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Operational Performance: Supply Chain Management Practices Mediated by Competitive Advantage of Packaged Food MSMEs in Padang City

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Abstract

The objective of this study was just to look into the impact of supply chain management practices on operational performance mediated by using the competitive advantage of package food MSMEs in Padang city. The population during the study were all owners or managers of packaged food MSMEs in Padang City. Non-probability sampling with a purposive sampling type was utilized. As a sample size, 185 samples were used. Structural Equation Modelling (SEM) with SmartPLS 3.0 was used to analyze this study. The result of this study indicate that; (1) supply chain management practices have a major and beneficial effect on operational performance; (2) supply chain management practices have a major and beneficial effect on competitive advantage; (3) competitive advantage has a major and beneficial effect on operational performance, and (4) supply chain management practices have a major and beneficial effect on operational performance through competitive advantage as a mediating variable.

Keywords: supply chain management practices; operational performance; competitive advantage

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Introduction

MSME is an economically productive business that operates independently, managed through persons or business entities that are no longer subsidiaries or branches of organizations that have, controlled, or emerge as part both direct and indirect from micro-enterprises, small-enterprises, medium-enterprises, or large-enterprises that are extraordinary based totally on enterprise capital or annual sales consequences. (Abidin, 2020) stated that MSMEs have a role as the foundation of the national economy of Indonesia, especially to create an expansion of job opportunities and absorption of labor, the formation of GDP, and also the provision of safety nets, especially for the people to argue in the productive economy.

Kementerian Koperasi dan UMKM Republik Indonesia noted that the quantity of MSMEs in Indonesia had expended every year, including in the city of Padang. MSMEs in the city from 2018 to 2020 experienced an increase of 1.71%, namely 98.182 units. Dinas Koperasi dan UKM Provinsi Sumatera Barat stated that the pandemic covid-19 had occurred to a decrease in MSMEs activities, but after a new normal era, MSMEs have started to rise again even though it has not been maximal.

MSMEs in the city of Padang is spread across 11-district with several types of businesses, including food, serving, retail, craft, services, etc. MSME packaged foods are one type of business that is paid more attention to by cooperatives and Padang SMEs. but (Akbar, 2021) stated that there is still an obstacle for MSMEs in their management such as the availability of raw materials, business locations, industrial machines, and their products. Furthermore, the competition that occurs between large-scale, and small industries becomes attention for small industries, which are still losing the competition in terms of the price and distribution of marketing.

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Company performance is one of the things that must be improved by MSME so that it can survive in this increasingly-intensive competition (Santi, 2018). As a result, it is vital to evaluate the performance of the business (Prima Lita & Ma, 2022). Performance can be measured through financial or nonfinancial (operational) performance (Al-Shboul et al., 2017; Siahaan & Sadalia, 2020). But this study only focused on operating performance where the operating performance is the one referring to the company's capacity to be greater efficient in producing and sending its products to clients with better first-class and decreasing the time which sooner or later leads to elevated market positions and increases the probability in promoting its merchandise to worldwide markets (Younis et al., 2016).

Supply chain management practices are one of the effective ways to enhance the company's performance (Kaur et al., 2019). Supply chain management practices may be a useful approach to inefficient integration of manufacturing suppliers and storage warehouses so that things are produced and allotted in the proper quantity of location and the suitable time and minimize the value incurred and gives service satisfaction to the final consumer (Simchi-Levi et al., 2000). (Gandhi et al., 2017; Siahaan & Sadalia, 2020) states that the higher the SCMP, so the resulting company's performance is getting higher and higher as well. However, MSME packaged foods in Padang City, it is still low in insight into their human resources, such as MSMEs that manage their businesses traditionally by buying their raw materials directly to the market.

Competitive advantage is also one of the things that can rectify the work of companies, both financial and non-financial (Gunawardana & Wedage, 2020). Accomplishing competence in that business is now not only large-scale enterprise tasks but also essential for small-scale companies consisting of MSMEs (Linda & Thabrani, 2021). The extent to which a firm may build a position that can be maintained for its competitors to have the ability to give differences is referred to as competitive advantage (Li et al., 2006). Competitive advantage in MSMEs is still in low categories. MSMEs are known for running their businesses and do not provide differences against their products so that there is no product differentiation from their rivals. In addition, the lack of product innovation in MSMEs is the absence of variations or types of products in the last two years.

