

# Sustainable Competitive Advantage of Riau Malay Weaving Industry Based on Local Wisdom

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## Sustainable Competitive Advantage of Riau Malay Weaving Industry Based on Local Wisdom

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ARTICLE INFO	ABSTRACT
<p><i>Keywords:</i> woven fabric industry, small industry, local wisdom, sustainable competitive advantage</p> <p><i>Kata Kunci:</i> Industri Kain Tenun, Industri Kecil Kearifan Lokal, Keunggulan Bersaing Berkelanjutan</p>	<p>This study aims to analyze the strategy of developing Riau Malay woven fabrics' competitiveness and what factors predominantly influence efforts to develop the sustainable competitive advantage of the Riau Malay weaving industry based on local wisdom of Malay fabrics in Pekanbaru. The sampling technique chosen was using a purposive sampling of 14 SMEs of Riau Malay woven fabric in Pekanbaru. SWOT analysis was applied as an analysis tool. This research is more in looking at the Riau Malay woven fabric craftsmen based on their ethnic abilities to differ from previous research. The research findings show aspects of product strength consisting of authenticity values of motifs/patterns based on typical regional philosophies not possessed by other regions as a cultural identity. Human resources' knowledge and skills in producing Riau Malay Weaving fabrics inimitable, and there is no substitute for being a force that will not quickly transfer to other companies.</p>
<p>Corresponding author: annisa.fisipol@soc.uir.ac.id</p>	<p style="text-align: center;">SARI PATI</p> <p><i>Penelitian ini bertujuan untuk menganalisis strategi pengembangan daya saing kain tenun Melayu Riau dan faktor-faktor apa saja yang dominan mempengaruhi upaya pengembangan daya saing berkelanjutan industri Melayu Riau berbasis kearifan lokal kain melayu di Pekanbaru. Teknik pengambilan sampel menggunakan purposive sampling pada 14 UKM kain tenun Melayu Riau di Pekanbaru. Alat analisis yang digunakan adalah analisis SWOT. Penelitian ini lebih melihat pada pengrajin kain tenun Melayu Riau berdasarkan kemampuan etniknya berbeda dengan penelitian sebelumnya. Hasil penelitian menunjukkan aspek kekuatan produk yang terdiri dari nilai-nilai keaslian motif / corak berdasarkan filosofi khas daerah yang tidak dimiliki oleh daerah lain sebagai identitas budaya. Pengetahuan dan keterampilan SDM dalam memproduksi Kain Tenun Melayu Riau tidak ada bandingannya, dan tidak ada pengganti untuk menjadi kekuatan yang tidak akan cepat berpindah ke perusahaan lain.</i></p> <p style="text-align: right;">© 2020 IRJBS, All rights reserved.</p>

## INTRODUCTION

Sustainable competitive advantage for the industry, including the woven fabric industry, becomes very important in facing competition and business challenges in the current global era. The views of the last few decades provide that research on sustainability in the fashion industry is increasing. Referring to Jang et al., (2016) research results, business sustainability can be seen from two aspects: managerial and consumer aspects; managerial aspects are always associated with product development and marketing strategy. Simultaneously, the consumer aspect emphasizes how to increase the sustainability of product consumption by consumers.

The small industry is one of the essential components to support economic progress in Indonesia. It is because small industries can make a significant contribution to the country's economy.

Classical barriers encountered in developing small industries, including barriers related to human resources, management in business, capital, and inadequate information technology.

Previous research on the development of the woven fabric industry looked more at product quality and product innovation. It is limited to a strategic approach that focuses on company resources based on local wisdom resources that look at the value of authenticity and tacit knowledge.

One obstacle experienced by the Small and Medium Industries of Malay woven fabrics in Indonesia is that they make woven fabrics without conducting a market survey to determine what kind of woven products the market wants. Besides, the perpetrators also had difficulty innovating with products because not all of these businesses could create and innovate with Riau Malay woven fabrics.

The small industrial sector, in general, does not concern about sustainability. It is only limited to business defense. It is due to the obstacles faced by micro and small businesses, especially in developing countries such as Indonesia (Tambunan, 2009). Problems often faced by small industries are related to the inadequate promotion. Others common obstacles that often occur are limited working capital and investment, marketing and product distribution problems, limited access to information about market opportunities, lack of quality human resources which are less skilled and less experienced, lack of partnership and coaching with related parties such as financial channeling institutions and business practitioners (Zairani & Zaimah, 2013).

