

## Competitive Advantage Is Assessed From Entrepreneurial Orientation, Price Strategy And Location

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### Abstract

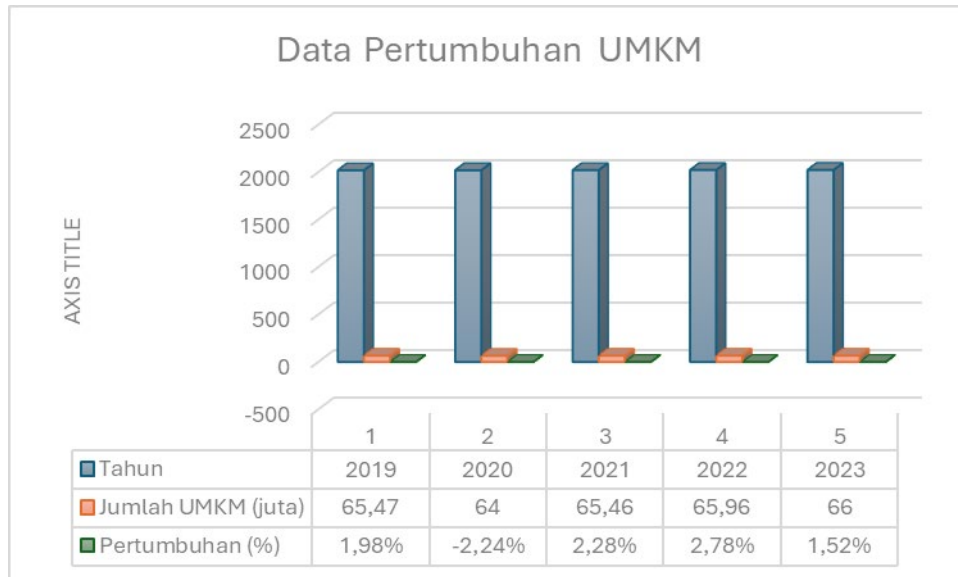
*The aim of this research is to examine the influence of entrepreneurial orientation, pricing strategy and location on competitive advantage. The method used in this research is a quantitative research method. The population in this study were MSMEs in Biringkanaya District, Makassar City with a total of 453 MSMEs. Biringkanaya District is the District recorded by the Department of Cooperatives and Small and Medium Enterprises in Makassar City as having the largest number of SMEs. The sample from this study used a purposive sampling method, in 2021-2023, so the total sample was 55 respondents. From the collected data, data analysis was then carried out using the SPSS (Statistical Package for Social Science) program. This analysis was carried out using several stages of multiple linear regression analysis to determine the magnitude of the influence that entrepreneurial orientation, pricing strategy and location have on competitive advantage. The research results found that both simultaneously and partially entrepreneurial orientation, pricing strategy and location had a positive and significant effect on competitive advantage.*

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## INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) are a business sector that continues to grow and is able to survive in competing with other business industry sectors. MSMEs are a business potential that is relied upon by the Indonesian government, because the more people who start MSMEs, the better the economic growth of a region will be because starting from local resources, local workers and local financing can be absorbed and utilized optimally.

Many business actors create their own opportunities by opening business ventures, which can be seen from the large number of MSMEs in Indonesia today. The following is data on the growth of the number of MSMEs from 2018 to 2023 which can be seen below:



Source: <https://kadin.id/data-dan-statistik/umkm-indonesia>

The data above shows data on the growth of MSMEs in Indonesia from 2018 to 2023, where in 2023 the number of MSME growth will be 66 million, this shows that with the existence of the MSME sector, unemployment due to the workforce not being absorbed into the world of work will decrease because the majority of MSMEs are in Indonesia is classified as a necessity entrepreneur, which means someone who becomes an entrepreneur because he is forced to fulfill life's needs(Imani et al., 2022).

MSMEs have many business unit sectors, one of which is the culinary sector. The Makassar City Cooperatives and SMEs Service in 2022 recorded the number of SMEs spread across Makassar City as 3,229 business units, including businesses in the culinary sector. The culinary sector is activities related to cooking or cooking activities. Culinary can also be interpreted as processed products in the form of side dishes, snacks or drinks. The culinary sector is one sector that will continue to grow. This growth can be seen from the rise of roadside food stalls to sales made via social media and digital platforms(Irawati, 2023). And it is most popular with the public because as we know, Makassar is famous for its culinary riches. Therefore,Competitive advantage is an important factor for companies to be able to maintain consistency in competition(Kuncoro,

2020),

Competitive advantage is often referred to as the heart of marketing performance, where competitive advantage can increase marketing performance so that it can survive in a world of very tight competition (Akob et al., 2022). Wulandari & Murniawaty (2019) stated that competitive advantage is a benefit when a company has and produces a product and/or service that is seen by its target market as better than its closest competitors. In order to be competitive, in marketing products currently producers are not only based on product quality, but also depend on the strategies generally used by companies, one of which is entrepreneurial orientation. (Dahmiri & Indrawijaya, 2020).

