

# Resource Based-View (RBV) Analysis in Determining Competitive Advantage in Gajah Mungkur Batik

Irene Vitzah Putri<sup>1</sup>, Vembri Aulia Rahmi<sup>2</sup>, Aries Kurniawan<sup>3</sup>, Hadi Ismanto<sup>4</sup>

[irenevitzah58@gmail.com](mailto:irenevitzah58@gmail.com)<sup>1</sup>, [vembriaulia@umg.ac.id](mailto:vembriaulia@umg.ac.id)<sup>2</sup>, [ariesaja@umg.ac.id](mailto:ariesaja@umg.ac.id)<sup>3</sup>, [hadi\\_ismanto@umg.ac.id](mailto:hadi_ismanto@umg.ac.id)<sup>4</sup>

<sup>1,2,3,4</sup> Universitas Muhammadiyah Gresik, Gresik Regency, East Java, Indonesia

*Corresponding Author: Irene Vitzah Putri*

**Abstract.** This research identifies unique resources that have the potential to achieve sustainable competitive advantage in Batik Gajah Mungkur located on Gresik Regency. The focus of this research aims to understand the analysis of the Resource Based-View model in companies and to find out the strategies used to maintain the company's competitive advantage. The method used is descriptive qualitative with data sources coming from informants/resources and journals. The theory in this research uses Resource Based-View (RBV) with analysis techniques that focus on the VRIO Framework (Value, Rarity, Imitability, Organization) to determine the company's internal resource potential. Batik Gajah Mungkur has six resources and four capabilities which are in the Sustainable Competitive Advantage category. 2. The strategies or tactics carried out by Batik Gajah Mungkur are based on Sustainable Competitive Advantage analysis which examines superior resources and capabilities to maintain competitive advantage by utilizing every resource and capability.

**Keywords:** RBV, VRIO, Competitive Advantage, and Batik

## 1. Introduction

Batik is a cultural heritage that is spread throughout Indonesia. The variety of batik itself varies from each region, displaying various characteristic motifs. Gresik, which is in East Java Province, is a city that is rich in local culture, one of which is batik with motifs identical to culture and culture depicted in beautiful wax carvings that highlight regional cultural wisdom. The Crafts and Batik Center (BBKB) recorded around 3,159 batik businesses spread throughout Indonesia, including 208 large-scale batik industrial units and 2,951 micro-small and medium-scale batik industrial units [1]. Gresik Regency is one of the batik areas that has been around for a long time and was once famous for its rich coloring, although not as fast as other areas. Gresik Regency is not called an industrial area without reason, a lot of trade revolves around various industrial sectors that spread across 18 sub-districts and 330 villages with each superior product highlighting local wisdom and distinctive traditions. Local capabilities used as business fields by utilizing cultural diversity is a challenge for business actors [2]. The Gresik Regency Tourism and Culture Office stated that there are various types of batik spread across several

regions, one of which is the Gajah Mungkur Batik with the typical motif of the Gajah Mungkur House.

Gajah Mungkur Batik is known in various Gresik Regency government installations and private institutions because it has the advantage of its motif which is patterned after the Gajah Mungkur House. The problems identified show that the resources owned by Batik Gajah Mungkur have potential and are quite supportive. The perceived obstacle is how the use of these resources becomes an opportunity for business progress. The owner himself hopes that there will be a strategy to attract guests from outside the city and abroad to see the Gajah Mungkur Batik environment which is a Heritage area and an Economic Barometer in the Colonial Era. Gajah Mungkur Batik is interesting not only for its batik products, but also for the feel and vintage views of the past in the Gajah Mungkur Batik company building. Business development to achieve competitive advantage is closely related to the role of resource management and company organization. Currently, many batik production businesses are found with a variety of motifs and innovations that are progressing according to the times, quite a few batik entrepreneurs are creating alternative strategies to be able to compete with competitors and continue to carry out tests both in terms of batik production, workmanship techniques, manjamen, even just to minimize damage and defective products to batik. Companies must fulfill and achieve excellence to be able to show the characteristics and pride of their Batik to the public and consumers. Compete in all aspects and continue to innovate to become a batik company that has competitive advantages.

Competitive advantage is a company's ability to highlight products/services and internal resources to obtain superior results compared to competitors in the old industry. This view of resources provides insight into the importance of a company's internal resources in efforts to achieve and maintain competitive advantage. RBV emphasizes strategic choices, optimizing human resources, managing, identifying, developing and using key resources to optimize company value [3] . VRIO is a company internal resource analysis tool developed by Barney (1991) in [4] in his work entitled ' *Firm Resources and Sustainable Competitive Advantage* '. Barney identified four points that companies must have to achieve *Sustainable Competitive Advantage* . These four points are:

- a. Valuable (valuable).
- b. Rare (rare).
- c. Inimitable (cannot be imitated and cannot be replaced).
- d. Organization (organization).

## **2. Literature Review**

### ***RBV (Resource Based View ) dan Capability of Company***

RBV (Resource Based-View) is an approach in the form of analysis of internal resources and capabilities that will be used to design a company's competitive strategy. Resource

characteristics that have competitive advantage can be achieved if they produce unique value, are difficult to imitate, and are difficult to obtain substitute goods for. [5] . (Barney & Hesterly, 2019) defines RBV as a performance tool that focuses on resources and capabilities as a source of competitive advantage. RBV is a frame of reference in examining a company's strengths and weaknesses by understanding the uniqueness of the company's internal resources. The RBV approach is able to determine the right competitive strategy by emphasizing the resource and capability approach [7] .

