

The Effect of Entrepreneurship Orientation on Competitive Advantage through Learning Orientation of SMEs

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Abstract:

Background: This study aims to analyze the role of learning orientation in mediating entrepreneurship orientation to increase the competitive advantage of SMEs. Many studies have found that SME entrepreneurship can increase competitive advantage. Does this effect also apply if the relationship between these two variables is mediated by learning activities?

Materials and Methods: This research was conducted in Malang Raya, East Java, Indonesia on SMEs who are followers of the Facebook account: Aneka Usaha and Bisnis Malang Raya (AUBMR) until January 2022, as many as 39,816 followers, with a sample of 100 SMEs. Research analysis using Partial Least Squares (PLS) method.

Results: The results of the study are: entrepreneurship orientation directly affects competitive advantage and learning orientation. And learning orientation has a significant positive effect on competitive advantage. Indirectly, entrepreneurship orientation has a significant positive effect on competitive advantage through learning orientation. These results indicate that the role of the learning orientation variable is important in increasing the influence of entrepreneurship on competitive advantage as a mediating variable.

Conclusion: The influence of the entrepreneurship orientation variable in increasing competitive advantage can be done either directly or through learning orientation.

Key Word: Entrepreneurship Orientation, Learning Orientation, Competitive Advantage, SMEs, Malang Raya.

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I. Introduction

Small and medium-sized enterprises (SMEs) are assets that strengthen the regional economy's pillars while also serving as a medium for regional advancement. Today, SMEs are not only pillars, but also a necessity for people in need of work [13]. Small and medium-sized enterprises (SMEs) are the foundation of hope for creating jobs, maintaining and even increasing economic growth, and serving as a source of foreign exchange through export activities. SMEs actively save the economy by absorbing labor, production sources, and sources of income. The presence of SMEs in a region encourages an increase in local products, which in turn encourages an increase in national products. An SME can survive in the long run if it can compete for consumers' attention.

To be successful, SME entrepreneurs must be creative and innovative [28]. Through innovative approaches to risk management, resource effectiveness, and value development, SME entrepreneurs must be able to proactively identify ways to reach and retain profitable customers [16]. They must be able to cultivate an entrepreneurial spirit, which includes developing new visions [30], exploring opportunities and taking risks [17], innovating, and creating organizations [9]. U Companies that can expand their entrepreneurial activities will gain a competitive advantage, according to Usvita (2015) and [29], who claim that entrepreneurial orientation has a significant effect on competitive advantage. The greater the entrepreneur's entrepreneurial orientation, the greater the likelihood of achieving a competitive advantage.

Entrepreneurs' ability to serve customers can increase their competitive advantage based on product quality, competitive pricing, and product uniqueness [10]. Companies can gain a competitive advantage by making the product or service's value and benefits outweigh the costs. Consumers typically purchase based on the value or benefits of the product or service itself. As a result, if consumers receive more value or benefits than competitors, the company has an immediate competitive advantage.

Malang Raya is a district in East Java, Indonesia, comprising Malang City, Batu City, and Malang Regency. A large number of SMEs active in various business communities can be found in the region. One of them is SMEs who follow the Facebook account of Aneka Usaha dan Bisnis Malang Raya (AUBMR), which is

then used as the subject of this research. These SMEs require assistance in overcoming obstacles, realizing their potential, and increasing their competitiveness in order to grow into a stabilizing force for the regional economy.

II. Material And Methods

Population and Sample

This study's population consists of all entrepreneurs or owners of Small and Medium Enterprises (SMEs) who are followers of the Aneka Usaha and Bisnis Malang Raya (AUBMR) Facebook account, which has 39,816 followers as of January 2022. In this study, the sample size was calculated using the Slovin formula [22], as follows:

$$n = \frac{N}{1 + Nd^2}$$

Note :

n = minimum sample size

N = population size

d = error tolerance (sampling error)

Thus, if the error tolerance = 10%, the number of samples = 99,74947 people rounded up = 100 people

Data analysis

The data analysis method used in this study is Partial Least Squares (PLS). Partial Least Squares is a predictive technique that can handle many independent variables, even if they are multicollinear [19]. In PLS, the path analysis model is made up of three sets of relationships: (1) the inner model, (2) the outer model, and (3) the weight relation.

