The Influence of Entrepreneurs through Business Performance Competitive Advantage of the Small and Medium Enterprises Sector in Makassar City

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ABSTRACT

This study aims to determine the contribution of the small and medium business sector to the gross regional domestic product of South Sulawesi Province. Makassar City, the capital city of South Sulawesi Province, has the potential to apply for a workforce of 97.3 percent of the total workforce in this area. During the Covid-19 Pandemic, the small and medium business sector contributed 53.6 percent of the gross regional domestic product in South Sulawesi. The traditional food processing industry in Makassar City is one of the businesses that contribute to local economic growth. A total of 166 small food industries are spread across 13 sub-districts in Makassar City and can absorb around 400 employees. The absorption of this workforce in the typical food industry sector also reduces the increasing unemployment rate during the Covid-19 period in Makassar City. One of the advantages of the Makassar City food industry is that it is unique so that it becomes an attraction for residents. Currently, the number of SMEs in Makassar City is 8,592 small and medium scale is 2,339, in total the number of small and medium enterprises in Makassar City is 10,931. The types of business groups consist of the types of food and beverage, handicraft, convection, trade, services, and culinary businesses.

Keywords: Entrepreneurial Orientation, Human Capital, Competitive Advantage, Business Performance.

Introduction

The increase in the business tendency index or the entrepreneurial optimism level index has an impact on the existence of SMEs in the face of very dynamic economic conditions so that it can be said as one of the sectors that have a strategic role in driving the national economy (Akinruwa et al, 2013). This is in line with the national long-term development plan 2005-2025 which states that SME development is directed to develop into economic actors with competitive advantages through strengthening entrepreneurship and increasing productivity supported by efforts to increase adaptation to market needs, utilizing innovation results, and applying technology.

The contribution of the Small and Medium Enterprises (MSME) sector to regional gross domestic product has grown steadily in the last five years. The Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia noted that the contribution of the SME sector increased from 57.84 percent to 60.34 percent (Syahruddin, 2020). Not only that, but the SME sector also absorbs household workers. Labor absorption in the SME sector grew from 96.99 percent to 97.22 percent in the last five years. With the large number of workers absorbed, the Indonesian Chamber of Commerce

and Industry assesses that the SME sector is able to increase people's income. Thus, SMEs are considered to have a strategic role in fighting poverty and unemployment. In addition, among SMEs, the creative economy industry also recorded a positive contribution with a growth of 5.6 percent from 2010 to 2013. Its contribution to GDP was recorded at 7.1 percent and absorbed 10.7 percent or around 12 million total workers. Last year's creative economy industry grew 5.76 percent or above the national average of 5.74 percent economic growth, with an added value of IDR 641.8 trillion or seven percent of the National GDP (Maddatuang et al, 2021).

In 2019, the government targets the contribution of the creative economy's GDP to reach 7-7.5 percent. Meanwhile, in the same year period, the country's foreign exchange is targeted to reach 6.5 percent. Among the 15 creative economy sub-sectors that have been developed, three sub-sectors recorded the largest contribution to GDP, namely, the culinary sector with the achievement of IDR 209 trillion or 32.5 percent, the fashion of IDR 182 trillion or 28.3 percent, and handicrafts of IDR 93 trillion or 14.4 percent. Collaboration between the culinary, craft, and fashion industry sectors has given its value to the development of the tourism sector which has contributed 10

percent of the total GDP. Meanwhile, Indonesia's export value in the previous year was only able to contribute 15.8 percent. This figure lags when compared to other Southeast Asian countries (Kurniawan & Yun, 2018). For example, Thailand is 29.5 percent and the Philippines are 20 percent.

Makassar City as the gateway to Indonesia in the East has a strategic position in the mobility of the Indonesian population (Maddatuang et al, 2021). Along with development developments, until now Makassar City has become one of the travel and transit destinations for the majority of the Indonesian population, especially in the Central and Eastern parts. This situation is a good opportunity for the development of SMEs, especially in the regional food and beverage group. The tourists who come to visit not only to enjoy historical, religious, natural attractions or to see firsthand the effects of the tsunami but also to make it a culinary tour.

The food and beverage industry in South Sulawesi, especially in Makassar City, is growing (Maharani et al, 2020). This is evident from the emergence of various new small and medium-sized businesses engaged in the food and beverage industry. This phenomenon can be seen from the growth of the emerging mid-level food industry which increased by 1.88% in the third quarter of 2016. Meanwhile, the growth of the micro and small food business increased by

Literature Review

Regional specialties in Makassar City have considerable potential to be developed, as well as the number of requests. However, the increase in demand for food products typical of the Makassar region has not experienced a significant increase in profitability and business growth (Hasan et al, 2020). One indicator of the performance assessment of Makassar's typical food business is the number of requests in a certain period. The phenomenon found shows that generally Makassar food businesses still face many limitations both in terms of capital and product quality and quantity. But on the other hand, the

9.82%. The food industry in Makassar continues to grow and can increase competitiveness among food companies in Makassar. Thus, it will be seen which food and beverage companies will survive and continue to grow. It can be seen which companies will be unable to compete with existing competitors (Azis et al, 2018).

