

Entrepreneur Orientation As A Competitive Advantage In Student Business Startups

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Abstract.

This study aims to describe how the entrepreneurial orientation of students who do startup business has a competitive advantage. This study used a qualitative approach, with student informants doing business startups. Information obtained from interviews and observations. The results of this study indicate that entrepreneurial orientation is demonstrated by the ability to always be innovative, act proactively, and take risks. To have competitive capabilities can be demonstrated through competitive products and prices compared to its competitors. If a startup business wants to have a competitive advantage, it can be created through innovative, proactive, and risk-taking activities.

Keywords: *Entrepreneur Orientation, Competitive Advantage and Business Startups.*

I. INTRODUCTION

Building a startup or so-called startup is not an easy thing. It has been proven that many startups have not had time to develop but have failed. Not all startups can succeed to achieve success due to several factors, such as lack of product-market match, and capital to team disharmony. Startup development has an important position not only in employment and social welfare, but in many ways, they become a glue and stabilize the problem of social inequality. The success of startups can be seen from the interest in entrepreneurship that prioritizes courage, being able to take responsibility for the business being run, daring to take risks, and having an optimistic attitude toward an opportunity (Rifky Pamungkas et al., 2021). An entrepreneur not only provides a job for himself but also usually reduces the unemployment rate in his environment by hiring other people. The success of a startup can be seen from the network, this is very important because when someone decides to become an entrepreneur, they indirectly have to be in contact with many people for the progress of their business (Handini et al., 2023). In contrast to other sectors which are highly dependent on the exploitation of natural resources, entrepreneurial power rests more on the excellence of human resources. Based on this description, a person who starts a business (startup) must have an entrepreneurial orientation, to have an advantage and be able to compete in the global market (Manik et al., 2022; Ravindra Jain, 2011). A startup is said to be a startup that is just starting to develop and is looking for a market gap, but a startup can be considered to have a large and potential business valuation.

The definition of a startup valuation is the economic value that a new business has which in the future has the opportunity to grow rapidly. A startup will have a high business valuation if it has the potential to grow rapidly and aims to fill gaps in the market by developing and offering new and unique products, processes, or services (Anwar, 2014; Fatmawati, 2016). Someone's choice to become a startup is supported by their understanding of entrepreneurial orientation and competitive advantage. This understanding is based on their desire to survive in the market and be able to compete with others. Startup business actors must keep abreast of existing developments, namely through innovation and creativity. Based on the preliminary study, by distributing questionnaires to University students in Malang City who have new businesses (startups), the business fields are Food and Beverage (41%), Onlineshop (26%), perfume (3%), information technology (7%), fashion (20%), and Tour & Travel (3%). Competitive advantage is important to know in the preparation of business planning because it cannot be separated from economic principles, namely how a company's operations can run smoothly by minimizing all costs incurred and maximizing profits. Based on the description and results of the preliminary study above, a question arises "How is the entrepreneurial orientation of students doing startup businesses to have a competitive advantage?"

II. LITERATURE REVIEW

Entrepreneurial Orientation

Entrepreneurial orientation is defined as a description of how new entry is carried out by companies in other words entrepreneurial orientation is described by the processes, practices, and decision-making activities that encourage new entry (Lumpkin and Dess, 1996) in (Danny & Utama, 2020; Fatmawati, 2016; Rifky Pamungkas et al., 2021). Various works of literature describe entrepreneurial orientation as an “entrepreneur personality”. Entrepreneurial orientation is a character or characteristic that is attached to someone who has a strong will to realize innovative ideas in the real world of business and can develop them with resilience (Drucker, 1994) in (Fadhillah et al., 2021; Fatmawati, 2016; Handini et al., 2023). Entrepreneurial orientation is the ability to create something new and different (the ability to create new and different things).