Entrepreneurial orientation as the most effective and efficient organizational culture for creating the behaviors needed to create superior value for buyers and produce superior performance for the Company (Rahmadi et al., 2020). Companies that have made entrepreneurial orientation their organizational culture will be based on external basic needs, market desires and demands as a basis for formulating strategies for each business unit in the organization, and determining the success of the company. (Nizam et al., 2020) this is supported by research Lestari et al., (2019) which suggests that entrepreneurial orientation has a positive and significant effect on competitive advantage.

Price is an important factor that determines competitive advantage. Price is how much cash a buyer must pay to get the goods presented by setting a selling value adjusted to the customer's expected purchasing power so that they can compete and succeed in the competition. (Latief et al., 2023). Supported by research results Zuhdi et al., (2021) who found that price has a positive effect on competitive advantage. Then, Themba & Romadhoni (2023) and Ratna et al., (2023) argued that setting different prices is an appropriate marketing strategy so that companies can compete.

Another fact that influences competitive advantage is location. Location is very important for a company because location affects the company's position in competition and influences the company's position in competition. Location is closely related to a company's potential market (Asrawan & Romadhoni, 2022). This makes it easier for potential buyers and customers to get to their destination. The easier the company's location is known, the more people will know. This makes it easier to promote corporate identity. Location is the placement of a

business' goods/services that influences consumer decisions, taking into account the size of the room and its layout, access and parking space.(Fahriana et al., 2023). Location is also a place of business that greatly influences consumers' desires to come and shop(Hidayat & Sujud, 2019). The aim of this research is to examine the influence of entrepreneurial orientation, pricing strategy and location on competitive advantage.

## **METHODS**

The method used in this research is a quantitative research method, namely a process of finding knowledge that uses data in the form of numbers as a tool for analyzing information to identify what we want to know.(Ghozali & Nasehudin, 2012). The type of research design used is survey research or research carried out by collecting information by compiling a list of questions to ask respondents.

The population in this study were MSMEs in Biringkanaya District, Makassar City with a total of 453 MSMEs. Biringkanaya District is the District recorded by the Department of Cooperatives and Small and Medium Enterprises in Makassar City as having the largest number of SMEs. The sample is a portion of the population. The sample consists of a number of selected members. The sample from this research used a purposive sampling method, in 2021-2023 with the following criteria:

- a. Business capital under 200 million rupiah,
- b. Total workforce is less than 7 people,
- c. Turnover below 250 million per year.

So the total sample is 55 respondents.

The data collection technique uses probability sampling (Sugiyono 2010). In obtaining data from respondents by distributing questionnaires which were prepared based on the indicators of each variable using a Likert measurement scale of 1-5. From the collected data, data analysis was then carried out using the SPSS (Statistical Package for Social Science) program. This analysis is carried out using several stages of multiple linear regression analysis, which is an analytical tool for forecasting the influence value of two or more independent variables on the dependent variable to prove whether or not there is a functional relationship or causal relationship between two or more independent variables and one dependent variable.(Sugiyono, 2015). The aim of this analytical tool is to determine the

magnitude of the influence that entrepreneurial orientation, pricing strategy and location have on competitive advantage using a multiple regression equation. Next, test the hypothesis using the t test and f test.

**RESULTS AND DISCUSSION**

Processing the data that has been obtained and tested using multiple linear regression, then several stages are carried out where all variables are entered to find the influence of the independent variable on the dependent variable. Where the independent variables here are entrepreneurial orientation, pricing strategy and location. And the dependent variable in this research is competitive advantage. The results of this research's multiple regression test are as follows:

**Table 1.** Multiple Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,561	2,813		3,541	,000
	Entrepreneurial Orientation (X1)	,235	.013	,227	2,317	.014
	Price strategy (X2)	,361	,194	,313	2,701	,008
	Location (X3)	,242	,182	,260	2,422	,010

