

## The Identification Of Waroeng Special Sambal's Resources And Capabilities In Achieving Sustainable Competitive Advantages

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### ABSTRACT

This study aims to identify Waroeng SS's resources and capabilities in achieving its sustainable competitive advantages, which are aimed to achieve sustainable competitive advantages.

Primary and secondary data are used in this research. The primary data were obtained from interviews and questionnaires. While the secondary data were obtained from literatures relating to Waroeng SS and culinary industry, from both online and offline resources.

This study uses value chain analysis of resources and company capabilities to analyze competitive advantages by assessing resources and capabilities (strategic importance and strategic relative strength, and VRIO Framework to analyze sustainable competitive advantages).

Based on the analysis results using value chain analysis, 30 resources and capabilities in Waroeng SS are found. The results show that there are 21 resources and capabilities that can be used as competitive advantages. From the results of the analysis, three resources and capabilities can be used as sustainable competitive advantages for Waroeng SS. First, Waroeng SS management owns farming land for raw materials that and work together with farmers, second, R & D team that is specifically responsible for maintaining product quality to remain consistent and equal to each outlet, and third, they have the ability to screen and provide training programs according to what employee needs.

Result of Waroeng SS's resources and capabilities identification that can be made a sustainable competitive advantages, the company are expected to give more focus on it's resources and capabilities. So, the company not only gain competitive advantages, it's also achieve the sustainable competitive advantages.

**Keywords:** Waroeng SS, Value Chain Analysis, Resources and Capabilities, VRIO Framework, sustaining competitive advantage, sustainable competitive advantage

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### INTRODUCTION

The culinary industry in Indonesia has increased rapidly, especially food stalls and restaurants. The data from the Badan Ekonomi Kreatif (BEKRAF) through Survei Khusus Ekonomi Kreatif (SKEK) in 2016 showed that the culinary sub-sector contributed the highest GDP number to Indonesia. The Data is described in Figure 1 below:

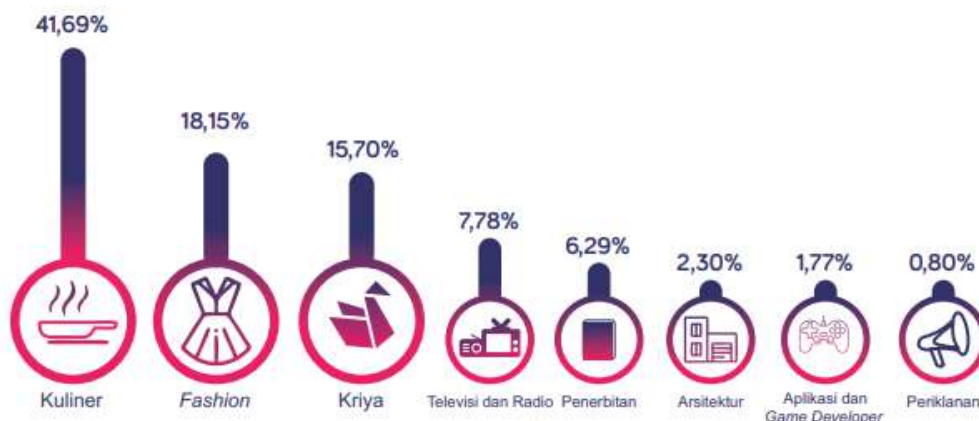


Figure 1 Creative Economic Contributions to Indonesia's GDP  
 Source: Statistical Data and Results of Creative Economic Survey (2016)

Special Region of Yogyakarta (DIY) is one of the regions with a high increasing number culinary tourism, both restaurants and food stalls. DIY’s representatives data from Bank of Indonesia (BI) show that since 2014, it’s Gross Regional Domestic Product (GRDP) is always higher than the National Gross Domestic Product (GDP). The second quarter of 2017 data shows that DIY’s GRDP is 5.17% higher than the national GDP which only reaches 5.01%.

According to Head of Representative of Bank Indonesia DIY, Budi Hanoto S.E, MBA, the increase in DIY’s GDP occurred due to a positive trend in public consumption in DIY. The highest allocation of the DIY’s community consumption is in culinary, food and beverage also at the restaurant of 41.8%. Reported from media, Tirta.id, total monthly money spent by students in DIY is Rp 423.8 billion with average student spending of Rp 1.8 million per month. The indicated number is inclusive of living expenses such as rent of residence, college facilities and for meal costs. The money circulation does not include the velocity of money generated by domestic and foreign tourists. Based on these data, the culinary business in DIY is one of the most attractive business opportunities.

This phenomenon will be an opportunity for entrepreneurs who want to enter the culinary industry, especially food stalls. It is also a threat to existing culinary entrepreneurs. Their competition will grow hard and tight to win the hearts of consumers. It is the opposite from Barney’s opinion, (1991) who said that there is no need to worry about intense competition in a particular industry. According to Barney the company is heterogeneous, so that each company have different strategy. These heterogeneous companies will have different learning curves, resources, and capabilities.

