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Relasion Capability and Product Innovation in Increasing Competitive Advantage the Covid-19 Pandemic (PT. Hanan Boga Rasa)

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Abstract. *At this time, the COVID-19 pandemic is currently sweeping the world, especially our own country, namely Indonesia itself, which has had various impacts, including the economy. The impact of the Corona virus on the economy in Indonesia results in a potential economic growth of 0.4%, which is a bad scenario. With the existence of COVID-19, many were affected, which resulted in many companies terminating their jobs (PHK, Sumarni, and Panday, 2020). Research was conducted to find out whether relational capability and product innovation had an influence on competitive advantage during the COVID-19 period. 19. The method used by researchers using quantitative methods with a sample size of 35 fashion creative industries in the city of Bandung. Researchers used multiple linear regression analysis techniques and hypothesis testing (F and T tests). This study used the SPSS version 25 program. From the results This study shows that there is a significant and positive influence between relational capabilities and competitive advantage, but not between product innovation and competitive advantage during the COVID-19 period.*

Keywords: *Relational Capability, Product Innovation, and Competitive Advantage*.

INTRODUCTION

In Indonesia, the impact of COVID-19 has greatly affected the economy, resulting in potential economic growth with the worst scenario reaching 0.4% while the optimal one is only 2.3% in terms of household consumption growth. This particular scenario is considered to slow down. Based on the sector that was very significantly affected by COVID-19 because it did not carry out economic activities, small and medium enterprises (MSMEs) The impact of this condition has greatly affected the Indonesian economy, including the slowdown in the global economy and the performance of the manufacturing industry, which has had an impact on export performance in Indonesia. As a result, economic productivity has decreased by 20% to 25% (Panday, 2020).

In this era of economic globalization, this can cause the country to open its domestic market so that goods or services from abroad can enter and be able to compete with goods

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or services that are in the country. The causes of weak domestic competitiveness include the occurrence of monopolistic practices and unhealthy business competition. (Retnowati et al., 2020)The creative economy itself is very well applied to Indonesian MSMEs.

The creative economy can increase innovation in various fields, and development in the field forms creative industries in a society that can create business competition in order to reduce the unemployment rate. The government has begun to take a sharp look at the creative industry as an alternative wheel for economic movement, which will continue to grow rapidly. The positive impact that the creative economy can have on a person's life in terms of social, business climate, and economic improvement is one of the reasons why it is highly developed. (Ananda & Susilowati, 2019).

Relational capability is also a key factor in an MSME's achieving a competitive advantage and high performance. Lorenzoni said that the key to a company's success in achieving a competitive advantage is not to focus on the company's internal resources but also on the capabilities that come from outside the company (Sitaniapessy, 2015).

The development of the creative economy in the city of Bandung has continuously increased, offset by an increase in investment and labor each year. In this case, the average is a small and medium industry that includes a creative economy that provides the greatest contribution in terms of manpower. In 2013, the manufacturing sector in West Java, which is a creative economy, experienced a growth rate of 5.32%. And this states that West Java's creative economy sector is one of the provinces where the development of the creative economy is strongly supported by an industry in each region. and the city of Bandung is one of them in West Java. (Nurmilah et al., 2013)

LITERATURE REVIEW

Relational Capabilities

Relational Capability is a company's ability to carry out a business interaction relationship, and understand more specific information related to a business network in obtaining an advantage. As for a feature that will be used in a relational capability, namely the development of a company's ability to collaborate and manage a mutually beneficial business relationship. (Murniningsih, 2017) According to (Czakon, 2009) Relational Capability has 3 dimensions, namely Network Integrity, Private Relations, Commitment.

Product Innovation

Product innovation is a business responsibility. Whether it's related to the marketing, operational, purchasing, finance, or accounting departments of all that is an integral part of an organization in the development of a product that is effective and efficient. All separate departments have a role in the embodiment of new products. New ideas that can be created, especially in response to a consumer need that is conveyed to employees in a company that have been able to develop them into an added value of an old product, will become a substitute product expected by a consumer. The importance of product development for the success of a business can be seen in the formation of customer loyalty. Product innovation will succeed in understanding what best practices should be adopted from a product development process and in adopting practices to replicate successes and processes from companies with the highest quality performance. (Haji, 2017). According to Kusumo in Makaraam 2020, product innovation has three dimensions: development products, artificial products, and new products.