Source: processed data, 2024

So that the multiple regression coefficient value can be obtained from which an equation appears

$$Y = 0.561 + 0.235 X1 + 0.361 X2 + 0.242 X3 + e.$$

From the equation above, it can be interpreted that:

The constant  $\alpha = 0.561$  means that if there is no change in entrepreneurial orientation, pricing strategy and location on competitive advantage, then the competitive advantage variable will increase by 0.561 units. If the entrepreneurial orientation variable increases by one unit, competitive advantage will increase by 0.235 units. Next, if the price strategy increases by one unit, competitive advantage will increase by 0.361 units. Meanwhile, if the location increases by one unit, the competitive advantage will increase by 0.242 units. Hypothesis testing in this research can be seen from partial testing or t-test. It can be concluded that variables consisting of entrepreneurial orientation, pricing strategy and location have a partial positive effect on competitive advantage.

**Table 2. ANOVAa**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	27,125	3	7,624	7,514	,000b
	Residual	44,175	51	,961		
	Total	71,300	54			

Source: Data processed, 2024

Based on the f test, it shows that entrepreneurial orientation, market strategy and location simultaneously influence the competitive advantage of MSME businesses in Biringkanaya District, Makassar City.

## Discussion

### The influence of entrepreneurial orientation on competitive advantage

The regression coefficient value of entrepreneurial orientation where  $\beta_1$  is 0.235 in the multiple linear regression equation shows that entrepreneurial orientation has a positive and significant influence on competitive advantage. This means that the higher the value of an entrepreneur's policy towards entrepreneurial orientation, the more influence it will have on competitive advantage. The results of this research show that the entrepreneurial orientation variable which consists of daring to take risks, making products according to customer desires, the entrepreneur's ability to cope with and anticipate all changes, the ability to recognize opportunities and commitment to innovation and creativity in introducing products has a positive effect on competitive advantage.

The results of this study are supported by research results(Rahmadi et al., 2020)And(Verbyani & Handoyo, 2021)has a positive and significant effect on competitive advantage. However, the results of this study are not supported by research results(Fadhillah et al., 2021)who found that entrepreneurial orientation had no significant effect on competitive advantage.

### The Influence of Pricing Strategy on Competitive Advantage

The regression coefficient value of entrepreneurial orientation where  $\beta_2$  is 0.361 in the multiple linear regression equation shows that pricing strategy has a positive and significant influence on competitive advantage. This means that the better the pricing strategy implemented by entrepreneurs, the more entrepreneurial orientation will be, the more it will influence competitive advantage. The results of this research show that price is the main factor that can influence a buyer's

choice, price plays quite a role in determining consumer purchases, for this reason, before setting a price, companies should look at several price references for a product that is considered quite high in sales. In business life, price is an important factor that influences the marketing of a product. High and low prices are always the main concern of consumers when they are looking for a product so that the company can compete with its competitors.

The results of this study are supported by research results Firmansyah et al., (2019) and Yucha & Cahyani (2022) that pricing strategy has a positive and significant effect on competitive advantage. However, the results of this study are not supported by research results Dewi & Falah (2022) who found that price had no significant effect on competitive advantage.

### **The Effect of Location on Competitive Advantage**

The location regression coefficient value where  $\beta_3$  is 0.242 in the multiple linear regression equation shows that location has a positive and significant influence on competitive advantage. This means that the more strategic the location of a business, the more it will influence competitive advantage. The research results show that location selection is very important because it has a role for business people. The location chosen by the company takes into account strategic location for its consumers, or the availability of raw materials for the company. Apart from that, consumers tend to choose locations that are easily accessible.

The results of this study are supported by research results (Harahap & Rahmat, 2022) that location has a positive and significant effect on competitive advantage. However, there are no research results that do not support the results of this study which found that location has no significant effect on competitive advantage.

### **CONCLUSION**

Based on the research results, it was found that entrepreneurial orientation has a positive and significant influence on competitive advantage. This means that the higher the value of an entrepreneur's policy towards entrepreneurial orientation, the more influence it will have on competitive advantage; Pricing

strategy has a positive and significant influence on competitive advantage. This means that the better the pricing strategy carried out by entrepreneurs, the more entrepreneurial orientation will be, the more it will influence competitive advantage; Location has a positive and significant influence on competitive advantage. This means that the more strategic the location of a business, the more it will influence competitive advantage. For further research, it is hoped that the number of samples and business sectors studied will be increased; adding variations to research variables; conducting longitudinal research to obtain sustainable results to produce updated findings.

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