

## **Analysis of Entrepreneurial Skills In Growing Competitive Advantages In "Fresh Milk" Micro, Small, And Medium Enterprises (MSMEs) In Gresik District**

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**Abstract:** This study investigates the role of entrepreneurial skills in enhancing competitive advantage among "Fresh Milk" Micro, Small, and Medium Enterprises (MSMEs) in Randu Padangan Village, Gresik, Indonesia. Employing a quantitative research design with a saturated sample of 37 entrepreneurs, the study utilized a structured questionnaire and SPSS-based statistical analysis, including t-tests and determination coefficient ( $R^2$ ) analysis. The results confirm that entrepreneurial skills significantly and positively influence competitive advantage, with a determination coefficient of 91.9%, indicating that nearly all competitive advantage can be attributed to the entrepreneurs' competencies. The findings offer empirical evidence for the critical function of entrepreneurial capacity—even in low-formal-education settings—in driving rural MSME performance. This study provides a microeconomic lens on how technical, social, and managerial skills among grassroots dairy entrepreneurs contribute to resilience and differentiation in a highly competitive market. Its contribution to international discourse lies in framing entrepreneurial skill development as a vital mechanism for achieving sustainable local economic competitiveness. Future research may expand this framework to cross-country comparisons of MSME ecosystems, examine digital entrepreneurship interventions, or analyze how informal entrepreneurial learning influences sectoral innovation in emerging markets.

**Keywords:** Entrepreneurial Skills; Competitive Advantage; MSMEs; Fresh Milk Industry; Rural Entrepreneurship

## Introduction

The history and journey of Micro, Small, and Medium Enterprises (MSMEs) is an exciting and essential subject. This industrial group is often associated with the socio-economic conditions of society that are currently being experienced by Indonesia, such as increasing poverty rates, very high unemployment, low levels of public education, the foreign debt crisis, unequal distribution of income, as well as various other harmful aspects, including urbanization problems and balance of payments deficits.<sup>1</sup>

During the collapse of large-scale industries due to the crisis some time ago, we faced the fact that MSMEs still exist. Several small business sectors have significantly benefited from the decline in the rupiah value against the dollar. It is especially the case for export commodities. From this point of view, many entrepreneurs in Indonesia see the importance of empowering MSMEs.<sup>2</sup>

The government also really needs many entrepreneurs among its citizens because having lots of entrepreneurs will have a positive impact on everyday life. Entrepreneurs have a vital role in economic growth. A nation's economy will increase when the interest of community entrepreneurs is high. This reality concerns writers as a society, aware of the importance of instilling entrepreneurial interest from an early age.

Besides that, entrepreneurs are agents of change in alleviating poverty by providing jobs for the unemployed so that they can increase their income, which will automatically affect the increase in national income.<sup>3</sup> Therefore, for an entrepreneur to survive in his business and for his products to match the community's needs, he must have skills in building and developing his business. With skills, he can also modify and innovate products based on the circumstances and conditions of the time.<sup>4</sup>

Entrepreneurial skill is an element that includes the skills and abilities possessed by an entrepreneur in running his business dynamically to achieve the desired needs so that it will emanate from several behaviors to achieve success in his business on an ongoing basis. Competence in entrepreneurship is needed for business actors to become stockholders of knowledge in order to be able to achieve a competitive advantage. Entrepreneurial skills include expertise in technical

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<sup>1</sup> Sepris Yonaldi, "Kewirausahaan Bagi Industri Kecil Menengah di Kota Padang dalam Rangka Peningkatan Kemampuan Manajemen dan Perluasan Pasar," Preprint (Ina-Rxiv, December 5, 2018), <https://doi.org/10.31227/osf.io/wghfj>. Also read Cici' Wilantini and Fadllan Fadllan. "Equity Crowdfunding Dan Usaha Mikro Kecil Menengah: Kajian Equity Crowdfunding Sebagai Instrumen Pendanaan UMKM Syariah: Equity Crowdfunding and Micro, Small and Medium Enterprises: Study of Equity Crowdfunding As a Sharia MSME Funding Instrument". *El-Qist: Journal of Islamic Economics and Business (JIEB)* 11, no. 1 (April 30, 2021): 82–97. Accessed June 6, 2023. <https://jurnalfebi.uinsby.ac.id/index.php/elqist/article/view/370>.

<sup>2</sup> Yonaldi. "Kewirausahaan Bagi Industri Kecil Menengah", Desember 2018.