Waroeng Spesial Sambal (Waroeng SS) is one of the culinary business activists in Yogyakarta who can take the opportunity and have passed several culinary challenges, until being able to exist for 17 years in 2019. This business has 91 branches faced a difficulty when it reached 10 years old. It was 2011-2013, the most difficult year for Waroeng SS. This is because there have been a number of calamities that have happened to him, such as the occurrence of estimated losses that are quite a lot due to negligence of financial records at the outlet. During this internal disaster, there were also several competitors resembled Waroeng SS’s concepts, which is offering various Indonesian Traditional Chilli Sauce, such as Lesehan Aldan, which opened on October 17, 2011 for the first time. There are also another business that appear with the similar brand name and logo, Such as Kedai Super Sambal and other food stalls that abbreviate the brand with the name 'SS'. According to Waroeng SS’s Yogyakarta are manager, Tri Artha Dewi, there were also former employees who came out of Waroeng SS who opened a shop with the same concept. With the persistence of the Waroeng

SS management team, finally being able to go through these periods well even though it was consuming a lot of energy, time and material.

After few years, in 2014-2018 Waroeng SS had to face another difficulty with the emergence of several other innovative spicy culinary efforts in Yogyakarta. The typical spicy culinary present in 2014 Ayam Geprek dan Susu (PREKSU) with its spicy innovations, mixing chilly and cheese wrapped on their products. Only in few months, especially in one of the Yogyakarta outlets, Waroeng SS experienced monthly income decrease due to the existing of Ayam Geprek dan Susu (PREKSU) on Colombo street. This was disclosed by Krislaksono as the manager of the development and operation of Waroeng SS who said that there was a case of reduced turnover in one of the healthiest Waroeng SS outlets in Yogyakarta. Besides that period also appeared several other innovative spicy culinary such as Ayam Geprek Mas Kobis, Ayam Geprek Mbok Moro, and other similar spicy culinary stalls which indirectly affected consumers' choice to enjoy their favourite spicy dishes.

Based on this experiences and difficulties, Waroeng SS need to identify it's resources and capabilities, then the company will respond more quickly when there are internal and external challenges and give it focus on developing resources and capabilities. So that Waroeng SS can achieve sustainable competitive advantage.

## **LITERATURE REVIEW**

### **Strategy**

Strategy is a collection of activities that has a function to create value for competing in the industry. Porter (1996) describes strategy as the creation of unique and valuable positions obtained by carrying out a series of activities. In strategic management science there are two views that can be used to analyze strategies. The first view according to Porter (1980) is a view that focuses on corporate strategy by analyzing industry through it's key succeses factor. The second view according to Wernerfelt (1984) is a strategy that analyzing the company's resources and capabilities. This theory was introduced for the first time with the term strategically valuable resources which was later popularized by Barney in 1986, 1991 and 1995 who said that organizations are a bundle of resources (Barney, 1991). Furthermore, Barney (1995) says that organizations will achieve competitive advantage if they focus on resource allocation

### **Value Chain Analysis**

The company's value chain is a group of corporate activities to design, produce, market, deliver and support its products, (Porter, 1985). In general, the value chain is classified into two activities, which are primary activities and support activities. The primary activities is the activity that is directly involved in the creation of corporate values. This activity is directly related to the company's main activities, such as production, and sales. While supporting activities are activities that support the implementation of key activities in the creation of value. The illustration of such value chain can be illustrated in Figure 2 below:

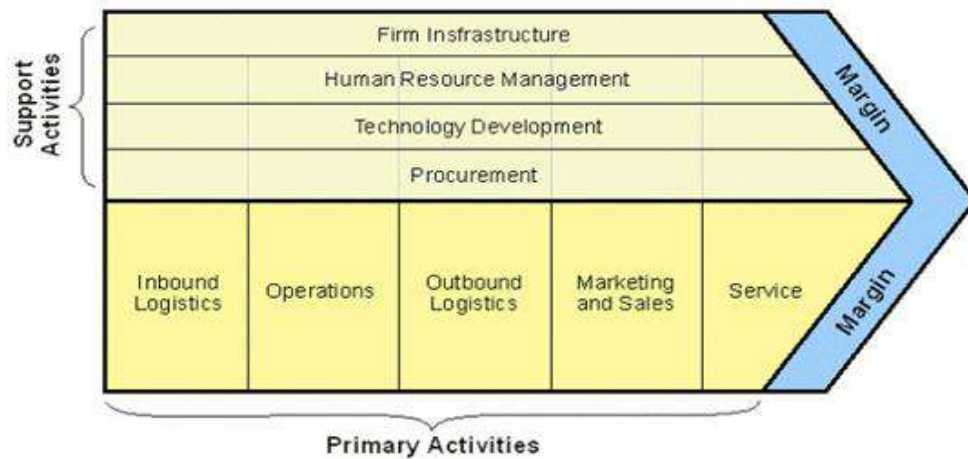


Figure 2 The Generic Value Chain  
 Sumber: Michael Porter (1985)