Resources in the RBV are seen as tangible assets and intangible assets [6]. The RBV concept will focus on the company's internal resource issues. According to Barney (2011) in [8] , the success of a company is determined by internal resources which include: (1) Sources Power physical, that is plant, equipment, materials standard; (2) Source Power humans, that is employees including experience, knowledge, skills And ability; (3) Source Power organization, that is structure company, system information, rights create, and other. Proper implementation of RBV requires companies to be able to manage their internal resources and excel over a long period of time [9] .

Capability is a process in business that companies continuously carry out in managing resources so that they are able to adapt and develop with changes in the environment [14] . Capability *is* included in company *resources* which are identified as two main categories, namely: tangible assets and intangible assets that can enable the company to maximize *output* from other resources managed by the company. This resource-based approach achieves competitive advantage by focusing on the company's internal resources and company performance as a management benchmark in handling valuable, rare, difficult to replace and difficult to imitate resources [5] . Internal resource capabilities will later determine the appropriate strategy according to external environmental conditions. The company's capabilities also make it possible to determine strategies for adding customers, developing existing products/creating new products and expanding market networks [15] .

### **Value Chain**

Value chain analysis is a series of processes originating from the resources and capabilities of a company that are used to identify and increase customer value. Analysis This Later it will group the company's strategic activities which will then be classified in order to understand the accuracy of the company's cost structure and what kind of differentiation sources will be used. These activities will then be divided into two, namely main and supporting activities [10] . Analysis of the value chain will be able to show a series of activities in the company that will be analyzed properly to be able to know well what kind of resources and capabilities the company has.


## Competitive Advantage

Competitive advantage is the final stage in which a company is said to have succeeded in creating a defensive position from all its competitors. Companies have the ability to be the most superior and unique with management decisions as a benchmark from in-depth observation of the situation [11] . Superiority competitive interpreted as superiority company in face competitors. Superiority competitive not only achieved temporarily but continuously [12] . The right competitive ability in the creative industry will create new innovations in products/services that competitors do not have [13]. Superiority competitive The company has several indicators, namely: (1)*Valuable* , product And the services offered by the company have mark; (2)*Imitability* , these products and services are not easily imitated; (3)*Durability*, superior products and services continuously/over a long period of time compared to competitors ; And (4)*Transferability*, level the ability of a company's products and services to compete And outperform competitor [12] .

## VRIO

VRIO analysis [6] is referred to as a framework for analyzing the internal resources of a company. VRIO analysis uses a framework called the VRIO *Framework* with four key resource-based parameters through questions about the company's business activities. These key questions include: *Valueable* (value), *Rarity* (rare), *Imitability* (imitate) and Organization (organization). Resources or *Resource-Based View* is an approach to determining and gaining competitive advantage in a company, VRIO analysis will work as a tool/framework that determines and measures resources as a competitive advantage [16] . VRIO will show a comparison of strengths and weaknesses in the company's internal resources [17] . VRIO analysis will help determine the value of resources and capabilities, whether they can achieve competitive advantage or whether new strategies are needed to be able to compete sustainably.

**Table 1.** VRIO Framework

<i>Is a resource or capability</i>					
<i>Valuable?</i>	<i>Rare?</i>	<i>Costly to Imitate?</i>	<i>Exploited by Organization?</i>	<i>Competitive Implications</i>	<i>Competitive Implications</i>
No			No	Competitive Disadvantage	Weakness
Yes	No			Competitive Parity	Strength
Yes	Yes	No		Temporary Competitive Advantage	Strength and Distinctive Competence
Yes	Yes	Yes		Unused Competitive Advantage	Strength and Unused Competitive Advantage
Yes	Yes	Yes	Yes	Sustainable Competitive Advantage	Strength and Sustainable Distinctive Competence

Source: Barney (2002) in (Rahmatullah et al., 2023)

In VRIO analysis , company will analyze from four question as following [19] :

a. *Valuable* (Valuable)

The first question of this analytical framework is whether the company has the resources to add value to exploit opportunities and survive in the face of threats. If the answer to this question is yes, then the resource is considered valuable. In addition, it is said to be valuable if the resource can increase the customer's perceived value.

b. *Rare* (Rare)

Rare resources are resources that can only be obtained by one or a few companies. A company is considered to have a temporary competitive advantage if it has resources that can be said to be scarce. On the other hand, if these resources are owned and used in the same way by several companies, then the company can be said to have a parity advantage or *Competitive Parity*.

c. *Inimitable* (Difficult to Imitate)

Resources that have high costs will be difficult to imitate, buy, or even replace by competitors because there are only two ways competitors can do this, namely by directly imitating/duplicating the resource by providing comparable products or services. If a company has resources that are valuable, rare and expensive for competitors to imitate, then the company can be said to have a sustainable competitive advantage or *Sustainable Competitive Advantage*.

Barney (1991) in [19] states that there are three reasons why a company is difficult to imitate, including:

- 1) **Historical Conditions:** A company will be difficult to imitate if the company was developed due to historical events or has been established for a long time.

- 2) Causal Ambiguity: Competing firms are unable to access and identify certain resources that lead to competitive advantage.
- 3) Social Complexity: Resources and capabilities that are based on and shaped by corporate culture or interpersonal relationships.
- d. *Organized* (Organized)  
Resources will not provide any benefits to the company if they are not organized to capture the value of each resource and capability. Companies must organize management systems, processes, policies, structures and organizational culture to fully recognize the valuable, rare and expensive potential to achieve sustainable competitive *advantage*.