<sup>3</sup> Sutono, "Islamic Spiritual Entrepreneurship Dalam Menumbuhkan Kesejahteraan Masyarakat Pesisir" (Surabaya, UIN Sunan Ampel Surabaya, 2020)

<sup>4</sup> Sutono, Sofia, "Skill Entrepreneur Dalam Meningkatkan Profitabilitas Pedagang Muslim Di Pasar Sumpat Driyorejo Gresik," *Jurnal Ekonomi Syari'ah* 6, No. 2 (September 2021): 197–210.

matters, social relations with employees, partners, consumers, and the community, making decisions, managing time, and conceptualizing their business.

Many authors have developed and studied the concept of entrepreneurial skills for competitive advantage. One of them is a study entitled "*Urgensi Interpersonal Skill dalam Menciptakan Keunggulan Bersaing UMKM Kuliner di Kota Tasikmalaya*" by Agi Rosyadia and Indi Ramadhani. In addition, another study entitled "*Pengaruh Orientasi Kewirausahaan dan Kompetensi Wirausaha terhadap Daya Saing (Studi Empiris pada UMKM di DIY)*" by Dwi Novitasari and Lukia Zuraida. Another study that raised the same topic was researched by Novy Anjar Muslikah, Andi Tri Haryono, and Cicik Harini, entitled "*Pengaruh Kompetensi Entrepreneurial, Strategi Kewirausahaan dan Modal Sosial terhadap Keunggulan Kompetitif Berkelanjutan dengan Kinerja Usaha (Pengusaha) sebagai Variable Intervening (Studi Kasus pada UKM Mebel di Desa Kembang Kab. Jepara)*". Another study entitled "*Pengaruh Orientasi Pasar dan Orientasi Kewirausahaan terhadap Inovasi Produk dan Keunggulan Bersaing UMKM Jenang di Kabupaten Kudus*" by Muhamad Zidni Syukron and Ngatno. The results of the four studies above show that the entrepreneurial skills variable significantly affects competitive advantage in MSMEs.

However, research shows that entrepreneurial skills did not affect competitive advantage. Like the research conducted by Mada Adi Wibowo and Yanuar Surya Putra entitled "*Pengaruh Entrepreneurial Competencies terhadap Keunggulan Bersaing serta Implikasinya terhadap Kinerja Wirausaha (Studi Kasus pada Usaha Konveksi Kube "Maju Bersama" Kota Salatiga)*". The result showed that entrepreneurial competencies did not significantly influence competitive advantage and did not mediate the influence of entrepreneurial competencies on entrepreneurial performance.

Based on the description above, the author is interested in conducting research related to entrepreneurial skills possessed by entrepreneurs in the Randu Padangan Village, which in fact, are people who do not have academic intelligence as shown by their formal education and also without the special training they attend so that they have unique expertise in the field of entrepreneurship. The expertise in entrepreneurship possessed by "Fresh Milk" entrepreneurs is an advantage that can impact the business development field for entrepreneurs and generally for the people in Randu Padangan Village. Therefore, the author is interested in conducting an *Analysis of Entrepreneurial Skills in Growing Competitive Advantage in "Fresh Milk" Micro, Small, and Medium Enterprises (MSMEs) in Randu Padangan Village, Gresik District.*

## **Research Methods**

The method used by authors in this research is a quantitative approach, namely research activities whose specifications are systematic, planned, and structured from the start to the creation of research designs, population and data samples, data sources, and methodology (from data collection to data analysis). In

comparison, the research variables are measured on various measurement scales, namely nominal, ordinal, interval, and ratio scales.<sup>5</sup>

This study uses statistics with the help of SPSS for Windows 17.0 to determine the effect of entrepreneurial skills on competitive advantage in MSMEs “Fresh Milk” in Randu Padangan Village. The tool used in the quantitative method is a questionnaire that is distributed to samples from a predetermined population. In this case, the research was conducted to determine how much the competitive advantage of MSMEs in Randupadangan Village is caused by the influence of entrepreneurial skills owned by MSMEs as the independent variable. This study uses a quantitative method with a questionnaire distributed to all respondents based on determining the existing population and sample.