The level of business competition in small industries continues to increase. The company has to concern about the right strategy. The strategy of sustainable competitive advantage is a tool to achieve corporate goals that are effective and efficient to increase corporate profits (Ferdinand, 2005). Competitive Advantage Sustainable company can obtain if the company has a difference in resources with competing companies. These organizational resources are valuable, rare, inimitable, and non-substitutable (Barney, 2001; Barney, 2007).

According to Barney & Clark (2007), the achievement of sustainable competitive advantage determined the role of resources consisting of human capital, structural capital, and relational capital to create value that is beneficial to consumers, difficult to emulate by its competitors supported by company management. There will be company resources that will be difficult for competitors to copy, especially in human resources. (Das & Teng, 2000) reinforce the previous opinion that company resources are essential for the heterogeneity of sustainable resources. However, that appropriate development needs to be made by making partnerships and the diversity of partnerships an essential aspect of forming strategic alliances.

This previous research is in line Barney (2001; 2007) as stated that company resources should not be homogeneous but heterogeneous. The heterogeneity of resources means that all companies cannot have precisely the same resources in the industry. The heterogeneity of these resources is caused by company capabilities such as human resources, capital, production equipment, and the company's different pasts. Several company resources would be difficult to copy by competitors, especially in terms of human resources. Resources in each region or region generally have unique potential. According to Fiol (1991), Barney (2001) does not emphasize cultural aspects.

In line with Aaltonen et al., (2015), culture is the basis for achieving sustainable competitive advantage called local wisdom, which has meaningful values translated into physical forms in the form of local creative products (Mahyarni et al., 2015). Likewise, with the natural and cultural resources in the Pekanbaru area, Riau has the potential to be promoted and developed because of its high and unique cultural value local wisdom as a cultural identity. The Riau Malay woven cloth is produced from local resources, local knowledge, and local skills acquired from generation to generation. It produces a local product with high heterogeneity with local authenticity from local resources that is not easy to imitate or replace.

According to Naisbitt (1995), global values are considered as a process to eliminate local values. Meanwhile, Giddens (2001) argues that globalization is an opportunity to revive local cultural identity so that it is better known in various parts of the world because the attraction of local culture's potential is currently becoming important amid boredom of the homogeneity of people's lifestyles due to globalization. Local people are very familiar with local wisdom because their daily habits start with having to live side-by-side with other people, which becomes a tradition to develop local wisdom (Vuspitasari & Ewid, 2020). Local values can inspire the growth of local wisdom

that grows from life values, meaning in life. Based on the above opinion, to face the competition, it is necessary to think about a sustainable competitive advantage strategy based on resource ownership by raising local values contained therein.

This study uses a SWOT analysis approach which analyzes strengths, weaknesses, opportunities, and threats to determine business strategy by aligning the suitability between commercial business, corporate resources, and the environment (Ansoff, 1965; Fahy & Smithee, 1999; Oreski, 2012; Valentin & Valentin, 2016). Based on the background of the above problems, this study will examine the sustainable competitive advantage of Riau Malay weaving industry based on local wisdom. This research will differ from previous research because its previous research mostly discusses Malay songket Riau as a creative and innovative regional product. However, this study provides a sustainable competitive advantage analysis based on local wisdom that emphasizes the authenticity values as cultural identity in the Malay Riau woven cloth, tacit knowledge and local skills of the craftsmen. This research is more in looking at the Riau Malay woven fabric craftsmen based on their ethnic abilities so that it is different from previous research, which only looks from the side of education, formal knowledge, and experience. This research emphasizes somewhat intangible resources, in this case, local wisdom that will produce heterogeneity as a differentiator from competitors to achieve sustainable competitive advantage.

## LITERATURE

### Concept of Strategy

Business strategies are policies and guidelines that determine the way a company competes in industry and how companies form competitive advantage (Grant, 1999; 2003). Business strategy refers to the improvement of the competitive position of the company's products or services in specific industries or market segments served by the business unit (Hunger & Wheelen, 2011).

