

BUSINESS COMPETITIVENESS STRATEGY OF PROCESSED MUSHROOM IN EAST JAVA: A RESOURCE-BASED VIEW MODEL APPROACH

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Abstract: Mushrooms are one of the strategic agro-industrial commodities in Indonesia. It is because the mushroom market share for consumption is very high. People consume mushrooms as a snack, side dishes, and also as a main dish. The mushroom business in Malang Indonesia is very lively, especially in this city, there are many students and employees as consumers who like snacks on the sidelines of their activities. Due to many of those industries, the SME of mushroom needs to increase the production. Leading competitiveness in the product are the factors that must be kept by companies to be successful in their business. This research aims to understand the effect of tangible resources, entrepreneurship orientation, business uncertainty on competitive strategy, and the influence of competitive strategy on the company's performance. The research uses methods such as quantitative descriptive analysis and inferential (SEM) based on Partial Least Square (PLS). Strategic resources, entrepreneurial orientation, and environmental uncertainty of mushroom small-medium enterprises have a direct effect more than an indirect effect. Strategic resources have the strongest significance if it is compared to entrepreneurial orientation and entrepreneurial uncertainty. Further research is needed to see the effect of competitive strategy on business performance.



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Nowadays, the demand for mushroom increases both nationally and internationally. For example, the demand for oyster mushroom in the Bandung area and its surroundings has reached 7 – 10

tons per day. Meanwhile, the production only reaches 2,5 – 3 tons per day. The high demand is supported by the trend of the society of consuming mushrooms for health purposes. Mushroom contains high fiber and vitamins, moreover mushroom is also cholesterol-free. Mushroom is different from meat which relatively contains more fat and cholesterol. There-

fore, people often consume mushrooms as the substitution of an animal protein source. Agroindustry for mushroom develops significantly and produces mushroom byproduct which becomes favorite in the local and global market. Currently, the mushroom is not only marketed in fresh condition but also its byproduct. The soft texture, good appearance, and neutral taste make mushroom is easily combined with any kind of spices. Moreover, the franchise business of mushroom byproduct gets more popular and is easily found. This condition opens more chances for mushroom businesses on a domestic scale (Kristiansen, 2002).

One of the mushroom byproduct business developed in Malang Raya is the mushroom processing industry group in the form of Micro, Small and Medium Enterprises (MSMEs). MSME is a business unit that focuses on processing mushroom cultivation. From the various experiences they had, MSMEs continue to innovate to create other innovative products. However, this is also constrained by limited human resources, so that careful preparation is needed to develop business, especially in dealing with the free market of the Asian Economic Community (AEC). The existence of the AEC free market increasingly requires business units to improve product quality. MEA demands SMEs that Processed Mushrooms have high competitiveness because they will compete with the same products and substitutional products. In facing challenges and obstacles, Mushroom Processing SMEs need to improve their business performance (Abiodun and Harry, 2014).

The basic component in achieving leading competitiveness is a resource. For reaching continuing leading competitiveness, a reference is needed by a company in determining strategic resources. One of the theories applied is Resource-Based View or RBV (Rose et al., 2010). According to Miraza dan Hafas (2015), RBV Theory can be applied comprehensively to identify the characteristics of needed resources. Researcher and practitioner state that a successful organization must assess the power of resources which affect the organizational activities.

Consequently, the achievement of business performance is affected by the variables mentioned above. The purpose of this research using the Resource-Based View Model Approach to reveal the impact of tangible resources on competing strategies, the impact of intangible resources on competing strategies, the impact of the capability to competing strategies, and the impact of competing strategies on a company's performance.

METHOD

This is quantitative-descriptive research. Quantitative research studies cases that require an explanation of variables. Thus, this can measure certain characteristics using structured data collection methods from several samples, so that the results can represent the entire population easily and precisely (Clark and Creswell, 2014). Descriptive statistics are quantitative descriptions whose data can be managed into simple summaries. This presents numerical data in tabular or graphical form so the reader can easily understand the results (Fraenkel et al., 2012).