### Establishing Competitive Advantages

Competitive advantage is the achievement of the company in competing in an industry through the characteristics and resources of a company. Porter (1985) said that companies can get competitive advantage when they have higher performance than other companies in the industry. Grant (2016) said that identifying competitive advantage can not only be revealed from higher profitability. He viewed competitive advantage as matching the company's internal strength with external success factors. Therefore in order to determine the resources and capabilities that can build competitive advantage, there are two assessments that can be done, namely by assessing the strategic importance of resources and capabilities (External) and assessing the relative strength of resources and capabilities.

#### Assessing Strategic Interest of Resources and Capabilities

Strategically assessing the importance of resources and capabilities which are potentially generate a flow of profits for the owner. There are two conditions for assessing the resources and capabilities in order to be competitive advantages, those are relevance and scarcity.

#### Assessing The Relative Strength of Resources and Capabilities

In assessing the relative strength of resources and capabilities the company can use the benchmarking techniques or simple benchmarks. Andersen (1996) said that benchmarking is a continuous process of measuring and comparing one or more business process companies. In this study, benchmarking is the process of comparing the process and performance or resources and capabilities of the company with other companies objectively and quantitatively for companies to assess their resources and capabilities that relatively strong compared to its competitors.

To simply understand, the conclusions from the assessment of the level of importance and the relative strength of resources and capabilities, which will be use as competitive advantage can be displayed as shown in Figure 3 below:



Figure 3 The Assessment Quadrant of The Level of Importance and Relative Strength of Resources and Capabilities in Gaining Competitive Advantage  
Source: Grant (2016)

**Sustainable Competitive Advantage**

Barney (1995) makes the goal of a resource perspective approach with questions; “*Why are firms different and how do firms achieve and sustain competitive advantage?*”. This theory explains that resources and capabilities can be said to be competitive advantage that is sustainable when valuable, rare and high cost to be imitated, and managed well by the company.

**VRIO Framework**

The way to measure the sustainable competitive advantage is to use VRIN or known regularly as VRIO. According to Barney and Clark (2007), VRIO Framework can be used as a resource analysis tool and the capabilities of the company as a source of sustainable competitive advantage. The illustrations are described in table 1.

Table 1 The Identification of Sustainable Resources and Capabilities  
Source: Barney dan Clark (2007)

<b>Valuable?</b>	<b>Rare?</b>	<b>Costly to Imitate?</b>	<b>Exploited by organization</b>	<b>Competitive Implication</b>
No	-	-	No	Competitive disadvantage
Yes	No	-		Competitive Parity
Yes	Yes	No		Temporary Competitive Advantage
Yes	Yes	Yes	Yes	Sustained competitive advantage

a. *Valuable*

Barney (1995) said that the resources are valuable when it have the ability to exploit opportunities and neutralize threats.

*b. Rareness*

Resources that rareness means that these resources are not owned by many competitors or in other words they are rarely possessed (Barney, 1995)

*c. Imitability*

Barney (1995) said that the resources are imitable when other companies in competing face cost disadvantages in imitating resources and capabilities possessed

*d. Organize*

When the company cannot exploit its resources, it will never get the benefits from it's sustainable competitive advantage from the resources and capabilities.

**Research Framework**

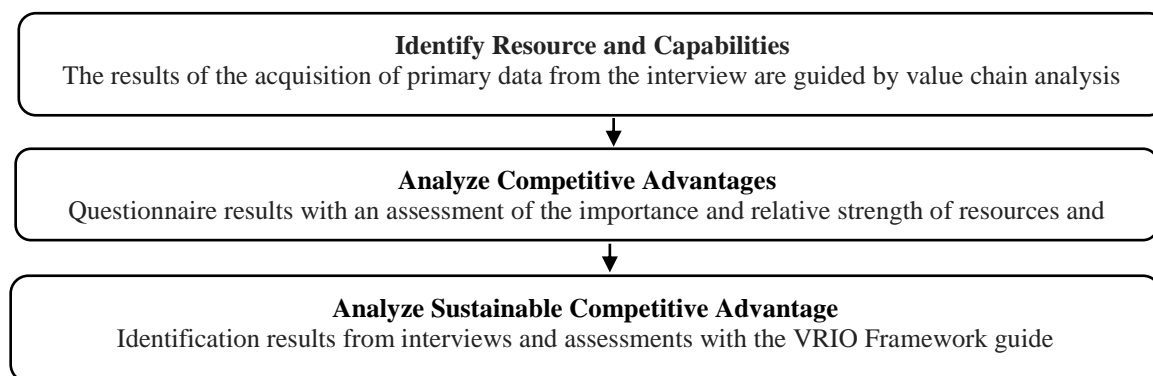


Figure 4 Research Framework

**METHOD**

This research is carried out using a qualitative descriptive method that aims to identify the company's resources and capabilities in achieving sustainable competitive advantage. Cooper and Schindler (2014) said that descriptive qualitative methods aim to achieve a deep understanding of certain phenomena or circumstances.

