



## Anteseden of Competitive Strategy and Implications for Improving MSMEs' Performance

Nana Triapnita Nainggolan<sup>1\*</sup>, Darwin Lie<sup>2</sup>, Lora Ekana Nainggolan<sup>3</sup>, Fitria Halim<sup>4</sup>

<sup>1</sup> Sekolah Tinggi Ilmu Ekonomi Sultan Agung, Indonesia

<sup>2</sup> Universitas Prima Indonesia, Indonesia

Received : January 29, 2024    Revised : February 5, 2024    Accepted : March 9, 2024    Online : March 13, 2024

### Abstract

*The development of the tourism sector contributes to economic growth in Indonesia. This can be seen from visitors to Indonesian tourism objects experiencing an increase after Covid-19 occurred, especially after Indonesia hosted World Tourism Day. The purpose of this study is to be the basis for MSMEs in the Tourism and Creative Economy Sector of Samosir Regency in increasing the number of visitors to travel through the implementation of competitive strategies and the use of digitalization as well as understanding the importance of transformational leadership styles by MSME actors so that MSME performance can be improved and contribute to economic growth in Samosir Regency. The sample of this study amounted to 150 MSMEs with cluster random sampling technique. These MSMEs consist of two sub-districts, namely Tomok and Pangururan sub-districts, clustering MSME actors in the tourism sector, namely Accommodation, Restaurants, Entertainment, MSMEs in the field of Creative Products. Data analysis techniques use quantitative descriptive using SEMPLS.*

*The results of the study found that the use of digitalization has not optimally had an impact on MSME performance but was able to significantly affect the competitive strategy seen from the use of digital platforms in the marketing process and facilitate transactions so as to provide good competitiveness to improve the tourism sector. MSME actors in the tourism sector in Samosir Regency have not been able to implement a transformational leadership style that directly affects their business performance, this can be seen from the role of the owner is still unable to adapt to changes that occur, especially in the tourism sector. And the application of competitive strategies, namely product strategy, price and distribution is a factor that has a positive and significant influence on the performance of MSMEs*

**Keywords:** Go-Digitalization, Transformational Leadership, Competitive Strategy, MSME Performance

### INTRODUCTION

Indonesia, which is an archipelagic country, has bright prospects in the tourism sector. However, until now the condition of tourism and labor absorption in this sector has not met expectations in the development process. If considered, the tourism industry involves several economic, social, cultural, security and environmental aspects that are directly able to provide tourism services, so that tourism can be called a social phenomenon that must be realized optimally. In operational activities, tourism development places humans at the central point of development, both as subjects of development and objects, therefore tourism development relies on aspects of people's lives. This core force will drive tourism in a combination of government, private and media elements, (Wahyudi, Suswandi and Somaji, 2020).

Competitive strategy is a determinant of long-term and short-term goals for every business, both large businesses and MSMEs by optimizing the resources they have. Competitive strategies have a focus on encouraging business competitiveness. MSMEs must have the ability to compete in order to survive and develop, and the right strategy is needed because the strategy is based on

#### Copyright Holder:

© Nana, Darwin, Lora, and Fitria. (2024)

Corresponding author's email: triapnita@gmail.com

#### This Article is Licensed Under:



consumer trust. This means that high trust between individuals can form strong social capital and create social networks that ultimately produce the power of mouth for these MSMEs. (Fatimah and Tyas, 2020).

The determination of competitive strategies can be successful if all parts are oriented towards values, needs and benefits for customers so as to have a significant influence on business performance. Toba is one of the tourist attractions on Samosir Island, Samosir Regency which is a tourist destination both locally and internationally. This tourist attraction is also a factor for business people to open a business both in the fields of accommodation, culinary, and labor-intensive. To maximize the tourism potential of Samosir Island, business actors, especially MSMEs, can Go-Digital and MSME owners are also able to transform so that businesses can compete and improve business performance. The use of digital technology for MSMEs has a role to facilitate the process of promotion, transactions and distribution of products offered (Kaur, 2017).

