

**ANALYSIS OF ENTREPRENEURIAL ORIENTATION AND INNOVATION  
CAPABILITY ON COMPETITIVE ADVANTAGE  
(STUDY ON SATAY CULINARY MSMEs REGISTERED AT DPMPTSP IN  
SUKABUMI CITY)**



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**Abstract**

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in Indonesia's economy. One of the fastest-growing sectors within the MSME category is the culinary industry, including satay businesses, which are a traditional food with high market demand. Sukabumi City, as one of the developing cities in West Java, has many satay culinary MSMEs registered with the Investment and One-Stop Integrated Services Office (DPMPTSP). However, the increasingly intense competition requires MSME actors to possess competitive advantages in order to survive and grow. The purpose of this research is to examine the effect of Entrepreneurial Orientation and Innovation Capability on Competitive Advantage. This study was conducted on satay culinary MSMEs registered with the DPMPTSP of Sukabumi City, involving 86 business owners as respondents. A multiple linear regression analysis approach was used as the research method. The research results, based on SPSS 25 calculations and analysis, indicate that Entrepreneurial Orientation has a positive and significant effect on Competitive Advantage. Furthermore, Innovation Capability also has a positive and significant effect on Competitive Advantage.

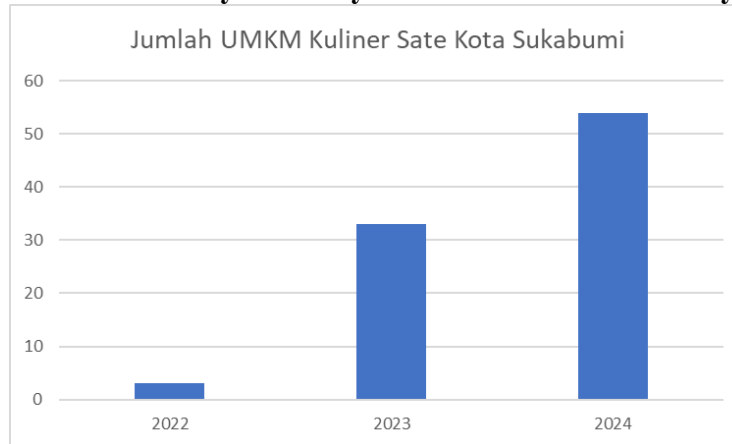
**Keywords:** Entrepreneurial Orientation, Innovation Capability, Competitive Advantage, Culinary MSMEs

## INTRODUCTION

In the increasingly competitive culinary industry, this limitation is a reference for business actors in developing innovation strategies and entrepreneurial orientation to increase competitiveness and gain competitive advantages in the market.

MSMEs in the culinary sector have emerged as the most prominent in terms of quantity. The creation of various culinary specialties, culinary tourism, and culinary trends as a lifestyle are evidence that this sector is growing rapidly, so culinary MSMEs must continue to exist in order to continue to contribute and have a positive impact on the Indonesian economy (Iqbal Pratama et al., 2022).

### Data on the Number of Satay Culinary MSMEs in Sukabumi City in 2022-2024



Source: One-Stop Investment and Integrated Service Office, 2024

Figure 1.1 explains that there was a significant increase in the number of satay culinary MSMEs from 2022 to 2024. With the increasing number of satay culinary MSMEs, competition for customer attention is getting tighter. This requires every MSME to have a competitive advantage, both in terms of products, services, and marketing strategies, these MSMEs must face increasingly fierce competition in maintaining sustainability and strengthening their position in the market, As the number of MSMEs grows, innovation is the key to success.(Rosyadi et al., 2024)

The problem is that satay culinary MSMEs in Sukabumi City in maintaining a competitive advantage Many business actors with similar culinary products cause difficulties for MSMEs to attract customer attention. This makes their products less prominent amid the many choices available to consumers. MSME players must be able to come up with new ideas and innovations in their products, which will attract customers and provide greater value compared to their competitors. Satay MSME players often lack proactivity in capturing new market opportunities or responding to changing consumer trends. Low entrepreneurial orientation means that their businesses tend not to grow significantly. Price competition, high production costs and lack of operational efficiency are obstacles that make it difficult to offer competitive prices. This has an impact on competitiveness in the market, especially when consumers tend to choose products with more affordable prices but still high quality. how can satay culinary MSMEs be able to continue to innovate in creating new menus or interesting eating experiences.(Perdana et al., 2020)

This shows that people are increasingly interested in entrepreneurship in the culinary sector, especially satay, which has a wide market share and appeal as a specialty food that is easily accepted by various groups, so that business actors must have a unique strategy in order to attract customer attention. Although satay is a traditional culinary, consumers today increasingly prefer innovations, such as satay with new flavors, modern packaging, or environmentally friendly culinary concepts. This phenomenon requires MSMEs to continue to adapt to market trends in order to thrive in the modern era through innovation, entrepreneurial development, and adaptation to market trends to create a competitive advantage. (Hertiana et al., 2022).

