

The Influence of Entrepreneurial Orientation, Market Orientation, and Business Network on Competitive Advantage in Msmes in Rengel Tuban

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Article Info	ABSTRACT
Keywords: entrepreneurial orientation, market orientation, business network, competitive advantage, MSMEs	This study aims to analyze the influence of entrepreneurial orientation, market orientation, and business network on competitive advantage in micro, small, and medium enterprises (MSMEs) in Rengel District, Tuban Regency. The research uses a quantitative approach with a survey method. The research population is 1,427 MSME actors in Rengel District, while the sample was determined using the Slovin formula so that 93 respondents were obtained. Primary data was collected through a Likert scale questionnaire and analyzed using IBM SPSS 25. Data analysis techniques include validity test, reliability test, classical assumption test, multiple linear regression, t test, F test, and determination coefficient. The results showed that entrepreneurial orientation did not have a significant effect on competitive advantage ($t = 0.931$; $\text{sig.} = 0.355$). Market orientation has a positive and significant effect on competitive advantage ($t = 6.128$; $\text{sig.} = 0.000$), while business network also has a positive and significant effect on competitive advantage ($t = 4.910$; $\text{sig.} = 0.000$). Simultaneously, entrepreneurial orientation, market orientation, and business network had a significant effect on competitive advantage ($F = 28,496$; $\text{sig.} = 0.000$). The Adjusted R Square value of 0.473 indicates that the three independent variables are able to explain 47.3% of the variation in competitive advantage. This finding confirms that market orientation and business network are important factors in increasing the competitiveness of MSMEs in Rengel Tuban.
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INTRODUCTION

Micro, small, and medium enterprises (MSMEs) have a strategic role in the Indonesian economy because they are able to absorb labor, open market opportunities, and support regional economic growth. The rapid development of MSMEs also creates tighter competition. This condition requires business actors to not only survive, but also to be able to build a competitive advantage through business strategies that are relevant to market dynamics.

According to Rochman Arif, entrepreneurial orientation is the ability of business actors to create innovations, dare to take risks, and be proactive in taking advantage of existing business opportunities. MSMEs that have a high entrepreneurial orientation tend to be more able to adapt to changes in the business environment so that they can create a sustainable competitive advantage.

Rengel District, Tuban Regency, has a large number of MSME actors. Based on the data used in the research, there are 1,427 MSME actors in the region. However, MSME actors still face various challenges, especially the limited quality of human resources, the lack of optimal business planning, and the lack of awareness in expanding the business reach. This condition can hinder the ability of MSMEs to create a competitive advantage.

Competitive advantage is the ability of a business to produce better value than competitors. For MSMEs, competitive advantage can be realized through unique products, competitive prices, consistent quality, and the ability to understand market needs. Without competitive advantage, MSME actors will find it more difficult to retain consumers and face changes in the business environment.

Entrepreneurial orientation is one of the factors that is often associated with business competitiveness. This orientation includes the ability to innovate, the courage to take risks, and a proactive attitude in managing business opportunities. Theoretically, the higher the entrepreneurial orientation, the greater the opportunity for business actors to find new ways of creating value. However, in the practice of MSMEs in the regions, the influence of entrepreneurial orientation can differ depending on the ability of business actors to implement innovative ideas consistently.

In addition to entrepreneurial orientation, market orientation is an important factor because it relates to the ability of business actors to understand customers, competitors, and market information. Market-oriented MSME players will be better able to adjust products, prices, services, and marketing strategies according to consumer needs. Market orientation allows MSMEs to respond to changes in demand and create more relevant value for consumers.

Business networks are also an important aspect in building competitive advantage. Business networks can help MSMEs obtain market information, access to suppliers, cooperation opportunities, additional social capital, and expand product distribution. Strong relationships with business partners, suppliers, customers, and the business community can strengthen the position of MSMEs in the face of competition.

Based on this phenomenon, this study analyzes the influence of entrepreneurial orientation, market orientation, and business network on the competitive advantage of MSMEs in Rengel Tuban. This research is important to provide input for MSME actors regarding strategies that need to be prioritized in increasing business competitiveness.

Literature Review

Entrepreneurial Orientation

Entrepreneurial orientation is the ability and tendency of business actors to develop innovation, take risks, and act proactively in facing business opportunities and challenges. According to Nizam et al. (2020), entrepreneurial orientation is related to the ability to

innovate, take risks, and be proactive. In the context of MSMEs, entrepreneurship orientation can help business actors create product updates, marketing methods, and business processes.

Indicators of entrepreneurial orientation in this study include innovation, courage to take risks, and a proactive attitude. Innovation is concerned with the ability to update a product or way of working. Courage to take risks indicates the readiness of business actors to face the uncertainty of business decisions, while proactive shows the ability to respond to change before competitors do.