Samosir is one of the islands in Indonesia which is a volcanic island in the middle of Lake Toba in North Sumatra Province. Samosir is an island resulting from the expansion of Toba-Samosir Regency in 2003 and became one of the destinations for domestic and foreign tourists. The parotourism sector in Samosir contributes greatly to business opportunities, creates jobs and encourages foreign exchange inflows. Promotion is a major component in driving an increase in the number of visitors, and the most efficient, cheap and easy style of promotion is to drive social media. However, the promotion of tourist attractions in Samosir is still lacking, because there is no integration between business actors, in this case MSMEs, with the private sector or influencers in intensifying tourism activities around Samosir Island, (Wahyuni, Batubara and Mendalin, 2021). Previous research emphasizing advertising rather than tourism products is part of the service and travel leads to the experience rather than previous tours, (Zdunić *et al.*, 2016).

Changes in the business world today have an impact on MSME business actors to continue to adapt to changes in markets, suppliers, competitors and technology. Transformational leadership is important to pay attention to so that the changes that occur can be utilized in business development so that the business can compete.

Through this study, we will also examine various evidences of how Go digitalisai can improve the competitive strategy of MSMEs in the Lake Toba tourism sector and improve business performance so that local and international tourists are interested in visiting the area, this is also emphasized in the research (Filo, Lock and Karg, 2015) That prospective tourists will decide to travel is influenced by the information on their social media.

The novelty of research from existing research is combining marketing with management science where we also examine aspects of transformational leadership style factors that influence in terms of competitive strategies and improving the performance of MSMEs in the Lake Toba tourism sector (Supartha, Sufian and Idris, 2012).

## **LITERATURE REVIEW**

### **Entrepreneurship**

Entrepreneurship is a dynamic process, the occurrence of interaction between one individual and another individual with the aim of offering something in the fulfillment of their needs. (Abootorabi *et al.*, 2021).

### **Marketing strategy**

In fulfilling the needs, desires and purchasing power of consumers, business people also have a good marketing strategy so that the products offered can be utilized by consumers, (Tjiptono, 2019).

### Competitive Strategy

In business competition, business people are required to be able to choose the best product strategy, competitive pricing in accordance with the quality of the products offered, the product distribution selection process is also more effective and the selection of promotional media in accordance with market conditions, (Lovelock, Wirtz and Mussry, 2010).

### Go-Digitization

The MSME Go-Digitalization Program includes: *Digital Skills and Mindset, Digital Presence, digital marketing, digital operating* (Bank Indonesia, 2022). The containment of the Go-Digital program has a significant impact in making it easier for business actors to run their businesses so as to provide convenience and comfort for their consumers.

### Transformational Leadership

In supporting the business, transformational leadership becomes a factor that can influence in achieving business targets where in running a business there are often changes in the internal and external business environment, (Hindriari *et al.*, 2022).

## RESEARCH METHODOLOGY

The type of research used is literature and field study research, the sampling technique of this research is *cluster sampling* with a total sample of 150 MSMEs in 2 Districts of Samosir Regency. MSMEs that are the sample of this research are MSMEs that support the Tourism and Creative Economy sectors of Lake Toba, namely Accommodation, Restaurants, Entertainment, MSMEs in the field of Creative Products. Data analysis techniques use quantitative descriptive using SEMPLS.

Validity testing can be seen from the results *Loading Factor* with SEMPLS calculation with criteria  $>0.70$  (Ghozali, 2006). For reliability testing, this research is carried out by paying attention to if the value *Composite Reliability*  $\rho_c > 0.8$  can be said that the construct has high reliability or reliability and  $\rho_c > 0.6$  is said to be sufficient *Reliable* (Ghozali and Latan, 2015) and *Average Variance Extracted* (AVE)  $> 0.50$ .

## FINDINGS AND DISCUSSION

Based on the results of Go-Digital's *inner value model, R-square and transformational leadership contributed to MSME performance by 0.321 (32.1%) and R-Square's competitive strategy by 0.087 (8.7%)* was explained by Go-Digital and transformational leadership. The significance of the path coefficient *is derived from the t-value and the value of the standardized path coefficient*. The value limit of hypothesis testing is that the t-value of factor *loadings* is greater than the critical value ( $\geq 1.96$ ).