Some research found that competitive advantage owned using a company has a necessary position in SCM's practice on which such statements exhibit the significance of having a competitive gain and properly SCM practices to enhance the companies' performance (Palandeng et al., 2018; Pono & Munizu, 2021). There is no in-depth research on packaged food SMEs in the city of Padang regarding SCMP and CA. From the explanation of the background above, the authors are interested in studying. Further, packaged food MSMEs' operational performance in Padang City is seen from several aspects with the title "Effect of supply chain management practices on operational performance mediated by competitive advantage of packaged food MSMEs in Padang city".

Literatur Review

Operational Performance (OP)

Financial performance and non-financial (operational) performance seem to be the two types of company performance. The authors of this study only look at OP. An organization's performance can be defined as the result. Performance is how a company can obtain its objectivess, mission, and organizational values (Gandhi et al., 2017). Furthermore, performance is a necessary indicator for enterprise

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improvement and companies that are in a position to compete will emphasize how to create extra value for buyers by creating products or services that have benefits over opponents (Eckstein et al., 2015). OP is referred to as non-financial performance due to the fact its aspects are capable to gauge performance when the availability of related facts already exists, but has not been realized financially (Siahaan & Sadalia, 2020). OP can help companies amplify the effectiveness of manufacturing things to do and create high product first-rate (Truong, 2017).

Supply Chain Management (SCM)

The supply chain is a tract that includes several entities that are directly or indirectly embroiled in meeting the customer's needs. The supply chain no longer solely consists of producers and suppliers, however also includes transport companies, factories, wholesalers, and even customers themselves. While supply chain management is how or the approach taken by a company in managing the supply chain (Chopra & Meindl, 2013). Supply chain management is essentially a bunch of actions that begin with feedstocks and end with finished products that are delivered to the final consumer. Supply chain management according to (Heizer & Render, 2015) is a management endeavor in obtaining uncooked substances into goods in technique or nearly fully goods and completed goods, then forwarding these items to customers through a distribution network.

Supply Chain Management Practices (SCMP)

The purpose of the supply chain is to drive customer satisfaction and can maximize value so that the costs incurred are effective (Qurniawati et al., 2022). Supply chain management practices are described as a string of operations performed within an organization/company to promote effective supply chain management, in which the SCMP concept is proposed as a multifaceted concept encompassing both the downstream and upstream parties of the supply chain (Li et al., 2006). SCMP is defined by (Bahar et al., 2020) as a set of techniques for controlling the drift of goods, services, and the compounding of supply, demand, and interactions to meet the requirements of clients.

Competitive Advantage (CA)

CA is described as the scope to which a business able to is interested in developing a sturdy advantage over its contenders, such as having the capacity to make a difference and it is a critical management decision (Li et al., 2006). Then in presenting this difference, the enterprise at least has unique resources and skills so that the company's performance is preferable than opponents (Vafaei et al., 2019). Furthermore, (Indrajit & Djokopranoto, 2002) argues that CA is a position of superiority that exceeds competitors in terms of customer preferences. Furthermore, he said that a company's CA is to differentiate its company from competitors and work at a low cost. Then (Potjanajaruwit, 2018) states that CA in small and medium-sized companies will be able to achieve business sustainability by formulating business strategies that pay attention to value to customers.

Hypothesis

(Murtadlo & Hanan, 2019) discovered that supply chain management has a valuable impact on the performance of SMEs by establishing good relationships with suppliers to establish long-term relationships. Furthermore, research arranged by (Al-Shboul et al., 2017) also noticed that supply chain management practices with seven indicators, namely strategic supplier partnership, customer relationship, level of information sharing, quality of information sharing, postponement, internal lean practices, and TQM has a valuable and favorable impact on organizational performance, both financial and non-financial (operational). According to the

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study, using excessive supply chain management practices would also lead to superior organizational performance. Better supply chain management may increase OP even in the SME sector (Lee, 2021).

H1: Supply chain management practices have a significant impact on the operational performance of packaged food SMEs in the city of Padang.

Thatte et al., (2013) endorse that the current opposition is shifting from competition between organizations to opposition between supply chains, so with the implementation of precise provide chain management, it is awaited to gain a CA in price/cost, quality, shipping dependability, time to market, and product innovation. Based on this research, which emphasizes three indicators, namely strategic supplier partnership, customer relationship, and information sharing, it is found that the implementation of supply chain management has a positive and significant impact on the company's CA. Furthermore, research conducted by (Wijetunge, 2017) found that powerful supply chain management practices will have a beneficial and valuable impact on CA. This implies that companies that apply supply chain management practices at a high level will gain a major CA.