The current regional food product processing activity is one of the most promising businesses for the community, where the natural resources in South Sulawesi Province, especially Makassar City, have the potential to be processed into regional specialties. Agricultural products, livestock, plantations, and marine potential are very large and can be used as regional specialties, Coto Makassar, Konro Soup, Grilled Fish, Snapper Head Soup, and Otak-Otak. In addition, various types of traditional cakes are unique and are the result of a hereditary culture that has a distinctive taste.

Various types of typical Makassar cakes such as Barongko Cake, Bayao Cucur Cake, Dutch Studio, Attitude Cake, various other Bosara filled foods. In addition, various Makassar special drinks that are popular in the community include; passion fruit, Ambon banana syrup. This variety of Makassar food and drink, which is the result of a culture that has been passed down from generation to generation, has become the wealth of the people of South Sulawesi in general and the people of Makassar City in particular.

contribution to the economy can be said to have a very dominant role (Karim et al, 2021).

In terms of finance generally, they still use simple fund management, such as in determining profit targets and using costs using simple estimates so that the balance between financing and the profits to be achieved has not been able to increase the profits achieved (Abdullah et al, 2017). Furthermore, related to business management, not all businesses use organizational management that has a regular organizational structure. Likewise, the services and products offered are not all unique from the others (Sahabuddin, 2018). This indicates the low value of novelty that is oriented

to entrepreneurship and the low quality of human resources based on capabilities that are oriented to the creation of competitive advantage so that later it can produce more prestigious or better performance than before (Benzing & Chu, 2009).

Generally, small and medium-sized enterprises in Indonesia are difficult to develop in the market because they face several internal problems, namely the low quality of human resources such as unskilled human resources, lack of entrepreneurial orientation, low mastery of technology and management, and lack of information (Karim, 2019). Two of the internal problems faced by many small and medium enterprises, namely entrepreneurial orientation and internal resources, have also become a major concern in many studies today (Bosma et al, 2004). Entrepreneurial orientation is a company orientation based on efforts to identify and exploit opportunities through the ability of creativity and innovation. So it can be argued that everything that is done based on an entrepreneurial orientation can provide new values that can create excellence and better performance (Desi, 2021).

While in other respects behind the limitations and weaknesses faced by most business actors in the Makassar food sector, this sector is one of the businesses that have many opportunities to gain a place in the hearts of the people, both inside and outside the city of Makassar. By improving and improving the business performance of SMEs, it can be expected that the Makassar specialty food sector can make a more meaningful contribution to the smooth running of the economy which leads to better economic growth in the future (Rahman, 2021).

High business performance is inseparable from the optimal use of resources. Optimal use of resources based on novel values through creativity and innovation and supported by capabilities through skills and abilities, the opportunity for organizations to create business performance and competitive advantage is very possible. Entrepreneurial orientation, human resources, and competitive advantage of an entrepreneur can significantly improve the performance of the

business he runs) (Coulthard, 2007). Human capital-based company performance appraisal is an interesting thing for the company to develop in the future (Karim et al, 2020).

Human capital is one of the main components of intellectual capital (intangible assets) owned by the company. So far, the assessment of the company's performance uses more physical resources (tangible assets). Measuring the company's performance from the perspective of financial and other physical resources can show accurate results, but on the other hand, the resources that play the main role to produce the performance are human resources (Dyaja et al, 2018). Human resources are the most important asset among other resources because they are the driving force and cannot be replaced with other resources.

Human resources are said to be human capital with all the knowledge, ideas, and innovations it has (Putera et al, 2021). Human capital is individual knowledge which can be in the form of skills, experience, expertise, ideas, knowledge, competencies, capabilities, and values possessed by employees. Human capital is a basic resource in creating new knowledge, learning, promoting the process of new skills, experimental, competency acquisition, and control. With all the limitations, especially the unfinished theoretical review, it is hoped that SMEs in Makassar City can prepare more qualified human resources in improving the company's best performance.

It is time for business actors to realize that the profits they get come from human capital, do not view business activities more from a business perspective alone. Entrepreneurs should view their business as a unit containing unique knowledge and skills, or a unique set. Competitive advantage can only be achieved if the individual sources of knowledge that form the basis of strength are managed and maintained. Competition in the small business world is getting tighter, marked by the number of emerging businesses that are engaged in the same type of business (Sahabuddin et al, 2020). These small businesses compete with each other in capturing

market share to keep their customers from turning to competitors from different entrepreneurs

(Saripuddin et al, 2015).

Methods

This research is designed in the form of descriptive research and verificative research because this study aims to test the answers to problems whose truth is temporary (hypotheses) based on certain theories or empirical data. Descriptive research aims to obtain an overview of the variables of entrepreneurial orientation, resources, competitive advantage, and business performance (Azis et al, 2010). With a descriptive study, it is hoped that the identity of the micro industry will be drawn, namely describing and transforming data into the required numbers, percentages, and tables so that they are easy to understand and interpret.

The collected data will be analyzed through 3 (three) stages, namely; 1) Preparation of the completeness of several instruments, 2) Tabulation of the data obtained, and 3) Application according to the approach used in the research objectives. Quantitative data were analyzed using descriptive analysis and Structural Equation Modeling (SEM) analysis. Descriptive analysis aims to describe the results of respondents' assessment of the variables studied based on the weight of the percentage of answers

and the total score of respondents' answers. So that can be obtained an overview of the following variables indicators of each variable studied.