**Table 1.** Inner Model Results

No.	Path Coefficients	Original Sample	T Statistics	P Values
1	Go-Digitalization Affects Competitive Strategy	0.349	3.020	0.003
2	Transformational Leadership Influences Competitive Strategy	-0.252	1.701	0.090
3	Go-Digitalization affects MSME Performance	-0.173	1.691	0.092
4	Transformational Leadership affects MSME Performance	-0.278	2.431	0.015
5	Go-Digitalization affects MSME Performance through Competitive Strategy	0.147	2.285	0.023
6	Transformational Leadership influences MSME Performance through Competitive Strategy	-0.106	1.442	0.150
7	Competitive Strategy affects MSME Performance	0.420	6.242	0.000

## CONCLUSIONS

### **Go-Digital in Competitive Strategy has an impact on MSME Performance**

MSME players can compete if they are able to adapt to Go-digitalization, where with the ability and *midset* About all resources that can be used to get business opportunities, especially in the tourism sector. The form of go-digital that can be used to reach all consumers who come to tourist attractions is seen from how MSME players can provide online messaging services, payments using e-money and offer products according to consumer needs, supported by research (Farina, Aschner and Rocha, 2011), with Go-digital prospective tourists can quickly get the information needed about the area they want to visit

MSME players in the Lake Toba Tourism sector need to provide a website that is used to provide information about the description of the products offered, prices and how to order and pay for products. This can make it easier for consumers to access the things needed when they want to travel to Lake Toba. This provides a positive value in competition between tourist areas both around Lake Toba and other regions in Indonesia and internationally. Application development in the ordering process can also increase online orders so that MSME players can manage demand and supply for products available to consumers. The use of digitalization also needs to be integrated into all digital platforms used by the community in order to make it easier for the public to access all the information needed about tourism products.

### **Transformational Leadership in Improving Competitive Strategies that Impact MSME Performance**

This can be seen from the ability of business actors in Samosir Regency which is an area for the Tourism and Creative Economy sector where the digital *presence* process is still not optimally applied by some businesses because entrepreneurs do not utilize online search media in informing about the products offered so that this is less supportive in improving the performance of the business being run. Promotional activities also still use Facebook media, so the limitations of visitors to make trustworthy orders also cannot be optimally implemented. The display of advertisements installed using both print and online media is also less arranged as attractive as possible. This is the reason why Go-digitalization does not affect the improvement of MSME performance in Samosir Regency for the Tourism and Creative Economy Sectors.

When viewed from the business conditions of transformational leadership, it is difficult to apply by business owners because many factors do not support this leadership style applied by entrepreneurs. The less supportive factor is not having employees to support the business, as for some MSMEs that have subordinates but the employer's understanding to encourage employees to increase employee creativity is still low.

This transformational leadership also provides opportunities for owners to build trust in their subordinates, so that subordinates can confidently do work based on their abilities. With this transformational leadership, it will also increase employee enthusiasm to improve their performance so that it will affect the performance of MSMEs, namely how to increase income, increase market share, and business development to areas outside Samosir Regency.

MSMEs for the Tourism and Creative Economy sector in Samosir Regency need to pay attention to aspects of implementing competitive strategies, competitive strategies can be seen from how the value of the products offered is in accordance with the needs and desires and tastes of users (consumers). Products that are able to compete are products that have good quality, this is something that really needs to be considered by business actors for the Tourism sector because they are engaged in services so that the products offered are good that meet good production standards.

The conditions faced by MSME actors in the Lake Toba Tourism sector are human resources

who have not been able to provide services according to the standards expected by both local and foreign tourists, this is also because in the process of recruiting employees, business owners have not carried out a selection process according to their business needs, as well as business owners are still unable to provide the training needed by employees to support and develop their performance. The competition faced by MSME players both in providing quality services, tourist facilities in Lake Toba tourist attractions requires business actors to realize that the importance is transforming such as offering unique, creative, and affordable products in accordance with market conditions.