## Resource

(Barney 2001) in [20] defines resources as the strengths possessed by a company. Consisting of tangible asset resources (*Tangible*) and intangible resource sets (*Intangible*) which are used to determine and implement company strategy. According to (Pearce & Robinson, 2014) Resource Based-View which creates an approach that focuses on measuring internal analysis separates two types of core resources that exist in the company:

1. *Tangible Assets* : Tangible resources in physical form that can be seen, observed and measured. These resources are divided into four categories:
  - a. Financial Resources and Capabilities: The company's ability to generate internal funds and raise external capital.
  - b. Physical Resources and Capabilities: Company location or occupied building, production equipment, land.
  - c. Technology Resources and Capabilities: Product/service assets that have patents, trademarks and copyrights.
  - d. Organizational Capability Resources: Planning, system control, instruction.
2. *Intangible Assets* : Resources that are not in physical form. Divided into three categories:
  - a. Human Resources and Capabilities: Knowledge, experience, confidence, talent, training, intelligence, individual insight and organizational capital resources such as company culture, control and coordination systems and relationships between groups.
  - b. Innovation Resources and Capabilities: The company's skills in developing products/services and innovating.
  - c. Reputation Resources and Capabilities: A company's ability to enhance and utilize its reputation, social relationships, and social responsibility.

## 3. Research Method

The research was used qualitative methods – case studies. The research process carried out must be able to position itself as objectively as possible. A case study is a study that studies a problem

with detailed limitations and in-depth data collection techniques by including various sources of information. This research focuses on individuals or a social unit over a certain period of time. [22] . This research approach is in accordance with the research objective of getting an overview and situation of what happened.

This in-depth research will show that superior resources can put a company in a state of *Sustainable Competitive Advantage*. The research was carried out on Jl. Nyai Ageng Arem Arem No. 38, Kemuteran, Pakelangan, District. Gresik, Kab. Gresik, East Java, 61151. This research uses Batik Gajah Mungkur as the subject, a batik company with cultural heritage masterpieces from Gresik. Data collection techniques include participant observation, in-depth interviews, and documentation [23] . Data was collected based on the VRIO framework and focuses on four core factors (*Value, Rarity, Imitability, Organization*) which function as analytical tools to determine competitive advantage. Several data collection techniques, including [22] :

1. Observation is a visible action or goal to be achieved, such as actions that are seen, heard and measured directly. Information obtained from observation includes space (location), actors, activities, objects, movements, events and happenings, time, and emotions.
2. Interview is a method of collecting data through communication or conversation between two parties: the interviewer who asks questions and the interviewee who answers the questions. Interviews can be structured or unstructured, direct or indirect.
3. Documentation Study is data in the form of documents, films, images (photos), or a monumental work that contains information to be used to complement data sources during the research process . Documentation techniques are collected from non-human sources consisting of documents and notes.

Saputra (2017) in [25] defines VRIO *Framework* as an analysis technique for assessing internal resources and company capabilities to *obtain* Sustainable Competitive Advantage. Based on the concepts described previously, this research will use VRIO analysis so that the results obtained come from the following indicators [26] :

1. *Valueable* (Valuable) is one that cuts costs and maximizes benefits. Not only superior, resources must be managed effectively with the right capabilities (Newbert, 2008) in [26] .  
*Rarity* (Rare) is companies can achieve competitive advantage if they can use limited resources owned by a few companies or not many have these resources with the right capabilities (Newbert, 2008) in [26] .
- b. *Imitability* (Difficult to Imitate) is RBV strategy that can be implemented by providing brands, patents, copyrights for products/services owned by the company. The business world is often faced with many similar products and consumers are often confused about distinguishing one product from another, so meek is an alternative way to differentiate and prevent the threat of plagiarism (Tresna & Raharja, 2018) in [26] .
- c. *Organized* (Organization) is used to improve business processes, it is important to focus on products and customers, but good company management is also important [27] .

This research focused on finding appropriate indicators that can be identified as a source of a company's competitive advantage. The main stages in data analysis in this research are as follows:

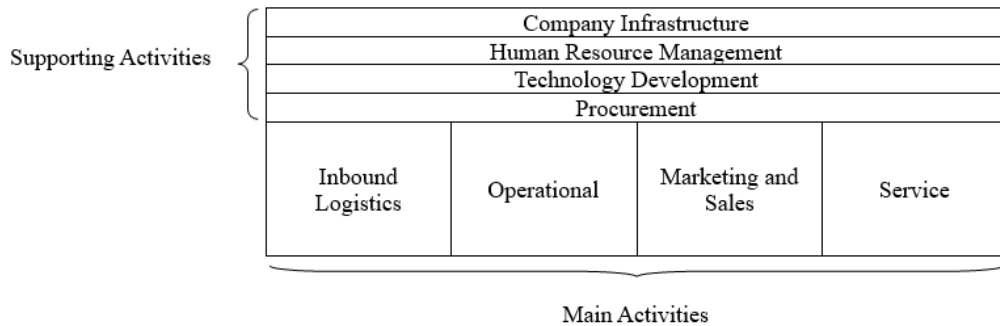
- 1) Identify Resources and *Capabilities*
- 2) *Valuable* Assessment
- 3) *Rarity* Assessment
- 4) *Imitability* Assessment
- 5) *Organizational* Assessment
- 6) Overall Rating
- 7) Strategy Development

In this case, what is applied is internal validity, namely a measure of the accuracy of the data obtained by an instrument, whether the instrument really measures the actual variable [28] . The data triangulation process is carried out by first, collection of interview data online and offline, Second, Observe data for the company by observing and assessing its suitability and then The process of verifying interview and observation data with differences in time and place. Using triangulation techniques would be more consistent [28] .