Data analysis methods in this study are carried out in stages, including:

**Identify Resources and Capabilities Using Value Chain Analysis**

The initial stage carried out in this study was to analyze the company's value chain by using interview methods to obtain the resources and capabilities of Waroeng SS that create value.

**Analyze Competitive Advantage**

In the second stage, the results of identification will be classified according to the value chain activities of Waroeng SS. This stage, the resources and capabilities that have been identified one by one by respondents using the questionnaire method with the Likert scale assesment. To get resources and capabilities that can be competitive competitiveness, there are two assessments according to (Grant, 2016).

**Assessing Strategic Interest in Resources and Capabilities**

The resources and capabilities that have been identified will be assessed one by one using the questionnaire and interview method. The stages are as follows:

- 1) Filling out questionnaires and interviews in the form of confirmation of resources and capabilities that are included in the strategic importance level in the industry by one of Waroeng SS's management staff, Imam Muttaqin (General Manager of Support for Waroeng SS).
- 2) After that, questionnaires were filled in by two competitors, Mush'ab Rihan (R&D Manager of Waroeng Steak and Shake), Wardhani (HRD of Ayam Geprek dan Susu)
- 3) In addition to competitors, filling out questionnaires to 10 consumers of Waroeng SS.

#### Assessing the Relative Strength of Resources and Capabilities

In this stage, benchmarking will be done. Benchmarking is a process of comparing processes and performance (in the form of company resources and capabilities) with other companies objectively and quantitatively for companies to assess their resources and capabilities relatively strong compared to its competitors. The technical benchmarking is as follows. The technical benchmarking is similar to assessing the strategic importance above.

After obtaining the average scoring level of strategic importance and relative strength of resources and capabilities, it is used as a table to see the overall average scoring of resources and capabilities. In order to easily identify resources and capabilities that are competitive advantages, it can be summarized in the form of a simple display as shown in Figure 5. The focus in Figure 5 is to identify resources and capabilities that are competitive advantages found in key strengths.



Figure 5 The Assessment Quadrant of Level of Importance and Relative Strength of Resources and Capabilities in Gaining Competitive Advantage  
Source: Grant (2016)

#### Analyzing the sustainable competitive advantage

The next step is to identify the resources and capabilities of competitive advantage by using VRIO framework analysis that aims to identify resources and capabilities that become sustainable competitive advantages. Technically, each resource is included in the key strength quadrant (the results of the assessment of importance and relative strength at the previous stage), then the respondents will be given several questions from four assessments of continuous competitive advantage. The four VRIO framework assessments include Value, Rare Immitability, and Organize.

- a. Valuable: "*Apakah memiliki sumber daya atau kapabilitas tersebut dapat menambah nilai dengan memungkinkan untuk mengeksploitasi peluang dan/atau menetralsir ancaman?*". "Do you have these resources or capabilities that can add value by making it possible to exploit opportunities and/or neutralize threats?". If the resources or capabilities are not in the valuable category, it will included to competitive disadvantage

- b. Rareness: *“Beberapa banyak perusahaan yang bersaing dalam industri yang sudah memiliki sumber daya atau kapabilitas tersebut?”*. "Some of the many companies that compete in industries that already have these resources or capabilities?". If it is not in the rareness category, it will included to competitive parity,
- c. Immitability: *“Apakah perusahaan lain yang belum memiliki sumber daya atau kapabilitas tersebut menghadapi kerugian biaya dalam mendapatkannya dibandingkan dengan Waroeng SS yang sudah memilikinya?”*. "Do other companies that do not yet have the resources or capabilities face a cost loss in getting it compared to the Waroeng SS that already has it?". If it is not included in the immitability category, it will included to temporary competitive advantage.
- d. Organize: *“Apakah Waroeng SS sudah terorganisir untuk mengeksploitasi potensi bersaingnya secara penuh dari memiliki sumber daya dan kapabilitas tersebut?”*. "Has Waroeng SS been organized to exploit its full potential to compete with those resources and capabilities?". If it is included in the category of organizing, it will included to the sustainability competitive advantages (continuous competitive advantage) for Waroeng SS.

The following table is an example of the analysis form of the company's ongoing competitive advantage used in this study.

Tabel 2 The Example Form: Analysis of Sustainable Competitive Advantages Using VRIO Framework

<i>Resource/Capabilities</i>	<i>Code</i>	<i>Valuable</i>	<i>Rare</i>	<i>Cost to Imitate</i>	<i>Organized</i>	<i>Competitive Implication</i>

## RESULT AND DISCUSSION

### Company History

Waroeng Spesial Sambal (Waroeng SS) is a company engaged in the culinary industry. The business initiation was started by Yoyok Hery Wahyono (Yoyok), who at that time was still a Bachelor student at Gadjah Mada University (UGM). It was this spirit of doing business that made Yoyok on August 20, 2002 successfully start his business in Yogyakarta.