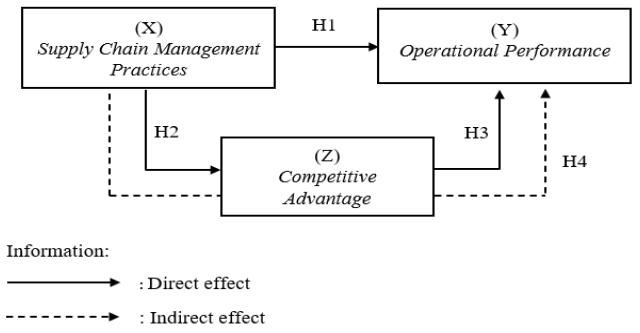
H2: Supply chain management practices have a significant impact on the CA of packaged food SMEs in Padang City.

The company's overall performance will benefit from a CA in product quality, product innovation, competitive pricing, and faster response. In order to have a CA, the company must consider these aspects and the surrounding environment. Furthermore, research conducted by (Pono & Munizu, 2021) found that the company's competitiveness which includes pricing, quality, flexibility, and speed of product delivery will gain a significant effect on the company's OP that focuses on efficiency, quality, and time.

H3: Competitive advantage has a significant impact on the operational performance of packaged food SMEs in Padang City.

The current situation is that more and more businesses or businesses including MSMEs are emerging so competition is also increasing. In this situation, the effective implementation of supply chain management can help SMEs to be flexible. Flexibility here ability that SMEs will be capable to adapt themselves in any situation and condition, which includes increasing customer fees and competing in the market which outcomes in multiplied organizational performance (Kumar et al., 2015). Furthermore, (Palandeng et al., 2018) revealed that supply chain management has a favorable and valuable influence on company performance through CA, which means that company performance is highly dependent on CA. This is because CA has a direct favorable influence on company success result recommends that if a company has a CA, its performance will improve, which may be obtained through supply chain management practices. Therefore, the company must have a competitive strategy by generating product differentiation

H4: Supply chain management practices have a significant impact on operational performance through competitive advantage in packaged food SMEs in Padang City.



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Method

This study employed causal associative research, which is particularly useful for understanding the relationship between two or more variables, which between these variables have a causal relationship (Sugiyono, 2013). The participants for this study were all owners or managers of packaged food SMEs throughout Padang. Whereas this study's sample size was decided utilizing a non-probability sampling method, namely purposive sampling. Even though stated by the quantity of good samples is five to 10 times greater than the total of indicators/question items so a sample of 185 (5x37 indicators) is obtained.

The authors use supply chain management practices (X) as an independent variable, operational performance (Y) as a dependent variable, and competitive advantage (Z) as a mediating variable in this study.

Furthermore, this study's data source is primary data. Primary data is the collection of research data acquired directly from the source by researchers (not through intermediaries) (Idiantoro & Supomo, 2014). In this research, primary data was acquired from respondents' answers to the research questionnaire. Table 1 shows the operational definitions of variables, measurement indicators, and measurement scales.

Table 1. Variable Operational Definition

Variable	Variable Definition	Indicator	Measurement Scale
Supply Chain Management Practices (X)	Supply chain management practices are a bunch of activities in a company related to goods production activities starting from suppliers to final consumers in achieving certain goals.	1. Strategic supplier partnership 2. Level of information sharing 3. Quality of information sharing 4. Customer relationship 5. Internal lean practices 6. Postponement 7. Total quality management Source: (Al-Shboul et al., 2017)	Likert
Operational Performance (Y)	Operational performance is a benchmark for companies in achieving goals that have not been realized financially.	1. Market share 2. Product launches 3. Product quality 4. Marketing effectiveness, 5. Customer satisfaction. Source: (Jamaludin, 2021; Siahaan & Sadalia, 2020)	Likert
Competitive Advantage (Z)	Competitive advantage is defined as the ability of a company to achieve a sustainable position over its competitors by making a difference.	1. Price/Cost 2. Quality 3. Delivery Dependability 4. Time to Market 5. Product Innovation Source: (Thatte et al., 2013)	Likert

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Results And Discussion

Convergent Validity Test

This convergent validity test refers to the outer loading or loading factor value as well as the Average Variance Extracted value (AVE). This convergent validity is regarded as good if the outer loading value exceeds 0.7 and the Average Variance Extracted (AVE) value exceeds 0.5 (Sugiyono, 2013). In this study, the PLS algorithm was calculated twice because there were three invalid items, namely SCMP4, SCMP12, and CA11, so it was necessary to re-estimate the structural model by deleting these items. After the three items are deleted, the outcome of the loading factor value seems to be as follows:

Table 2. Loading Factor

Variable	Item Code	Outer Loading (0,7)	Information
Supply Chain Management Practices	SCMP1	0.793	Valid
	SCMP2	0.706	Valid
	SCMP3	0.700	Valid
	SCMP5	0.792	Valid
	SCMP6	0.758	Valid
	SCMP7	0.725	Valid
	SCMP8	0.778	Valid
	SCMP9	0.768	Valid
	SCMP10	0.788	Valid
	SCMP11	0.781	Valid
	SCMP13	0.738	Valid
	SCMP14	0.719	Valid
	SCMP15	0.726	Valid
	SCMP16	0.741	Valid
	SCMP17	0.758	Valid
	SCMP18	0.712	Valid
	SCMP19	0.766	Valid
Competitive Advantage	CA1	0.736	Valid
	CA2	0.724	Valid
	CA3	0.815	Valid
	CA4	0.779	Valid
	CA5	0.716	Valid
	CA6	0.801	Valid
	CA7	0.826	Valid
	CA8	0.804	Valid
	CA9	0.744	Valid
	CA10	0.780	Valid
	CA12	0.785	Valid
	CA13	0.773	Valid
Operational Performance	OP1	0.848	Valid
	OP2	0.757	Valid
	OP3	0.792	Valid
	OP4	0.810	Valid
	OP5	0.834	Valid

Source: Processed Data (2022)

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The table above reveals the statement items that were reduced from 37 to 34. All remaining items have an outer loading value that exceeds 0.7, indicating that they satisfy one of the convergent validity conditions. Furthermore, convergent validity was tested using the AVE value, as shown in the table below.

Table 3. Average Variance Extracted (AVE)

	Average Variance Extracted (AVE)
Supply Chain Management Practices	0.563
Competitive advantage	0.600
Operational Performance	0.654

Source: Processed Data (2022)

Shown above table reveals that the AVE value in each variable is greater than 0.5, indicating that this study met both of the convergent validity conditions. As a result, it is possible to conclude that this study achieved high convergent validity.

Discriminant Validity Test

The AVE's square root or Fornell-Larcker Criterion and cross-loading are utilized in the discriminant validity test. Each variable's square root of the AVE must be a stronger affiliation than the affiliation with other variables. Discriminant validity will also be achieved if the cross-loading value > 0.7 and other provisions, namely the cross-loading indicator value for the variable itself must be greater than for other variables (Ghozali & Latan, 2015). The table that follows depicts the Fornell-Larcker Criterion value:

Table 4. Fornell-Larcker Criterion

	Competitive advantage	Operational Performance	Supply chain management practices
Competitive advantage	0.774		
Operational Performance	0.629	0.809	
Supply Chain Management Practices	0.663	0.638	0.751

Source: Processed Data (2022)

Shown above table reveals that the Fornell-Larcker Criterion in the correlation between variables is wider than the affiliation between variables with other variables, indicating that one discriminant validity condition has been met. The cross-loading in this study is also depicted in the table below:

Table 5. Cross Loading

	Competitive advantage	Operational Performance	Supply Chain Management Practices
CA1	0.736	0.565	0.625
CA10	0.780	0.668	0.679
CA12	0.785	0.649	0.681
CA13	0.773	0.664	0.695
CA2	0.724	0.545	0.615
CA3	0.815	0.735	0.745
CA4	0.779	0.660	0.697
CA5	0.716	0.636	0.647
CA6	0.801	0.714	0.738
CA7	0.826	0.722	0.721

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CA8	0.804	0.738	0.725
CA9	0.744	0.637	0.652
OP1	0.667	0.848	0.687
OP2	0.700	0.757	0.695
OP3	0.706	0.792	0.690
OP4	0.665	0.810	0.696
OP5	0.724	0.834	0.682
SCMP1	0.724	0.713	0.793
SCMP10	0.665	0.634	0.788
SCMP11	0.739	0.699	0.781
SCMP13	0.659	0.616	0.738
SCMP14	0.667	0.633	0.719
SCMP15	0.638	0.574	0.726
SCMP16	0.739	0.732	0.741
SCMP17	0.642	0.656	0.758
SCMP18	0.653	0.633	0.712
SCMP19	0.698	0.632	0.766
SCMP2	0.597	0.576	0.706
SCMP3	0.601	0.622	0.700
SCMP5	0.661	0.617	0.792
SCMP6	0.621	0.603	0.758
SCMP7	0.569	0.565	0.725
SCMP8	0.683	0.685	0.778
SCMP9	0.709	0.663	0.768

Source: Processed Data (2022)

The cross-loading value of each item in this research is depicted in the table above. The cross-loading value of the relationship between statement items is wider than 0.7. It is thus recognized that the cross-loading value in the connection between items and the item itself is bigger than the cross-loading value in the connection between items and other items. As a result, it is possible to conclude that discriminant validity was achieved in this study.