#### **4. Result and Discussion**

Gajah Mungkur Batik is a historical business with a long journey along with the development of Gresik Regency until now. This company, which has existed since 1950, was founded by H. Mochamad Djaelan, who is the great-grandfather of Mr. Ahmad Choiri, the current owner and heir of Rumah Gajah Mungkur. Batik itself is not the only business owned by Mr. Choiri's family, it is explained that the history of the Gajah Mungkur building was founded by Mr. Choiri's great-grandfather in 1896. The journey of this batik business had been dormant for a long time, around 20 years because there were no heirs who could managed and ran it, and when Mr. Choiri was studying for a postgraduate degree, he began to understand and become involved in the world of batik and then patented his trademark with the Batik Gajah Mungkur branding. The focus of this business places more emphasis on providing benefits to the wider community and with this kind of thinking, Batik Gajah Mungkur from the early 1900s until now has survived as a business that has a long history. Gajah Mungkur Batik products are divided into four types of manufacturing processes, including: printed batik, stamped batik, written batik, and written combination batik. The motifs and designs are based on the local wisdom of Gresik City as well as motifs that are only owned by the company itself, namely the Gajah Mungkur Statue Motif and the Gajah Mungkur House Motif.





Source: Data processed by researchers, 2024

**Figure 1.** Value Chain Analysis

The process of making batik is not carried out in the Mungkur Gajah's house which is located in Gresik but in Central Java, where when he was young, Mr. Choiri was brought there and began to learn a lot and start over in the world of batik. Nevertheless, Mr. Choiri continues to take the path from here, which means that for his motifs, philosophies and ideas he still carries the wisdom of Gresik City. He said, "Never imitate motifs that are currently popular. Just look around, observe, digest, and see what's interesting about it and then come up with it." "Pour it on a piece of cloth, it's definitely different, like there's a spirit in the work." Apart from batik, he is also pursuing various new businesses such as T-Shirts, Udeng, and Cafe which is located right in front of the Gajah Mungkur building. The Gajah Mungkur Batik Company is managed by an individual with no established organizational chart. Owned employees/batik makers are divided into three groups: 10 printed batik makers, 6 stamped batik makers, and 5 hand-written batik makers. On average, every month Batik Gajah Mungkur produces 1,000 meters of printed batik, 300 pcs of stamped batik, and 10 pcs of written batik with sizes ranging from 2.5 to 3 meters, which is called long cloth

The value chain is a series of activities carried out by a company to produce a product or service. Analysis of this value average is used to identify the resources and capabilities of Batik Gajah Mungkur. [29] Revealing competitive advantage can be sourced from every company activity which consists of primary activities *and* supporting *activities*. Identification of resources and capabilities was carried out through an interview process with the owner of Batik Gajah Mungkur.

Based on the classification of each company's resources and capabilities owned by Batik Gajah Mungkur, are shown in Table 2.

**Table 2.** Resource and capabilities Classification

No	Source Power	Scope Source Power	Notation
<i>Resources - Activities Main</i>			
1.	Asset and Capital	Asset And capital	R1
		Right Riches Intellectual Mungkur Elephant Statue	R2
		Right Riches Intellectual Motif of the Elephant Mungkur House	R3
		Right Riches Gajah Mungkur Batik Logo Intellectual	R4
2.	Logistics Into the	Convenience access to material standard	R5
		Material incoming raw materials to company own high quality .	R6
3.	Operational	The presence of trained human resources and responsive in produce goods.	R7
		Culture Work kinship	R8
		Handmade batik quality and premium	R9
		Wisdom batik motif local Gresik City as well experience And story behind owner	R10
4.	Marketing And Sale	Promotion through social media, exhibitions, and in a way direct.	R11
		Long known brand	R12
5	Service	Reputation to customer	R13
		Guarantee And warranty product	R14
		Service to complaint like warranty product	R15
<i>Resources - Activities Supporter</i>			
6.	Procurement	Capacity save Warehouse	R16
7.	Development Technology	Technology production	R17
8.	HR Management	Loyalty And motivation employee	R18
		Employee ideas	R19
9.	Infrastructure	Facility And place production	R20
<i>Capabilities - Activities Main</i>			
1.	Asset and Capital	Management finance company	C1
2	Logistics Into the	Ability in supervision quality product	C2
		Ability save finished batik	C3
3.	Operational	Ability produce product in accordance order	C4
		Ability develop product	C5
		Ability produce quality batik	C6
		Ability create motifs with level difficulty tall	C7
		Work The same solid team	C8

No	Source Power	Scope Source Power	Notation
		Ability produce new motifs with experience And story behind it	C9
4.	Marketing And Sale	There is interaction communicative with customer	C10
		Ability promote batik through events and active in contest sponsorship	C11
5.	Service	Speed handling complaint customer	C12
<i>Capabilities - Activities Supporter</i>			
6.	Procurement	Ability bring material standard quality	C13
7.	HR Management	Ability recruiting employee	C14
		Ability maintain employee	C15

Source: Data processed by researchers, 2024

VRIO *Framework analysis* focuses on finding out the company's internal resources that meet the assessment in the VRIO *Framework* with four core criteria regarding *Valueable* , *Rarity* , *Imitability* , and *Organized* . The results of the analysis from the assessment will show whether the company's resources or capabilities are strengths or weaknesses and the possibility of achieving strategies for further development. The VRIO *Framework* assessment results will show the competitive implications of each classified internal resource. An explanation of the competitive implications of the VRIO *Framework analysis* is described as follows:

1. If a resource or capability answers " *Yes* " or gets a score of 1 out of 4 criteria, which means it does not meet the criteria, then the company will experience bankruptcy or be in the *Competitive Disadvantage stage* .
2. If the resource or capability answers two " *Yes* " or gets a score of 2 out of 4 criteria, then the company will only have below average income or be at the *Competitive Parity stage* .
3. If the resources or capabilities are answered three " *Yes* " or get a score of 3 out of 4 criteria, then the company is only temporarily in competition or is at the *Temporary Competitive Advantage stage* .
4. If the resource or capability answers four " *Yes* " or gets all of the 4 core criteria, then the company can develop its competitive advantage or the company is at the *Sustainable Competitive Advantage stage* .