## **Results and Discussion**

### **Entrepreneurial Skills**

Entrepreneurial skill is the ability possessed by a person and the desire to establish, manage, and succeed in a start-up business, along with the risks that are their right to gain profit. According to Eddy Soeryanto Soegoto, an entrepreneur must have many skills, including<sup>6</sup> :

1. Have the basics of business processing or essential business management; how to design, organize, and control a business, including predicting, administering, and recording business activities. As well as having skills in finance, managing purchases and sales, bookkeeping, and profit and loss calculations.
2. An entrepreneur must have the skill of managing people, namely the ability to plan, organize, direct, move (motivate), and control people in running the company. As well as giving satisfaction to customers by providing quality, helpful, and satisfying goods and services, and must have a strategy for how to compete. He must be able to reveal his and his competitors' strengths, weaknesses, opportunities, and threats.
3. Must have technical competence, namely competence in the design field (know-how), following the form of the chosen business.
4. Besides that, he must also have marketing competence, namely competition in finding suitable markets, identifying customers, and maintaining the viability of the company.

Based on Edy Suryanto's statement, knowledge and experience in business are closely related to skills or abilities in fostering business excellence. Therefore, business excellence is a necessity that companies must possess.

Entrepreneurship skills are needed for business actors to become stockpiles of knowledge in order to be able to achieve a competitive advantage.

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<sup>5</sup> Puguh Suharso, *Metode Penelitian Kuantitatif untuk Bisnis: Pendekatan filosofi dan Praktis*, (Jakarta: Indeks, 2009), 11.

<sup>6</sup> Eddy Soeryanto, *Computational Analysis of Waste Management and Entrepreneur Using VosViewer Application*, Moroccan Journal of Chemistry, No.10 Vol. 3, 2022.

Entrepreneurial skills include expertise in technical matters, social relations with employees, partners, consumers, and the community, making decisions, managing time, and conceptualizing their business. Entrepreneurs who need to gain entrepreneurial skills imitate existing products without making exciting changes. So that the business that will be carried out will certainly fail because it cannot compete with those with entrepreneurial skills.

To make the product superior, an entrepreneur must have special competence. Competence here is related to entrepreneurship, which provides knowledge so that its products can compete. Someone with entrepreneurial abilities will support their efforts to achieve a competitive advantage. To become a successful entrepreneur, the main requirements that must be possessed are entrepreneurial spirit and character. Skills and abilities or competencies influence both.

In this globalization era, which is overgrowing, various business opportunities are emerging, as well as types of businesses that provide products with various kinds of exciting creations for consumers or customers, both in the form of goods by creating innovations and in the service sector, which is also increasing rapidly. One business actor who is quite resilient when facing intense competition is Micro, Small, and Medium Enterprises (MSMEs).

### **Competitive Advantage**

The meaning of competitive advantage, as stated by Kottler and Armstrong, is that competitive advantage is an advantage over competitors that can be obtained by offering more value to consumers, either through lower prices or by providing higher benefits to set higher prices.<sup>7</sup> Meanwhile, a competitor is a struggle a specific person or group carries out to obtain a competitive victory or result without causing threats or physical fights at first.

A company's competitive advantage is the value it can create for its customers. A competitive advantage allows a company to acquire higher profits than the average advantage gained by competitors in the industry. Competitive advantage is the basis of a company's performance in a competitive market. Competitive advantage grows from the value or benefits a company can create for its customers. If the company can create an advantage through one of the three generic strategies, it will gain a competitive advantage.<sup>8</sup>

Meanwhile, according to Thompson, "competitive advantage is defined as the ability of an organization to add more value for its customers than its rivals and thus attain a position of relative advantage; the challenge is to sustain any advantage once achieved." The explanation is that competitive advantage is the ability of an organization to increase value for customers further, and compared to

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<sup>7</sup> Nungky Viana Feranita and Hendra Aris Setiawan, "Peran Keunggulan Bersaing Dalam Memediasi Dampak Orientasi Pasar Dan Orientasi Kewirausahaan Terhadap Kinerja UMKM" *Majalah Ilmiah Dian Ilmu* 18, no. 1 (February 8, 2019), <https://doi.org/10.37849/midi.v18i1.110>.

<sup>8</sup> David. A. Aaker, *Manajemen Ekuitas Merek* (Jakarta: Mitra Utama, 2001), 78

competitors who have a relatively advantageous position, the challenge is to maintain every advantage for achievement within the company.<sup>9</sup>

Competitive advantage refers to factors that allow a company to produce goods or services better or more cheaply than its rivals. These factors allow the productive entity to generate more sales or superior margins than its market rivals. Competitive advantages are attributed to a variety of factors, including cost structure, branding, the quality of product offerings, the distribution network, intellectual property, and customer service.