Entrepreneurial orientation consists of three dimensions: innovation, risk-taking, and proactivity. Innovative refers to an entrepreneurial attitude to being creatively involved in the process of experimenting with new ideas that enable new production methods to produce new products or services, both for current markets and new markets (Anwar, 2014; Danny & Utama, 2020). Dare to take risks is an entrepreneurial attitude that involves a willingness to commit resources and dare to face challenges by exploiting or engaging in business strategies where the possible results are full of uncertainty. Proactivity reflects the entrepreneurial willingness to dominate competitors through a combination of aggressive and proactive moves, such as introducing new products or services ahead of the competition and activities to anticipate future demands to create change and shape the environment.

Startup Business

The startup is the implementation of a business plan where everything that has been planned and projected in the business plan is poured and realized in the form of a startup. According to Paul Graham: a “Startup is a company designed to grow fast” (Mackiewicz, 2022; Permatasari et al., 2020), while according to Eric Ries: a “Startup is a human institution design that creates something new under conditions of extreme and serenity. It doesn’t say about what size of the company or what sector of industry, it just says we’re trying to do institutional building when we don’t know what we don’t know” (Danny & Utama, 2020). A start-up is a company that aims to continue to grow, and the essence of the start-up is to grow and everything associated with the company is growing (Cahyati, 2016).

Start-ups are institutions designed to develop new products or services and are in a state of uncertainty (Ahmatang & Sari, 2022). From the expert explanation above, it can be concluded that a startup is a company that is still new and is looking for form. In addition, startups will also continue to grow and are projected as companies that aim to get large profits, while digital startups are companies that aim to continue to grow and look for forms. The business success of a startup will be categorized as successful when it can find the right model for the growth of the start-up (Noviyanti, 2017). This model is the creation of products and services that suit the market by prioritizing speed (exponentially) and accuracy. Organizational goals and objectives are also a measure of the success of a startup. However, for digital-based startups, business success is when the startup can achieve product-market-fit or a match between market demand and the products offered by the start-up.

Competitive Advantage

Michael Porter (1985) in (Fadhillah et al., 2021) states that competitive advantage is the ability gained through the characteristics and resources of a company to have a higher performance than other companies in the same industry or market. The issue of competitive advantage became very popular after Porter developed the concept. Competitive advantage comes from a company’s ability to leverage its internal strengths to respond to external environmental opportunities while avoiding external threats and internal weaknesses (Ahmatang & Sari, 2022). Competitive advantage is a dynamic process, not just seen as a result. This is because competitive advantage comes from the many different activities carried out by a company in designing, producing, marketing, delivering, and supporting its products. From some of the definitions above, it can be concluded that competitive advantage is a condition owned by a company that exceeds its competitors. (Ahmatang & Sari, 2022) revealed that in today’s highly competitive environment, the goal of

every organization is to beat the competition and win new customers. Individuals who are the holders of knowledge generate innovation for the company.

Thanks to their creativity, knowledge, skills, and abilities, it is possible to generate new innovative ideas that will help companies achieve competitive advantage. Meanwhile, according to (Rifky Pamungkas et al., 2021), other factors support the company's internal competitiveness, namely motivation, finance, and support from company leaders in building the company's internal competitiveness. Conveyed the company's ability to innovate, which can create the latest products and services, so that the company's products are in demand by the market (Ahmatang & Sari, 2022). This means that the company's competitiveness is rooted in the company's ability to continue to be developed by internal resources which include the support of company leaders, financial strength, internal motivation to develop strengths, and innovations that are continuously created and have competitiveness in the market. In addition, it was revealed by (Porter, 1987) in (Handini et al., 2023) that a competitive advantage exists when there is harmony between the competencies that distinguish a company and the critical factors for success in the industry that cause the company to have far-reaching achievements. Better than its competitors. There are two basic ways to achieve competitive advantage. First, this advantage can be achieved when a company adopts a low-cost strategy that allows it to offer products at lower prices than its competitors. Second, with a product differentiation strategy, customers consider obtaining unique benefits that are following an adequate price (premium price).