Reliability Test

Cronbach's alpha and composite reliability are two main components of the PLS reliability test. A rule of thumb alpha values and composite reliability of 0.7 and 0.6 are still acceptable (Hair et al., 2010). The two values are shown in the table next:

Table 6. Cronbach's Alpha and Composite Reliability

	Cronbach's Alpha	Composite Reliability
Supply Chain Management Practices	0.951	0.956
Competitive advantage	0.939	0.947
Operational Performance	0.867	0.904

Source: Processed Data (2022)

Based on data processing results, Cronbach's Alpha and Composite Reliability of each study variable surpassed 0.7. All variables in this study were declared reliable following the previously mentioned provisions.

Inner Model

R Square

Table 7 illustrates the outcomes of estimating R Square on the dependent variable.

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Table 7. R Square

	R Square	Adjusted R Square
Competitive advantage	0.786	0.785
Operational Performance	0.776	0.774

Source: Processed Data (2022)

As per the table above, the CA variable has an R Square value of 0.786. According to these findings, variable supply chain management practices contributed 78.6% to the CA variable. While the value of R Square on the OP variable is 0.776. These outcomes indicate that the variable supply chain management practices and CA have contributed 77.6% to the OP variable.

Hypothesis Testing

The bootstrapping calculation, as illustrated in the table, offers hypothesis testing.

Table 8. Hypothesis Testing

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values	Information
SCMP -> OP	0.439	0.436	0.082	5.339	0.000	Positive and Significant
SCMP -> CA	0.887	0.887	0.017	51.445	0.000	Positive and Significant
CA -> OP	0.468	0.472	0.081	5.728	0.000	Positive and Significant
SCMP -> CA -> OP	0.415	0.418	0.072	5.728	0.000	Positive and Significant

Source: Processed Data (2022)

Supply Chain Management Practices Have a Significant Impact on The Operational Performance of Packaged Food SMEs in Padang City

Table 9 presents the findings of an investigation of supply chain management practices that have a valuable effect on OP, with the t statistic value of 5.339 exceeding the t table value of 1.96. Furthermore, the original sample value of 0.439 suggests a favorable relationship. As a result, the first hypothesis is accepted: SCMP have a significant and positive effect on OP.

According to this study's findings, superior supply management practices will also boost the OP of packaged food SMEs in Padang City. (Gandhi et al., 2017) noted that SCM has a necessary role to support companies in preserving the highest quality performance. As an outcome, the parties in the supply chain are encouraged to look up to the quality of their resources to maximize MSMEs' performance and maintain their competitiveness.

This finding is reinforced by research conducted (Siahaan & Sadalia, 2020) showing a significant and positive influence of supply chain management on company performance, both financial performance and OP. Research conducted by (Al-Shboul et al., 2017) also found a positive influence of seven SCM variables, namely SCMP, namely strategic supplier partnerships, customer relationships, level of information sharing, quality of information

sharing, postponement, internal lean practices, and TQM on the company's overall performance.

Supply Chain Management Practices Have a Significant Impact on The Competitive Advantage of Packaged Food SMEs in Padang City

Table 9 summarizes the outcomes of the investigation of SCMP that make a valuable influence on OP, with the t statistic value of 51.445 exceeding the t table value of 1.96. Furthermore, the original sample value of 0.887 suggests a positive relationship. As a result, the second hypothesis is accepted: SCMP have a significant and positive effect on CA.

As a result of the findings of this study, packaged food SMEs in Padang City will obtain a CA by implementing superior supply management. As (Al-Shboul et al., 2017) states that a firm must repeatedly embrace SCM to cut costs, boost efficiency and quality, and generate higher organizational competitiveness.

This study's findings are backed up by (Quynh & Huy, 2018) research, which discovered that SCMP have a significant and favorable effect on CA in small and medium-sized businesses companies. Where the investigation states that customer relations, information sharing, and the quality of information sharing have a great influence on the CA possessed by a company. (Linda & Thabrani, 2021) also discovered that SCMP have a direct and significant clout on SMEs' CA.