Companies that have fulfilled the four core criteria of the VRIO *Framework* for the resources or capabilities they have, can be categorized as having a sustainable competitive advantage. The VRIO *Framework assessment* of Gajah Mungkur Batik shows Table 3.

**Table 3.** VRIO Framework Assessment

No	Scope Source Power	Analysis				Amount	Category
		V	R	I	O		
Resources - Activities Main							
R1	Asset And capital	1	0	0	1	2	Competitive Parity
R2	Right Riches Intellectual Mungkur Elephant Statue	1	1	1	1	4	Sustainable Competitive Advantage
R3	Right Riches Intellectual Motif of the Elephant Mungkur House	1	1	1	1	4	Sustainable Competitive Advantage
R4	Right Riches Gajah Mungkur Batik Logo Intellectual	1	1	1	1	4	Sustainable Competitive Advantage
R5	Convenience access to material standard	1	0	0	1	2	Competitive Parity
R6	Material incoming raw materials to company own high quality .	1	0	0	1	2	Competitive Parity
R7	The presence of trained human resources And responsive in produce goods .	1	1	0	1	3	Temporary Competitive Advantage
R8	Culture Work kinship	1	1	0	1	3	Temporary Competitive Advantage
R9	Handmade batik quality and premium	1	1	1	1	4	Sustainable Competitive Advantage
R10	Wisdom batik motif local Gresik City as well experience And story behind owner	1	1	1	1	4	Sustainable Competitive Advantage
R11	Promotion through social media , exhibitions , and in a way direct .	1	0	0	1	2	Competitive Parity
R12	Long known brand	1	1	1	1	4	Sustainable Competitive Advantage
R13	Reputation to customer	1	1	0	1	3	Temporary Competitive Advantage
R14	Guarantee And warranty product	1	0	0	1	2	Competitive Parity
R15	Service to complaint like warranty product	1	0	0	1	2	Competitive Parity
Resources - Activities Supporter							
R16	Capacity save warehouse	1	0	0	1	2	Competitive Parity
R17	Technology production	1	0	0	1	2	Competitive Parity
R18	Loyalty And motivation employee	1	1	0	1	3	Temporary Competitive Advantage

No	Scope Source Power	Analysis				Amount	Category
		V	R	I	O		
Resources - Activities Main							
R19	Employee ideas	1	1	0	1	4	Temporary Competitive Advantage
R20	Facility And place production	1	0	0	1	2	Competitive Parity
Capabilities - Activities Main							
C1	Management finance company	1	0	0	0	1	Competitive Disadvantage
C2	Ability in supervision quality product	1	0	0	1	2	Competitive Parity
C3	Ability save finished batik	1	0	0	1	2	Competitive Parity
C4	Ability produce product in accordance order	1	1	1	1	4	Sustainable Competitive Advantage
C5	Ability develop product	1	0	1	1	3	Temporary Competitive Advantage
C6	Ability produce quality batik	1	0	1	1	3	Temporary Competitive Advantage
C7	Ability create motifs with level difficulty tall	1	1	1	1	4	Sustainable Competitive Advantage
C8	Ability produce new motifs with experience And story behind it	1	1	1	1	4	Sustainable Competitive Advantage
C9	Cooperation solid team	1	0	0	1	2	Competitive Parity
C10	There is interaction communicative with customer	1	1	0	1	3	Temporary Competitive Advantage
C11	Ability promote batik through events and active in contest sponsorship	1	0	0	0	1	Competitive Disadvantage
C12	Speed handling complaint customer	1	0	0	1	2	Competitive Parity
Capabilities - Activities Supporter							
C13	Ability bring material standard quality	1	0	0	1	2	Competitive Parity
C14	Ability recruiting employee	1	0	0	1	2	Competitive Parity
C15	Ability maintain employee	1	1	1	1	4	Sustainable Competitive Advantage

Source: Data processed by researchers, 2024

Code (R) is a *Resource* that represents a Resource. Code (C) is *Capability* which represents the organization's capabilities or abilities. The VRIO assessment information on Gajah Mungkur Batik can be described as follows:

1 = If the resource or capability meets the VRIO criteria.

0 = If the resource or capability does not meet the VRIO criteria.

Source: Nugroho, et al (2018) in (Febrian et al., 2023)

Resource Based-View (RBV) focuses on a resource approach using test/assessment tools in the form of VRIO *Framework* which will determine *Sustainable Competitive Advantage* in a company. *Sustainable Competitive Advantage* or sustainable competitive advantage is a situation where a company remains in a profitable top position with superiority for several years, coming year by focusing on establishing and implementing different strategies (Salma et al, 2021) in [25] . The results of the classification of Gajah Mungkur Batik resources meet the four VRIO criteria and are in the *Sustainable Competitive Advantage* (SCA) resource category, namely resources with codes R2, R3, R4, R9, R10, and R12.

**Table 4.** SCA analysis

No	Sustainable Competitive Advantage (SCA)
1.	IPR of the Mungkur Elephant Statue
2.	IPR Motif of the Gajah Mungkur House
3.	IPR Logo Batik Gajah Mungkur
4.	Handmade batik quality and premium
5.	Wisdom batik motif local Gresik City as well experience And story behind owner
6.	Long known brand
7.	Ability to produce products to order
8.	Ability to create motifs with a high level of difficulty
9.	Ability produce new motifs with experience And story behind it
10.	Ability maintain employee

Source: Data processed by researchers, 2024

Based on the data above, to be able to determine the competitive advantage of Batik Gajah Mungkur, researchers focused on the concept of RBV theory and VRIO *Framework* which resulted in the fact that Batik Gajah Mungkur has resources and capabilities that are in the superior category or *Sustainable Competitive Advantage* on several things, most of which come from the product. , intellectual, as well as the ability to create batik that has characteristics. Good and systematic management will strengthen resources and capabilities at the excellence stage.