This research is conducted in the food-based agroindustry in Malang from April to December 2019. The sample in this study was 90 MSMEs. The selected respondents are business owners because presumably, the owners are people who know their business performed very well. The selection process of respondents used a purposive sampling method that was taken by setting the criteria to serve as a sample that can provide information by relevant research (Etikan et al., 2015).

Consideration of this research was based on the developing mushroom industry, especially in Malang. The research was done according to the procedures in Figure 1. The analysis related to the relation between resources with determining strategies and business performance is done by seeking connection among exogenous variables (resource-based) and endogenous variables (competing strategies and business performance) using Structural Equation Modelling (SEM) and Partial Least Square (PLS).

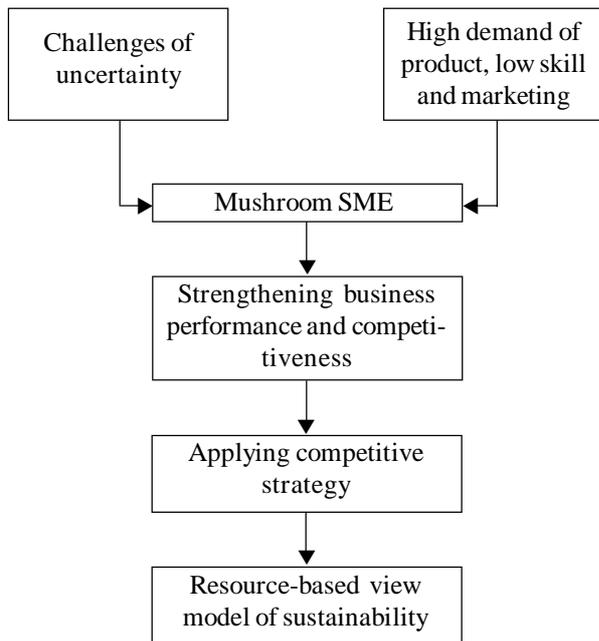


Figure 1 Research framework

Variable of Research can be seen in Table 1. There are 5 latent variables, they are MSME resources (X1), Orientation of entrepreneurship (X2), Uncertainty of surroundings (X3), Competitive Strategy (Y1), and Business Performance (Y2). Each of them has manifest variables. Manifest variables are indicators that explain latent variables. The structural equation modeling of Mushroom SME Com-

petitiveness used a Likert scale from 1 to 5, with 1 represents that respondents do not agree with the statement in the questionnaire, and 5 represents that respondents agree with the statements.

The exogenous variable is the independent variable which can affect the dependent variable (endogenous). Meanwhile, the endogenous variable is a dependent variable that is affected by the independent variable (exogenous). According to Marsono and Rachman (2014), the PLS approach is selected since it can use a few samples, may not distribute normal multivariate. Furthermore, it can be used to explain whether latent inter-variable exists or not. The structural model of research can be viewed in Figure 2.

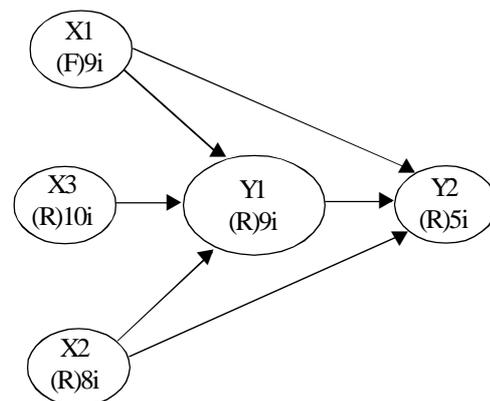


Figure 2 Developing of Structural Model

Table 1 Variable of Research

Variable	Indicator	Measurement Scale
Tangible resource (X1)	<ol style="list-style-type: none"> 1. Proper building and facilities 2. Efficient technology 3. Competent workers 4. Well-developing education 5. Potential capability 6. Conducive working place 7. Widely-accessed information 8. Networking with the supplier 9. A good relationship with customers 	Likert

