shown in the following Table 2.

Indicator/Item		Frequency Response (f)						Percentage (%)				Mean	Index
		1		2		3		4		5			
		f	%	f	%	f	%	f	%	f	%		
X21-1	Place of business	0	0	0	0	52	35	84	56	13	9	3.77	74.80
X21-2	Production facilities	0	0	0	0	61	41	75	50	13	9	3.66	73.60
X21-3	Raw material	0	0	22	15	48	32	52	35	27	18	2.89	71.20
Availability of Physical Resources (X21)											3.44	73.20	
X22-1	Product quality	0	0	0	0	8	5	96	65	45	30	4.23	85.00
X22-2	Customer care	0	0	0	0	17	11	83	56	49	33	4.21	84.40
X22-3	Uniqueness Products	0	0	6	4	31	21	53	35	59	40	4.11	82.20
Achievement Resources Reputation (X22)											4.18	83.37	
X23-1	Managing Business	0	0	0	0	40	27	73	49	36	24	3.97	79.40
X23-2	Generating Reports	21	14	87	58	30	20	1	1	10	7	2.28	45.80

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X23-3	Making Plans	1	1	10	7	39	26	61	41	38	2	3.84	76.40
Resource Management of Organization (X23)												3.36	67.20
X24-1	Management gains	1	1	5	3	24	16	94	63	25	1	3.92	78.40
X24-2	Use of funds	1	1	2	1	38	26	75	50	33	2	3.92	78.20
X24-3	Access loan capital	13	9	59	39	34	23	24	16	19	1	2.85	57.00
Management of Financial Resources (X24)												3.36	71.20
X25-1	Having skilled workers	0	0	0	0	1	1	82	55	66	4	4.44	88.60
X25-2	Having workers with high motivation	0	0	0	0	7	5	78	52	64	4	4.38	87.60
X25-3	Training and development of employees	51	34	68	46	14	9	9	6	7	5	2.01	40.40
Human Resources Management (X25)												3.61	72.20
X26-1	The use of production technology	2	1	42	28	95	64	7	5	3	2	2.78	55.80
X26-2	Utilization of information technology	3	2	24	16	78	52	34	23	10	7	3.16	63.40
X26-3	technology development	10	7	61	41	72	48	3	2	3	2	2.52	50.20
Mastery of Technology Resources (X26)												232	56.47
Perceptions Index Mean Variable Strategic Resources (X2)													70.69
Interpretation Value Index: 10 – 40% = Bad; 41 – 70% = Enough; 71 -100% = Good													

*Table II: Description of Respondents Perception on Strategic Resources
Data Processed, 2022.*

Perception of business owners of silk weaving, coconut oil, and brown sugar to a strategic resource in Table 2 can be explained that the possession or control of strategic resources have not performed well based on average perception index value judgment obtained by 70.69 percent. Resource indicators of achievement gained a reputation value with 4.18 mean value and 83.87 of index. This study then recommends that SMEs rely more on the achievement of resources reputation as a major source of competitive advantage. While other indicators 3.56 mean value of individual management of financial resources; human resource management amounted 3.61; 3.44 for availability of physical resources; 3.36 mean value of resource management organization; and the lowest is the mastery of the technological resources to obtain respondents with the average of 2.82. This means that the weakness, to be more specific, the principal weakness in the business of silk weaving, coconut oil, and brown sugar lies in the mastery of technology resources. Management of physical resources is the availability of tangible assets used small micro enterprises in business activities. The indicator is measured on the three items, namely a place of business, production facilities, and raw materials.

Item businesses 3.77 mean value and considered as the biggest value of the response. As for the items and raw materials production facilities respectively with average 3.66 and 2.89. The respondents to the indicators of physical resources with the average of 1.44. This result meant that the availability of tangible assets used in operations is considered feasible with major emphasis on the adequacy of effort compared to viability of production facilities and the availability of raw materials. This is in line with the existing conditions in which the feasibility of the place became an important thing to do in addition to the raw materials and facilities production. Special raw materials inventory is considered capable of supporting business activity although access to obtain the raw material is not too easy and a limited number of suppliers.