## **REVIEW OF LITERATURE**

### **Entrepreneurial orientation**

Entrepreneurial Orientation refers to the processes, practices, and decisions that drive new directions and has three aspects of entrepreneurship, namely always being innovative, acting proactively, and taking risks. The main function of the importance of entrepreneurial orientation is how to involve risk measurement and optimal risk taking. Definition of entrepreneurial orientation according to. (Wadud, 2019).

### **Innovation Capability**

Meanwhile, according to Rajapathirana & Hui (2018) innovation capability is the capacity to develop new products that meet market needs, the capacity to apply appropriate process technology to produce these new products, the capacity to develop and adopt new products and processing technologies to meet future needs, and the capacity to respond to deliberate technological activities and unexpected opportunities created by competitors. There are 2 dimensions including: innovation and organizational performance. And there are 3 indicators: improving the quality of existing new products, developing unique products, human resource performance. (Rahma Wulandary, Sri Widyastuti, 2024)

### **Competitive advantage**

Meanwhile, according to (Evylia Puspita et al., n.d.) competitive advantage is the result of the implementation of strategies that utilize the various resources owned by the company. Unique expertise and assets are seen as a source of competitive advantage. Unique expertise is the company's ability to make its employees an important part of achieving competitive advantage. There are 5 indicators including: product quality, innovation, competitive price, product uniqueness, customer service. (Widiatmo, 2019).

## **RESEARCH METHOD**

The research method used was quantitative research. This research was conducted at satay culinary MSMEs registered at the Sukabumi city DMPTSP. The sample used in the study amounted to 86 MSMEs. The data collection techniques used were observation, interviews, and questionnaires. The data analysis techniques used were Multiple Correlation Coefficient, coefficient of determination, multiple linear regression, Simultaneous Test (F), and Partial Test (t) (Ghozali, 2018) (Adinata et al., 2023).

**RESULTS AND DISCUSSION**  
**Classical Assumption Testing**

**Table 1**  
**Normality Testing**

Unstandardized Residual		
N		86
Norma Parameters a,b	Mean	.00000000
	Stb. Deviation	3.22711215
Most Extreme Differences	Absolute	.065
	Positive	.053
	Negative	.065
Test Statistic		.065
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>

Source: Results of Questionnaire Data Processing, 2025

The results of table 1. can be seen that testing the normality of Entrepreneurial Orientation (X1) and Innovation Capability (X2) towards Competitive Advantage (Y), obtained a probability value of 0.200 so that it can be declared normal because it exceeds the 0.05 confidence value.

**Tabel 2**  
**Multicollinearity Test Results**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	10.692	4.826		2.216	.029		
1 Entrepreneurial Orientation	.370	.121	.310	3.048	.003	.855	1.170
Innovation Capability	.515	.170	.309	3.034	.003	.855	1.170

a. Dependent Variable: business performance

Source: Results of Questionnaire Data Processing, 2025

Based on Table 2. testing through the Variance Inflation Factor (VIF) in the SPSS output research results coefficients table, each independent variable, namely Entrepreneurial Orientation and Innovation Capability, has a VIF of not more than 10.00 and a Tolerance value of not less than 0.1. So it can be stated that the multiple linear regression model of the independent variable on the dependent is free from statistical classical assumptions and can be used in research.

**Tabel 3**  
**Autocorrelation Test Results**  
**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.515	.265	.247	3.266	1.780

- a. Predictors: (Constant), Entrepreneurial orientation, innovation capability  
b. Dependent Variable: Competitive Advantage

Source: Results of Questionnaire Data Processing, 2025

Based on Table 3 shows the results of the autocorrelation test with a Durbin-Watson value of 1.780, while the value of Du, is sought in the Durbin-Watson table listed in the attachment based on the number of independent variables ( $k = 2$ ) and the total number of samples ( $n = 86$ ), the value of  $Du = 1.697$ . and the result of  $4-Du (2.303)$ . The autocorrelation test results show that  $Du < Dw < 4-Du (1,697 < 1,780 < 2,303)$ . So it can be concluded that there is no autocorrelation in this study.

**Table 4.**  
**Heteroscedasticity Test Results**

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	5.594	2.805		.1994	.049
1 Entrepreneurial Orientation	.056	.071	.092	.798	.427
Innovation Capability	-.206	.099	-.242	-2.088	.040

- a. Dependent Variable: RES2

Source: Results of Questionnaire Data Processing, 2025

Based on Table 4, it can be seen that the significance value of the Entrepreneurial Orientation variable is 0.427 and the significance value of the Innovation Capability variable is 0.040; this shows that both have a significance value that exceeds 0.05. it can be concluded that in this study, there are no differences in observations of observations of each sample.

**Table 5**  
**Multiple Correlation Test Results**

<b>Model Summary</b>									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F	df1	df2	
1	.515	.265	.247	3.26576	.265	14.943	2	83	.000

a. Predictors: (Constant), Intellectual Capital, Relationship Satisfaction

Source: Results of Questionnaire Data Processing, 2024

Based on Table 4.9, it can be seen that the value of the linear relationship between the Entrepreneurial Orientation variable and innovation capability on Competitive advantage is 0.515.