Competitive Advantage

Competitive advantage is at the heart of a company's strategy in working together to create competitive advantage that is effectively obtained through developing products with specifications and more advantages than competitors. Then, competitive advantage is a company strategy that aims to outperform competitors in a similar industry by maximizing performance on uniqueness, product quality, and a competitive price. (Nurfajriani, Arum; Manggabarani, 2021) According to Hasnatika and Nurnida (2019), competitive advantage has five dimensions consisting of price, quality, delivery dependability, product innovation, and time to market.

Hypothesis

The hypothesis is a temporary answer to the research problem formulation, in which the research problem formulation is stated in the form of a question sentence. Researchers' hypotheses in this study are as follows:

H1 = Relational Capability improves competitive advantage in the Bandung fashion and creative industry.

H2 = Product innovation has a positive effect on competitive advantage in the creative fashion industry in Bandung.

Framework

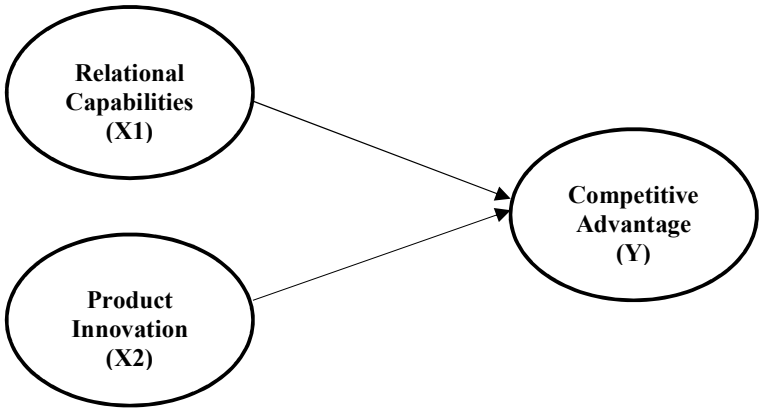

Figure 1. Framework

RESEARCH METHOD(S)

Population and Sample

According to Sugiono (2015), population is a generative area, which is an object or subject that has a quality and characteristic set by researchers to study and draw a conclusion. In this study, the population used by researchers was the Bandung City fashion and creative industry.Measurement The saturation sampling technique is a sample determination technique in which all members of the population are the sample. (Sugiono, 2017) In this study, the researchers used a non-probability sampling sample and a saturated sampling technique.

Validity test

Validity is defined as a measure that measures the validity of a research instrument, especially the questionnaire instrument that will be used with the aim of knowing the quality of the research instrument before being distributed to the subjects to be studied. A validity test is a tool to measure the accuracy of the question or statement of the instrument variable to be studied. Validation tests can be done by calculating the correlation of each item of the instrument to be studied.

Reliability Test

Reliability is the precision or accuracy of a measuring instrument in a procedure where a measurement result can be trusted. The measurement results can be trusted if they are repeated several times on the same object, as long as the aspect being measured

has not changed.According to Sugiono (2016), after it is said to be valid, the instrument will be tested for reliability. Reliability is a tool that, if used many times to measure the same object, the results will not change and will remain the same. (M.N. Mukmin, 2017)

Normality test

The normality test is a test in the regression model, where the dependent variable (Y) and the independent variable (X) both have a normal or abnormal distribution. The regression model has a normal data distribution or is detected normally (Imam Ghozali, 2011). And it can be seen by the distribution of data points on the diagonal axis of the normal P-P plot graph. (Normality journal)

Technical Data Analysis

Multiple Regression Analysis

According to (Sugiono, Quantitative, Qualitative Research Methods, and R&D, 2017) multiple linear regression analysis is to observe whether the dependent variable increases or vice versa, namely decreases, if the independent variable increases then a multiple linear equation is used.

Multiple Correlation Coefficient Analysis

This analysis can calculate the weak or strong variable relationship simultaneously between variable (X) and variable (Y). ((Indrawan & Kaniawati Dewi, 2020).