Motifs made with great difficulty and innovation in existing motifs are important capabilities to be developed through experience and special training which will provide added value to the company. Mr. Choiri's batik makers or employees are mostly hereditary from batik making families, because this company, which has been established since the 1900s, operates in a family manner, so loyalty is a natural thing. The batik making skills of employees have been taught from generation to generation to their descendants, so that most employees have been trained and often share their ideas on batik motifs.

Ownership of IPR (Intellectual Property Rights) on three assets in the form of the Gajah Mungkur Building, the Elephant Statue and the Gajah Mungkur Batik Logo is the key to competitive advantage that cannot be imitated or owned by competitors. Quality and premium products with a processing time of approximately three months with details and a complex motif making process are the benchmarks. Gajah Mungkur Batik has a reputation and brand that has long been known by the public, so they already know the characteristics and quality of Gajah Mungkur Batik. It is not uncommon for government agencies and even several schools to routinely entrust the production of batik cloth for uniforms with motifs or designs that sometimes change every year. The last time he collaborated with Freeport Indonesia for office uniforms.

The motifs of Gajah Mungkur Batik are unique and have character, most of which originate from the owner's ideas and experience with the local wisdom of Gresik City. One of the batik motifs taken from his family's business journey is the SRISARONGRONG Series, with "There is a meaning and story in every motif." This batik tells the story of the family journey of Mr. Choiri, who was previously a cigarette entrepreneur named Sri Sarorong. Apart from that, the wallet bird motif is also part of the story of his family's business in the past. Gajah Mungkur Batik itself has motifs that other craftsmen do not have, namely the Gajah Mungkur Statue Motif and the Elephant Mungkur House Motif. He also makes motifs from unique and creative Elephant Mungkur ornaments. Talking about motifs, the owner of Batik Gajah Mungkur also produces Udeng with motifs based on photos of his great-grandmother from the colonial era. Mr. Choiri was happy to say that making batik is his hobby, sharing his stories and experiences in society with batik patterns, which is a very beautiful art.

Sustainable competitive advantage is the most superior position in the market compared to competitors [12] . This position must persist over time as technology and the surrounding environment develop. Creating competitive advantage means focusing the company on utilizing resources and capabilities that are included in the *Sustainable Competitive Advantage category* and developing resources and capabilities that are included in the *Temporary Competitive Advantage category*. Batik Gajah Mungkur's Sustainable Competitive Advantage has been identified in 6 resources and 4 company capabilities. Based on the results of the three stages of analysis that have been carried out, several strategies/tips that have been implemented, especially in utilizing resources and capabilities in the Sustainable Competitive Advantage category, to be able to create and maintain competitive advantages are as follows:

1. Intellectual Property Rights (IPR) are a form of protection for ideas from creative industry players. This IPR functions as legal protection for a work for the work owner or business owner. This intellectual resource is very superior for artists to patent their works so that the risk of imitation of a work can be avoided. Utilization of resources in the Gajah Mungkur Building IPR is carried out through routine management and maintenance. Not only Gajah Mungkur Batik attracts attention, but the colonial era barometer building which continues to be preserved by the owner is an added value to the company's history and attracts tourists or study tour groups to visit. Rumah Gajah Mungkur has also incorporated batik motifs and has IPR with the economic value contained therein and is a source of increased income for every product that has this motif. The use of IPR in the Gajah Mungkur Batik Logo is used as *branding* for every product produced, from packaging design, social media, to the new product "Gajah Mungkur T-shirts" which specifically produces t-shirts with the Gajah Mungkur *brand innovation*.
2. Quality and premium written batik is a resource that has a sustainable competitive advantage. This premium batik is utilized by maximizing all the details during the production process. Premium batik is usually done by Mr Choiri himself with a minimum processing time of three months for excellent and quality results. For him, maintaining quality is better than rushing to produce a work. He devotes maximum attention and creativity to making premium batik using quality raw materials.
3. Batik motifs with local wisdom from Gresik City and the story behind the owner. Utilization of these resources is carried out by innovating products and of course taking part as a sponsor of a performance, one of which is support for Cak and Yuk, Gresik City. This resource is considered to have unique advantages and value because it generates interest in the culture and diversity of the city of Gresik which is expressed in batik motifs, including the Gajah Mungkur pattern, Damar Kurung, Bawean Deer, Pudak Gresik, Loh Bandeng, and so on. In 2023, Anugrah Pesona Indonesia will give the best Indonesian tourism award to Batik Gajah Mungkur as the 10 best nominees in the souvenir category at the national level.
4. The use of a company brand that has long been known is a historical condition where it is difficult/unable for a company to be imitated by competitors. In order to maintain the brand that already has this name, Mr. Choiri maintains close relationships with the local community and consumers who entrust the products to him. Many tourists or study tours come because they are curious about the company's history and are interested in learning about that history. The owner himself personally feels happy and open to anyone who wants to see and hear the story of Batik Gajah Mungkur. This is the same as a promotional technique that will strengthen company *branding*.
5. The ability to produce batik with complex motifs and the ability to produce motifs from the local wisdom of Gresik City, the owner's experiences and stories. Each craftsman has his own characteristics in his work of art, so he is not afraid to create motifs. Developing this ability can be done by getting involved and interacting directly with social life. Apart from that, the owner always develops his products by releasing new batik motifs at least once every three months. Working on complex motifs is part of his hobby and an ability



that he continues to develop because in the world of batik, fabric is not a problem, but rather the emphasis is on the level of difficulty, detail and neatness of the motif lines that appear on a piece of cloth.