Waroeng SS's first business revolution began in 2005-2006 by increasingly pampering consumers. The revolution presents a fast response service hotline and also provides 2 shift services, so that consumers can visit longer. Waroeng SS's second business revolution in 2007-2009 by making a breakthrough in expanding throughout Central Java, Tangerang, East Java and West Java.

During 2011-2013 was a difficult year for Waroeng SS. This is due to several disasters that happened to him, such as the mass firing of the team at the management level due to proven financial fraud reporting. This also made Waroeng SS suffer a huge losses. In addition, in that year there were also several competitors resembled the concept of Waroeng SS, including Lesehan Aldan which opened the first stall on October 17, 2011 by forming a concept of Indonesian food stalls and various chili sauce. There are also another business that appear with the similar brand name and logo, Such as Kedai Super Sambal and other food stalls that abbreviate the brand with the name 'SS'. According to Waroeng SS's Yogyakarta are manager, Tri Artha Dewi, there were also former employees who came out of Waroeng SS who opened a shop with the same concept. As a result of that year, which was also the 10th year of Waroeng SS and expanded for the first time out of Java island, namely in 2013 on the island of Bali. The year after that, Waroeng SS continued to expand throughout Java Island.



In 2014-2016 Waroeng SS faced another challenges and competition with the emergence of several other innovative spicy culinary specialties in Yogyakarta, origin city of Waroeng SS. The typical spicy culinary present in 2014 the presence of Ayam Geprek dan Susu (PREKSU) with its spicy innovations, mixing chilly and cheese wrapped on their products. Besides that period also appeared several other innovative spicy culinary such as Ayam Geprek Mas Kobis, Ayam Geprek Mbok Moro, and other similar spicy culinary stalls which indirectly affected consumers' choice to enjoy their favourite spicy dishes.

## Discussion

Identify the resources and capabilities owned by the Waroeng SS by using the value chain analysis.

Primary activity consists of five sub-activities that work in the process of creating values at the same time. These activities include inbound logistics, operations, outbound logistics, services and marketing and sales. Support activities are divided into four, including: Firm Infrastructure, HRM, technology develop, and procurement. The details of the primary activities and supporters contained in the Waroeng SS are described in the following table 3:

**Table 3 Resources and capabilities of primary activities and supporting Waroeng SS**

<b>A Resources and capability of Waroeng SS's "Inbound Logistic" activity</b>	
1	Have a centralized distribution of essential raw materials (specifically for internal distribution of Waroeng SS)
2	Own transportation equipment to distribute raw materials from the center to outlets
3	Having a stub (raw material) working with farmers
4	Capable of high quality control for incoming raw materials (quality control from central management to outlet level)
5	Be able to provide special terms to be a supplier of Waroeng SS (has high bargaining power to suppliers)
6	Have a national warehouse and area warehouse
<b>B Resources and capability of Waroeng SS's "Operation" Activities</b>	
1	Have the R&D team responsible for keeping the product quality consistent and equal to each output
2	Be able to perform measurable research for the products it has (new menu and menu change)
3	Be able to provide consistency of taste in presenting products
<b>C Resources and capability of Waroeng SS's "Outbound Logistic" activities</b>	
1	Having good quality control in the presentation of products by ensuring orders according to customer desires (re-checking and confirming orders)
2	Able to strive for the presentation of products on time
<b>D Resources and capability of Waroeng SS's "Marketing &amp; Sales" activities</b>	
1	Having a marketing function (without a marketing-specific division)
2	Be able to deliver product value and company value soft to bind consumer (without ads)
<b>E Resources and capability of Waroeng SS's "Services" activities</b>	

1 Having a responsive Hotline system

2 Be able to provide warranty service 100% (replaced product) if not suitable for flavor

**F Resources and capability of Waroeng SS’s “Procurement” activities**

1 Having an annual initial meeting to form a Goal Setting annually.

2 Having a measured and coordinated budget determination mechanism.

**G Resources and capability of Waroeng SS’s “Technology Development” activities**

Having online assessment system (System SD55) for all employees who are useful to get profile information and performance of HR Waroeng SS from the beginning of his career until retirement/resign

1

2 Having a cash flow system that can be accessed online (Post/CR system) that works to get financial information online

3 Having an online social fund distribution Technology System (PDS system) from area management to central management.

4 Having an inventory technology system that works to get inventory information online from outlets to management.

**H Resources and capability of Waroeng SS’s “Human Resource Management” activities**

1 Having a Training Center building

2 Be able to screen and provide training according to the needs of employees

3 Be able to perform well employee maintenance (guide, supervision, internal meeting, routine briefing, routine exercise, and other non-formal forums

