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ENTREPRENEURIAL ORIENTATION ON MARKETING PERFORMANCE: THE MEDIATING EFFECT OF COMPETITIVE ADVANTAGE

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Abstract

The purpose of this study was to determine the effect of competitive advantage as a mediator on the relationship between entrepreneurial orientation and marketing performance in culinary MSMEs in Kerinci Regency, Indonesia. This study uses structural equation modeling (SEM) to test the development of hypotheses. The sample consisted of 135 respondents using the purposive sampling method. The results of the analysis showed that



entrepreneurial orientation did not have a significant effect on marketing performance. Likewise, the results of the analysis of entrepreneurial orientation did not have a significant effect on competitive advantage. However, the results of the study showed that competitive advantage could not mediate the relationship between entrepreneurial orientation and marketing performance.

Keywords: Entrepreneurial orientation, Competitive advantage, Marketing performance, Indonesia

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have a very important role in the economy, especially in developing countries like Indonesia. MSMEs become a back economy with contributions significant to the gross Domestic Product (GDP), create fieldwork, and absorb the majority of power Work nationally. In addition, MSMEs play a role in the equalization economy by reaching rural and regional areas isolated, so that help reduce the gap economy between cities and villages. MSMEs also become a means of empowering society, encouraging an independent economy, as well as eradicating poverty through the creation of business opportunities new.

In Kerinci Regency, the culinary MSME sector is one of mover main wheel economies. With riches nature and culture, culinary UMKM in the area utilizes ingredients local like cinnamon, and Kerinci coffee, and results agriculture other For create product distinctive value sell high. Culinary traditional Kerinci does not only become a Power pull for travelers but also strengthens the identity culture public local. In addition, culinary UMKM in Kerinci plays an role important in open field Work for resident locals, especially for women and groups prone to others. With potential tourism that continues growing in the area, This is a culinary UMKM opportunity big For grow more rapidly If supported by access to adequate capital, training, and marketing.

From secondary data obtained, in 2022 it happened to increase the amount of business culinary by 22.22% compared to in 2021, where 2021 number of business culinary as many as 119 culinary increase to 153 culinary in 2022. However, in 2023 there will be a decline of -13.33 %, whereas in 2023 the number of culinary 135 culinary decrease as big as 18 culinary from year. To reveal the phenomenon related to marketing performance in culinary UMKM business actors, an initial survey was conducted on 30 respondents with a low category. Marketing performance is defined as the ability of an organization to utilize these intangible resources to create shared value with customers through relationships and interactions (Vargo & Lusch, 2004).

One of the factors that affect marketing performance is competitive advantage. Competitive advantage is a concept that refers to a company's ability to excel and maintain its dominant position in the market compared to its competitors. Competitive advantage can be achieved through effective strategies in analyzing the industry and competitors, and through creating and maintaining superior performance (Porter, 1990).

Several previous studies have found empirical results stating that competitive advantage has a significant effect on marketing performance ((Muis et al., 2024; Oktaviah & Sari, 2024; Pradja et al., 2024; Suharti et al., 2024). The study stated that competitive advantage has a significant effect on marketing performance, the higher the competitive advantage of an MSME product, the higher the marketing performance.

On the one hand, one of the things that influence competitive advantage is the entrepreneurial orientation (Tirtayasa, 2022; Zarkasi et al., 2023; Firman & Ayu Nianty, 2024; Pradja et al., 2024). This study produced findings stating that entrepreneurial orientation has a significant effect on competitive advantage. By implementing the right entrepreneurial orientation, companies can create added value for customers and maintain their competitive advantage in the market.

LITERATURE REVIEW

Entrepreneurial Orientation and Marketing Performance

Entrepreneurial orientation has a significant effect on marketing performance, this shows that a strong entrepreneurial orientation tends to achieve better marketing performance results. Several previous studies have stated that entrepreneurial orientation has a significant effect (Rupianti et al., 2022; Karnowati et al., 2023; Hendri et al., 2024; Hidayat et al., 2024). Based on the explanation above, the first hypothesis in this study can be stated as follows:

H1: Entrepreneurial orientation has a significant effect on marketing performance.

Entrepreneurial Orientation and Competitive Advantage

Entrepreneurial orientation has a significant effect on competitive advantage, this means that the higher the entrepreneurial orientation of a company, the greater the possibility of the company to achieve competitive advantage in the market. Overall, entrepreneurial orientation encourages companies to continue to innovate, adapt, and take the initiative in facing market challenges, thereby strengthening their competitive advantage. Several previous studies have stated that entrepreneurial orientation has a significant effect on competitive advantage (Tirtayasa, 2022; Zarkasi et al., 2023; Firman & Ayu Nianty, 2024;

Pradja et al., 2024). Based on the explanation above, the second hypothesis in this study can be stated as follows:

H2: Entrepreneurial orientation has a significant influence on competitive advantage.