Entrepreneurship orientation (X2)	<ol style="list-style-type: none"> 1. Developing creative ideas 2. Introducing the products to get the leading position 3. Anticipating for the upcoming demand 4. Not giving up on changes in surroundings 5. Taking risks 6. Adapting to changes in surroundings 7. Having innovation for marketing 8. Fast responding to marketing chances 	Likert
Business Uncertainty (X3)	<ol style="list-style-type: none"> 1. Customer's preference 2. Demand for product 3. Availability of substitutions 4. Price change of competitor 5. Strategy change of competitor 6. Resources uncertainty 7. Quality of raw materials 8. Continuity of raw materials 9. Price of raw materials 	Likert
Competitive Strategy (Y1)	<ol style="list-style-type: none"> 1. Making the price lower than competitor 2. Giving discounts 3. Giving delivery service 4. Paying attention to product quality 5. Making good packaging 6. Giving fast service 7. Applying online transaction 8. Accepting non-cash payment 	Likert
Business Performance (Y2)	<ol style="list-style-type: none"> 1. The increasing sales for the last two years 2. The increasing benefit of the last two years 3. The increasing production capacity for the last two years 4. The increasing asset of the last two years 5. The increasing product quality for the last two years 	Likert

Furthermore, the questionnaire on 5 Likert scales was given to respondents to test validity and reliability. The criteria for testing validity is $r_{counting} \geq r_{table}$ (testing of two parts using sig. 0,05) (Putra et al., 2014). The test of reliability can be done using the Alpha (Cronbach's) method. If the value of alpha is $> 0,90$, the reliability will be perfect; if the alpha value is $0,70 - 0,90$ the reliability will be high; if the alpha value is $0,50 - 0,70$ the reliability will be low. (Putra and Rustika, 2015).

The obtained questionnaire data is processed using a descriptive analysis technique, then analyzed using an inferential technique, which is Structural Equation Modelling (SEM) with Partial Least Square (PLS) approach. Steps in inferential analysis use

SEM are as follows:

1. Tabulating and preparing data using Microsoft Excel program.
2. Inputting data to software WarpPLS 6.0 to start the inferential analysis.
3. Reading and pre-processing data.
4. Defining variable and drawing structural model.
5. Testing the model fitting consisting of entire models (Goodness of Fit), testing hypothesis, testing validity, and reliability.
6. Interpreting results and discussion.

The test of hypothesis concludes about whether accepting or refusing the truth of a statement that has been made. The test of the hypothesis uses a probabilistic approach that is p-value from a statis-

tic test done by software WarpPLS 6.0. The conclusion of the statistic test is taken by comparing p-value with alpha value (α), determined as follows (Arifin, 2017): If p-value \leq α -value, the H0 will be refused. (H1 will be accepted). If p-value $>$ α -value, H0 will be accepted (H1 will be refused). α -used is 0,1 or 10%. α -value states that the level of carefulness used in this research 10%. The development of the hypothesis is as follows:

Identification, development, and distribution of value from strategic resources should be a primary consideration for scholars, managers, and shareholders (Crook et al., 2008). A central goal of strategic management is to understand why some organizations outperform others. The results can guide managers to invest in the appropriate resources since there is evidence that technology, innovation, quality, and human resource management leads to better company performance (Rubio and Aragón, 2009). It is important to study strategic resources that influence the performance of SMEs (Amoah-Mensah, 2013).

H1 : Strategic resources has a significant effect to business performance (Y2)

Entrepreneurship or entrepreneurial orientation has a relation to performance (Haryati et al., 2018; Haryati et al., 2019). Entrepreneurial Orientation (EO) is often mentioned as an antecedent of growth, competitive advantage, and superior performance, and prior empirical research has often shown a positive relationship between EO and performance appears to exist. This is the reason for hypothesis 2 (H2).