4 Be able to provide opportunities and scholarship facilities formal and informal study for employees

**I Resources and capability of Waroeng SS’s “Firm Infrastructure” activities**

1 Having a guide and values in organizing, working and in the principles of personal life

2 Having a good guide and application in achieving mission vision through a circle of spirituality

3 Having operational vehicle assets in all outlet areas

4 Having land assets and buildings for area management and headquarters

5 Having scheduled activities since the beginning of year for monthly, weekly, and year-end for all employee level and area management

Source: Processed data (Author, 2019)

**Assessing the strategic importance of resources and capabilities**

Based on the activity analysis of the value chain that has been done above it is known that the Waroeng SS has 30 resources and capabilities. The resources and capabilities of the Waroeng SS will then be assessed the importance of its strategic level using Grant’s approach (2016) which is one of the indicators for gaining competitive advantage. At this stage of identification, resources and capabilities are presented in the form of questionnaires. The assessment and scoring of strategic importance questionnaires gained 21 resources and capabilities with a level of strategic importance in the industry.

**Assessing the relative strength of resources and capabilities**

To assess the relative strength of resources and the capabilities of Waroeng SS by benchmarking. Strength is a measure of how strong the company's resources and capabilities compare to competitors. In the research conducted benchmarking which is the process of comparing processes and performance (in the form of resources and company capabilities) with other companies objectively and quantitatively for the company to assess it's resources and capabilities are relatively strong compared to its competitors (Grant, 2016). The result of benchmarking questionnaire or scoring to respondents, obtained 21 resources and relative strength capability of Waroeng SS.

Table 4 illustrates the results of the assessment of strategic importance and the relative strength of resources and the capabilities of Waroeng SS. The assessment results can then be used as resources and capability of Waroeng SS in achieving competitive advantage.

Table 4 Assessing resources and capabilities of the Waroeng of SS to gain competitive advantage

Resource/Capabilities		Code	Relative Strength	Importance
<b>Inbound Logistic</b>	Have a centralized distribution of essential raw materials (specifically for internal distribution of Waroeng SS)	A1	3,42	3,80
	Having a stub (raw material) working with farmers	A2	3,83	3,40
	Capable of high quality control for incoming raw materials (quality control from central management to outlet level)	A3	3,58	3,30
	Able to provide special terms to be a supplier of Waroeng SS (has high bargaining power to suppliers)	A4	3,83	4,30
	Own transportation equipment to distribute raw materials from the center to outlets	A5	3,67	4,30
	Have a national warehouse and warehouse area	A6	3,08	3,80
<b>Operations</b>	Have the R&D team responsible for keeping the product quality consistent and equal to each output	B1	3,50	4,30
	Able to perform measurable research for the products it has (new menu and menu change)	B2	3,83	4,20
	Able to provide consistency of taste in presenting products	B3	3,58	4,30
<b>Outbound Logistic</b>	Has good quality control in product presentation by ensuring order according to Customer's wishes (re-checking and order confirmation)	C1	3,25	4,40
	Able to present products on time	C2	2,92	4,00
<b>Marketing &amp; Sales</b>	Has a marketing function (a company that has been more than 10 years)	D1	2,75	3,40
	Able to deliver product value and company value soft to bind consumers (without any hard selling ads)	D2	3,17	3,00

Source: Processed data (Author, 2019)

Table 4 Assessing resources and capabilities of the Waroeng of SS to gain competitive advantage (Continued)

Resource/Capabilities		Code	Relative Strength	Importance
Services	Has a responsive hotline (complaint service) system	E1	2,92	4,10
	Able to provide warranty service 100% (replaced product) if not suitable for flavor	E2	4,00	3,80
Procurement	Have an annual initial meeting to form a Goal Setting annually.	F1	3,25	3,80
	Have a measured and coordinated budget determination mechanism.	F2	3,25	3,80
Technology	Have an online assessment system (System SD55) for all employees who are useful to get profile information and performance of HR Waroeng SS from the beginning of his career until retirement/resign	G1	3,42	2,80
	Has a cash flow reporting system that can be accessed online both by the defcontent of the area and the Central Finance Division	G2	3,50	4,30
	Has an online social funds distribution technology system (PDS system) from area management to central management (surveillance function).	G3	2,83	2,80
	Have a good inventory technology system. (function to get inventory information online from outlets to management)	G4	3,33	3,80
Human Resource Management	Has Training Center building	H1	3,42	2,50
	Able to screening and provide training according to the needs of employees	H2	3,17	3,70
	Able to perform employee performance maintenance with good (guide, supervision, internal meeting, routine breafing etc)	H3	3,67	3,90
	Able to provide opportunities and study facilities both informal and formal to the employee	H4	2,83	2,80
Firm Infrastructure	Have a guide and values in organizing, working and in the principles of personal life	I1	3,50	3,10
	Have a good guide and application in achieving mission vision through a circle of spirituality	I2	3,42	2,90
	Owning an asset (operational vehicle) in all outlet areas	I3	2,92	3,80
	Owning land assets and buildings for area management and headquarters (own ownership) does not include outlets	I4	3,00	3,30
	It has regular activities both early years, mid-year, year-end, weekly, and monthly for all employee level and area level.	I5	3,42	3,40

Source: Processed data (Author, 2019)

The assessment results of the questionnaire can be described in the resource assessment quadrant and the company's capabilities according to Grant (2016), as in Figure 6.