Competitive Advantage and Marketing Performance

Competitive advantage has a significant effect on marketing performance. MSMEs that successfully create competitive advantage can increase customer satisfaction and strengthen relationships with them. This has a positive impact on overall marketing performance, allowing MSMEs to maintain or even increase their market share. Several previous studies have stated that competitive advantage has a significant effect on marketing performance (Dharta et al., 2024; Muis et al., 2024; Oktaviah & Sari, 2024; Suharti et al., 2024). Based on the explanation above, the third hypothesis in this study can be stated as follows:

H3: Competitive advantage has a significant effect on marketing performance.

Competitive Advantage as Mediator

Competitive advantage mediates the relationship between entrepreneurial orientation and marketing performance, this means that competitive advantage obtained through absorptive ability and networking ability can strengthen the influence of entrepreneurial orientation on marketing performance, making companies more adaptive and innovative in facing market dynamics. Several previous studies have stated that competitive advantage mediates the relationship between entrepreneurial orientation and marketing performance (Rupianti et al., 2022; Tirtayasa, 2022; Rahmayuni et al., 2024; Setyawati et al., 2024). Based on the explanation above, the fourth hypothesis in this study can be stated as follows:

H4: Competitive advantage mediates the relationship between entrepreneurial orientation and marketing performance.

RESEARCH METHODOLOGY

Population in this descriptive study is all over culinary UMKM owners in Kerinci Regency, Jambi Province. Withdrawal technique the sample uses census. According to Sugiyono, 2013 census is a technique for data collection where the population is investigated without taking the sample. In research, the technique used is "sample saturated approach" because the over-member population becomes the subject study. A previously validated scale is used to measure all variables to obtain a valid and reliable variable size. All items were measured on a Likert-5 scale ranging from strongly disagree (1) to (5) strongly agree. In terms

of hypothetical testing, this study uses SEM-PLS, which previous researchers support (Adeza et al., 2024).

RESULTS AND DISCUSSION

The results of the study began by presenting respondent profiles, which can be seen in the following table:

Table 1 Profile of Participating Respondents

Demographics	Category	Number (Person)	Percentage (%)
Gender	Male	81	55.9
	Female	64	44.1
Age	17-27 years old	20	13.8
	28-38 years old	35	24.1
	39-49 years old	35	24.1
	50-60 years old	30	20.7
	More than 60 years old	25	17.2
Formal Education	Junior High School	26	17.9
	Senior High School	8	5.5
	Diploma	21	14.5
	Undergraduate	59	40.7
	Master	31	21.4
Position in MSME	Owner	90	62.1
	Manager	37	25.5
	Owner and Manager	18	12.4
Types of Culinary	Dodol Potato	56	38.6
	Fried Corn	14	9.7
	Fried Tojin Peanuts	6	4.1
	Roasted Peanuts	25	17.2
	Purple Sweet Potato Stick	4	2.8
	Spicy Taro Chips	15	10.3
	Salted Taro Chips	25	17.2
Experience	<2 Years	12	8.3
	2-4 Years	45	31.0
	4.1-6 Years	7	4.8
	>6 Years	81	55.9
Position of MSMEs	West Warm Water District	22	15.2
	District Stem Merangin	16	11.0
	Kerman Hill District	10	6.9
	Kerinci Lake District	4	2.8
	District The Devil	48	33.1
	West Kayu Aro District	6	4.1
	Aro Wood	1	0.7
	District Mountain Seven	38	26.2
	District Mount Kerinci	22	15.2

Measurement Model Assessment

Measurement Model Assessment (MMA) helps determine the relationship between statement items and constructs/variables with convergent validity (Hair et al., 2014).

Table 2 The Results of Convergent Validity on Marketing Performance

Statements	Outer Loadings	Cronbach's Alpha	Composite Reliability	AVE
Growth increases every month	0.796	0.778	0.857	0.600
Profits increase every month	0.761			
Extensive marketing network	0.850			
Product opportunities are getting better	0.841			

The table above shows 4 valid statements about marketing performance because it is greater than 0.70. The analysis results found Cronbach's alpha 0.778 or greater than 0.70, composite reliability 0.857 or greater than 0.70, and average extracted variance (AVE) 0.600 or greater than 0.50, so the results of this analysis meet the requirements.