Market Orientation

Market orientation is a business strategy that places customers, competitors, and market information as the basis for business decision-making. Market orientation helps businesses understand consumer needs, monitor competitors' strategies, and use market information to create relevant products or services. Handayani and Wati (2020) explained that market orientation can be measured through customer orientation, competitor orientation, and market information.

MSMEs that have a good market orientation tend to be more sensitive to changing consumer needs. Business actors can adjust products, improve service quality, and develop marketing strategies that are in accordance with market conditions. Thus, market orientation has the potential to strengthen competitive advantage.

Business Network

A business network is a relationship built by business actors with other parties to support business activities. This network can include suppliers, consumers, other business actors, financial institutions, the business community, and those who support the distribution and marketing of products. Kotler and Armstrong explained that business networks can involve other business units in production and marketing activities.

In this study, business networks are measured through marketing networks, production or operations networks, and financial or financing networks. A wide network can help MSMEs gain access to information, raw materials, new markets, and cooperation opportunities. This can increase the ability of MSMEs to compete.

Competitive Advantage

Competitive advantage is the ability of a company or business actor to create better value than competitors. These advantages can arise through product differentiation, competitive prices, product quality, good service, and business uniqueness. In the context of MSMEs, competitive advantage is important because it helps businesses survive in a competitive market.

Hidayati et al. (2022) explained that competitive advantage can be measured through product differentiation, competitive prices, goods that are not easy to find, and goods that are difficult to imitate. Meanwhile, Nizam et al. (2020) emphasized product uniqueness, product quality, and competitive price as indicators of competitive advantage.

Framework of Thought and Hypothesis

Based on a theoretical study, this study positions entrepreneurial orientation, market orientation, and business network as independent variables that affect competitive

advantage. Entrepreneurial orientation is assumed to encourage innovation and business courage; market orientation is assumed to improve the ability to understand customers and competitors; Meanwhile, business networks are assumed to strengthen access to resources and markets.

The hypotheses of this study are: H1, entrepreneurial orientation affects competitive advantage; H2, market orientation affects competitive advantage; H3, business networks affect competitive advantage; and H4, entrepreneurial orientation, market orientation, and business network simultaneously affect competitive advantage.

METHOD

This study uses a quantitative approach with a survey method. The quantitative approach was chosen because the research aims to test the influence between variables through numerical data and statistical analysis. The independent variables in this study were entrepreneurial orientation (X1), market orientation (X2), and business network (X3), while the dependent variable was competitive advantage (Y).

The research population is all MSME actors in Rengel District, Tuban Regency, as many as 1,427 business actors. The sample was determined using the Slovin formula so that 93 respondents were obtained. Data collection was carried out through questionnaires to MSME actors in Rengel Tuban.

The data used consists of primary data and secondary data. Primary data was obtained from questionnaires filled out by respondents, while secondary data was obtained from supporting documents, literature, and data on MSMEs. The measurement scale uses the Likert scale to measure the level of approval of respondents to each statement.

Data analysis techniques include validity test, reliability test, classical assumption test, multiple linear regression analysis, t test, F test, and determination coefficient. Data processing is carried out with the help of IBM SPSS 25 software. The regression equation used is $Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$.

RESULTS AND DISCUSSION

Respondent Characteristics

The respondents to the study were 93 MSME actors in Rengel District, Tuban. The characteristics of the respondents were analyzed based on gender, age range, education, length of business establishment, and business profit. This characteristic analysis is used to provide an overview of the profiles of MSME actors who are research respondents.

Partial Test Results

The t-test is used to determine the influence of each independent variable on the variable of competitive advantage. The results of the partial test are presented in Table 1.

Table 1. Partial Test Results (t-test)

Variable	B	Std. Error	Beta	t	Sig.	Remarks
Constant	2,084	1,252	-	1,664	0,100	-
Entrepreneurship Orientation	0,069	0,074	0,075	0,931	0,355	Insignificant

Variable	B	Std. Error	Beta	t	Sig.	Remarks
(X1)						
Market Orientation (X2)	0,415	0,068	0,494	6,128	0,000	Significant
Business Network (X3)	0,370	0,075	0,380	4,910	0,000	Significant

Based on Table 1, the entrepreneurial orientation has a significance value of 0.355 greater than 0.05 and a calculated t value of 0.931 is smaller than the t of table 1.986. Thus, entrepreneurial orientation does not have a significant effect on competitive advantage. These results show that the innovation, courage to take risks, and the proactive attitude of MSME actors in Rengel are not strong enough to explain the partial increase in competitive advantage.

The market orientation has a significance value of 0.000 smaller than 0.05 and a calculated t-value of 6.128 is greater than the table t of 1.986. This means that market orientation has a positive and significant effect on competitive advantage. The better the ability of MSME actors to understand customers, monitor competitors, and use market information, the higher the competitive advantage that can be built.