III. METHODS

This research approach focuses on interactional processes, organizational processes (organizational), and life journey processes (biographical) in startup business actors in the city of Malang as a research subject/actor. Based on field phenomena, the formal theory used is a qualitative method with a non-positivistic paradigm. The focus of this research is intended to limit qualitative studies as well as limit research to determine which data are relevant and which are irrelevant (Leksono, 2013). In this study, the informants were students who opened businesses (startup businesses). From the preliminary study, the majority of businesses are in the food and beverage sector (41%) and Onlineshops (26%). Based on this, 3 people were selected as informants, 2 people from the food and beverage business sector and one person from the online shop business. The selection of informants was based on students who had started startups for more than two years, with the consideration that they were actors who experienced real events. Furthermore, data collection techniques were carried out by interview and observation techniques.

IV. RESULTS AND DISCUSSION

Entrepreneurial Orientation

Entrepreneurial orientation is defined as a company's benefits strategy to be able to compete more effectively in the same marketplace (Fadhillah et al., 2021). Entrepreneurial orientation refers to processes, practices, and decision-making that lead to new inputs and has three entrepreneurial aspects, namely always innovative, acting proactively, and daring to take risks (Handini et al., 2023). Entrepreneurship is referred to as a spreadhead (pioneer) to realize sustainable and highly competitive company economic growth (Bhandari & Amponstira, 2021). Innovation capability is related to perceptions and activities of activities - new and unique business activities (Fadhillah et al., 2021). The ability to innovate is the cornerstone of entrepreneurship and the essence of entrepreneurial characteristics. The results of the study show that students' ability to innovate as a startup business is demonstrated by their ability to create products with new ideas. They think that every startup business must have new ideas that may not yet exist, new ideas that are appropriate to the time and present.

"The new ideas I generate start with how to deal with when there are not enough buyers" (X1), "I can create new ideas, namely by learning to design Muslimah syar'i fashion that is currently following the trend of modern Muslimah style" (X2)

In addition to the ability to have new ideas, they are also able to develop new designs. The new design being developed is a design that is up-to-date and liked by all groups, following current market trends, and one that can last.

"I usually make designs following current market trends/patterns, the new designs that I sell are still selling well in the market and are continuing today" (X1), "As for developing new designs that I am marketing now, I still want to develop a syar'i couple family set" (X2)

The results show that startup business actors are brave and able to develop new designs that are directly related to their products. In addition, startup business actors are not reluctant to take risks and challenges to get new opportunities that can increase the profitability of the business units that are currently being run. Someone who dares to take risks can be defined as someone who is opportunity-oriented in the context of uncertainty in decision-making. Risk constraints are a key factor that differentiates companies with an entrepreneurial spirit from those without.

"You have to be brave, because my products rely more on creativity, so trying new things is a must, for example, for ordering application delivery, I used to use a consumable box such as cardboard, but now I use acrylic boxes and can be rented out" (X1)

"I dare to take risks, even now I still want to try to find clothing materials that are suitable for daily and formal use because the current market trend is that there are many customers who can get many benefits in one product" (X2)

"Every business has risks, so you have to be willing to take that risk, especially in trying new things there may be a lot of rejection from customers too, but so far I haven't had any significant risks from the new designs I've tried many have received them well" (X3).

Are students who are startup businesses able to find solutions to the problems they face? Startup businesses know the risks they will face if they innovate with new ideas or new designs. In line with the problems faced and the risks that arise, it is necessary to find the right solution so that no loss occurs.

"You can, for example, the current constraint is more on people's purchasing power. In the past, coffee was a snack, but now people are more concerned with their basic needs, so from here the solution I got must further improve the quality of the product and the comfort of the place" (X1).