Meanwhile, competitive advantage is the company's ability to maintain what it has by forming and empowering its valuable resources and utilizing the capabilities or abilities of prominent companies that other companies cannot imitate. Competitive advantage can be seen from the company's position in the competition, which is analyzed by looking at the strengths and weaknesses of the company when compared to its competitors. A company's competitive advantage comes from its ability to maintain the superiority of its resources and capabilities.

Another opinion of Porter argues that two indicators will determine the choice of competitive theory: the industry's potential to obtain long-term profitability and the strength of competition. The entry of companies that become new competitors, the threat of substitute goods, the existence of bargaining power between buyers, the presence of suppliers, and competition within existing companies.<sup>10</sup> Competitive advantage means superior skills and resources based on customer perceptions and market share. Porter explained that companies must create clear goals, strategies, and operations to build a sustainable competitive advantage. The employees' corporate culture and values must align with those goals. Porter researched hundreds of companies to identify the three primary ways companies achieve a sustainable advantage: cost leadership, differentiation, and focus.<sup>11</sup>

According to Philip Kotler and Gary Armstrong, there are five objectives for implementing a competitive advantage strategy, namely:

1. Forming an appropriate positioning. The company tries to show a separate image of itself to customers or target markets.
2. Maintain the customer. Loyal customers are wealth for the future. It can provide a company with a good lifetime income stream if managed properly.

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<sup>9</sup> Utami, "Pengaruh Kompetensi Kewirausahaan Terhadap Kinerja UMKM", *Bisnis dan IPTEK* 09, no. 02 (oktober 2016): 98–109.

<sup>10</sup> Choirunnisa Choirunnisa, Augusty Tae Ferdinand, and Farida Indriani, "Analisis Pengaruh Penginderaan Pasar, Pemasaran Kewirausahaan, Kemampuan Jaringan, Dan Keunggulan Bersaing Terhadap Kinerja Pemasaran (Studi Pada Ukm Makanan Dan Minuman Di Kota Semarang)," *Jurnal Bisnis Strategi* 27, No. 2 (March 19, 2019): 79, <https://doi.org/10.14710/jbs.27.2.79-94>

<sup>11</sup> Michael, E. Porter, 2001, *Strategi Bersaing Menciptakan dan Mempertahankan Kinerja Unggul*, cetakan kedua belas (Jakarta: Erlangga, 2001), 62

3. Get new market share. Companies try to gain and expand market share by using their respective competitive strategies to reach the broadest possible market.
4. Maximize sales. The process of maximizing profit depends on the effectiveness of its competitive strategy, but it also depends on all existing systems within the company and other functional units.
5. Creating effective business performance. Companies must create effective business performance so that their business can be managed strategically by defining the customer groups to be served, the customer needs to be met, and the technology to be used to meet those needs.

To create a competitive advantage, a business must provide a clear benefit to its target market that's better than what the competition offers. It must be something that customers need and offer real value. Business owners also need to stay current on the new trends affecting their products, including any new technology. A business also needs to be closely attuned to its target market to create demand, which drives all economic growth. They need to know exactly who their customers are and how they can improve their lives.<sup>12</sup>

### **Micro, Small, and Medium Enterprises (MSMEs)**

The term Micro, Small, and Medium Enterprises (MSMEs) is quite popular among Indonesians. This type of business has also been legally regulated through the Law of Indonesia Number 20 of 2008. According to institutions or agencies, the Law of Indonesia (UU) and the Central Statistics Agency (*Badan Pusat Statistik*; BPS) define MSMEs based on net worth and annual sales results. As the primary reference for BPS and UU Number 20 of 2008, MSMEs must have a maximum workforce of 99 people and a maximum net worth of IDR 10,000,000,000.00 (ten billion rupiahs). It has a maximum annual sales revenue of IDR 50,000,000,000.00 (fifty billion rupiahs).<sup>13</sup>

Based on Article 17 of UU No. 20 of 2008 concerning MSMEs, development in the field of production and processing as referred to in Article 16 Section (1) Sub-section (a) is carried out by :

1. Improve the production and processing techniques and management capabilities of MSMEs.
2. Providing convenience in procuring production and processing the facilities and infrastructure
3. Encourage the application of standardization in the process of producing and processing.
4. Improve the design and engineering capabilities of medium enterprises.