Research Concept Framework

The conceptual framework of the research begins with the assumption that entrepreneurship abilities can increase competitive advantage and remain influential indirectly through learning activities

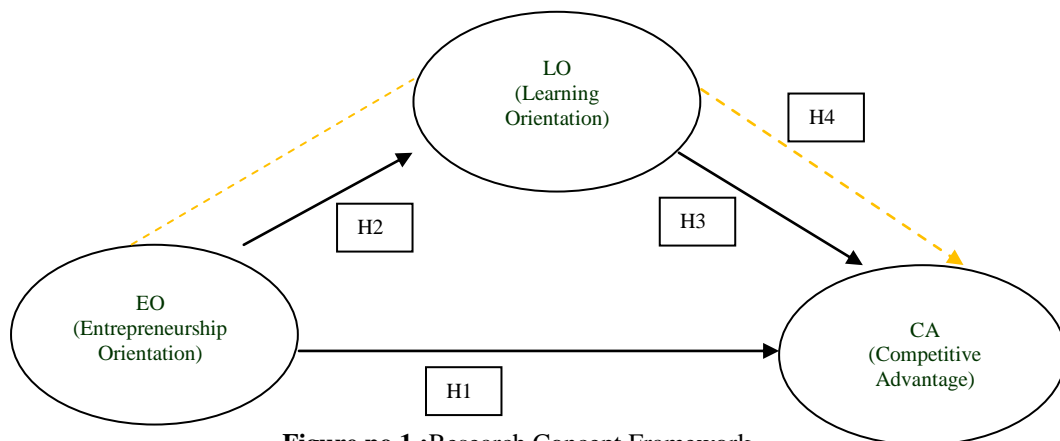


Figure no 1 :Research Concept Framework

Validity and Reliability Test

An indicator is declared valid if the convergent validity has a minimum loading value of 0.7. [24]. In this study, PLS was used to analyze three variables and nine indicators. The results include all indicators that have been declared valid based on this parameter because their loading factor value is greater than 0.7. (Figure no 2).

III. Result

This study was conducted by sharing Google Forms questionnaires to followers of Facebook account of Aneka Usaha and Bisnis Malang Raya (AUBMR). The results is 168 people filled out and returned the questionnaire during the collection period. To avoid questionnaires with incomplete answers, the accepted Google forms were checked one by one, and 156 copies with complete questionnaires were obtained. Only 100 respondents were chosen for this study based on the needs of the sample. The following are the findings of the study:

Direct and Indirect Effect

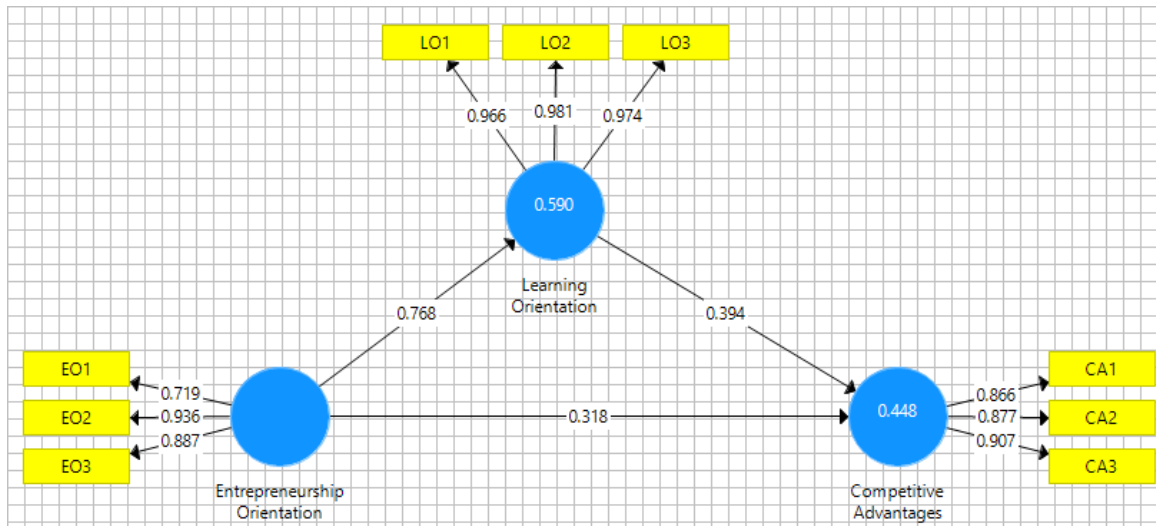


Figure no 2 : Research Result Framework

Table 1 shows the values in the path coefficient, t-statistics and P-value columns for testing the direct effect hypothesis between variables. The results show that all of correlations are significant and the hypothesis are accepted, namely hypothesis 1 (H1), hypothesis 2 (H2) and hypothesis 3 (H3).

TABLE I: Testing Result of Direct Effect

Hypo.	Corr.	Path Coeff.	t – Stat.	P- Value	Rem.	
H1	EO → CA	0,318	2,618	0.009	Sig	Acc
H2	EO → LO	0.768	16,129	0.000	Sig	Acc
H3	LO → CA	0,394	3,288	0.001	Sig	Acc

Source: Primary data processed 2022

Table 2 shows the path coefficient values, t-statistics and P-values for testing the hypothesis of the indirect effect between entrepreneurship orientation variables and on competitive advantage through learning orientation. The results show this correlation is a significant.

TABLE II : Testing Result of Indirect Effect

Hypothesis	Variable			Path Coeff.	t – Stat.	P- Value	Remark	Character.
	Exogen	Mediator	Endogen.					
H4	EO	LO	CA	0,302	3,324	0.001	Sig	Mediation

Source: Primary data processed 2022

IV. Discussion

Research Hypothesis Testing

Hypothesis testing 1: The effect of entrepreneurship orientation on competitive advantage

The results of testing hypothesis 1 (H1) show that entrepreneurship orientation has a significant positive effect on competitive advantage. The coefficient value of 0,318 and the t-stat value of 2,618, both of which are greater than the t-table value of 1.66088 with a p-value of 0.009, indicate this result. According to the findings of this study, SME entrepreneurs in Malang Raya can increase their competitive advantage by increasing: learning commitment, open-mindedness, and having a shared company vision.

The findings of this study contradict those of [5], who found that entrepreneurship orientation has no significant effect on competitive advantage. The findings of this study, however, are consistent with the findings

of [15],[18], [14], [4],[32], and [20], who discovered that entrepreneurship orientation has a significant effect on competitive advantage. Entrepreneurs with entrepreneurship skills can manage resources creatively and innovatively to create opportunities for success [27]. Entrepreneurs with entrepreneurship skills can create unique products of high quality at competitive prices, giving them a competitive advantage. The findings of this study back up [6], belief that people with an entrepreneurship spirit can manage their businesses professionally. Furthermore, this finding is consistent with [33], who believe that entrepreneurs who are creative and innovative in problem solving can find opportunities for success in their business.

Hypothesis testing 2: The Effect of Entrepreneurship Orientation on Learning Orientation

The results of testing hypothesis 2 (H2) show that entrepreneurship orientation has a significant positive effect on learning orientation. This is indicated by the coefficient value of 0.768 and the t-stat value of 16,129, which are both greater than the t-table value of 1.66088 with a p-value of 0.000. According to this findings, SME entrepreneurs in Malang Raya can improve their entrepreneurial abilities by increasing: learning commitment, open-mindedness, and having a shared vision of the company.

