RESOURCE-BASED VIEW: IMPLEMENTATION IN INDONESIA SMEs TO ACHIEVE COMPETITIVE ADVANTAGE

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ABSTRACT

This research is a type of empirical research, with primary data obtained from research that has been conducted by previous researchers. Focus on the resource based view (RBV) strategy, as an internal resource that exists in an organization. The RBV strategy is part of a tripod strategy: institutional resources, industrial resources and internal resources. Focusing on SMEs, this study aims to see the role of RBV strategy to make SMEs more professional and competitive. This research is motivated by the phenomenon that SMEs are business units capable of absorbing workers with low skills, reducing crime, and even making a significant contribution to the national income of a country, especially developing countries like Indonesia and being the backbone of the nation's economy. In fact, SMEs are creative businesses capable of producing quality, unique products that are in demand by the export market. However, SMEs are less confident because of their limitations, such as: difficulty in funding, lack of technology, and lack of knowledge, which is not necessarily true for all SMEs. The results showed that the RBV strategy based on VRIO theory (valuable, rare, inimitable, organization) provides capability support for SMEs to be able to adapt and compete in a complex business environment, and most importantly have the confidence to compete with fellow SMEs even with companies. RBV strategy provides mature planning for SMEs to analyze and utilize their internal resources appropriately. Thus, SMEs can measure their competitive position with the resources they have and then use it to select operating markets.

Keywords: SMEs, resource based view, valuable, rare, imitable, organization, SMEs capability.