Table 1. Interpretation of Multiple Correlation Coefficients

Coefficient Intervals	Relationship Level
0,00 – 01,99	Very low
0,20 – 0,399	Low
0,40 – 0,599	Currently
0,60 – 0,799	Strong
0,80 – 1,000	Very strong

Source: (Sugiyono, Metode Penelitian Kuantitatif, Kualitatif, dan R&D, 2017)

Determination Coefficient Analysis

Coefficient analysis is an analysis used to determine the contribution of the magnitude of the effect between variables (X1), (X2) on variable (Y). (Hernawan, 2019).

Partial Significance Test (T-Test)

T-test or partial is a test to provide information as to whether the effect of a variable on the dependent variable is significant with separate tests or individual variables. (Indrawan & Kaniawati Dewi, 2020).

If T count > T table then Ho is rejected and Ha is accepted (effect).

If T count < T table then Ho is accepted and Ha is rejected (no effect).

Determine the satisfaction model using the T-test statistic.

Simultaneous Significance Test (F-Test)

The Fuji-test used to test an independent variable has a significant effect on the dependent variable or not. (Wijaya et al., 2020).

If F count > F table then Ho is rejected and Ha is accepted (effect).

If f count < F table, then Ho is accepted and Ha is rejected (no effect).

If significance is > 0.05, then Ho is accepted;

If significance < 0.05 then Ho is rejected.

FINDINGS AND DUSCUSSION

Validity test

Table 2. Validity Test

Item	R Count	R Critical	Information
X1.1	0,814	0,3	Valid
X1.2	0,874	0,3	Valid
X1.3	0,696	0,3	Valid
X1.4	0,739	0,3	Valid
X2.1	0,590	0,3	Valid
X2.2	0,460	0,3	Valid
X2.3	0,789	0,3	Valid
Y.1	0,771	0,3	Valid
Y.2	0,829	0,3	Valid
Y.3	0,723	0,3	Valid
Y.4	0,817	0,3	Valid
Y.5	0,776	0,3	Valid
Y.6	0,832	0,3	Valid
Y.7	0,857	0,3	Valid
Y.8	0,840	0,3	Valid
Y.9	0,644	0,3	Valid

Y.10	0,635	0,3	Valid
Y.11	0,476	0,3	Valid

All items from the table above have a total above r = > 0.3 in the criteria according to (Sugiono, Quantitative, Qualitative Research Methods, and R&D, 2017) to achieve a minimum value, it can be concluded that all of the instrument items above can be declared valid.

Reliability Test

Table 3. Reliability Test

Variabel	Cronbatch Alpha	N of item
Relational Capabilities	0.901	4
Product Innovation	0.768	3
Competitive Advantage	0.940	11

From all the reliability results in the table above, it was obtained that the alpha value was > 0.6, so it was stated that the Relational Capability, Product Innovation and Competitive Advantage variables above were reliable and could be used as data measurements.

Normality test

Table 4. Normality Test

One- Sample Kolmogorov- Smirnov Test		
		Unstandardized Residual
N		35
Normal parameters[a,b]	Mean	.0000000
Most Extreme	Std. devitation	6.46731333
Differences		
	absolute	.079
	Positive	.079
	Negatif	-061
Test Statistic		.079
Asymp.Sig. (2-tailed)		.200[c.d]
Point probability		.000

It can be concluded that the table normality test above is using the Kologorov Smirnov method with a significance value of 0.200, which means that it is normally distributed. The variable regression model exceeds the normal significance value of 0.05, therefore 0.200 > 0.05.

Multiple Linear Regression Analysis

Table 5. Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	24.544	7.350		3.340	.002
	Relational Capabilities	.635	.372	.294	1.708	.097
	Product Innovation	1.872	.548	.588	3.418	.002

Based on the table above, the following results can be obtained:

a = 24.544

b1 = 0.635

b2 = 1.872

Y` = 24.544 + 0.635X1 + 1.872x2

Based on the results of the table equation, it can be seen that there is a very positive influence between the relational capability variable (X1) and competitive advantage (Y) and that there is a positive effect between the product innovation variable (X2) and competitive advantage (Y). The regression coefficient for the relational capability variable (X1) in this study is 0.635, and the coefficient for the product innovation variable (X2) in this study is 1.872, so from that it can be concluded that the competitive advantage of the fashion creative industry in Bandung City will increase if relational capability and product innovation are improved.