SEM analysis to examine: 1) the relationship between the independent variables (independent variables) and their effects, either simultaneously (together) or partially (respectively), on the intervening variable; 2) the influence of the intermediate variables on the dependent variable (dependent variables); and 3) the influence of independent variable on the dependent variable, either directly or indirectly through the intermediate variable.

The structural equation model (SEM) with the lisrel v8.0 program was used to measure latent variables, namely: entrepreneurial orientation, human capital, competitive advantage, and business performance (Chow, 2006). The structural equation model consists of, namely: measurement equations and structural equations. The structural equation shows the form of the relationship between exogenous and endogenous latent variables. While the measurement equation shows the form of the relationship between the exogenous (endogenous) latent variable and the observation var
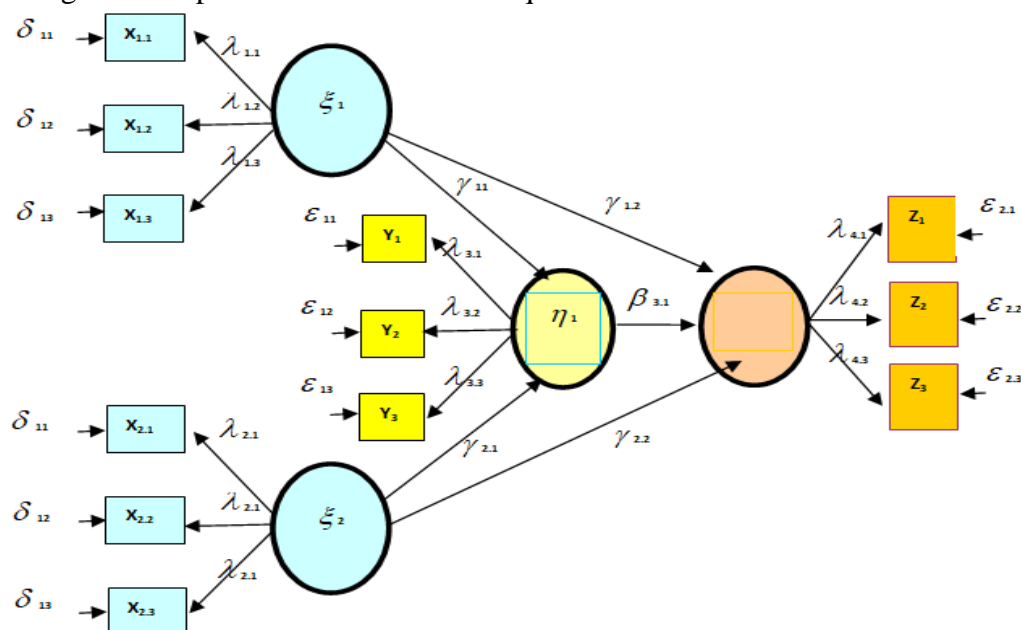
iable. The following shows a picture of the structural equation between the variables studied in this study.

Figure 1. Full Path Model

Where:

ξ_1 = Entrepreneurship orientation (exogenous latent variable) [ksi$_1$]

ξ_2 = Human capital (exogenous latent variable) [ksi$_2$]

η_1 = Competitive advantage (endogenous latent variable) [eta$_1$]

η_2 = Business performance (endogenous latent variable) [eta$_2$]

ζ = [zeta] model error is a structural disturbance/error in equality

γ = The coefficient of influence of the exogenous latent variable on the endogenous [gamma]

β = The coefficient of influence of the endogenous latent variable on the endogenous other

λ = The coefficient of measurement of the manifest variable for the verb. latent [lamda: loading factor]

δ = Measurement error in manifest variables for exogenous latent variables

ε = Measurement error in manifest variables for endogenous latent variables

Result

This study examines several constructs or latent variables, namely: entrepreneurial orientation variable (X_1) and human capital variable (X_2) which are independent or exogenous construct variables. Competitive advantage variable (Y) as intervening variable or between, and business performance variable (Z) as the dependent variable or endogenous variable. The number of dimensions of each variable consists of three dimensions so that the total dimensions of the four construct or latent variables are 12 dimensions. Furthermore, each dimension is built through three indicators, so that the total number of indicators is 36 indicators or manifest variables which are also question items in the questionnaire.

1. Instrument Reliability Test

The instrument reliability test aims to determine the level of consistency of respondents in answering each question item. The results of the reliability test for the variables studied in this study can be explained through the following table. The criteria used to assess the level of instrument reliability from the variables studied in this study, that an item is said to be valid if the correlation coefficient value obtained is greater than 0.7.

Table 1. Entrepreneurial Orientation Variable Reliability Test (X_1)

Description	N
Case Valid	100
Excluded[a]	0
Total	100
N items	9
Cronbach's Alpha	0.907

The table above shows that all question items for the entrepreneurial orientation variable has a Cronbach's Alpha value above 0.7 so it can be stated that the question items for the entrepreneurial orientation variable are appropriate to be used as a data collection tool and as a measuring tool. Furthermore, the reliability test of the human capital variable instrument consisting of nine-question items can be explained in the table as follows.