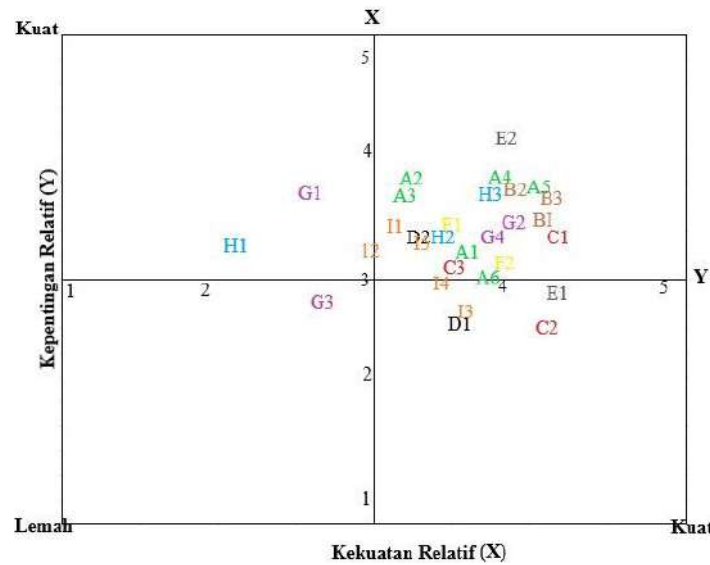


Figure 6 Results assess resources and capabilities of the SS Waroeng To gain competitive advantage Source: Processed data (Author, 2019)

Analysis of Sustainability Competitive Advantage of Waroeng SS

At this stage, the researcher uses the VRIO Framework to get resources and capabilities that have the advantages of continuous competing. The resources and capabilities to be tested are resources and capabilities that become competitive advantage (key strength quadrant) Waroeng SS. The resources or capabilities of the competing advantage will be assessed and evaluated by dimension The company's value chain are inbound logistic, operations, outbound logistic, marketing & sales, services, procurement, technology, human resource management, and firm infrastructure. Each of these dimensions will then be evaluated according to the VRIO framework indicators sequentially starting from value, rareness (scarcity), costly to imitate (difficulty to emulate), and exploited by organization (organizational ability in utilizing resources).

Table 5 Waroeng SS's VRIO Framework

Code	Valuable	Rare	Cost to Imitate	Exploited by Organization	Competitive Implication
A2	Yes	Yes	Yes	Yes	Sustainability Competitive Advantage
B1	Yes	Yes	Yes	Yes	Sustainability Competitive Advantage
H2	Yes	Yes	Yes	Yes	Sustainability Competitive Advantage

Source: Processed data (Author, 2019)

Table 5 illustrates the various resources and capabilities that can realize a sustainable competitive edge. There are 3 resources and capabilities that when the utilization is maximized will be able to provide a continuous competitive advantage for the Waroeng SS.

**A2: Waroeng SS has a stub (raw material) cooperates with the farmer.**

Raw material is the most crucial thing in the culinary industry, especially food stalls. For that, when the company has this resource it will provide more value to the company in terms of price

stability and quality of raw materials. And for consumers will give value in terms of the quality of food taste served by the Waroeng SS. In addition to this aspect will be difficult to emulate and very rarely a company of food stalls that give attention outside of the industry. Last Waroeng SS can manage this aspect well and take advantage of these opportunities into a value added company.

*"Waroeng SS is very attentive to this so that the procurement of raw materials is more precise price and quality assured will be obtained for all outlets of Waroeng SS. In addition to maintaining the stability of the distribution of price and quality, this land also is intended for quality research and suitable price to take prices in suppliers and farmers."* (June 14, 2019-Widyatmoyo (Head of Public Relations, Waroeng SS's Legal and Spiritual))

*"I've been visited Waroeng SS's warehouse and I know well that the raw material they offering are from the best kind of materials and have good quality. I saw the red onion in their warehouse really look fresh as freshly picked on the farm land."* (June 15, 2019 –Wardhani (Ayam Geprek dan Susu's Human Resource Manager))

### **B1: Waroeng SS has R&D team that is responsible for maintaining the quality of the product to stay consistent and equal to each of its output.**

Having a dedicated team for research is a considerable investment thing because it requires a qualified research and human resources capable system. This activity not only on the results of the production/cooking that is enjoyed consumer, but the research is from the procurement of raw materials to maintain the quality. It is what makes other culinary companies think focus on the process of selling and presenting products first before anything else. In culinary industry, its not common for the company to have a dedicated team to do this research.