H2 : Entrepreneurship Orientation (X2) has a significant effect to business performance (Y2)

H5 : Entrepreneurship Orientation (X2) has an indirect significant effect to business performance (Y2)

Personal strategies of owners/founders of small business startups are related to performance and environmental uncertainty (Gelderen et al., 2000). Qi et al. (2011), also investigates the relationships among competitive strategy, supply chain strategy,

and business performance while examining the moderating effect of environmental uncertainty. The research provides significant managerial implications for supply chain practitioners to co align supply chain strategy and competitive strategy with the environment to improve performance. This shows how important is Hypothesis 3 (H3).

H3 : Environmental uncertainty (X3) has a significant effect to business performance (Y2)

H6 : Environmental uncertainty (X3) has an indirect significant effect to business performance (Y2)

Widener (2006), investigates the relationship between managers' perception of the importance of several types of performance measures and managers' assessment of the importance of the firm's strategic resources that sustains its competitive advantage. Strategic resources have a positive and significant effect on the competitive strategy; the competitive strategy has a positive and significant effect on performance, and the strategic resources have a positive and significant effect on the performance. Also, it is found that strategic resources have a positive indirect effect on business performance through a competitive strategy (Riana et al., 2020).

H4 : Strategic resources (X1) has a significant effect to business performance (Y2)

The choice of strategic orientation becomes a resource that will shape competitive advantage and company performance, as well as the company's strategic capabilities. Strategic orientation is a unique resource that is an element to build a competitive advantage and has an influence on company performance. Building a sustainable competitive advantage that affects business performance, is done through the establishment of Strategic Orientation is a valuable resource, as well as strategic capabilities through Supply Chain Capability and Innovation Capability (Puspita et al., 2020).

H7 : Competitive Strategy (Y1) has a significant effect to business performance (Y2)

Characteristics of Respondent

Characteristics of the respondent are important to understand the condition and application of models for agro-industry, in this research, specifically is in Malang. It can be seen from table 2, that most of the respondents are male (59%). Most of them are considered young entrepreneurs because they belong to the aged group of below 30 years old (37%). According to the latest educational background, The respondents are senior high school graduates (71%).

The explanation of respondents' characteristics is not only viewed from personal characteristics. Profiles of MSMEs are explained based on the length of establishing period and total of employees as mentioned in the Tabel 3. Most of MSME has been established around 5 years, they and they have mostly 1 to 5 employee. This table also shows how enterprise age varies across ownership structures. SMEs with owner managers who exercise complete control appear to be younger than the remainder which tends to be around the same age.

Table 2 Characteristics of Respondents

No	Characteristics of Respondents	Group	Total	Percentage (%)
1.	Sex	Male	53	59%
		Female	37	41%
2.	Age	≤ 30 years old	34	37%
		31-40 years old	27	29%
		41-50 years old	18	20%
		51-60 years old	7	8%
		≥ 60 years old	4	4%
		Unknown	2	2%
3.	Latest Educational Background	Elementary School	4	4%
		Junior HighSchool	6	7%
		Senior High School	65	71%
		Diploma	5	5%
		Bachelor	10	11%
		Unknown	2	2%

Source: Processed Primary Data (2019)

Tabel 3 Profiles of MSME

No	Profile	Group	Total	Percentage (%)
1.	Length of establishing a period	0 – 5 years	70	76%
		6 – 10 years	12	13%
		11 – 15 years	2	2%
		16 – 20 years	1	1%
		> 20 years	5	6%
		Unknown	2	2%
2.	Total of employees	1 – 5	76	83%
		6 – 20	14	15%
		> 20	2	2%

Source: Processed Primary Data (2019)

RESULTS

Evaluation of Validity and Questionnaire Reliability

Test of Discriminant Convergent Indicator can be seen through-loading value and cross-loading between variables and indicators. The values are as follows:

Table 4 Loading and Cross Loading Value

Indikator	X1	X2	X3	Y1	Y2
X11	0,664	-0,136	-0,052	0,317	0,220
X12	0,693	0,016	0,057	0,011	-0,139
X13	0,755	-0,093	0,170	-0,227	-0,156
X14	0,768	-0,106	-0,106	0,014	-0,032
X15	0,533	0,078	0,158	-0,087	-0,024
X16	0,335	0,379	0,146	-0,295	-0,019
X17	0,702	0,061	-0,118	0,212	0,036
X18	0,370	0,059	-0,199	0,025	0,310
X19	0,352	-0,007	-0,081	-0,201	-0,079
X21	0,379	0,578	-0,098	0,165	0,054
X22	0,193	0,726	0,017	-0,009	-0,128
X23	0,021	0,534	-0,106	-0,105	0,156
X24	0,438	0,412	0,087	-0,221	-0,329
X25	0,470	0,136	0,308	-0,111	-0,410
X26	-0,192	0,651	0,050	-0,069	0,120
X27	-0,236	0,650	-0,094	0,067	0,015
X28	-0,436	0,775	0,068	0,096	0,106
X311	0,144	0,180	0,723	-0,069	-0,247
X312	0,075	-0,009	0,722	-0,067	-0,217
X313	-0,112	0,346	0,443	-0,019	0,372
X321	0,205	-0,042	0,412	-0,155	0,312
X322	-0,082	-0,053	0,747	-0,107	0,109
X33	0,094	-0,154	0,672	-0,108	-0,131
X332	-0,013	-0,242	0,372	0,157	-0,120
X333	-0,151	-0,046	0,497	0,278	0,089
X334	-0,311	-0,009	0,371	0,337	0,131
Y11	0,163	-0,193	0,137	0,180	0,222
Y12	-0,193	0,034	0,148	0,594	0,173
Y13	-0,323	0,031	-0,111	0,687	0,102
Y14	0,166	0,109	0,013	0,616	0,196
Y16	0,400	0,065	-0,120	0,599	-0,214
Y17	0,584	0,043	0,167	0,264	-0,375
Y18	0,057	-0,177	-0,031	0,729	-0,197
Y19	-0,324	0,008	0,008	0,711	0,054
Y21	-0,031	0,035	0,020	0,088	0,919

Y22	-0,025	0,024	0,000	-0,011	0,919
Y23	-0,047	0,049	-0,018	-0,088	0,919
Y24	-0,025	-0,057	0,041	-0,061	0,770
Y25	0,184	-0,090	-0,054	0,092	0,621

The table above shows the value of loading and cross-loading from all indicators of used variables. Loading value is the value coming from the interaction between related variables and indicators. Loading value should be higher than cross-loading to be a valid indicator in the questionnaire.

Loading value on the table has a higher value than cross-loading. it can be seen from loading value X1 with its indicators those are X11, X12, X13, X14, X15, X16, X17, X18, dan X19. The number 0.664 until 0.352 has a higher value than cross-loading from X1 with other indicators. It is similar to variable X2, the loading value of variable X2 with other indicators have a higher value too. All variables and indicators have more loading values than cross-loading. It means that indicators in the questionnaire afford discriminant validity.

Test of discriminant validity and reliability

The test of the discriminant questionnaire can be done by comparing the value of the square root of the average variance extracted (AVE) from each latent variables correlating that variable with other variables. While the test of reliability is by seeing composite reliability and value of Alpha Cronbach. The test of reliability reveals how reliable the result of counting is. A questionnaire that has good discriminant validity if the square root value of AVE is higher than correlation coefficients. The table above shows that variable X1, X3, Y1, and Y2 have a higher value of the square root of AVE than correlating coefficients. The meeting of X1 and X1 shows a value of 0.599, it means that questionnaire has good discriminant validity. In table 6, the lowest value of Alpha Cronbach is by variable Y1, which is 0.691. Therefore, middle reliability is $r^3 0.6$ (Solimun et al., 2017). The questionnaire in this research is in reliable criteria and it has composite reliability character.