According to two strategists, Hamel et al. (2003) define business strategies which are incremental actions (continually increasing) and continuously and are carried out based on the perspective of what is expected by customers in the future.

#### **SWOT Analysis (Strength Weakness Opportunity Threats).**

SWOT analysis is an overall evaluation of its strengths, weaknesses, opportunities, and threats as analysis tool widely used by companies in conducting strategy formulations (Rangkuti, 2013).

According to Ferrell & Harline (2005), the function of a SWOT analysis is to obtain information from situation analysis and separate it into points of internal issues (strengths and weaknesses) and external issues (opportunities and threats). The SWOT analysis will explain whether the information indicates something that will help the company achieve its objectives or indicate that there are obstacles that must be faced or minimized to meet the desired income.

Capability is a unique combination made in utilizing available resources to create core competencies valued for sustainable competitive advantage (Barney, 2001; 2007; Teece, 2000). The company's dynamic capabilities became known as the RBV extension. Dynamic capabilities are the company's ability to integrate, build and configure internal and external resources to cope with rapid environmental changes for the prerequisites to achieving sustainable competitive advantage at the heart of the business to be able to compete in exploring and exploiting the achievement of goals business (Teece, 2000).

According to RBV Barney (2001; 2007) and Teece (2000), it can be seen that RBV is very dependent on its resources, namely: first, Tangible assets, are natural resources that can be observed and more easily measured. Resources in physical form provide advantages for competitors because these resources can easily buy on the market. Second,

Intangible assets, an asset that is not physical.

The development of the unique capabilities of resources results from individual company assets, both tangible and intangible. (Meritum, 2002) says the intangible resources of intellectual capital come from the "human resource literature," while intangibles come from "accounting perspectives". Intangible resources consist of intangible resources such as employee expertise, company culture, company structure, organizational processes, and tangible resources are tangible resources such as factories, land, raw materials, machinery (Carmeli & Tishler, 2004; Eikelenboom, 2005; Jardon & Loureiro, 2013). In this study, researchers will discuss intangible resources consisting of human capital, partnerships, and local wisdom as a form of organizational processes that have the human capital to establish cooperative partnerships in increasing the ability to sustain a competitive advantage based on local wisdom.

#### **Resources Based View**

The competitive advantage becomes a sustainable competitive advantage, emphasizing its internal aspects, emphasizing more Barney (1991; 2001; 2007). Moreover, Porter (1980; 1990) emphasized the external aspect approach and did not refer to the company's internal aspects to achieve a competitive advantage. (Bain, 1959) ideas and Mason (1939) motivated Porter's thinking regarding the structure-conduct-performance paradigm then moves to transaction cost and agency theory. Porter analyzes homogeneous performance behavior, the strategic framework of industrial group companies. Besides, Porter applies this approach by using deductive analysis methods in large industrial companies. So that Porter's theory considered less relevant if applied to micro, small and medium businesses. The RBV view is a concept of the resource-based theory that explains the company's strategy to achieve sustainable competitive advantage through the strength of its internal resources that are valuable, rare, cannot be imitated, and have no substitutes Barney (1991).

According to Barney (1991; 2001; 2007) sustainable competitive advantage can obtain if the resources owned by a heterogeneous company have value, rare resources, in-imitable, and non-constitutable. The resources referred to explain that to achieve a sustainable competitive advantage, companies must have strength in resources consisting of human capital, relational capital, and structural capital companies that are valuable, rare, imitated, and no substitute for goods (Barney & Clark, 2007). Based on Penrose (1959), the capability or capability concept is a firm capacity to convert the company's resources into good services. Services can be produced by adequate resources, the differences or uniqueness of a company primarily derived from this ability (Akio, 2005). The article of the work Barney (1991; 2001; 2007) "Firm Resource and Sustained Competitive Advantage" explained firm resources help companies improve the efficiency and effectiveness of the company's operations. According to Barney (1991; 2001; 2007), sustainable competition's competitive advantage can be achieved if the company has heterogeneous and immovable resources.

Based on the previous scholars description, it can state that Resources are the strengths owned by companies divided into tangible assets and intangible assets used to understand and implement corporate strategies. The company's competitive advantage will obtain if the company can have differences in resources with competing companies, then these resources can reduce costs incurred by the company but can increase the income earned by the company if the company is implementing its strategy.