Resource management reputation is a good name that has been achieved over the small micro business activity. The indicator is measured on the three items, namely product quality, customer service, and uniqueness of the product. Item quality products earn 4.23 mean value and considered as the biggest value of the response compared to an item of customer service and unique product* that elicit a response each with 4.21 and 4.11 mean value. All respondents to the reputation of the resource with 4.18 average value. This study shows the resource business reputation of silk weaving, coconut oil, and brown sugar is considered good with the main emphasis on customer satisfaction on the quality of the product. Additionally, customer service and the uniqueness of the product as well as the resources that are considered good reputation in the business of silk weaving, coconut oil, and brown sugar. The response is in accordance with the existing development where business reputation of silk weaving, coconut oil, and brown sugar is always considered good by its customers both in business services, product quality, and uniqueness of the product as certain characteristics.

Management of organizational resources is the ability of the businesses silk weaving, coconut oil, and brown sugar and 19 in managing organizational functions to ensure the achievement of business objectives. The indicator is measured on the three items, namely business management, preparing business reports and business plans. Item management businesses obtain 3.97 mean value and considered as the biggest value of the response, compared to respondents to the items develop a business plan and compile a report item of business with 3.84 and 2.28 respective average values. All respondents to the organization's resources with 3.36 mean value. The results of this study explained that the management of organizational resources can be judged poorly by seeing weakness in the ability to formulate reports despite efforts in business management and ability to develop a business plan

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can be considered good. The stark reality is generally effort silk weaving, coconut oil, and brown sugar does not have the ability to draw up a report for work despite the limitations of formal education have received training from the relevant agencies. Business owners are able to manage the business and develop a business plan due to their experience and expertise that has long pursue the silk weaving, coconut oil, and brown sugar.

Management of financial resources is the ability of the businesses silk weaving, coconut oil, and brown sugar in managing finances and access to capital so as to maintain the availability of funds to meet the needs of the business activity. The indicator is measured on three items: the ability to manage profits, ability in the use of funds, and the ease of obtaining capital loans from financial institutions or other parties. Item ability to manage the benefits and capabilities in the use of funds to obtain responses each with mean 3.92. The item ease of obtaining capital loans from financial institutions and other parties only got a response with 2.85 mean value. Overall respondents to the financial resources with 3.56 mean value. The result of this response indicates that the management of financial resources venture silk weaving, coconut oil, and brown sugar is good with the main emphasis on the ability to manage the benefits and capabilities in the use of funds. But the ability of businesses in obtaining capital loans from financial institutions or other parties is relatively low. The ability of businesses silk weaving, coconut oil, and brown sugar are able to survive well in conditions of economic crisis and stable economic condition is caused by the ability of business owners to manage profits as a source of funds and were able to use the funds efficiently and effectively, although not backed by capital loan from financial institutions or other parties.

Management of human resources is the ability of the businesses silk weaving, coconut oil, and brown sugar to acquire and develop skilled and motivated workers in order to achieve business objectives expected. The indicator is measured through three items, namely: to have skilled workers, have workers with high motivation, and training and capacity building of workers. Item has skilled workers and items have workers with high motivation to obtain responses each with a 4.44 and 4.38 mean value compared to the training and development program item only workers' ability to obtain responses with the average of 2.01. Overall respondents to the human resources with 3.61 average value. This result meant that the business of silk weaving, coconut oil, and brown sugar has the management of human resources both in possession of skilled workers and workers with high motivation but poor in employee training and development programs. Workers on the business of silk weaving, coconut oil, and brown sugar skilled employment hereditary and daily activities to do his job because of the demands of the economy but the productivity and quality of the products they produce low due to lack of training and development of workers adequately from relevant agencies.