Table 5 Test of Discriminant Validity

Variable	X1	X2	X3	Y1	Y2
X1	0.599	0.598	-0.080	0.444	0.397
X2	0.598	0.590	0.051	0.412	0.339
X3	-0.080	0.051	0.572	-0.128	0.137
Y1	0.444	0.412	-0.128	0.581	0.080
Y2	0.397	0.339	0.137	0.080	0.838

Table 6 Test of Questionnaire Reliability

	X1	X2	X3	Y1	Y2
Composite reliability	0.823	0.792	0.802	0.784	0.920
Alpha Cronbach	0.754	0.706	0.724	0.691	0.888

Table 7 Model Fit & Quality Indices

Model fit and quality indices	Indices	Criteria	p-value	Information
Average path coefficient	0,208	P < 0,05	0,009	Accepted
Average R-squared	0,237	P < 0,05	0,004	Accepted
Average adjusted R-squared	0.206	P < 0,05	0,010	Accepted
Average block VIF	1.678	≤ 5 and it's ideal ≤ 3,3		Accepted
Average full collinearity VIF	1,448	≤ 5 and it's ideal ≤ 3,3		Accepted
Tenenhaus GoF	0.313	Small ≥ 0,1, medium ≥ 0,25, large ≥ 0,36		Medium
Sympson's paradox ratio	0,857	≥ 0,7 and it's ideal = 1		Accepted
R-squared contribution ratio	0,931	≥ 0,9 and it's ideal = 1		Accepted
Statistical suppression ratio	1,000	≥ 0,7		Accepted
Nonlinear bivariate causality direction ratio	1,000	≥ 0,7		Accepted

The result of the evaluation in the table above shows that the structural model of this research fulfills the requirements of a good model. The formed model can draw a connection of variables well. The ability of the latent variable explains the impact overall. It can be viewed in the indices value of Average path Coefficient (APC) and Average Adjusted R-squared (AARS). Indices of APC is 0,208 or 20,8% and indices of AARS is 0,237 or 23,7%. It means that the latent variable can describe its impact overall, these are 20,8% and 23,7%.

Descriptive Analysis, Model Fit, and Quality indices

Descriptive analysis is done by seeing the value of mean or average responses on the questionnaire for each indicator. The descriptive analysis gives a description related to the collected moments in the research. Model fit and quality indices show models' ability in explaining the connecting impacts among variables. It can be seen from several indicators used to evaluate the structural model. The result of structural model evaluation must be appropriate to the fixed criteria for every indicator. The structural model evaluation in this research is in the table below.

This evaluation tests multi-collinearity on latent variables and models. Value of Average Block VIF (AVIF) and Average Full Collinearity VIF (AFVIF) are used to see multi-collinearity. Indices of AVIF and AFVIF have indices under 3,3, and it is ideal. It means that there is no multicollinearity in this research. The table shows that this research has fulfilled all criteria of model fit and quality indices. The model used in it can explain the impacts of relations among variables and it has good adaptation.

Hypothesis Testing

Hypothesis testing is done with WarpPLs 6.0 by inserting the data derived from mushroom SMEs

and also creating structural equation modeling as follows:

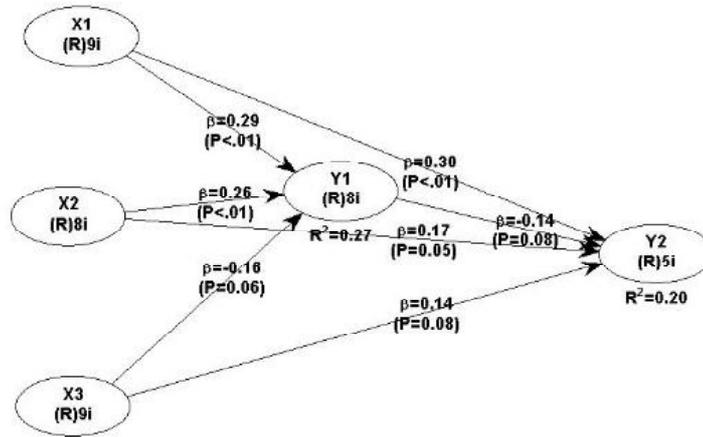


Figure 2 Mushroom SMEs Structural Equation Modelling

Table 8 Test of Hypothesis

Hypothesis	Path Coefficient	p-value	Information
H1: X1 → Y1 → Y2	Total effect: 0.29-0.14 = 0.15	0.001	Highly significant/ hypothesis accepted
H2: X2 → Y1 → Y2	Total effect: 0.258-0.14 = 0.118	0.005	Significant/ hypothesis, accepted
H3: X3 → Y1 → Y2	Total effect: -0.157-0.14 = -0.019	0.060	Weakly significant/ hypothesis accepted
H4: X1 → Y2	0,29	0.001	Highly significant/ hypothesis, accepted
H5: X2 → Y2	0.168	0.047	Significant /hypothesis accepted
H6: X3 → Y2	0.142	0.080	Weaky significant/ hypothesis accepted
H7: Y1 → Y2	-0.140	0.082	Weakly significant/hypothesis accepted

DISCUSSION

Effect of Strategic Resources to Business Performance

Strategic resources have a direct and indirect relation to business performance. The indirect effect shows that strategic resources have a positive path coefficient and a highly significant p-value. The direct effect shows that strategic resources are also highly significant and have a positive path coefficient to business performance. Thus, hypotheses 1 and 3 are accepted. This is in line with previous research by Puspita et al. (2020) and Widener (2006). Comparing those two effects, we can see that the direct effect has a higher value than the

indirect effect. However, It can be seen that higher strategic resources will lead to the high business performance of the mushroom agroindustry. Several types of performance measures and managers’ assessment about the importance of the firm’s strategic resources that sustains its competitive advantage. The manifest variable has explained strategic resources through its indicators, such as proper building and facility, effective technology, competent workers, well-developing education, potential capability, conducive workplaces, widely-accessed information, networking with the supplier, and good relationship with a customer. Well-developing education has the highest impact than others on MSMEs

Resources. Humans have an important role in the success of a business. This is confirmed by research conducted in African companies, that successful entrepreneurs are more likely to have a high level of education beyond the elementary school level. Because entrepreneurs with good education are better able to adapt their business to a changing business environment (Smit and Watkins, 2012).

Effect of Entrepreneurial Orientation to business performance

Entrepreneurial orientation has a direct and indirect effect to business performance. The indirect effect shows that the p-value is significant with a positive path coefficient. The direct effect shows that the coefficient is positive with a significant p-value, thus hypotheses 2 and 5 are accepted. The direct effect has more value than the indirect effect. The higher entrepreneurial orientation will lead to better business performances. In this study, the entrepreneurial orientations are: developing creative ideas, introducing product innovation to achieve a superior position, anticipating upcoming demand, not giving up to changes of surroundings, being brave to take risks, adjustment to changes of surroundings, aggressive responding towards marketing innovation and fast responding to market changes.

Fast responding to market chances has the highest impact than other indicators on Entrepreneurial Orientation. According to Eggers et al. (2012), the advantages of SMEs over large companies are flexible in responding to market changes and taking opportunities faster than larger counterparts. SMEs tend to be more creative in finding market opportunities so they can continue to survive in all conditions. The entrepreneurial mindset according to Herlinawati and Machmud (2020), is needed to create new opportunities and facilitate existing businesses. This is also supported by SMEs entrepreneurial orientation research which is engaged in the manufacturing industry sector in West Java, that the weak desire of SME players to look for business opportunities in a dynamic environment will inhibit the growth of market opportunity.