Tangible assets come from returns above the company's average count, while intangible assets obtain from a unique historical sequence and consist of complex social dimensions that can create and maintain a sustainable competitive advantage. Sustainable competitive advantage can obtain if the resources owned by a heterogeneous company have value, rare resources, in-imitable,

and non-constitutable Barney (1991; 2001; 2007) and Bharadwaj et al., (1993). The resources referred to explain that in order to achieve a sustainable competitive advantage, companies must have strength in resources consisting of human capital, relational capital, and structural capital (Barney & Clark, 2007).

The company's ability is fundamentally not the same because it is seen from the ownership of its unique resources in the form of tangible assets and intangible assets and the company's capability to utilize those assets' assets. Barney (1991) says that resources are limited to traditional productive economic factors and include diverse social resources such as interpersonal relationships, corporate culture, or reputation with suppliers or customers.

#### **Local Wisdom**

The current of globalization raises a level of concern that thinks it will destroy local values that have been the order of life for (Naisbitt, 1995). However, this is not always the case because Giddens (2001) says that authentic regional identity is a source of strength used in dealing with the boring homogeneity level in the era of globalization. Following the opinion of Giddens (2001), Furthermore Rosidi (2011) says that local wisdom is the result of a translation from local genius, which means the ability of local culture to deal with foreign cultural influences when the two cultures are connected. There have been many currents of modernization that give change in life Public. Loss or destruction of wisdom local means waning society's personality; meanwhile, the strength of the local genius to survive and to develop also shows a personality that society. The essential thing is fertilization efforts and local wisdom development (Abbas, 2013).

Local wisdom is an intangible organizational resource in the form of local culture (Das & Teng, 2000), which can also be interpreted as a view of life and knowledge as well as various life strategies

in the form of activities carried out by local communities in responding to various problems in fulfilling their needs. Local wisdom is wisdom or noble values in local cultural assets such as traditions, principles, and life motto. Local wisdom is defined as wisdom in the traditional culture of ethnic groups. Wisdom, in a broad sense, is not only in the form of cultural norms and values but also all elements of ideas, including those that have implications for technology, health care, and aesthetics (Sartini, 2004).

Referring to Vuspitasari & Ewid (2020), local wisdom is how people live their lives and experience daily life as a traditional view of acting and making decisions. With this understanding, what is included as the translation of local wisdom is the various patterns of action and their material culture. Furthermore, it is also emphasized in (Tupamahu, 2015) that cultural integration is a capability for the mechanism to achieve sustainable competitive advantage. According to Pawennari et al., (2014), Tupamahu (2015), and Senanayake (2015), the formation of individual or company behavior produces distinctive characters that are different from competitors because of their respective cultural backgrounds so that they become strategic assets to achieve sustainable competitive advantage.

Local wisdom is a truth that has traditionally has been established in an area. Local wisdom contains a high value of life and is worth exploring, developing, and preserving as an antithesis or socio-cultural change and modernization. Local wisdom and past cultures that are coherent are continuously used as a guide for life, even though they have local values, but their values are considered universal (Senanayake, 2015).

Local wisdom is formed as a cultural advantage of the local community and geographical conditions in a broad sense. Furthermore Ife (2002) states that local wisdom consists of five dimensions, namely: *First*, Local knowledge Every community always has local knowledge related to its environment,

climate change and cycle, types of potential resources such as fauna and flora, geographical, demographic, and sociographic conditions. The community has lived in the area long enough and has undergone many social changes that have enabled them to adapt. So that their ability to adapt is called part of local knowledge. *Second*, Local Value Every society has local rules or values that are adhered to and agreed upon by all its members where these values govern the relationship between humans and humans, humans and nature and humans and their Gods. These values consist of the dimensions of time, past, present and future values. This value will continue to change according to the progress of society. *Third*, Local Skills Every community can survive if the community has local skills. Local skills from the simplest include how to survive to create a home industry. These local skills are only sufficient to meet the needs of the family and are also life skills. Local skills depend on the geographical conditions in which the community lives. *Fourth*, Local Resources are non-renewable and renewable natural resources. *Fifth*, Local Decision Making Mechanisms Community groups have different decision-making mechanisms. some people do it democratically, or some do it in stages according to their position. *Six*, Dimensions of Local Group Solidarity Humans are social creatures who need help from others in doing their jobs.