The limitations of the study, one of which is access to data on tourism activities such as tourist visits, travel patterns and consumer preferences are often difficult to obtain due to commercial sensitivity or limited data collection infrastructure. Limited samples where research is constrained during surveys MSME actors are still not entirely willing to provide the information needed by researchers related to the problems discussed. Another limitation is that research results in the tourism sector are often difficult to generalize widely due to limited geographical, cultural and economic conditions between tourism destinations, so that what applies in one place may not apply in another.

## REFERENCES

- Abootorabi, H. et al. (2021). A holistic approach to the evolution of an entrepreneurial ecosystem: An exploratory study of academic spin-offs. *Journal of Business Venturing*, 36(5), p. 106143. <https://doi.org/10.1016/j.jbusvent.2021.106143>.
- Bank Indonesia (2022). Go digital strategi memperkuat UMKM, Departemen Komunikasi Bank Indonesia. Available at: <https://www.bi.go.id/id/publikasi/ruang-media/cerita-bi/Pages/Go-Digital-Strategi-Memperkuat-UMKM.aspx>.
- Farina, M., Aschner, M. and Rocha, J.B.T. (2011). Oxidative stress in MeHg-induced neurotoxicity. *Toxicology and applied pharmacology*, 256(3), pp. 405–417.
- Fatimah, F. and Tyas, W.M. (2020). Strategi bersaing UMKM rumah makan di saat pandemi Covid 19. *Jurnal Penelitian IPTEKS*, 5(2), pp. 245–253. <https://doi.org/10.32528/ipteks.v5i2.3663>.
- Filo, K., Lock, D. and Karg, A. (2015). Sport and social media research: A review. *Sport Management Review*, 18 (2), 166–181'.
- Ghozali, I. and Latan, H. (2015). Partial Least Squares konsep, teknik dan aplikasi menggunakan program SmartPLS 3.0 untuk penelitian empiris. Edisi 2, Badan Penerbit UNDIP. Edisi 2. Semarang: *Badan Penerbit UNDIP*.
- Hindriari, R. et al. (2022). Analisis kepemimpinan transformasional dalam meningkatkan kreativitas dan inovasi pada UMKM kuliner Kabupaten Bekasi. *JiIP (Jurnal Ilmiah Ilmu Pendidikan)*, 5(4), p. 6. <https://doi.org/10.54371/jiip.v4i5.535>.
- Kaur, G. (2017). The importance of digital marketing in the tourism industry. *International Journal of Research-Granthaalayah*, 5(6), pp. 72–77.
- Lovelock, C., Wirtz, J. and Mussry, J. (2010). Pemasaran jasa: Manusia, teknologi, strategi. ketujuh. Edited by N.I. Sallama. Jakarta: *Erlangga*.
- Supartha, I.W., Sufian, S. and Idris (2012). Analisis pengaruh kepemimpinan strategik, dan karakteristik UMKM terhadap strategi bisnis dalam meningkatkan kinerja UMKM Nasabah PT. Bank BRI, Tbk Kanca Purwodadi'. *Diponegoro University*.
- Tjiptono, F. (2019). Strategi Pemasaran. 4th edn. Yogyakarta: ANDI.
- Wahyudi, M.F., Suswandi, P.E. and Somaji, R.P. (2020). Analisis daya saing sektor pariwisata terhadap penyerapan tenaga kerja di Kabupaten Banyuwangi. *Jurnal Ekuilibrium*, 3(1), pp. 1–

9. Available at: <https://jurnal.unej.ac.id/index.php/JEK/article/view/19292>.
- Wahyuni, S., Batubara, S. and Mendalin, O. (2021). Transformasi promosi digital objek pariwisata di Kabupaten: PKM. *Jurnal Abdimas HAWARI: Jurnal Pengabdian Kepada Masyarakat*, 1(1), pp. 26–33. Available at: <https://publikasi.hawari.id/index.php/JABDIMASHAWARI/article/view/11>.
- Zdunić, G.M. et al. (2016). Phenolic compounds and carotenoids in pumpkin fruit and related traditional products. *Hemijska industrija*, 70(4), pp. 429–433. Available at: <https://doiserbia.nb.rs/img/doi/0367-598X/2016/0367-598X1500049Z.pdf>.