**Table 6.**  
**Determination Coefficient Test Results**  
**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.515 <sup>a</sup>	.265	.247	3.26576

The results of Entrepreneurial Orientation and Innovation capability on Competitive advantage can be known as follows:

$$r = 0.515$$

so it can be calculated:

$$Kd = 0.5152 \times 100\%$$

$$= 26.5\%$$

Based on the results of the calculation of the coefficient of determination, it can be concluded that the variables of entrepreneurship education and entrepreneurial motivation on entrepreneurial mental attitude have a contribution in measuring the effect, which is 26.5% and that other factors affect the remaining 73.5% Thus, it can be concluded that the influence between the variables involved in this study is low.

**Simultaneous Test Results (F Test)**

**Table 7.**  
**Simultaneous Significant Test Results (F-Test)**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	318.742	2	159.371	14.943	.000
1 Residual	885.211	83	10.665		
Total	1203.953	85			

Based on Table 7. Based on the above calculations, the results of the calculation of the F-count of the Entrepreneurial Orientation and Innovation capability variables

simultaneously have an influence on competitive advantage of  $0.001 < 0.05$  and the calculated F value of 14.943. Furthermore, the value of F count is compared with the value of F table, F table is searched in the table listed in the attachment based on dk numerator = k and dk denominator = (n-k-1) and the error rate applied is 5%, so dk numerator = 2 and dk denominator = 83, so that the value of F table = 1203.953 can therefore be concluded that there is a significant influence between variables X1 and X2 on Y or Entrepreneurial Orientation and Innovation capability together have an effect on competitive advantage.

**Table 8.**  
**Multiple Linear Regression Calculation Results**  
**Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	10.692	4.826		2.216	.029
1 Entrepreneurial orientation	.370	.121	.310	3.048	.003
Innovation capability	.515	.170	.309	3.034	.003

Based on Table 8. it can be seen that the value of the multiple linear regression equation in this study is as follows:

$$a = 10.692$$

$$b_1 = 0.370$$

$$b_2 = 0.515$$

Therefore, the multiple linear regression equation for the two predictors (Intellectual capital and Relationship satisfaction) is obtained, namely:

$$Y^* = 10.692 + 0.370 X_1 + 0.515 X_2$$

From the multiple linear regression equation above, it can be concluded:

1. Constant value of = 10,692 has a positive value, this shows a unidirectional influence between the independent variable and the dependent variable which includes entrepreneurial orientation, innovation capability, then the competitive advantage value of 10,692 has a unidirectional influence between the dependent variable and the independent variable.
2. The entrepreneurial orientation coefficient of 0.370 has a positive value, this indicates that if the entrepreneurial orientation variable increases, the competitive advantage will increase by 0.370. Assuming other independent variables are considered constant. The positive sign means that it shows a unidirectional influence of the entrepreneurial orientation variable on competitive advantage.
3. The coefficient of innovation strategy is 0.515; this value shows a positive influence between the innovation capability variable and competitive advantage. This shows that if the innovation strategy variable increases, the competitive advantage variable will increase by 0.328. The positive sign means that it shows a unidirectional influence of the innovation capability variable on the competitive advantage.

**Table 9.**  
**T Test Results**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	10.692	4.826		2.216	.029
Entrepreneurial orientation	.370	.121	.310	3.048	.003
Innovation capability	.515	.170	.309	3.034	.003

Source: Results of Questionnaire Data Processing, 2025

To determine the effect of the independent variables of Entrepreneurial Orientation, product quality innovation capability, and partially on the dependent variable of competitive advantage as follows:

1. Hypothesis Testing of entrepreneurial orientation on competitive advantage. The results of testing the effect of the entrepreneurial orientation variable on competitive advantage show a Sig value of 0.003 <0.05, which means significant, while the t value is 3.048 > 1.988, which means significant. Significance here H0 is rejected and H1 is accepted. Based on this, it can be interpreted that the entrepreneurial orientation variable partially has a significant effect on competitive advantage.
2. Hypothesis Testing of entrepreneurial orientation on competitive advantage. The results of testing the effect of innovation capability variables on competitive advantage show a Sig value of 0.03 <0.05, which means significant, while the t value of 3.034 > 1.988 means significant. Significance here H0 is rejected and H1 is accepted. Based on this, it can be interpreted that the innovation capability variable partially has a significant effect on competitive advantage.

## CONCLUSION

The following conclusions can be drawn from the satay culinary MSMEs registered at the DPMPTSP in Sukabumi city:

1. The description of entrepreneurial orientation in satay culinary SMEs registered at the Sukabumi city MPMPPTSP, seen from the indicators on this variable, namely the advantages and disadvantages of a risk that has a very high value. Furthermore, the innovation capability variable can be seen from the indicator that good service can measure income growth, which has the highest value. And the competitive advantage variable can be seen from the indicator that an effective marketing strategy can increase customer loyalty (repeat purchases), which has a very high value.
2. The results of research and testing of Entrepreneurial orientation variables partially have a positive and significant effect on Competitive advantage in satay culinary MSMEs registered at the Sukabumi city DMPTSP.

3. The results of research and testing of innovation capability variables partially have a significant effect on Competitive advantage in satay culinary MSMEs registered at the Sukabumi city DMPTSP.

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