The findings of this study are consistent with the findings of [7],[15], [21], who discovered that entrepreneurship orientation has an effect on learning orientation. The results of this study indicate that people who have an entrepreneurial spirit will always think and act creatively and proactively, so they are willing to open their minds to change for the better by carrying out learning activities. [25], state that learning orientation is a concept that values knowledge, is open-minded, and has a shared vision. With a learning culture that is inherent in a person, he is always oriented to the future. As stated by [12], that learning orientation is a culture that is agreed upon by all members of the organization/company related to the basic value of the importance of learning. By learning will motivate a person's mindset to develop their competence [1].

Hypothesis testing 3: The effect of learning orientation on competitive advantage

The findings of hypothesis 3 (H3) testing show that learning orientation has a significant influence on the competitive advantage of SMEs in Malang Raya. The coefficient value of 0.394 and the t-stat value of 3,288, both of which are greater than the t-table value of 1.66088 with a p-value of 0.001, indicate this result. The findings of this study on SMEs in the Malang Raya area indicate that learning activities, such as learning commitment, open-mindedness, and having a shared company vision, can provide a competitive advantage. With this learning culture SME entrepreneurs in Malang Raya are willing to create products that are distinct from others, with consistently high quality, and at reasonable prices.

This finding supports the opinion of [11], which suggests that learning orientation is part of an organization-wide activity in organization development that creates and uses knowledge as a supporting tool in gaining competitive advantage. Learning orientation provides permanent changes in individual knowledge as a result of the many experiences and exercises carried out. Organizations that apply learning orientation for all employees have a chance of success compared to organizations that do not implement it. Developing learning skills within the organization is one of the organization's efforts to balance the changes that occur in its environment. Farrell (2000) states that organizational learning is considered the key to the success of the organization in the future

The findings of this study are consistent with those of [2], who discovered that learning orientation has effect to competitive advantage, but not consistent with those of [21], who discovered that learning orientation has no effect to competitive advantage

Hypothesis testing 4: The effect of entrepreneurship orientation on competitive advantage through learning orientation

The findings of testing hypothesis 4 (H4) show that the variable of entrepreneurship orientation has a significant effect on competitive advantage through learning orientation. This is demonstrated by a coefficient value of 0.302, a t-statistic value of 3,324, which is less than the t-table value of 1.66088, and a p-value of 0.001. These findings show that entrepreneurial orientation, as measured by indicators such as autonomy, proactiveness, and risk-taking courage, can significantly influence competitive advantage.

Malang Raya SME's determination to benefit from making their own decisions, being proactive, and daring to take business risks can increase effectively competitive advantage. Through the mediation of learning orientation variables with the activities such as learning commitment, open-mindedness, and having a shared vision of the company can influence their competitive advantage that demonstrated by: product uniqueness, product quality, and competitive prices.

The findings of this study are consistent with the idea of [3], which states that an organization will have a sustainable competitive advantage if it has the resources or expertise that can give superior value to customers. Superior resources can only be gained by continuing updating knowledge and skills through the learning process. This finding is slightly different from that evidenced by [26], which showed that the orientation of learning has positive significant effect on competitive advantage only if it through innovation. However, it

should be noted that learning activities can foster motivation to develop and increase skills. According to [23], if the organization encourages its members to learn, then each member can continuously improve their ability to create the results they really want, where new and expansive thinking patterns are grown, shared aspirations are allowed to be free, so that they can obtain competitive advantage.

V. Conclusion

This study proves that the role of entrepreneurship orientation variables in increasing competitive advantage can be done directly and indirectly through learning orientation variable. Directly, entrepreneurship orientation has effect on competitive advantage and on learning orientation. Also, learning orientation has a significant positive effect on competitive advantage. The role of learning orientation in this study is to increase the influence of entrepreneurship orientation on competitive advantages as a mediator

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