Mitchell (2003) adds that the concept of a local wisdom system is rooted in a piece of local or traditional knowledge and management system. Because of its close relationship with the environment and natural resources, local, traditional, or indigenous communities, through "trial and error," has developed an understanding of the ecological system in which they live that have been considered to maintain natural resources and leave activities that are considered to damage the environment.

#### METHODS

The data analysis technique in this research uses the descriptive analysis method. It is to answer

the driving and inhibit factors for developing the competitiveness of Malay woven fabric in Pekanbaru. Answering the development strategy of SWOT Analysis comparing the external factors Opportunities (Threats) and Threats (threats) with internal factors Strengths (Strengths) and Weaknesses (Rangkuti, 2013).

This study's sample was obtained by a purposive sampling technique of 14 small Malay woven fabric industry entrepreneurs in Pekanbaru. The questionnaire was used in this study to retrieve data about strengths, weaknesses, challenges, and obstacles from internal and external factors. This data is taken from all study samples.

## RESULT AND DISCUSSION

The strategy of developing the Riau Malay Weaving Industry in Pekanbaru in this section is explained about internal and external factors, which are the driving and inhibiting factors for Riau Malay Weaving Industry development in Pekanbaru which was obtained based on the responses of research respondents. SWOT analysis results of the Riau Malay Weaving Cloth SME Development Strategy identify internal and external factors chosen based on strengths, weaknesses, opportunities, and threats.

The scale on questionnaire items using a score of 1 is the lowest, and a score of 4 is the highest answer. If scores 3 and 4 indicate the highest quality for strength and opportunity, then vice versa for scores 1 and 2 are the highest quality for strength and opportunity. It means the highest quality for scores 1 and 2 for threats and weaknesses for the Riau Malay Weaving Industry development. Riau Malay woven industry appeals to consumers' eyes, both local, outside, and regional consumers. Consumers buy these Malay woven industry products in addition to the needs of local consumers for formal events, regional holidays, and weddings, not infrequently because of the love to collect Riau Malay woven fabric as a form of love for local products. At the same time, consumers from outside the region have

an interest and purchasing power of Riau Malay woven fabric because the motif/pattern is not typical of other regions, so that it gives a positive value to the quality of this Malay woven fabric product.

Riau Malay woven fabric has various colors/motifs/patterns unique based on the philosophy and meaning of the legacy of previous ancestors from generation to generation. Knowledge about Malay weaving can be obtained by businesspeople generally by self-study or hereditary from family. Riau Malay woven fabric has a function that has the purpose of the object, namely social, cultural, spiritual, use, art / ornamental functions, etc.

Fabric motifs or patterns that are typical of Malay motifs, such as shoots, bud shoots buds of gods, stacked shoots, crescent moon, florets, dragon-national, water guava, the water rose, dolphin, stars and diamonds and others primarily for mother and father cloth, usually for Malay brackets with Malay woven / songket motifs.

The types of Riau Malay Weaving fabrics are generally divided into two, namely Siak woven fabric and Lejo woven fabric. Siak Weaving is a woven fabric that uses motifs/patterns typical of 92 patterns on Malay woven fabric. While the Lejo woven fabric has a different motif, there is a combination of boxes with bright colors. The uniqueness of the motif/style of Malay woven fabric products is born from the past's local values, which are always maintained its authenticity. Although it is found that innovation in the development of motifs/patterns of the craftsmen can not easily exchange each motif's position and position outside the philosophical rules.

The results of this empirical study are in line with Pawennari et al., (2014) that the local knowledge and skills possessed by the Riau Malay weaving cloth craftsmen become the authenticity and character of the Riau Malay cultural identity with Islamic philosophy. It is a cultural identity that is a high selling point in order to be able to compete for





Figure 1. Basic Motives and Variation of Riau Malay Woven  
Source : Malik et al. (2004)

a sustainable superiority in this business so that it appears different from competitors.