Multiple Correlation Coefficient Analysis

Table 6. Multiple Correlation Coefficient Analysis

Model Summary				
Model	**R**	**R-Square**	**Adjusted Square**	**Std. Error of The Estimate**
1	.850[a]	.723	.706	6.666

Analysis of the coefficient of determination is an analysis to determine the contribution of the magnitude of the influence of the Relational Capability (X1) and Product Innovation (X2) variables on competitive advantage (Y). (Hernawan, 2019). With the formula: Kd = r2 x 100%

Kd: Determination coefficient

R : Correlation Coefficient

Kd = 0.8502 x 100 %

= 0.722 x 100 %

= 72.2%

Based on the results of the analysis of the coefficient of determination, it can be seen that the value of Kd = 72.2%, then it can be concluded that there is an influence of product invasion relational capability in increasing the competitive advantage of the fashion creative industry in the city of Bandung during the COVID-19 period, which was stated to be strong.

Hypothesis testing

Partial Significance Test (T-Test)

Table 7. Significance Test (T-Test)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	24.544	7.350		3.340	.002
	Relational Capabilities	.635	.372	.294	1.708	.097
	Product Innovation	1.872	.548	.588	3.418	.002

Based on the table above, it shows that Tcount Relational capability (X1) to the Competitive Advantage variable (Y) is 1,708 and T table (Df = n-2) (Df = 35-2 = 33) = 1,692 so that it can be seen that T Count > T table with a result (1,708 > 1,692) and with a significance value of 0.000 <0.05, it can be said that the relational capability variable greatly influences the competitive advantage variable.

Then for the product innovation variable, it shows that the T count of the product innovation variable (X2) on competitive advantage (Y) is 3,418 and Trabel (Df = n-2) (Df = 35 – 2 = 33) so it can be seen that the product innovation variable has an effect significant for competitive advantage.

Simultaneous Significance Test (Test – F)

Table 8. Simultaneous Significance Test (Test – F)

ANOVA						
Model		Sum of Square	df	Mean Square	F	Sig.
1	Regresion	3712.654	2	1856.327	41.771	.000[b]
	Residual	1422.089	32	44.440		
	Total	5134.743	34			

Based on the above results Fcount = 41,771 while F table (DK = N-k-1) because this hypothesis test is two-way then (Dk = 35 – 2 – 1 = 32) then what is used is 1,695 (41,771 > 1.695) and α = 0.05/2 = 0.25 then Ho is rejected and Ha is accepted which means the influence and significance is 0.000 <0.025 so the conclusion is that there is an influence between the Relational capability variable (X1) and Product Innovation (X2) on competitive advantage variables (Y) Busan fashion creative industry in the city of Bandung.

CONCLUSION AND SUGGESTION

Conclusion

It can be concluded that in this research, the test and an analysis of a problem include the following:

1. From the results of the partial significance test (t-test), it shows that the relational capability variable influences the competitive advantage of the fashion creative industry in the city of Bandung.
2. The results of the partial significance test (t-test) show that the product innovation variable has a significant effect on competitive advantage in the fashion creative industry in Bandung.
3. The results of the simultaneous test (f-test) show that the relational capability and product innovation variables influence the competitive advantage variable in the fashion creative industry in Bandung.

Suggestion

From the results of a research report on relational capabilities, product innovation, and competitive advantage in the fashion creative industry in the city of Bandung, researchers hope that this research will be useful and can be used as a means of

information for theoretical developments in science, especially in business administration. and includes suggestions in the form of:

1. For researchers, the results that have been completed can add insight, especially in increasing the knowledge of researchers, who can implement the knowledge that has been obtained in strategic management, namely about relational capabilities, product innovation, and competitive advantages during the COVID-19 period in the fashion creative industry in the city of Bandung.
2. For separate companies, it is necessary to further develop relational capabilities, product innovation, and competitive advantage in the creative fashion industry in the city of Bandung during the COVID-19 period.

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