Competitive Advantage Has a Significant Impact on The Operational Performance of Packaged Food SMEs in Padang City

The findings of the CA analysis have a valuable impact on OP, as shown in Table 9, where the t-statistic value of 5.728 is wider than t - table of 1.96. Furthermore, the original sample value of 0.468 suggests a positive relationship. As a result, the third hypothesis is accepted: CA has a significant and positive effect on OP.

This study shows that a good CA for packaged food SMEs in Padang City will also have a good influence on their OP. CA solely aims not only to win the competition that occurs in the market but also to achieve the desired company goals, namely company performance. Therefore, in creating a CA, one can pay attention to price/cost, quality, delivery dependability, time to market, and product innovation

The results of this study are supported by using research carried out by (Santi, 2018) which found that the CA possessed by MSMEs in Yogyakarta has a significant and positive clout on the performance of MSMEs, both financial and non-financial. This research is also reinforced by (Quynh & Huy, 2018) who found that CA has a strong clout on the company's overall performance.

Supply Chain Management Practices Have a Significant Impact on Operational Performance Through Competitive Advantage in Packaged Food SMEs in Padang City

SCMP have a valuable influence on OP through CA. This is supported by the results of testing the t statistic value of 5.728 > t table of 1.96 which means that the measurement is significant. Thus, the fourth hypothesis is accepted because the indirect effect model of SCMP on OP is considerable through CA.

The direct effect of SCMP on OP has an original sample value of 0.439 and indirectly also has an original sample value of 0.415. Then the total amount of influence is 0.854. This illustrates how CA may enhance the influence of SCMP on OP, along with a not fully positive mediation effect.

According to the preceding, MSMEs' SCMP are likely to have a major influence on their operational success performance, but the

impact will be bigger if accompanied/followed by the indirect effect of CA. This is because it will make a better impact on improving the OP of the MSMEs concerned, so it can be inferred that CA mediation plays a crucial role in the way of supply chain management practices on OP.

Considering the conclusions of this study, MSMEs must develop strategic supplier partnerships and be ready to divulge information with partners to acquire a CA, increase the extent of information quality, also as improve relations with all partners in the supply chain. By increasing their CA, they're going to be proof to obtain great performance (Quynh & Huy, 2018).

This finding was previously also found by (Palandeng et al., 2018) who stated that CA features a role in increasing the effect of supply chain management on company performance. In achieving a CA, the company first emphasizes the SCMP it employs, and after a CA has indeed been developed, it provides excellent performance (Quynh & Huy, 2018).

Conclusions

Conclusions are frequently drawn based on the preceding section's analysis and discussion; (1) SCMP have such a major and beneficial direct influence on the OP of packaged food SMEs in Padang. This implies that strong SCMP for MSMEs will boost their OP; (2) SCMP have a major and beneficial direct influence on the CA of packaged food SMEs in Padang. This implies that strong SCMP for MSMEs will boost their CA.; (3) CA has a major and beneficial direct influence on the OP of packaged food SMEs in Padang. This implies that strong SCMP for MSMEs will boost their OP; (4) SCMP have such a major and beneficial direct influence on the OP through CA in packaged food SMEs in Padang. This implies that strong SCMP for MSMEs will boost their OP. This clearly shows that while proper supply chain management methods will boost OP, they will be considerably more effective when paired with SMEs' CA.

This research is expected to be input for business managers so that their businesses can improve things related to their production activities to how to compete. Furthermore, related government agencies can provide financial or non-financial assistance so that MSMEs can continue to run better.

By the results of the preceding study, the researchers provide several inputs for MSMEs including; (1) Competition which is currently shifting from between companies to between supply chains, again, MSMEs should be able to improve SCM practices, especially in strategic supplier partnerships and information sharing by improving mutually beneficial relationships along the supply chain and improving internal lean practices to reduce activities during production that do not have value for their products; (2) packaged food SMEs in Padang City generally sell a lot of similar products, so it is recommended for MSMEs to be able to provide innovation either by developing or creating more diverse products of higher quality; and (3) still low OP in "introducing new products at the right time" so it is recommended that MSMEs pay more attention to current market conditions so that new products made can be right on the targets to be achieved.

This research is only limited to packaged food SMEs in Padang City, therefore the authors suggest that further research expands the object to SMEs in the city of Padang. Furthermore, it is also possible to add other indicators to further strengthen similar research.

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