Development and empowerment of Micro, Small, and Medium Enterprises (MSMEs) is one of the efforts taken by the government to overcome the problems

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<sup>12</sup> <https://www.thebalancemoney.com/what-is-competitive-advantage-3-strategies-that-work>

<sup>13</sup> Feranita and Setiawan, "Peran Keunggulan Bersaing Dalam Memediasi Dampak Orientasi Pasar Dan Orientasi Kewirausahaan Terhadap Kinerja UMKM."

of unemployment and poverty in Indonesia. The reality shows that most MSMEs in Indonesia have the same problem: a need for more marketing knowledge. It is due to the limited information MSMEs can obtain regarding the market.

Businesses that the government categorizes as MSMEs can be of any variety. They could be in the form of food carts, grocery shops, or service businesses. Sometimes, many small industries and minimarkets can still be categorized by us as SMEs. MSMEs play a role as a driving force for the national economy in Indonesia. These businesses contribute to the high velocity of money in the market. In addition, MSMEs also participate in helping the government create more jobs.

Randu Padangan Village is famous for two superior products: chili and dairy milk. This right is based on the annual production of chilies in Randu Padangan Village, around 2,000 tons per year. Meanwhile, the production of dairy milk is done every day by milk sellers from the village itself as well as from surrounding villages. His dairy milk is known for being delicious, cheap, and fresh because it is taken directly from the farms in Randu Padangan Village. In the village of Randupadangan, there are six dairy milk farmers. One is Mr. Sulaiman, who has 12 cows and can produce more than 70 liters of milk daily.<sup>14</sup>

The commodity of dairy milk is a mainstay for cattle breeders in Randu Padangan Village, Menganti sub-district. It is based on cows' milk production in Randu Padangan Village, which can produce approximately 70 liters of cow's milk daily. Due to the high economic value of this drink, dairy farmers in Randu Padangan Village are interested in cultivating it to get big profits from its business potential.

The following is data from "Fresh Milk" Micro, Small, and Medium Enterprises (MSMEs) entrepreneurs in Randu Padangan Village:<sup>15</sup>

No.	Name	Address	Production
1	Dwi muniroh	Randu Padangan	<i>Fresh milk</i>
2	Nora nurmala	Randu Padangan	<i>Fresh milk</i>
3	Nurma hanik	Randu Padangan	<i>Fresh milk</i>
4	Ruqoiyah	Randu Padangan	<i>Fresh milk</i>
5	Rahman	Randu Padangan	<i>Fresh milk</i>
6	Rahim	Randu Padangan	<i>Fresh milk</i>
7	Jumadi	Randu Padangan	<i>Fresh milk</i>
8	Tsabit	Randu Padangan	<i>Fresh milk</i>
9	Imron	Randu Padangan	<i>Fresh milk</i>
10	Hamdi	Randu Padangan	<i>Fresh milk</i>
11	Nur kholis	Randu Padangan	<i>Fresh milk</i>
12	Abdullah	Randu Padangan	<i>Fresh milk</i>
13	Khusnan	Randu Padangan	<i>Fresh milk</i>

<sup>14</sup> Interview, entrepreneurs, Gresik, December 14th, 2022

<sup>15</sup> Interview, *Kades* of Randu Padangan, Gresik, December 10th, 2022.

14	Azril	Randu Padangan	<i>Fresh milk</i>
15	Nurhidayati	Randu Padangan	<i>Fresh milk</i>
16	Muarrofah	Randu Padangan	<i>Fresh milk</i>
17	Abdulkirom	Randu Padangan	<i>Fresh milk</i>
18	Saddam	Randu Padangan	<i>Fresh milk</i>
19	Husein	Randu Padangan	<i>Fresh milk</i>
20	Fahrurrozi	Randu Padangan	<i>Fresh milk</i>
21	Dayat	Randu Padangan	<i>Fresh milk</i>
22	Abdul kholiq	Randu Padangan	<i>Fresh milk</i>
23	Syaiful	Randu Padangan	<i>Fresh milk</i>
24	Makin	Randu Padangan	<i>Fresh milk</i>
25	Viky	Randu Padangan	<i>Fresh milk</i>
26	Sulaiman	Randu Padangan	<i>Fresh milk</i>
27	Kiki ramadhani	Randu Padangan	<i>Fresh milk</i>
28	Anita	Randu Padangan	<i>Fresh milk</i>
29	Nur sholihah	Randu Padangan	<i>Fresh milk</i>
30	Warsiman	Randu Padangan	<i>Fresh milk</i>
31	Paidi	Randu Padangan	<i>Fresh milk</i>
32	Pardi	Randu Padangan	<i>Fresh milk</i>
33	Didik	Randu Padangan	<i>Fresh milk</i>
34	Sutrisno	Randu Padangan	<i>Fresh milk</i>
35	Ghofur	Randu Padangan	<i>Fresh milk</i>
36	Ikhwan	Randu Padangan	<i>Fresh milk</i>
37	Rumadi	Randu Padangan	<i>Fresh milk</i>