Effect of Environmental Uncertainty to business performance

Environmental uncertainty also has a direct and indirect effect to business performance. The direct effect shows a weakly significant p-value and negative path coefficient. Indirect effect results show that p-value is a significant and positive path coefficient. Thus, hypothesis 3 and 6 are accepted. It can be seen from the comparison between direct and indirect, that the direct effect is more than the indirect effect. The indicators are customer preferences, product request, availability of substitutional products changes of prices to competitors, changes of competitors' strategies, the uncertainty of resources, quality of raw materials, continuity of raw materials, and price of raw materials

In this study, changes in competitor's strategies have the highest effect on Environmental Uncertainty. Drechsler & Natter (2012), said that environmental uncertainty should not be underestimated because at that time competitors' actions are difficult to predict and market positions are threatened because new competitors emerge. So the company must handle pressure as effectively as possible. The results of testing of the three dimensions found that competitors' actions that are difficult to predict are the biggest threat of uncertainty. The same thing as research cases from Agbejule and Burrowes (2007), which show that competitors' actions have the highest influence compared to other dimensions on environmental uncertainty.

The Effect of Competitive Strategies to Business Performance as a mediating variable

Competitive strategy is the ability obtained from the characteristics and resources of a company to have a higher performance than other companies in the same industry or market. The result shows that the significance value of a direct competitive strategy to business performance is weakly significant and it has a negative value. In this study, what is classified as competitive strategies are: making prices lower than competitors, giving a discount, giving delivery services, paying attention to product qual-

ity, making good product packaging, providing fast service, accepting online transactions, and accepting non-cash payments.

Accepting online transaction on competitive strategies have the highest impact than other indicators. The use of e-commerce at SMEs in Taiwan supports marketing products in a short period without certain regional restrictions, lower administrative costs, providing a better customer experience, where these have been identified as sources of competitive advantage. This is in line with research from Hariandi et al. (2019), in Banyuwangi that e-commerce affects the competitive advantage of companies. The use of e-commerce is not only as a marketing transaction, but also is used as a mediator to get to know about the market condition, consumer tastes, and current trends so that it can outperform competitors in winning the market competition. Kwabena et al. (2019) also recognize that no business can develop in a global market without creating a flexible and appropriate platform for competition (e-commerce). The financial performance of SMEs can be abstracted by harmonizing production, sales turnover, and profits (Wijewardena et al., 2008; McMahon, 2007; Gibson et al., 2014). Changes in the environment have provided new challenges and opportunities for SMEs in Malaysia to innovate and make factors that drive productivity so that it can improve the performance of SMEs. This phenomenon is the same as research conducted by Agyapong and Attram (2019), were in their study found a significant positive relationship between financial literacy and business performance. SMEs have improved SMEs' performance with growing market share and increased sales.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Strategic resources, entrepreneurial orientation, and environmental uncertainty are important factors of processed mushroom small and medium enterprises. The direct and indirect effects show that in these SMEs, strategic resources have the most highly significant if it is compared to entrepreneur-

ial orientation and environmental uncertainty. It means that processed mushroom SMEs have complete strategic resources to develop their business performance. Entrepreneurial orientation is significant to business performance, which means that the business owner has enough value to uphold in enhancing the business. However, environmental uncertainty has become the weakest factor among all; the business owners still do not pay attention to these external factors when they manage the business. All in all, it can be seen that competitive advantage has to lead to good business performance because the owner is mostly young and their ability and internal factors still allow them to grow their business performance.

Recommendations

Environmental uncertainty is something that is the lack to be managed in this finding. Thus, it is very important to find out how to increase mushroom business owner's capability to increase competitive advantage. Thus, it is very important to understand the effect of environmental uncertainty on business competitiveness and business performances.

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