

# Analysis of Unique Resource Capabilities and Social Commerce Against Competitive Advantages in SMEs in Klambir Lima Village

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## ABSTRACT

This study aims to find out how the influence of Unique Resource Capabilities and Social Commerce on Competitive Advantage in SMEs in Klambir 5 District with the Multiple Regression Analysis approach. The number of samples taken was 83 respondents who were calculated using the Slovin formula. The problem to be researched is to find a model for applying unique resource capabilities and appropriate social development that will affect competitive advantage in general and specifically increase the business productivity of small and medium enterprises so that they can provide the best, both for internal entrepreneurs and the community in the Klambir environment. Lima as well as the wider community in general. Application of the principles of unique resource capabilities consisting of Tangible Assets, Intangible Assets, Organizational assets are expected to help efforts to improve business levels better. Continuous improvement of good business levels is important for SMEs to carry out so that they can continue to grow and develop and have a competitive advantage compared to other regions in their vicinity. Social commerce is an e-commerce concept that relies on social media and user participation to assist the online buying and selling process. This concept uses social media as a transaction platform that allows users to buy or sell goods or services. However, several innovations in social trading do not involve exchanging money in the transaction process.

**Keywords:** *Unique Resource Capabilities Social Commerce; Competitive Advantage*

## INTRODUCTION

Along with global developments that continue to grow, globalization has become a topic that is often discussed in various aspects of life. Various fields, including business, are experiencing the impact of globalization which can create challenges that must be faced and overcome by companies. There have been significant changes in terms of increasingly sophisticated technology, increasingly fierce competition, increasingly critical customers, as well as other factors that have forced the company to revise its previously implemented business strategy.

Not all organizations have a culture that is equally strong in influencing the behavior and actions of their employees, although all organizations have a culture. If an organization has a strong culture, its employees tend to be more loyal and committed to work compared to organizations that have a weak culture. Even though there has been an ongoing empowerment process, not all of them have given authority to employees. The decision-making process is still under the responsibility of a Head of Government, and employees still have to follow instructions from more senior superiors in carrying out their duties.

Corporate marketing is a term related to the marketing activities of small businesses with limited resources and relying on simple and innovative social media marketing

strategies. (Morris, Schindehutte, & Allen, 2005). Entrepreneurial Marketing Implementation can generate more value for customers and organizations. Entrepreneurial marketing also explains how decision-makers can use limited resources to solve problems optimally (Fillis, 2010).

Theoretically, entrepreneurial marketing should generate innovation because the key to entrepreneurial marketing is limitations and creativity in dealing with them. According to the Australian Institute for Commercialization (2011), innovation is a dynamic process where adaptation is required to deal with changes in resources, technology, or the economy or even changes in company expectations of innovation. Innovation is a company effort through the utilization of technology and information to develop, produce and market new products for the industry. Therefore, ensuring entrepreneurial marketing has an impact on increasing innovation power (Lundvall, 2004).

Apart from having an impact on innovation, entrepreneurial marketing also has a positive impact on competitive advantage. Competitive advantage is the ability of a company to achieve economic benefits above the profits that can be achieved by competitors in the market in the same industry (Bennett & Smith, 2002; Della Corte & Aria, 2016). Small businesses that have a competitive advantage always can understand changes in market structure and can choose an effective marketing strategy. Meanwhile, in Indonesia, there are still many business actors who do not understand the concept of a marketing strategy for the continuity of their business. Various studies show that small businesses in Indonesia still face many obstacles, ranging from financing, high production costs, Currently, the culinary business is not just culinary but also leads to tourism (Haiming Liu & Lianlian Lin, 2009; Saeroji & Wijaya, 2017; Tsai, 2013). Several reports also indicate that the Indonesian culinary industry will continue to grow positively,

therefore many large investors are starting to look into the culinary sector. The entry of medium and large-scale investors is a threat to small and micro-scale culinary actors (for example, small culinary businesses). Therefore, this study aims to obtain the latest data, on whether small businesses can apply marketing as an important point in driving competitiveness. The data is very basic to see how far the readiness of small businesses to compete with medium and large investors is in the competition to seize developing markets. For academics, this research will be an expansion of the latest literature on aspects of small business management in the culinary field; for policymakers, this paper can be used as a basis for making decisions regarding the empowerment of small businesses; and for small business actors, this paper can be used as automatic criticism to continue to innovate in maintaining and increasing competitiveness.