"You have to be able to because every time there is an obstacle it must be resolved as soon as possible because if you are dissolved in the obstacle then the business will fall apart, for example, the problem I am experiencing is a capital problem, so the solution is to borrow from a bank or cooperative to run a business." (X2)

Some research results and entrepreneurship literature show that entrepreneurial orientation is more significant in having innovation abilities than those who do not have entrepreneurial skills (Danny & Utama, 2020; Fadhillah et al., 2021; Fatmawati, 2016; Handini et al., 2023; Rifky Pamungkas et al., 2021). The main function of high entrepreneurial orientation is how to optimally involve risk measurement and risk-taking. Companies that carry out entrepreneurial orientation will be able to innovate so that they can create products that are more unique/interesting than their competitors. Companies will also dare to take risks in making uncertain decisions but provide opportunities for better results.

Competitive Advantage

Students who become informants believe that they can compete, which is shown by competitive products and prices compared to their competitors. This shows that if a company wants to have a competitive advantage, then the company can create it through innovation activities on the products it produces. The quality of products or services purchased by consumers is positively related to consumer satisfaction in using these products or services, so it becomes a necessity for companies to consistently maintain the quality of

their products (Ahmatang & Sari, 2022; Rifky Pamungkas et al., 2021). Good product quality will be able to make product existence acceptable to consumers and good market orientation will be able to optimize market performance and ultimately determine the company's competitive advantage.

To have high competitiveness, the price offered is following the quality of the product, the price is according to the ability of consumers.

"I think the price of my product is following the quality. I can tell based on chatting with customers that I can review my product a little from them, for example with a chocolate drink that costs so much that you can get good quality, tastes good, and is healthy because it uses pure cow's milk"(X1)

"The price that I offer is also the result of careful calculations from the materials I use and I don't make a lot of profit so that prices are still friendly"(X2)

"With such a price, you get a different quality, so for competitors, maybe the price they offer is the same, but the quality I believe is still better than mine in terms of the raw materials used are different" (X3)

The results of this study indicate that pricing is not only based on variable costs and fixed costs but also based on prices set by competitors. It is hoped that the set price is still relatively below the average, if there is a difference it is not too different.

"This is what I always pay attention to about price, often I also compare a little with competitors for price so that there is not much difference, with the price that I offer with the product that I produce, I think it is sufficient and can satisfy customers" (X2)

"We offer prices that are following the quality of the product compared to competitors, maybe the price I offer can be but for the quality of the product it could be better than mine" (X3)

In addition to price, another factor that needs to be considered in running a business to compete with other companies is the product. Products are endeavored to outperform competitors with innovation and relying on quality.

"To outperform the competitors that I rely on with the innovations that I carry out, for example for milk raw materials I use pure cow's milk instead of UHT milk and by maintaining the character of my business" (X1)

"To outperform, obviously, first I rely on the quality, so I have to be able to produce better than my competitors" (X3)

The results of the research show that the business carried out has its standards for the products produced, and has its uniqueness. This is what gives it an advantage over competitors.

"Control is always carried out, namely by implementing good management, product quality control can be checked first before being purchased by consumers so that nothing is missed, for example, there is a defect, etc. (X2)

"We are always looking for loopholes to make it unique from competitors, for example here besides greeting cards we rely more on packaging neatly and innovating and using the wrap to cover hampers where usually others use plastic (X3)

The results of this study support research conducted by (Ahmatang & Sari, 2022; Lestariningsih et al., 2018; Rifky Pamungkas et al., 2021) that entrepreneurial orientation is needed by startup businesses as a competitive advantage. Entrepreneurial orientation has three dimensions: first, there is risk-taking innovation. Innovation is an influential basis for helping a company to create a competitive advantage and then ultimately improve the performance of the company. Innovation is shown by the presence of new ideas

and new designs. Risk-taking can be said to be a company's willingness to determine and act without clear knowledge of the possibility of earning income and presumably to speculate on personal, financial, and business risks.

V. CONCLUSION

The results of this study also show that entrepreneurial orientation will create a competitive advantage to increase the competitiveness of companies. Companies that have strong competitiveness by having competitive advantages, especially through product quality and pricing will ultimately improve their marketing performance and competitive advantage. This means that if startup business actors are committed to creating new ideas, having new product designs, maintaining product quality, and making things more efficient, a competitive advantage will be created.

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