Table 3 The Results of Convergent Validity on Competitive Advantage

Statements	Outer Loading	Cronbach's Alpha	Composite Reliability	AVE
Working together with suppliers of raw materials makes culinary SMEs superior in terms of costs	0.752	0.848	0.878	0.547
Using marketing methods such as social media saves on promotional costs, making my business superior in terms of costs.	0.726			
Offering affordable prices on the products, makes my culinary UMKM business superior to competitors.	0.752			
I use social media like <i>Instagram</i> , <i>Facebook</i> , <i>Twitter</i> , <i>website</i> , and others as means to promote products.	0.764			
I registered a business I am on service <i>food delivery</i> as an additional means of sales and to increase income.	0.733			
I design my business premises to be unique and as comfortable as possible to attract customers.	0.707			

The table above shows that 6 statement items are declared valid because they have a sizeable outer loading of 0.70. Furthermore, Cronbach's alpha is 0.848 or greater than 0.70, composite reliability is 0.878 or greater than 0.70, and average extracted variance (AVE) is 0.547 or greater than 0.50 so the analysis results meet the applicable regulations.

Table 4 The Results of Convergent Validity on Entrepreneurial orientation

Statements	Outer Loading	Cronbach's Alpha	Composite Reliability	AVE
Quickly respond to strategy changes made by competitors	0.753			
Proactive to create change	0.777			
Flexible in negotiating with customers	0.742			
Dare to enter new markets	0.755	0.894	0.915	0.573
Dare to change again	0.782			
Don't give up and dare to look for opportunities	0.781			
Have a long-term orientation	0.757			
Dare to make decisions based on experience	0.753			

The table above shows that 2 statement items are invalid because they have a small outer loading of 0.70. The analysis's results found Cronbach's alpha 0.969 or greater than 0.70, composite reliability 0.970 or greater than 0.70, and average extracted variance (AVE) 0.596 or greater than 0.50, so the results of this analysis met the requirements.

R square

R square (R^2) measures how much an endogenous variable is affected by another variable (exogenous). The results of the R square analysis can be seen as follows:

Table 5 The Results of the R square.

	R Square	R Square Adjusted
competitive advantage	0.243	0.238
Marketing Performance	0.402	0.394

Based on the table above, the R square value for the competitive advantage variable is 0.243, which means that the influence of entrepreneurial orientation is 24.3%. Next, the R square value for the performance variable marketing is 0.402, which can be interpreted to mean that the influence of entrepreneurial orientation and excellence competition on performance marketing is 40.2%.

Structural Assessment Model

Structural model assessment (SMA) is used to understand the influence of one or several variables on other variables. The results of the structural model assessment (SMA) with the bootstrapping method are as follows:

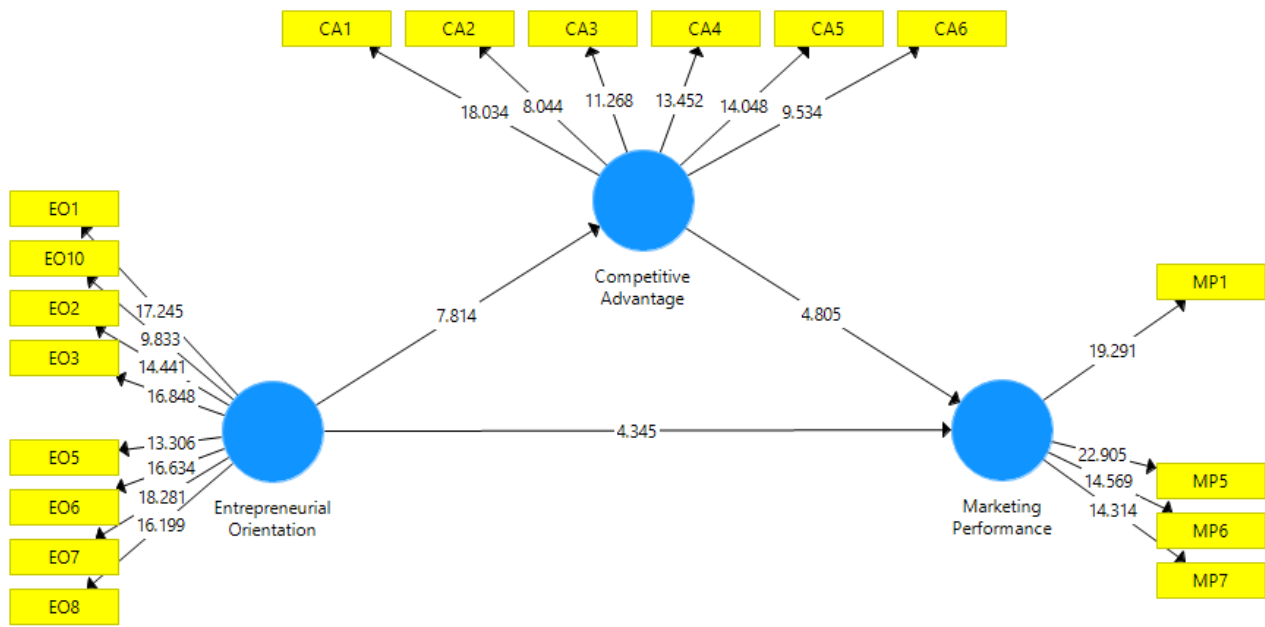


Figure 1 Structural Model Testing

Table 6 The Results of Direct Relationship

	Original Sample	T Statistics	P Values	Decisions
Entrepreneurial orientation -> Marketing Performance	0.362	4.345	0.000	H ₁ accepted
Entrepreneurial orientation -> competitive advantage	0.493	7,814	0.000	H ₂ accepted
competitive advantage -> Marketing Performance	0.372	4.805	0.000	H ₃ accepted

Table 6 explains the effect of entrepreneurial orientation on performance marketing has an original sample value of 0.362, T-statistics 4.345 (higher than 1.96), and P-value 0.000 (lower than 0.05), so it can be concluded that entrepreneurial orientation significantly affects performance marketing. Thus, hypothesis 1 (H₁) is accepted. Entrepreneurial orientation's influence is significant to performance marketing because its characteristics include innovation, proactivity, and courage to take risks, which allows the company For more adaptive to market changes and needs Consumers. Research shows that entrepreneurial orientation increases the ability company to catch opportunity new, manage risks, as well as strengthen superiority over competition, which ultimately impacts positive performance marketing.

The effect of entrepreneurial orientation on competitive advantage has an original sample value of 0.493, T-statistics 7,814 (higher than 1.96), and a P value of 0.000 (lower than 0.05), so it can be interpreted that entrepreneurial orientation has a significant effect on competitive advantage. Thus, hypothesis 2 (H₂) is accepted. Entrepreneurial orientation's

influence is significant to superiority compete Because covers elements important like innovation, proactivity, and decision making possible risks company create mark unique in the market. Innovation pushes the development of products or services new that differentiate businesses from competitors, while proactivity helps the company respond to market changes and the needs of consumers quickly.

The effect of competitive advantage on performance marketing has an original sample value of 0.372, T statistics of 4.805 (higher than 1.96), and a P-value of 0.000 (lower than 0.05). This result can be interpreted as the advantage competing has significant affecting performance marketing. Thus, hypothesis 3 (H₃) is accepted. Superiority competition allows company To come on stage more superior compared to its competitors, both through quality products, competitive prices, or innovation service. This creates a mark that adds the hard one imitated by competitors, which increases Power pull customers and loyalty customers.

Table 7 The Results of the Mediating Effect

	Original Sample	T Statistics	P Values	Decisions
Entrepreneurial Orientation -> Competitive Advantage -> Marketing Performance	0.184	2,948	0.003	H ₄ accepted

The effect of excellence competition as a mediation between orientations entrepreneurship and performance marketing has an original sample value of 0.184, T-statistics 2.984 (higher than 1.96), and P-value 0.003 (lower than 0.05), so it can be concluded that excellence compete did mediate the relationship between entrepreneurial orientation and performance marketing. Therefore, the hypothesis 6 (H₆) is accepted. The advantages of competition play a role in mediating the connection between entrepreneurial orientation and performance Marketing, Entrepreneurial orientation, which includes innovation, proactivity, and courage to take risks, directly increases the ability of a business To create superiority and compete through differentiation product or efficiency operational. This competitive advantage, in turn, strengthens marketing performance by increasing the product's appeal in the market and expanding market share.

CONCLUSION

Some conclusions were obtained and summarized: 1) Entrepreneurial orientation has a significant effect on performance marketing. 2) Entrepreneurial orientation has a significant effect on excellence competition. 3) Excellence competing has a significant effect on

performance marketing. 4) Competitive advantage mediated the relationship between entrepreneurial orientation and performance marketing.

The results of this study provide practical recommendations to SMEs' actors. In order to improve the marketing performance of SMEs in the future, it is recommended that SMEs' actors improve competitive advantage. This is because the results of this study have empirically proven that competitive advantage is an important variable that can affect the marketing performance of SMEs. Efforts that can be made to increase competitive advantage include collaborating with raw material suppliers so that they can increase cost advantages. In addition, it is recommended to use marketing methods such as social media so that they can save on promotion costs. Another effort that can be made in order to increase competitive advantage is to pay attention to entrepreneurial orientation because this variable has been shown to have a positive influence on competitive advantage. Efforts that can be made are to increase the dimensions of entrepreneurial orientation, namely proactive, risk-taking, competitive and aggressive.

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