The concept of social trading emerged in 2005 amidst the increasing commercial use of social networking sites and many other social media sites (RG Curty, P. Zhang, 2011). This ushered in a new form of electronic commerce (e-commerce) (C. Wang, P. Zhang, 2012). Unlike traditional e-commerce where consumers usually interact with online shopping sites separately, social commerce involves online communities that support user interaction and user-generated content. (YA Kim, J. Srivastava, 2007). A recent survey showed that social commerce in the US has generated 5 billion dollars in sales, with 9 billion expected in 2014 and 15 billion in 2015 (K. Morrison, 2014). The importance of social commerce has made it the subject of various studies. For example, Previous research stated that online reviews on social media are an important source of information that helps consumer decision-making (E.Akar, B.Topçu, 2011;N.Hajli, 2015). Liang et.al (2011) shows that social support from online friends is very important in encouraging consumers to adopt social commerce. Edelman (2010)

advocates that social media allows consumers to engage with brands in completely new ways; hence, companies must change their marketing strategy from attracting consumer awareness (pre-purchase stage) to bonding with consumers after their purchase (post-purchase stage). To harness the power of social trading, it is important to study the processes and uniqueness of how consumers behave in these settings (T. Hennig, 2013).

Small and Medium Enterprises (SMEs) play an important role in economic growth and reduce unemployment rates (Widarti, 2007). SMEs are an important part of the economy in any country like Indonesia. The facts show that the job opportunities created by SMEs are far more than the workforce that can be absorbed by large companies. Therefore, SMEs are expected to continue their efforts to deal with the ever-increasing unemployment rate. By absorbing a lot of labor, it means that SMEs also have a strategic function in efforts to help the government fight poverty (Tambunan, 2009). The contribution of this group is very influential on the national economy.

The uniqueness of resource capabilities is a company's efforts to optimize resources where these resources are relatively superior compared to competitors (Wheelen & Hunger, 2014). The uniqueness of a company's resource capabilities can be grouped into tangible assets, intangible assets, and organizational assets. These three groups can be reduced to two groups only if Organizational Assets are included in intangible assets. Intangible assets, for example, include office buildings, and machines, while intangible capabilities can be in the form of competent human resource competencies, established business reputations, strategic business locations, and many more. Taking advantage of the uniqueness of resource capabilities will encourage companies to immediately achieve a better business level and make competitive advantages available and, at the same time, create superior value for customers (Alamsyah et al., 2019). This

understanding is supported by Pearce and Robinson (2013) who explain that there are three important resources needed by a company, namely tangible assets, intangible assets, and organizational assets.

## **LITERATURE REVIEW**

### **Competitive Advantage**

The goal of competitive strategy is to achieve sustainable competitive advantage by improving company performance. Competitive advantage can be achieved by realizing strategic access to quality across potential competitor countries, not all at the same time (Barney, McWright & David J. Ketchen, 1991). Sudaryanto, (2012) argues that competitive advantage factors can be considered natural factors, and competitive advantage factors can also be factors that can be improved to achieve sustainable competitive advantage (SCA) in the face of intense global competition. wild/noisy or excessive competition. If your experience can match what your competitors are doing, it will give you a lasting advantage. In other words,

According to Barney, four (basic) resource and capability requirements must be considered competitive assets. Difficult to imitate and (4) cannot replace other tools (Barney, 1991).

Competitive advantage is the added value that can arouse consumer interest and the desire to buy. This competitive advantage can take many forms. more differentiation and better value for consumers. Competitive advantage is to increase the value a company can create for its customers. A competitive advantage allows a company to earn more than the average revenue of its competitors in the industry. Competitive advantage plays a key role in a company's performance in a competitive market. Competitive advantage increases the value or advantage a business can create for its customers. If a company can make a profit using any of these three general strategies, then the company will have a competitive advantage. Competitive advantage can be seen in terms of the company's competitive

position, which is analyzed by looking at the company's strengths and weaknesses relative to its competitors. Competitive advantage comes from the company's ability to maintain an advantage over its resources and capabilities.

### **Unique Resource Abilities**

According to Affuah (2004), resources differ from tangible and intangible assets. Assets include land, physical plant, and equipment. This includes human resources (HR), company reputation, and ICT technology. According to Wheelen and Hunger (2012), there are three aspects of resources or uniqueness of resources: Capabilities: administrative, cultural, and public resources including the number of physical resources and vehicles, human resources, and skills that can be produced by land, equipment, and facilities. Hill and Jones (2004) identify two types of firm resources: tangible assets and intangible assets. On the other hand, Collis and Montgomery (2005) identify three specific types of resources in the creative industries: intangible resources, intangible resources, and managerial skills. Therefore, Pierce and Robinson (2011) state that there are three main resources needed by a business. These are tangible assets, intangible assets, and operational capabilities. Easily identify assets on a company's balance sheet, including production equipment and raw materials. and decorations.