Table 2. Instrument Reliability Test Results in Human Capital Variable (X_2)

Description	N
Case Valid	100
Excluded[a]	0
Total	100
N items	9
Cronbach's Alpha	0.769

Likewise, for the question item on the human capital variable, the reliability test results have a Cronbach's Alpha value above 0.7 so it can be stated that the question item for the human capital

variable can be used as a data collection tool and as a measuring tool. Furthermore, the reliability test of the competitive advantage variable instrument consisting of nine-question items can be explained in the table as follows.

Table 3. Competitive Advantage Behavioral Instrument Reliability Test (Y)

Description	N
Case Valid	100
Excluded[a]	0
Total	100
N items	9
Cronbach's Alpha	0.756

In the table above, Cronbach's Alpha value is greater than the proposed value (0.7), so it can be stated that all question items for competitive advantage are reliable or suitable to be used as measuring tools or data collectors. Furthermore, the results of the reliability test of the business performance variable (Z) instrument can be seen in the following table.

Table 4. Business Performance Instrument Reliability Test Results (Z)

Description	N
Case Valid	100
Excluded[a]	0
Total	100
N items	9
Cronbach's Alpha	0.854

2. Structural Equation Model

The analytical model used in this study is Structural Equation Modeling (SEM) which is based on two model approaches, namely the measurement model and the structural model. A combined model of factor analysis or measurement model and structural model or relationship between construct variables (path analysis).

a) Entrepreneurial Orientation Variable Measurement Model (X_1)

Entrepreneurial orientation is measured based on the path coefficient value of each indicator as shown in the following figure.

Description:
$X_{1.1.1}$: Availability of product samples
$X_{1.1.2}$: Delivery service
$X_{1.1.3}$: Pioneer of novelty products
$X_{1.2.1}$: Creating creativity
$X_{1.2.2}$: Creating new ideas
$X_{1.2.3}$: Designing product packaging
$X_{1.3.1}$: Maintaining business values and goals
$X_{1.3.2}$: Protecting the interests of the organization
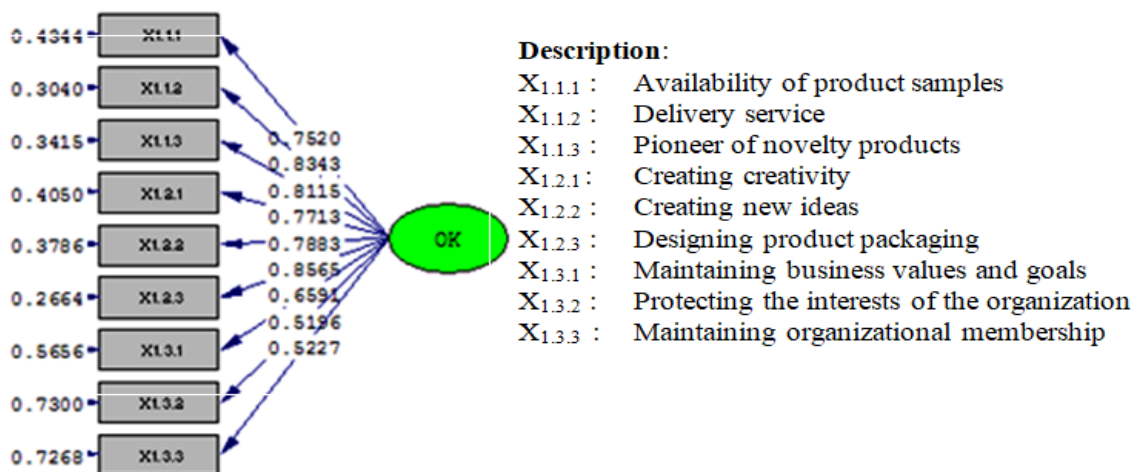$X_{1.3.3}$: Maintaining organizational membership

Figure 2. Path Diagram of Entrepreneurial Orientation Measurement Model

The figure above shows that the most dominant indicator of building an entrepreneurial orientation is the indicator of efforts to design product packaging in the typical food business industry in the city of Makassar, with a weight of 85.65 percent compared to other indicators. Then, each indicator was tested through construct reliability and variance extracted approaches to determine the degree of conformity to the entrepreneurial orientation variable. The test results for each indicator can be explained through the following table:

Table 5. Summary of Entrepreneurial Orientation Measurement Model

Indicator	Standardized loading	(Standardized loading)^2=R^2	T value	Error variance
$X_{1.1.1}$	0.752	0.5655	12.2043	0.4345
$X_{1.1.2}$	0.8343	0.6961	14.2411	0.3039
$X_{1.1.3}$	0.8116	0.6587	13.6457	0.3413
$X_{1.2.1}$	0.7713	0.5949	12.6560	0.4051
$X_{1.2.2}$	0.7883	0.6214	13.0658	0.3786
$X_{1.2.3}$	0.8565	0.7336	14.8473	0.2664
$X_{1.3.1}$	0.6591	0.4344	10.2096	0.5656
$X_{1.3.2}$	0.5196	0.2700	7.6331	0.7300
$X_{1.3.3}$	0.5227	0.2732	7.6857	0.7269
Total	6.5154	4.8478		4.1522
Construct reability = 0.9109				
Variance Extracted = 0.5386				