Knowledge and skills of Riau Malay Weaving cloth artisans in Pekanbaru are obtained from a hereditary inheritance, mostly from previous parents. However, those obtained because of the training process that was carried out consistently gave birth to a particular skill in processing this Malay Malay Weaving cloth. In line with (Nonaka & Takeuchi, 1995) research, the knowledge gained

based on direct experience previously obtained is called tacit knowledge, which is better attached to oneself as the knowledge others cannot easily possess. Working on Malay woven fabric requires patience and patience because it takes a long time to produce one piece of fabric. Everyone can not easily have the knowledge and skills to weave this Malay woven fabric. In its development to avoid the saturation of consumer tastes, Riau Malay woven industry has sought to innovate motifs/patterns by promoting regional authenticity values.

It is in line with Lee & Hsieh (2010) and Lee & Sung (2016) that innovation is a strategy to attract consumers' interest and purchasing power. Nevertheless, unfortunately, innovation's ability is still minimal compared to similar products due to the limited professional staff who can support this. Innovation can be done from a variety of motifs/patterns / colors and marketing media innovation.

Riau Weaving Cloth can face enormous market opportunities, although there are some constraints of weakness. The focus of the Malay Woving Industry Strategy in Riau Weaving Fabric in the future is to minimize the company's internal problems to seize better market opportunities, as shown in table 4.1 internal factor score of strength at a weighting score of 2.52 and weakness of 3.66. Table 4.2 shows the score of external factors showing a probability score of 1.92 and a threat score of 0.72.

Based on the above research findings in line with the results of research Hills et al., (2008), Malay woven fabric has vast market opportunities, so it expected that the right development and workforce expertise could be further improved so that the company has the marketing and entrepreneurial ability to achieve competitive advantage. Furthermore, Lee & Hsieh (2010) explain that small industries need to develop an organizational culture of entrepreneurship, marketing, and innovation, expected to enhance sustainable competitive advantage. Based on this, it is expected that SMEs of Riau Malay woven fabric could develop marketing through entrepreneurial activities by optimizing the potential of available resources to be more creative and innovative. However, Barney (1991; Bharadwaj et al., 1993) said that internal company resources with value, scarce, inimitable, and non-substitute would produce.

Tabel 1. SWOT Analysis Internal Factor

No	Strenght	Total	Rating	Weight	Rating X Weight
1	The Malay woven fabric produced has the characteristic and philosophical value of the Malay cultural heritage	52	4	0,13	0,52
2	Riau Malay woven fabric is produced with quality raw materials and easy to find	47	3	0,12	0,36
3	Knowledge of workforce expertise in implementation is not easy to be copied and replaced	51	4	0,13	0,52
4	Skills of labor in production are not easily imitated and replaced	56	4	0,14	0,56
5	Increased interest and purchasing power of local people	56	4	0,14	0,56
NO	Weaknesses	Total	Rating	Weight	Rating x Weight
1	Product promotion is not optimal business development and marketing	19	1	0,05	0,05
2	Processing techniques that are simple and do not use modern equipment	38	2	0,10	0,2
3	Limited business capital	21	2	0,05	0,1
4	The limited number of skilled workers and the lack of professionals in product development	32	2	0,08	0,16
5	Lack of partnership relationships for business development and marketing	22	1	0,06	0,06
		388		1.00	3,09

Source : Data Processing, 2020

High heterogeneity is different from competitors. It is not easy to emulate. This study's findings indicate that businesses' knowledge and skills in producing

this Malay woven fabric are resources that have high heterogeneity that is not easily imitated by competitors.

Tabel 2. SWOT Analysis External Factors

No	Strenght	Total	Rating	Weight	Rating X Weight
1	The Malay woven fabric produced has the characteristic and philosophical value of the Malay cultural heritage	52	4	0,13	0,52
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Source : Data Processing, 2020

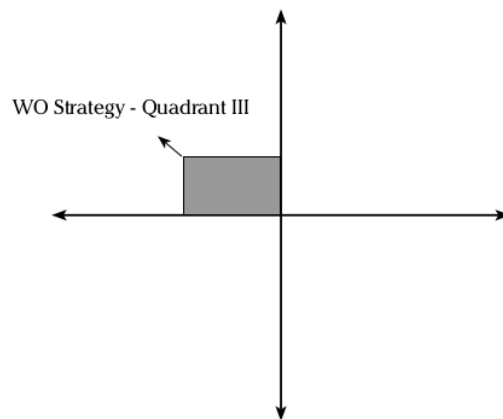


Figure 2. WO Strategy

Riau Malay Weaving Fabric Industry in Pekanbaru is in quadrant III position, which means it has a tremendous market opportunity, but on the other hand, it faces several internal obstacles/weaknesses. The company's strategy is to minimize the company's internal problems to seize better market opportunities.