6. Ability to produce products according to orders. Owners often receive *orders by request* for uniforms, of course each agency has different motifs and designs. Products are made using qualified production equipment and are always under supervision, even products are made in slightly larger quantities than the order should be to anticipate any missed defects. The ability to retain employees/batik makers is also done with loyalty and kinship between them. The ability to produce products according to orders is also due to the hard work of batik makers who work comfortably. For Mr. Choiri, the strategy that he always uses and is the main one is maintaining good relationships with people around him, the community, consumers and employees.
7. Simultaneously with the batik business being run, the owner continues to reach out to other business industries by running Kedai Peti Kopi. Cafe with old school ornaments which is currently popular among young people right in front of the Gajah Mungkur Batik company. This shop is very busy with visitors, especially at night, tourists or guests who visit Batik Gajah Mungkur will also stop by to just enjoy a cup of coffee with views of the unique and distinctive ornaments.

## 5. Conclusions

Based on the results and discussions that have been identified, this research produces two important conclusions. The results of the Resource Based-View model analysis using the VRIO framework state that Batik Gajah Mungkur has six resources and four capabilities which are in the *Sustainable Competitive Advantage* category. The results obtained were six resources and four capabilities that met the criteria, including:

1. Gajah Mungkur Building IPR.
2. IPR Motif Mungkur Elephant.
3. IPR Logo Batik Gajah Mungkur.
4. Gresik City local wisdom motifs, experiences, and the story behind the owner.
5. Long known brand.
6. Ability to produce products to order.
7. Ability to create motifs with a high level of difficulty.
8. Ability to produce new motifs with experiences and stories behind them.
9. Ability to retain employees.

Apart from that, it can be said that most of the resources have not met all the VRIO Framework assessments and are included in all the required categories so that it is still not enough to get superior results when utilizing these resources or capabilities and needs further development. The strategies or tactics carried out by Batik Gajah Mungkur are based on *Sustainable Competitive Advantage analysis* which examines superior resources and capabilities to maintain

competitive advantage by utilizing every resource and capability that has *Sustainable Competitive Advantage criteria*, including:

1. Products and assets that have IPR provide added economic value for the company. New products released are also part of the assets that have patent rights.
2. Focusing on every detail in premium batik by dedicating time and creativity and always releasing new motifs at least once every three months.
3. Engage in social life and maintain good relationships with employees/batik makers and other people. Strengthening branding as a historic company does not escape the role of the community.
4. Openly welcoming anyone who wants to know the history and Batik of Gajah Mungkur and take part as part of the Cak Yuk performance, and so on.

Based on the results of this research, suggestions that can be given to related agencies are as follows:

1. For the Management of Gajah Mungkur Batik, it is hoped that they can continue to maintain and maintain the superior resources and capabilities they have. Apart from that, other resources that are at the *Temporary Competitive Advantage stage* are expected to further develop and make the potential of these resources a sustainable attraction. There needs to be an appropriate strategy for changes in the environment and technology as well as the development of other resources that are not yet at a superior stage in order to be more successful and develop in the future.
2. Researchers are expected to deepen the methods used by analyzing different aspects or using additional analysis techniques to obtain varied and more accurate results.

## References

- [1] Abdussamad, H. Z., & Sik, M. S. (2021). *Metode penelitian kualitatif*. CV. Syakir Media Press.
- [2] Ahdiyat, A. (2022). *Usaha Batik Indonesia Mayoritas Berskala Mikro*. Databoks. <https://databoks.katadata.co.id/datapublish/2022/10/02/usaha-batik-indonesia-mayoritas-berskala-mikro>
- [3] Aisyah, H., Puspita, S., & Elizamiharti, E. (2022). Resource-Based View: Strategi Umkm Di Sumatera Barat Untuk Mencapai Keunggulan Kompetitif. *JMD : Jurnal Riset Manajemen & Bisnis Dewantara*, 5(2), 109–120. <https://doi.org/10.26533/jmd.v5i2.1029>
- [4] Ardin, A., & Hidayat, R. Al. (2020). Strategi Pengembangan Umkm Meubel Di Kota Bengkulu. *Jurnal Akuntansi, Keuangan Dan Teknologi Informasi Akuntansi*, 1(1), 61–78. <https://doi.org/10.36085/jakta.v1i1.825>
- [5] Astana, I. G. M. O. (2021). Strategies to Create Competitive Advantage Through Promotions at Samana Resto Villa and Catering. *International Journal of Social Science and Business*, 5(2), 242–248. <https://doi.org/10.23887/ijssb.v5i2.33310>