Construct reliability of the nine indicators in forming an entrepreneurial orientation is still greater than the recommended 0.7 which indicates that the nine indicators as a whole have a degree of conformity in forming an entrepreneurial orientation, while the t-value of each indicator is greater than 1, 96 which means that the nine indicators are significant in forming the constructed variable. Furthermore, the variance extracted value of 0.5386 explains that there is 54 percent of the information contained in the nine indicators can be represented in explaining the construct or latent variables.

b) Human Capital Variable Measurement Model (X_2)

Human Capital is measured based on the factor weight of each indicator consisting of nine indicators as shown in the following figure:

Description:

$X_{2.1.1}$: Ability to express opinions
$X_{2.1.1}$: Material mastery
$X_{2.13}$: Able to answer questions
$X_{2.2.1}$: Able to analyze business opportunities
$X_{2.2.2}$: Able to analyze planning aspects
$X_{2.2.3}$: Able to prepare business proposals
$X_{2.3.1}$: Able to manage business operations
$X_{2.3.2}$: Able to plan business
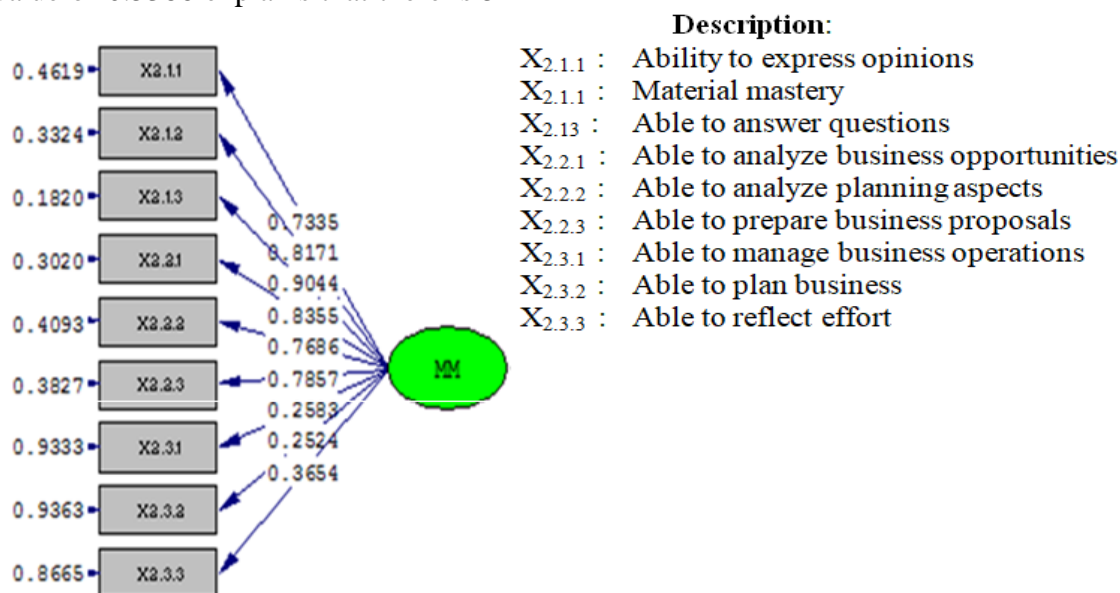$X_{2.3.3}$: Able to reflect effort

Figure 3. Human Capital Model Path Diagram

The figure above explains that the nine most dominant indicators that form human capital in the Makassar typical food business industry are the ability to answer questions related to the products produced with a weight of 0.9044 or 90.44 percent compared to other indicators. The testing of each indicator through the construct reliability and variance extracted approach to determine the degree of conformity to the latent variables can be explained through the following table:

Table 6. Summary of Human Capital Measurement Model

Indicator	Standardized loading	(Standardized loading)^2=R^2	T value	Error variance
$X_{2.1.1}$	0.7335	0.5380	11.7861	0.4620
$X_{2.1.2}$	0.8171	0.6677	13.7899	0.3323
$X_{2.1.3}$	0.9044	0.8179	16.2372	0.1821
$X_{2.2.1}$	0.8355	0.6981	14.2752	0.3019
$X_{2.2.2}$	0.7686	0.5907	12.5922	0.4093
$X_{2.2.3}$	0.7857	0.6173	13.0025	0.3827
$X_{2.3.1}$	0.2583	0.0667	3.5797	0.9333
$X_{2.3.2}$	0.2524	0.0637	3.4945	0.9363
$X_{2.3.3}$	0.3654	0.1335	5.1586	0.8665
Total	5.7209	4.1937		4.8063

Construct reability = 0.8720
Variance Extracted = 0.4660

The construct reliability of the nine indicators informing the human capital variable is still greater than the recommended 0.7 which indicates that the nine indicators as a whole have a degree of conformity in forming human capital, while the t value of each indicator is greater than 1.96 which means that the nine indicators have a significant significance in forming the constructed variable. While the variance extracted value of 0.4660 explains that there is 47 percent of the information contained in the nine indicators can be represented in explaining the constructed variable or latent variable.

c) Competitive Advantage Variable Measurement Model (Y)

Competitive advantage is measured based on the factor weight of each indicator consisting of nine indicators as shown in the following figure:

Description:
$Y_{1.1.1}$: Positioning product updates
$Y_{1.1.2}$: Prioritizing product excellence
$Y_{1.1.3}$: Creating uniqueness among other products
$Y_{1.2.1}$: Ability to respond to customer needs
$Y_{1.2.2}$: Ability to serve to order
$Y_{1.2.3}$: Ability to create attraction
$Y_{1.3.1}$: Creating novelty at low cost
$Y_{1.3.2}$: Experiment to create low cost
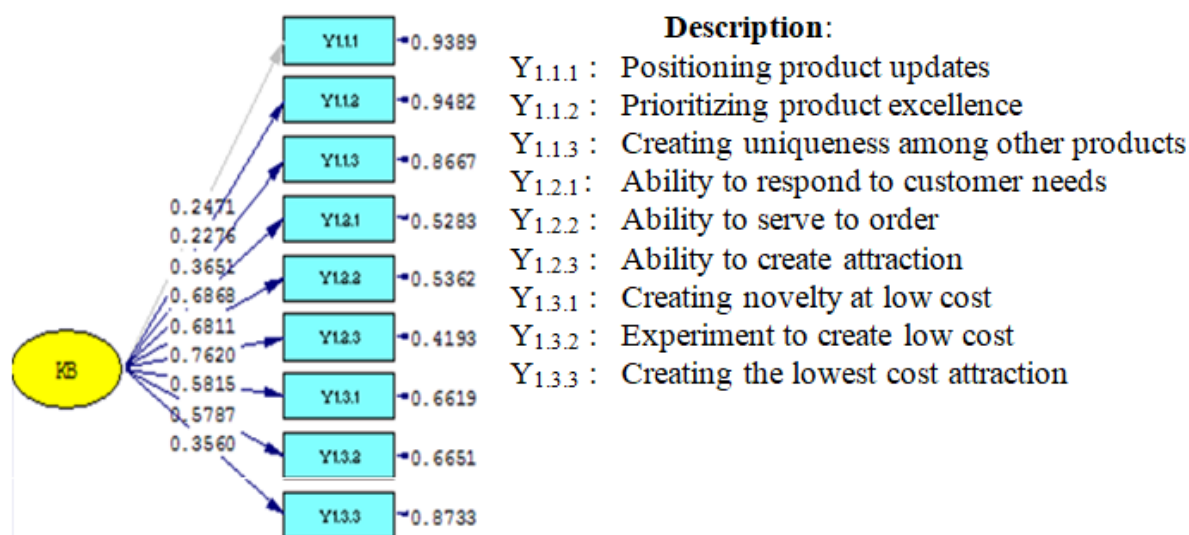$Y_{1.3.3}$: Creating the lowest cost attraction

Figure 4. Competitive Advantage Measurement Model Path Chart

Based on the picture above, it is explained that the nine indicators that build competitive advantage, the most dominant indicator contributing is the ability to create attractiveness with a weight of 0.7620 or 76 percent compared to other indicators. Furthermore, testing of each indicator through construct reliability and variance extracted approaches is carried out to determine the degree of conformity to the competitive advantage variable. The test results for each indicator can be explained through the following table:

**Table 7.** Competitive Advantage Measurement Model Summary

Indicator	Standardized loading	(Standardized loading)^2=R^2	T value	Error variance
$Y_{1.1.1}$	0.2471	0.0611	-	0.9389
$Y_{1.1.2}$	0.2276	0.0518	2.2209	0.9482
$Y_{1.1.3}$	0.3651	0.1333	2.7525	0.8667
$Y_{1.2.1}$	0.6868	0.4717	3.1644	0.5283
$Y_{1.2.2}$	0.6811	0.4639	3.1611	0.5361
$Y_{1.2.3}$	0.762	0.5806	3.2002	0.4194
$Y_{1.3.1}$	0.5815	0.3381	3.0890	0.6619
$Y_{1.3.2}$	0.5787	0.3349	3.0865	0.6651
$Y_{1.3.3}$	0.356	0.1267	2.7285	0.8733
Total	4.4859	2.5622		6.4378

Construct reability = 0.7576

Variance Extracted = 0.2847

The construct reliability of the nine indicators in forming competitive advantage is still greater than the recommended one, namely 0.7 which indicates that the nine indicators as a whole have a degree of conformity in forming competitive advantage, while the t-value of each indicator is greater than 1.96 which means that the nine indicators have a significant role in shaping competitive advantage. Furthermore, the variance extracted value of 0.2847 explains that there is 29 percent of the information contained in the nine indicators can be represented in explaining competitive advantage.

d) Business Performance Behavior Variable Measurement Model (Z)

Business performance is measured based on the factor weight of each indicator which consists of nine indicators as shown in the following figure:
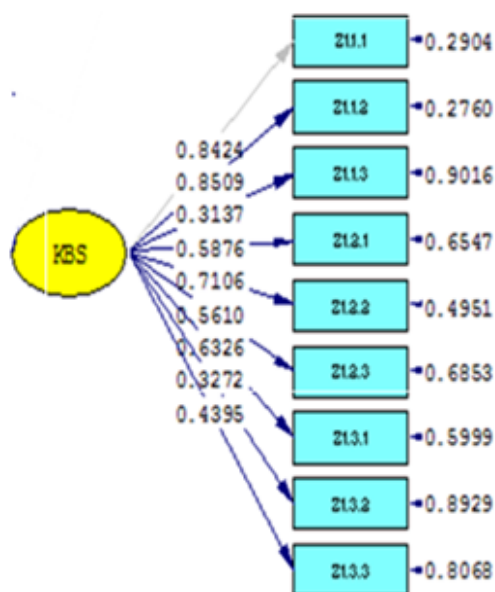
Description:

Z_1 : Creating a price advantage product
Z_2 : Desire to plan goals
Z_3 : Desire to create achievement value
Z_4 : Increase sales volume
Z_5 : Increase income
Z_6 : Fulfillment of other needs
Z_7 : Adding regular customers
Z_8 : Increase return visits
Z_9 : Creating a friendly relationship

Gambar 5. Business Performance Measurement Model Path Chart

Based on the picture above, it is explained that the nine indicators that build business performance, the most dominant indicator contributing is the desire to plan goals to be achieved with a weight of 0.8509 or 85 percent compared to other indicators. Furthermore, testing is carried out on

each indicator through the construct reliability and variance extracted approach to determine the degree of conformity to the constructed variable.

The test results for each indicator can be explained through the following table.

Table 8. Business Performance Measurement Model Summary

Indicator	Standardized loading	(Standardized loading)^2=R^2	T value	Error variance
Z_1	0.8424	0.7096	-	0.2904
Z_2	0.8509	0.7240	14.0274	0.2760
Z_3	0.3137	0.0984	4.3001	0.9016
Z_4	0.5876	0.3453	8.6526	0.6547
Z_5	0.7106	0.5050	11.0069	0.4950
Z_6	0.561	0.3147	8.1841	0.6853
Z_7	0.6326	0.4002	9.4750	0.5998
Z_8	0.3272	0.1071	4.4965	0.8929
Z_9	0.4395	0.1932	6.1863	0.8068
Total	5.2655	3.3974		5.6026
Construct reability = 0.8319				
Variance Extracted = 0.3775				

The construct reliability of the nine indicators in shaping business performance is still greater than the recommended 0.7 which indicates that the nine indicators as a whole have a degree of conformity in shaping business performance, while the t-value of each indicator is greater than 1.96 which means that the nine indicators are significant in shaping business performance. Furthermore, the variance extracted value of 0.3775 explains that there is 38 percent of the information contained in the nine indicators can be represented in explaining business performance.

Discussions

The success of a business lies in the role of the attitude and personality of the business owner which is based on entrepreneurship. Not a few businesses that have developed in several developed countries such as Japan, South Korea, the United States, Hong Kong, the Netherlands, Portugal, Spain, and many more are independent of the role of entrepreneurs or entrepreneurs (Cheng et al, 2010). This is because there are several reasons why entrepreneurship is said to be a factor that can encourage a country's economic growth. Entrepreneurship plays an important role in building creativity and innovation capabilities for the community. Through entrepreneurial skills, a society can create and provide jobs through the ability to creativity and innovation to produce products and methods that are renewable.

Entrepreneurial orientation and human capital in building competitive advantage and business performance in the Makassar specialty food industry. In addition, the presence of entrepreneurs has made a major contribution in increasing people's per capita income and foreign exchange through renewable products. However, not all businesses, especially the typical food industry in Makassar City, have developed as expected. It can be seen that there are still many Makassar typical food industry businesses that have not been able to survive in a longer period and switch functions to other types of businesses.

This condition can be caused by several factors, including the low ability of business actors to see and utilize potential resources, market opportunities, and the existence of economic pressure which is the reason for the development of typical food industry businesses in Makassar City. In addition, several factors also influence the growth of the typical food industry business in Makassar City, namely: the availability of

business capital, the potential of human resources, and the status of employees used in the company's operational activities. The variables studied in this study are the variables of entrepreneurial orientation, human resources, competitive advantage, and business performance of the typical food industry in Makassar City. Where each variable is built through dimensions and indicators as the basis for determining the size that becomes the benchmark in explaining the causality relationship between the constructor latent variables in this study.

1. Entrepreneurship Orientation

An entrepreneurial orientation based on the ability to compete aggressively is shown through a strong desire to be able to outperform competitors without waiting for opportunities to come. This strong desire is also carried out by responding to market changes. Changes in people's consumption patterns of Makassar specialties also require a level of ability to create novelty by modifying products that are acceptable to consumers. These indicators form the basis for the Makassar typical food industry business actors in maintaining their business continuity. So it can be argued that the three indicators can explain the importance of competing aggressively as one of the dimensions of entrepreneurial orientation studied in this study. The proactive dimension is another dimension of entrepreneurial orientation that is studied in this study. The proactive dimension in this case is the ability to respond to consumer needs through clear and measurable plans and goals. Unlike the case with reactive as an action that is carried out without being based on clear planning and goals. The results of the analysis show that the indicators of the proactive dimension can explain the role of proactive action as one of the main parts of entrepreneurial orientation.