Randu Padangan Village is one of the villages that has the most "Fresh Milk" entrepreneurs in the Menganti District. The more "Fresh Milk" entrepreneurs there are, the tighter the business competition will be because each entrepreneur produces a similar product. These "Fresh Milk" entrepreneurs want to dominate the market, meaning the staple produced will try to outperform other dairy products. The existence of competitors makes these entrepreneurs try to keep developing their products in order to achieve a competitive advantage.

As described above, "Fresh Milk" entrepreneurs in Randu Padangan Village must have unique or different characteristics in order to be able to compete with other dairy products that already have their image for consumers. Fresh Milk entrepreneurs must carry out a different strategy so that their products cannot compete. So, the Fresh Milk product produced in Randu Padangan Village becomes a superior product in business competition.

It is reinforced by the results of research conducted by Mohammad Rizky Teguh Pratomo in 2015. With the title "*Analisis Pengaruh Kompetensi Wirausaha dan Kemampuan Mengindera Pasar Terhadap Keunggulan Bersaing Untuk Meningkatkan Kinerja Pemasaran. Studi kasus pada Usaha Mikro Kecil dan Menengah Kota Semarang*". The results of previous studies state

that entrepreneurial competence has a positive influence on competitive advantage.

Entrepreneurial skills can affect competitive advantage in a company because entrepreneurial skills and competitive advantage in the business world are fundamental. After all, they can determine whether a company can excel against its competitors. The expected competitive advantage is sustainable so that it can sustain and overcome threats from its competitors and unfavorable market conditions. To test the results of this analysis, the authors used the SPSS for Windows 17.0 program as follows:

**1. T-Test (Partial Test)**

This T-test was conducted to determine whether the independent variable, namely entrepreneurial skills (X), is partially significant for the dependent variable, namely competitive advantage (Y). Provisions in the partial T-test have a significant confidence ( $\alpha$ ) level of 5% or 0.05. Then determine the t-table with the following formula:

$$T_{table} = \frac{\alpha}{2} : (n - k)$$

Description:

$n$  : number of respondents

$k$  : number of research variables

So that when the value is entered in the t-table formula, it is as follows:

**Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.953	2.703		.353	.729
Skill entrepreneur	.893	.064	.961	13.960	.000

a. Dependent Variable: Competitive Advantage

The following analysis results were obtained based on the test results: the Entrepreneurial Skill variable has a calculated t-value of 13.960 and a significance value of 0.000. So that the t-count value is 13.960 > t table is 2.10092, and the significant value is 0.000 < 0.05 because the t-count is more excellent than the t-table. The significant value is less than 0.05,  $H_0$  is rejected (entrepreneurial skills do not affect competitive advantage), and  $H_1$  is accepted (entrepreneurial skills influence competitive advantage). It can be interpreted as indicating that entrepreneurial skills have a significant partial effect on competitive advantage.

**2. R<sup>2</sup>-Test (Coefficient of Determination)**

The coefficient of determination ( $R^2$ ) is used to determine the percentage contribution of the independent variable (X) to the dependent variable (Y). The R-

value ranges from 0-1; the closer the R-value is to 1, the stronger the relationship between the independent and dependent variables. Conversely, the closer the R-value is to 0, the weaker the relationship between the independent and dependent variables. This study uses the SPSS for Windows 17.0 program, and the coefficient of determination formula is formulated as follows:

$$R^2 = (r)^2 \times 100\%$$

The following are the results of the coefficient of determination test:

**Model Summary<sup>b</sup>**

R Square	Adjusted R Square	Std. The error in the Estimate
.924	.919	.935

a. Predictors: (Constant), Entrepreneurial Skill

b. Dependent Variable: Competitive Advantage

The Adjusted R Square analysis results are 0.919 based on the data processing results above. The coefficient of determination (R<sup>2</sup>) is R square (r<sup>2</sup>) = 0.919 x 100% = 91.9%. So the percentage influence of entrepreneurial skills on competitive advantage is 91.9%. In contrast, other variables not examined in this study influence the remaining 8.9% (100% - 91.9% = 8.9%).