- [6] Bachtiar, M., Ramadhan, A., Herlina, L., & Dzulhira, H. (2022). Strategi Pengembangan Pariwisata Era Vuca Dengan Pendekatan Vrio. *JIMFE (Jurnal Ilmiah Manajemen Fakultas Ekonomi)*, 8(2), 193–209. <https://doi.org/10.34203/jimfe.v8i2.5780>
- [7] Barney, J. B., & Hesterly, W. S. (2019). *Strategic management and competitive advantage: Concepts and cases*. Pearson.
- [8] Caballero-Morales, S.-O. (2021). Innovation as recovery strategy for SMEs in emerging economies during the COVID-19 pandemic. *Research in International Business and Finance*, 57, 101396.
- [9] Cardeal, N., & Antonio, N. S. (2012). Valuable, rare, inimitable resources and organization (VRIO) resources or valuable, rare, inimitable resources (VRI) capabilities: What leads to competitive advantage? *Cardeal, N., António, 2012*, 10159–10170.
- [10] Elfan Kaukab, M., Adawiyah, W. R., Setyanto, R. P., & Suroso, A. (2020). Accelerating small firms' production process improvement through international market knowledge and valuable, rare, inimitable, and organized resources and capabilities. *Business: Theory and Practice*, 21(1), 322–328. <https://doi.org/10.3846/btp.2020.11652>
- [11] Elya Dasuki, R. (2021). Manajemen Strategi : Kajian Teori Resource Based View. *Coopetition : Jurnal Ilmiah Manajemen*, 12(3), 447–454.
- [12] <https://doi.org/10.32670/coopetition.v12i3.710>
- [13] Febrian, A. W., Putra, A., & Fauqho, N. (2023). Analysis Of Competitive Advantage In Maximizing Promotional Media At Rondo Mangir Banyuwangi Food Stalls. *Manajemen Bussines*, 3(1), 35–46.
- [14] Grant, R. M. (2016). *Contemporary strategy analysis: Text and cases edition*. John Wiley & Sons.
- [15] Hardani, H., Andriani, H., Ustiawaty, J., & Utami, E. F. (2020). *Metode penelitian kualitatif & kuantitatif*. Pustaka Ilmu.
- [16] Josua Sembiring, Murpin, Fatihudin, D. (2020). *Manajemen Strategi*.
- [17] Kholik, A., & Laeli, S. (2020). Keunggulan Bersaing Berkelanjutan Sekolah Alam Berbasis Model Resource-Based View. *Tadbir Muwahhid*, 4(1), 73. <https://doi.org/10.30997/jtm.v4i1.2540>
- [18] Khouroh, U., Windhyastiti, I., & Ratnaningsih, C. S. (2020). Kapabilitas Dinamik dan Keunggulan Bersaing: Dinamisme Lingkungan Moderator atukah Driver? *Jurnal Samudra Ekonomi Dan Bisnis*, 12(1), 18–34. <https://doi.org/10.33059/jseb.v12i1.2322>
- [19] Maruta, I. G. N. A., Sularso, R. A., & Susanti, N. (2017). The effect of market orientation, entrepreneurship orientation, and imitation strategy on competitive advantage (Study on SME of leather bag and suitcase in East Java). *International Journal of Business and Management Invention ISSN*, 6(7), 24–35.
- [20] Masyitoh, S., Azhad, M. N., & Rahayu, J. (2019). 'Penerapan Konsep Resources-Based View (Rbv) Dalam Upaya Mempertahankan Keunggulan Bersaing Perusahaan'(Studi Kasus Pada Artshop Akifani Mutiara Mataram). *Universitas Muhammadiyah Jember*.
- [21] Muharam, D. R. (2017). Penerapan Konsep Resources-Based View (Rbv) Dalam Upaya Mempertahankan Keunggulan Bersaing Perusahaan. *Jurnal Ilmu Administrasi: Media*

*Pengembangan Ilmu Dan Praktek Administrasi*, 14(1), 82–95.  
<https://doi.org/10.31113/jia.v14i1.4>

- [22] Mulachela, A. (2020). Analisis Perkembangan Industri Game di Indonesia Melalui Pendekatan Rantai Nilai Global (Global Value Chain). *Indonesian Journal of Global Discourse*, 2(2), 32–51. <https://doi.org/10.29303/ijgd.v2i2.17>
- [23] Murdiyanto, E. (2020). Metode Penelitian Kualitatif (Sistematika Penelitian Kualitatif). In *Yogyakarta Press*.  
[http://www.academia.edu/download/35360663/METODE\\_PENELITIAN\\_KUALITAI\\_F.docx](http://www.academia.edu/download/35360663/METODE_PENELITIAN_KUALITAI_F.docx)
- [24] Pearce, J. A., & Robinson, R. B. (2014). Manajemen strategis. *Jakarta: Salemba Empat*, 430.
- [25] Rahmatullah, F., Wijyantini, B., & Wibowo, Y. G. (2023). Analisis RBV ( Resources Based View ) untuk Menentukan. *Journal of Economics, Assets, and Evaluation*, 1(2000), 1–17.
- [26] Rahmi, V. A., Setiawan, N. B., & Ismanto, H. (2021). Business Sustainability of Local Consumption Products in Village Owned Enterprises from Gresik Regency, Indonesia. *Proceedings of the 1st UMGESHIC International Seminar on Health, Social Science and Humanities (UMGESHIC-ISHSSH 2020)*, 585, 360–366.  
<https://doi.org/10.2991/assehr.k.211020.052>
- [27] Suharyati, Ediwarman, N. (2021). Keunggulan Kompetitif Melalui Pemasaran Kewirausahaan dan Orientasi Kewirausahaan Usaha Mikro Kecil Menengah. *JIMFE (Jurnal Ilmiah Manajemen Fakultas Ekonomi)*, Vol. 7(1), 11–26.
- [28] Windi, R., Masitoh, M., Wijyantini, B., Haris, H., & Mm, S. E. (2020). Analisis RBV ( Resources Based View ) Pada Home Industry Kecamatan Wuluhan ( Studi Kasus Pada Kedai Mie 98 ). *Jurnal Ekonomi Islam*, 5(2), 1–14.
- [29] Yudiono, N., Wilopo, W., & And, M. I. (2019). VRIO Analysis to Measure E-Business Readiness in the Automotive Industry in East Java (Study on Otobus Company Kalisari and Otobus Company Menggala). *Wacana*, 22(4), 281–289.