The act of entrepreneurship orientation is a proactive action that is generally taken by typical food business actors in Makassar City, which is carried out by giving careful consideration to always preparing product samples that give preference and confidence in quality and motives for consumers before making transactions. In addition to providing product samples, it is also a

consideration for typical food business actors to provide product delivery services according to orders. This is a consideration that is considered good not for no reason as a step to expand market share and to show one way to pamper consumers or customers. In line with that, one of the efforts of business actors in the typical food industry is also to try to become a pioneer of renewable products. In contrast to other business actors who only expect from the number of visitors who come, so it is important to take proactive actions to be a pioneer in business progress through product renewal.

The innovative dimension of entrepreneurial orientation is built through the dimension of desire to encourage creativity. The creation of renewable products is the result of the ability of creativity as the beginning of the creation of new business opportunities that is different from before. Thus, one of the efforts to grow and develop a typical Makassar food business cannot be separated from the role of entrepreneurs in creating newness through innovation capabilities.

2. Human Capital

Human capital or human capital is often indicated as the most important asset for an organization or company that has a profit-oriented business goal. Human capital is considered capable of utilizing all existing resources optimally to achieve organizational goals. It is no exaggeration to say that human capital is a very important force in building a company's wealth. Superior human capital has the potential to help leaders to be more effective and superior; assist the formation of a strong cultural organization; help improve company performance, and help create new business potential from creativity and innovation. Entrepreneurial personality is a person's internal condition that can encourage or hinder the creation of creativity. Each individual has a different potential to generate creative ideas or ideas. For an entrepreneur, besides having sensitivity to changes in the business environment, and the ability to communicate business. Meanwhile, other elements that also play a role in maneuvering in uncertain business conditions are the entrepreneurial knowledge of business actors

in creating creativity and innovation as well as skills in running a business. The ability to communicate business for business actors is very important in building prestige in the face of any changes in the business environment and to answer various problems faced in the organization.

3. Competitive Advantage

Competitive advantage can be said as one of the main goals for a company to maintain its existence in the face of competition. Competitive advantage can be done through product excellence by showing its novelty, offering products by showing different values and benefits from previous products, creating attractiveness for products and services in the eyes of consumers. In addition to product excellence, another dimension of competitive advantage is service excellence, which refers to the ability to respond to customer needs, the ability to provide customized services, and the ability to create attractiveness. Another dimension of competitive advantage is cost advantage by focuses on the ability to create value for money at low cost, the desire to experiment by combining various methods to find the lowest cost, and finding ways to create an advantage in terms of the lowest cost.

Competitive advantage is an effort made by the company to create a competitive power so that it can still exist in the face of a competitive business environment by optimally involving its resources. To achieve this goal, it is necessary to pay attention to, among others: product availability, product quality, and product value. Product availability is important by paying attention to several things, including the availability of the number of products according to the market, the availability of product variations, and the ease of reaching them. Meanwhile, product quality also contributes to business performance, taking into account several things, namely: the direct benefits of the products offered the uniqueness of the product, and the taste of the product according to consumer tastes. In addition to product availability and quality, product value also contributes to business performance by taking into account, namely: availability of price options for the

various products offered, use of products and packaging that can increase attractiveness, as well as clarity of direction and product development goals so that they can follow changing consumer tastes and being able to adapt to the conditions of the business environment which can change at any time through the organizational climate formed within the company.

4. Business Performance

Often the main goal of the company is to create profit or profit-oriented. However, this view is wrong, because it can be a hope that has no basis to achieve it, both in the form of measurable planning and in the stages of implementing operational activities. Thus the achievement of maximum profit is not the main goal but as a planning description of measurable steps to be implemented through good management by involving all existing resources. Business performance is built through the dimensions of the actor's motives, the owner's welfare, and customer satisfaction. The results of the analysis show that the three dimensions have the required construct reliability and variances extract values, so it can be said that these three dimensions can explain and form business performance variables.

The motive of business actors can create business performance through a strong desire to create a product price advantage compared to other products. One of the attractions of consumers is to find products at prices that can provide a quality value from other goods, both in terms of quality and benefits. Creating a price advantage from a product is not only offering goods at a lower price than other goods but rather because they have differences in quality, prestige, benefits or uses, and others. Competitive pricing companies should provide prices that are comparable to or close to the prices of their competitors. Price is one of the main elements in determining the level of achievement of profit or profit for the company. In its determination, the company must be able to provide value and benefits from the products offered. Competitive advantage is the ability of a company to formulate a strategy that places it in a more advantageous position compared to its competitors. The competitive advantage arises

when consumers perceive that they receive more value from their transactions than their competitors.

Conclusion

The typical food industry business in Makassar City grows and develops through the ability to conduct entrepreneurial orientation, prepare human capital, create competitive advantage and produce good business performance by prioritizing product and service updates and being able to provide explanations through business communication skills and business skills. Entrepreneurial orientation has a significant and positive influence on competitive advantage in the Makassar specialty food industry. Human capital has a significant and positive effect on competitive advantage in small and medium businesses with regional specialties in Makassar City.

Entrepreneurial orientation has a significant effect on business performance in small and medium businesses with regional specialties in Makassar City. Entrepreneurial orientation and human capital have a significant and positive influence on competitive advantage either partially or simultaneously in the Makassar specialty food industry. This indicates that the level of business ability of the Makassar typical food industry is determined by entrepreneurial orientation and human capital. The results of the analysis show that the entrepreneurial orientation variable is more dominant in influencing competitive advantage than human capital.

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