### **Social Commerce**

Mohammed, Fisher, Jaworski, & Paddison (2003), e-marketing is the process of building and maintaining relationships with customers through online activities to facilitate the exchange of ideas, products, and services that provide satisfaction to both parties. Nugrahani (2011) stated that the development of information technology applied in business is called e-commerce which is not only used by large companies but also used by SMEs in marketing their products. By using e-commerce, SME product marketing can become wider and

can achieve greater profits. Digital technology has changed the way humans speak, communicate, act, and make decisions. Digital marketing can be defined as marketing activities including branding using various web-based media. The digital marketing strategy should be aligned with the organizational strategy. In the development of digital technology in such a way, organizations are sometimes tempted not to listen or see what the market wants. Often with existing technological advances, business organizations are tempted to show their technological sophistication without hearing what the market says. Organizations can learn about listening by providing space for customers or communities to comment on purpose-built websites, blogs, and even social networks such as Facebook or Twitter. Before deciding to use a blog, generally, business people see various needs as follows: (9) the media can display testimonials, (10) the media can record visitors, (11) the media can provide special offers, (12) the media can present the latest information via sms-blog, and (13) the media can facilitate product search (Sanjaya and Tarigan, 2009). Furthermore, Taneja & Toombs (2014) stated that the media can create brand visibility and awareness, can identify and attract new customers, and can strengthen the brand image that is accepted by consumers.

### **MATERIALS & METHODS**

The quantitative research method is a research method using research data in the form of numbers and analysis using statistics. In collecting data using research instruments, data analysis is quantitative to test the established hypotheses. Quantitative research, it is experimental/survey when the problem is clear. The sequence in the quantitative research process begins rather than building hypotheses from theory, collecting facts or data, using data to test hypotheses, and finally drawing conclusions from the results of data processing (Kurniawan, 2014).



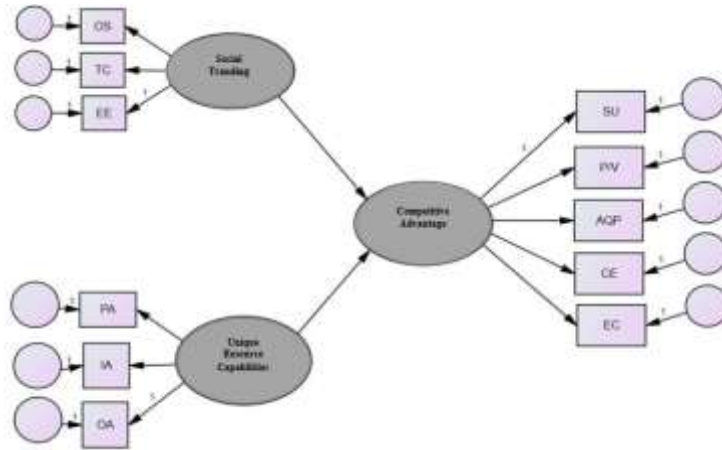


Figure 1. Conceptual Framework of Research

## RESULT AND DISCUSSION

### Testing Outer Models

The measurement model testing phase includes testing for Convergence Validity, Discriminant Validity, and Composite Reliability. The results of the PLS analysis

can be used to test the research hypothesis if all the indicators in the PLS model have met the requirements of convergent validity, discriminant validity, and composite reliability.