Resource management technology is the ability of small micro businesses in harnessing and developing technology to support business activities. The indicator is measured from three items, namely: the use of technology in the production process, use of information technology, and in response to new technologies. Item utilization of information technology received 3.16 mean value and considered as the biggest value of the response, compared to production technology use items and items in response to new technology that gets a response with a mean respectively 2.78 and 2.52. Overall response to the mastery of technological resources with a mean of 2.82. In line with this finding, this study reveals the mastery of

technology resources is considered less due to low utilization of production technology and response to new technology in silk weaving, coconut oil, and brown sugar, but the use of information technology in this phone / hp is getting better. The stark reality is that the low competitiveness of businesses silk weaving, coconut oil, and brown sugar caused by the limited use of technology in production.

Discussion

The competition level within the environment of industrial inside the business of silk weaving, coconut oil, and brown sugar is measured by barriers to entry of new competitors, the competitiveness of suppliers, the threat of substitute products, the competitiveness of the buyer. The barriers to entry into the main indicator of the high level of competition in the business of silk weaving, coconut oil, and brown sugar in the opinion of business owners. Evaluation of the level of competition in the business of silk weaving, coconut oil, and brown sugar give you an idea that the five-forces that determines the level of competition, only four were able to be a measuring instrument industry environment, the barriers to entry of new competitors, competitiveness suppliers, the threat of substitute products, and the competitiveness of the buyer. While the competition amongst business managers silk weaving, coconut oil, brown sugar and others are not considered as a measure of the level of competition in the business environment silk weaving, coconut oil, and brown sugar. The results of this analysis illustrate that there is no meaningful competition among business owners due to the low barriers to exit. This is indicated by the many businesses ceased operations without having to bear a substantial risk.

The results support or reinforce the theoretical approach of Industrial/Organizational (I/O) (Porter, 1980) which describes the dominant influence of the external environment on the competitiveness of businesses. In addition, the results of this study consistent with the results of previous research conducted by Ward and Duray (2000), Spanos and Lioukas (2001) that the level of competition in the business environment significant and positive impact on the implementation of competitive strategy. The business owners in this study were alert of their business's weakness is circulating on financial capital matter, consequently their business production is limited. Quality and prices competition among business owners silk weaving, coconut oil, and brown sugar in terms of are intense, however the contest on innovation remains low.

Decision business owners silk weaving, coconut oil, and brown sugar in a competition in the industry environment is still maintaining the shapes of current products while emphasizing on quality at an affordable price. Business owners silk weaving, coconut oil, brown sugar and continue to believe that customers remain there because of the quality and uniqueness of the products that cannot be replaced by other products. Strong pressure of competition or the more balanced and equitable balance of power between each of the parties, then the thinner the profitability seller. Conversely, the weaker the pressure of competition or the more unbalanced force among the business people, then there will be certain people who can benefit more than normal (Ismail, 2015).

Although these products have different market segments, in fact in Indonesia all commodities are generally controlled centrally by the government. The impact is that the strategy used for all market segments is generalized by the government

with the aim of maintaining price stability and food supply (Room & Cisneros Örnberg, 2019).

Conclusion

Based on the support of the theory of I / O, the results of research and facts, the business owners silk weaving, coconut oil, and brown sugar in South Sulawesi need to develop the ability to analyze the environmental industry through scanning (reviewing the existing segments in the environment of industrial to know the challenges and the potential for change that exists), monitoring (follow the evolutionary developments, trends and current main activities that occur in the environment of industrial, forecasting (analysis and projection into the future that may happen), and assessing (understand the implications of specific industrial environments of the business) as a basis for improvement of business competitiveness.

Silk weaving, coconut oil, and brown sugar industries in South Sulawesi province has not made optimum efforts to dominate and control the resources that serve as the basis for the core competency for operating strategies in production activities. Small business resources on coconut oil has not been able to be managed optimally with the capabilities possessed, thereby lowering the potential to generate competitive advantage. Among the management of existing resources, only the resources more optimally reputation accomplishments while physical resources, organizational resources, financial resources, human resources, and technology resources have not yet reached the optimal management.

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