This research empirically shows that the Malay Riau woven fabric industry has strength in the value of authenticity in the history of the product reflected in the woven fabrics' motifs and designs. The Riau Malay woven cloth's motifs and designs contain a philosophy of Islamic and Malay values that are not owned by woven fabrics from other regions. It has resulted from the knowledge of tacit and the local skills of woven cloth artisans that have been obtained from generation to generation.

This study's findings are in line with Ife (2002) and Senanayake (2015) thinking that the past background of local cultural heritage, past knowledge of unique value, skills related to history, and the relationship of different social systems are local customs and knowledge that are used as basic guidance life. Referring with research by Aaltonen et al., (2015) and Autio et al., (2013) stated that historical, cultural heritage that is thick with the values of past authenticity when used as a resource to achieve sustainable competitive advantage would create a strong memory for a product that is not owned by other similar products. So that then it becomes a distinguishing force that becomes an identity of unique value, rare, cannot be imitated and cannot easily be replaced in order to achieve a sustainable competitive advantage (Barney, 1991; 2001; 2007; Bharadwaj et al., 1993).

This study's findings also are in line with Lingyee & Ogunmokun (2013), states that to achieve sustainable competitive advantage requires the concept and focus on the market. It can identify market characteristics and be more creative and innovative produce products without losing the value of authenticity so that it becomes valuable,

rare, cannot be imitated, and has no substitute.

#### **MANAGERIAL IMPLICATION**

This research has implications for developing strategic management science based on resource capabilities, local wisdom as a cultural factor, cultural heritage products, tacit knowledge, and sustainable competitive advantage. It is also contribute to further research in the strategic management of cultural heritage products. Besides, it has implications for weaving industry players' practical guidelines in determining local wisdom-based business development strategies for the woven fabric industry. So far, cultural heritage product business actors have often felt pessimistic about competing with modern products, even though this is not a cause for concern. This high diversity of effects is increasingly in demand by customers because of the value and history of authenticity in these heritage cultural products, including Riau Malay woven fabrics. It is not done very well in modern developments, which tend to have a homogeneous appearance.

Riau Malay woven fabrics are heritage cultural products created from historical and philosophical backgrounds that contain authentic values reflected in tacit knowledge and local skills from generation to generation. The authenticity of natural resources, local knowledge, and skills of local business actors, culture, values, and philosophy of the local community give birth to heritage cultural products that are unique, rare, inimitable, non-sustainable. The higher the product's heterogeneity and different from competitors, the product will provide more added value because competitors are inimitable and non-substitution.

#### **CONCLUSIONS**

The SWOT research and analysis results on the Riau Malay Weaving Industry's development strategy in Pekanbaru can be concluded as follows: The industries of Riau Malay Weaving Fabrics in Pekanbaru have aspects of product strength consisting of motifs/patterns based on typical

regional philosophies not owned by other regions. Human resources' knowledge and skills in producing Riau Malay Weaving fabrics are not easily imitated, and there is no substitute for being a force that will not easily be transferred to other companies as an authenticity values and cultural identity will differ to competitors. The weaknesses of internal analysis factors are that it is still challenging to find skilled workers in production and product innovation development. Limited capital, a promotion that is not optimal, and government support that is still not optimal. Factors - the development of the small-scale industry of Riau Malay Weaving Fabric in Pekanbaru is more focused on the strength of internal factors and opportunities for external factors.

The potential of local SME resources is a determining factor for business development strategies. Workforce expertise is imitated and cannot be replaced as a strength in producing a specific product with high heterogeneity. In the context of inimitability, it has a causal ambiguity, imitated by competitors.

#### **LIMITATION AND SUGGESTIONS**

This research is only limited to focus on the capability of company resources as an industrial development strategy. The next research can see from the perspective of entrepreneurship and explore tacit knowledge. ■

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