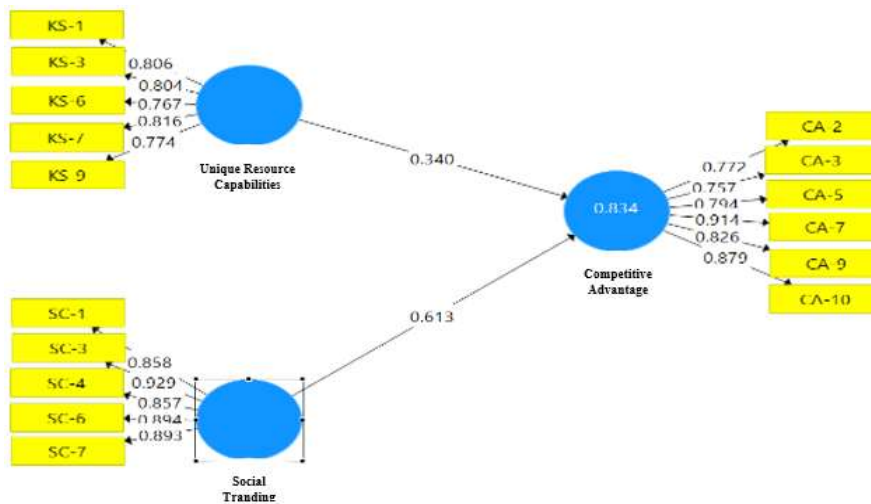


Figure 2. Valid Image Estimation

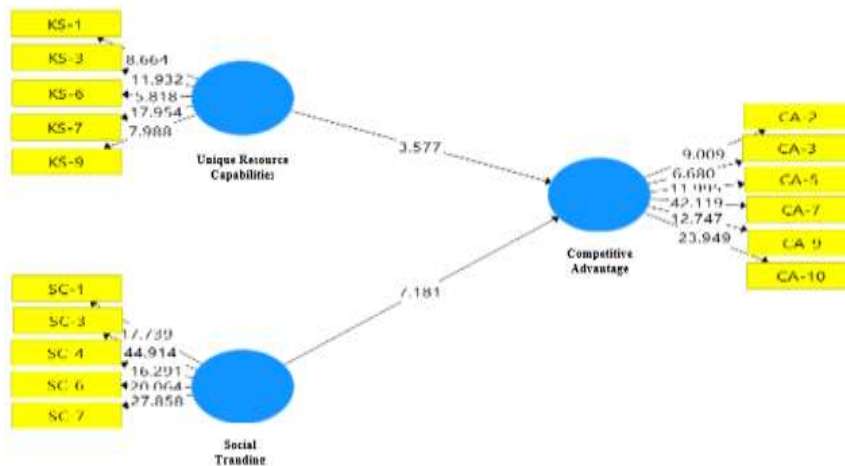


Figure 3. Smart PLS Results

**Table 1. Item Loadings, Cronbach Alpha, Composite Reliability, and Average Variance Extracted**

Variable	Items	Loading	Cronbach Alpha	Composite Reliability	AVE
Unique Resource Abilities (KS)	KS-1	0.806	0.853	0.895	0.630
	KS-3	0.804			
	KS-6	0.767			
	KS-7	0.816			
	KS-9	0.774			
Social Trading (SC)	SC-1	0.858	0.932	0.948	0.786
	SC-3	0.929			
	SC-4	0.857			
	SC-6	0.894			
	SC-7	0.833			
Competitive Advantage (CA)	CA-2	0.772	0.905	0.927	0.681
	CA-3	0.757			
	CA-5	0.794			
	CA-7	0.914			
	CA-9	0.826			
	CA10	0.879			

**Table 2. Discriminant Validity**

Variable	Unique Resource Abilities	Competitive Advantage	Trading Social
Unique Resource Abilities	<b>0.794</b>		
Social Trading	0.823	<b>0.825</b>	
Competitive Advantage	0.844	0.893	<b>0.877</b>

**Table 3. R-Squared Value**

	R-Square	R-Square Adj
Competitive Advantage	0.834	0.829

The R Square competitive advantage of 0.834 means that competitive advantage can be explained by the variable ability of unique resources and social trading of 83.4%, while the remaining 16.6% is explained by other variables not discussed in this study.

In this study, there are still UKM products taken from several places of origin and marketed in the city, so only a portion of the products produced have characteristics and are managed by the Cooperative Service so that this management still has to have intervention from the Padangsidimpun city government as a medium. facilitator.

## CONCLUSION

1. Based on the results of the study it can be concluded that social institutions have a positive and significant effect on the competitiveness of certain resources and skills. Yes, in private. This means SMEs in Klambir Lima, have better access to unique resource opportunities and competitive advantages. Further research with a larger sample and population is needed to assess the readiness of the Klambir Lima

community to be active in developing social enterprises.

2. The government, particularly in the Province of North Sumatra Klambir-Lima, developed strategies for the SME sector and created opportunities to use digital and social media to expand online networks for products and services. Small and medium business sector. Development of small and medium enterprises. International
3. SMEs, can identify and map their business competitive advantages, monitor and implement technological developments, and use social media.
4. For researchers, the results of this study can be used to improve marketing management knowledge, especially in the field of retail trade.

## SUGGESTION

Given the magnitude of the benefits of this research activity, then what should be done in the next activity is:

1. Make dedication such as socialization of management to the people of Medan Klambir V Village regarding improving the economy of SMEs towards competitive advantage.
2. Ongoing research to further explore all that is implied in Medan Klambir VillageV.

3. Maintaining better cooperation between universities and village heads Klambir in terms of research and other activities.

#### **Declaration by Authors**

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