*"Some companies usually form their research team accidentally. Just like new product demos and cases in outlets. I think this will spend high cost because research is related to try raw materials, and the readiness of special human resources ".* (15 Juni 2019 –Wardhani (Ayam Geprek dan Susu's Human Resource Manager)).

*"I admit that Waroeng SS has a lot of effective testimonials according to consumers regarding the same flavor of each output. Although not yet maximal 100% but the development of sustainability and enjoyed directly by consumers has begun to feel. At Waroeng SS, this special research team is tasked to research, supervision to all outlets and evaluate the results. So the Waroeng SS actually recruited a special team to do this thing ".* (June 14, 2019 - Widyatmoyo (Head of Public Relations, Waroeng SS's Legal and Spiritual)).

*"It's not very common the Indonesian's culinary business to have a special research team, because it is directly related to the responsibilities in the formulation and its implementation. Some culinary business only create an alternative team from existing teams if you want to research ".* (June 20, 2019 –Mush'ab Rihan, Waroeng Steak dan Shake' R&D Manager)

### **H2: Be able to screen and provide training according to the needs of employees**

Having the ability and capability in screening first and then doing the appropriate training as needed is a choice for the company. Depending on where the company sees the employee, whether as an investment asset or only as an asset that does not provide long-term value. Waroeng SS considers HRM as an investment that is expected to provide value to the company in the long term. It is also done according to the vision of the mission of Waroeng SS to focus on the welfare and management of its human resources.

This capability is rarely owned by culinary business, it can be seen from the interview that says that the provision of human resources is held in a flatten without looking at the needs of employees. It is also very high-cost and the process is quite old. So the company who wants to follow this will be very difficult.

*"This ability rarely owned by another cullinary business for it needs quite high efforts. Besides, the company needs to pay a lot of money fot the training activities including the trainer, the training company, the employees transportation and accomodation. The company will covers all the expenses without taking any money from the employees". ( June 16, 2019 –Krislaksono (Waroeng SS' Operation Development Manager)).*

"It is worth it to be more effective in training the employees. This is obviously expensive because it formulates its topic, a formulation for all its needs (its silvery), its trainer and makes it a path in progress. ". (June 20, 2019 –Mush'ab Rihan (Waroeng Steak dan Shake's R&D Manager)

## CONCLUSION

Analyzing the value chain of Waroeng SS can be described accordingly in Table 5.1. In the table described business process of the SS Waroeng of the main activities and supporting activities that can create value for the Waroeng SS. The first concerns in value chain is in the quality control conducted from supplier selection, raw material purchase, raw material storage, raw material delivery, production/cooking process, product presentation, to ensure that the quality control that has been in the level will still be human error. So after the presentation of the product, Waroeng SS still provides a 100% dissatisfaction guarantee. The second focus of the Waroeng SS is on it's internal development of its resources. After being analyzed by using VRIO Framework, it was obtained 2 resources and capabilities that when the utilization is maximized will be able to provide a continuous competitive advantage for the Waroeng SS. Based on the analysis results, it was obtained 21 resources and capabilities of the Waroeng SS capable of achieving competitive advantage. The concern of resource identification and the capability of competing excellence is that there are several resources and capabilities that become competitive advantage (key strength) in the industry and that make Waroeng SS more better than its competitors.

Waroeng SS has three resources and capabilities that when the utilization is maximized will be able to provide a continuous competitive advantage for Waroeng SS. Waroeng SS has the resources and capability to provide added value for the company and its customers. The value chain that enhances each other makes Waroeng SS increasingly mature and forms a pattern of creation of values in its business activities. To achieve the competitive advantage, Waroeng SS is encouraged to consider the resources and capabilities found in this research as well as periodically assessing whether the resources and capabilities are of strategic importance in Robust industry and realmanship compared to competitors. Because some questionnaire results such as capability to provide warranty service dissatisfaction (100%). When the benchmarking is done, Waroeng SS feels stronger than other companies. But in fact it is reasonable to have other culinary businesses and it is important in the industry according to competitor's resources especially in this research. The result of the resources and capabilities of Waroeng SS that can be used as a sustainable competitive advantage can be a reference when the Waroeng SS is experiencing challenges both internally and externally. So the focus is clear and the improvement is less time consuming and excessive material. In addition, resource capability can be explored and utilized in the most competitive in the culinary industry or other industries that can potentially be used by Waroeng SS.

## Suggest

If there are another research identifying the resources and capabilities in achieving competitive advantage in the future which is conducting in Waroeng SS, it is expected to maximize the number of competitors accessed to be used for benchmarking in order to Grant theory (2016) to gain better research results. The access to financial performance especially the growth of its business can be

accessed before conducting the research. So that the company performance can be compared and supporting the research process.

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