Based on the data analysis above, entrepreneurial skill is one of the competencies "Fresh Milk" Randu Padangan entrepreneurs possess. Ability to be familiar with the "Fresh Milk" business management work system. Knowledge and competence in the "Fresh Milk" business can be developed to open up the business fields of management, packaging, marketing, and distribution of "Fresh Milk" to layers of society who are "Fresh Milk" consumers. This effort is significant for developing entrepreneurial activities in the village of Randu Padangan and can become a learning process in the fresh milk business sector. Entrepreneurs who already have the competence and are considered capable of conducting education and mentoring will be allowed to carry out free activities aimed at the community.<sup>16</sup>

This result is also reinforced by the results of research conducted by Muhammad Sholeh, which shows that there is a positive impact on the entrepreneurial development program activities aimed at increasing young entrepreneurs, especially students who have skills and abilities, and opening up opportunities to grow new business units by fostering entrepreneurial interest.<sup>17</sup> Meanwhile, according to the author, several factors influence business performance, including internal factors including intelligence, skills, emotional stability, motivation, role perception, family conditions, the physical condition of a

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<sup>16</sup> Interview, *Kades* of Randu Padangan, Gresik, Januari 1st, 2022.

<sup>17</sup> Muhammad Sholeh, *Dampak Positif Kegiatan Program Pengembangan Kewirausahaan dalam meningkatkan Daya Minat bagi Kewirausahaan Mahasiswa*, E-DIMAS Jurnal Pengabdian kepada Masyarakat, 11(2), 132-138

person, and characteristics of the work group, and external factors in the form of labor regulations, customer desires, competitors, social values, labor unions, economic conditions, changes in work locations, and market conditions.

Meanwhile, competitiveness is a reaction to the ability of a “Fresh Milk” entrepreneur as one of the MSMEs in Randu Padangan Village, which at the same time makes fundamental changes for entrepreneurs to improve the performance of workers to produce fresh milk products that are better and more attractive to consumers.<sup>18</sup> This statement is reinforced by the findings of Fathurrahman, who quoted Wijaya, that competitiveness is the capability to produce high production results. Mitriani also reinforces these results in Prefer (2007), who says that competitiveness is an underlying characteristic of an entrepreneur that is always related to the effectiveness of individual work performance in his work.<sup>19</sup>

So, according to the author, competitiveness is the same as competence, which means skill or readiness. In the sentence, competition is a joint effort to create a superior advantage. The author reiterates that to win the competition, strength, readiness, or equipment are certainly needed, and the weapon used to compete is to gather the readiness or strength of each “Fresh Milk” entrepreneur in Randu Padangan Village, Gresik.

## Conclusion

Based on the results of the discussion that has been discussed in this article with the help of the SPSS Statistics for Windows 17.0 Program, the following conclusions are obtained: The results of the t-test showed that the calculated t-value for the Entrepreneur Skill variable is greater than the t-table ( $13.960 > 2.10092$ ), and the significant value is also less than 0.05 ( $0.00 < 0.05$ ), which means that the Entrepreneurial Skills partially affect excellence competing in the Micro, Small, and Medium Enterprises of “Fresh Milk” in Randu Padangan Village. The influence of Entrepreneurial Skills on the competitive advantage of “Fresh Milk” MSMEs in Randu Padangan Village can be seen in the coefficient of determination of 0.919, which means that the influence of Entrepreneurial Skills on competitive advantage is 91.9%. In contrast, the remaining 8.9% is influenced by other variables not included in this study.

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<sup>18</sup> Interview, Paidi, Consumer of “Fresh Milk”, Gresik, Februari 2nd 2023.

<sup>19</sup> Fathurrahman, Pengembangan Jiwa Kewirausahaan: Memahami Dampak Daya Saing terhadap Prestasi Berwirausaha IKM di Kota Pekanbaru *Jurnal Bisnis Kompetitif*, ISSN: 2829-5277 Vol. 1, No. 1, Maret 2022

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