The business network has a significance value of 0.000 smaller than 0.05 and a calculated t value of 4.910 is greater than the t table of 1.986. This means that business networks have a positive and significant effect on competitive advantage. A good business network can expand market access, strengthen relationships with suppliers, and help MSMEs obtain useful business information.

Simultaneous Test Results and Determination Coefficients

Table 2. Simultaneous Test Results and Coefficient of Determination

Testing	Value	Interpretation
R	0,700	The relationship between models and competitive advantage is in the strong category
R Square	0,490	Model explains 49.0% variation of competitive advantage
Adjusted R Square	0,473	The model explains the 47.3% variation of competitive advantage after adjustment
F count	28,496	Greater than F table 2.47
Sig. F	0,000	Less than 0.05; Significant models

The results of the F test showed an F value of 28.496 with a significance of 0.000. Because the significance value is smaller than 0.05 and F is calculated to be greater than F in table 2.47, entrepreneurial orientation, market orientation, and business network simultaneously have a significant effect on competitive advantage. These results show that the three variables together have a role in explaining the competitiveness of MSMEs in Rengel District.

An Adjusted R Square value of 0.473 indicates that entrepreneurial orientation, market orientation, and business network are able to explain 47.3% of the variation in competitive advantage. The remaining 52.7% is influenced by other variables outside the research model, such as product innovation, production cost efficiency, marketing effectiveness, quality of human resources, business location, and pricing strategy.

Multiple Linear Regression Analysis

Based on the regression results, the regression equation that can be used is $Y = 2.084 + 0.069X_1 + 0.415X_2 + 0.370X_3$. The regression coefficient of all variables has a positive value, so that any increase in entrepreneurial orientation, market orientation, and business network tends to be followed by an increase in competitive advantage. However, the influence of entrepreneurial orientation is not statistically significant.

The highest standardized beta value was found in the market orientation variable of 0.494, followed by business networks of 0.380, and entrepreneurial orientation of 0.075. Thus, market orientation is the variable with the most dominant relative influence on the competitive advantage of MSMEs in Rengel Tuban.

Discussion

The finding that entrepreneurial orientation does not have a significant effect on competitive advantage shows that the innovative attitude, risk-taking courage, and proactive attitude of MSME actors have not been fully implemented into strategies that generate competitive value. This condition can occur because some MSME actors are still running their businesses regularly, have not conducted many product experiments, and have not dared to take risky strategic decisions. Therefore, entrepreneurial orientation needs to be strengthened through innovation training, risk management, and business planning.

Market orientation has a positive and significant effect on competitive advantage. These results show that the ability to understand customers and competitors is an important factor for MSMEs. Business actors who are able to read consumer needs, monitor market changes, and adjust products will find it easier to create advantages over competitors. Market orientation also helps MSMEs produce relevant products, maintain customer satisfaction, and maintain market loyalty.

Business networks have a positive and significant effect on competitive advantage. These results confirm that MSMEs cannot develop separately from their business environment. Networking with suppliers, customers, fellow business actors, communities, and supporting institutions can help MSMEs obtain information, raw materials, markets, and cooperation opportunities. The wider and more qualified the business network, the greater the ability of MSMEs to strengthen their competitive position.

Simultaneously, entrepreneurial orientation, market orientation, and business network have a significant effect on competitive advantage. This means that the competitive advantage of MSMEs is built through a combination of internal and external capabilities. Entrepreneurial orientation acts as an encouragement to develop a business, market orientation acts as a basis for adjustment to consumer needs, and business networks act as a source of support in expanding business access.

CONCLUSION

Entrepreneurial orientation does not have a significant effect on the competitive advantage of MSMEs in Rengel District, Tuban. This shows that innovation, courage to take risks, and a proactive attitude have not been the main factors that directly increase the competitive advantage of MSME actors in this study.

Market orientation has a positive and significant effect on competitive advantage. MSME actors who are able to understand customer needs, monitor competitors, and utilize market information have a greater chance of building a competitive advantage.

Business networks have a positive and significant effect on competitive advantage. Broad and strong business relationships can help MSME actors obtain information, market access, supplier support, and cooperation opportunities that strengthen competitiveness.

Simultaneously, entrepreneurial orientation, market orientation, and business network have a significant effect on competitive advantage. The research model was able to explain 47.3% of the variation in competitive advantage, while the rest was influenced by other factors outside the study.

The implication of this research is that MSME actors in Rengel Tuban need to prioritize strengthening market orientation and business networks, while still improving entrepreneurial orientation through innovation training, business planning, and risk management. The next research is suggested to add other variables such as product innovation, cost efficiency, digital marketing, quality of human resources, and pricing strategies so that the research model becomes more comprehensive.

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