COMPETITIVE ADVANTAGE AS A MEDIATING VARIABLE IN THE RELATIONSHIP BETWEEN ENTREPRENEURIAL COMPETENCE, ENTREPRENEURIAL COMMITMENT AND BUSINESS SUCCESS

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Abstract

This research is motivated by the importance of increasing business success in craft MSMEs in Bogor City amidst increasingly fierce business competition. In such conditions, entrepreneurial competence and commitment are important factors that need to be optimized, especially in creating competitive advantage as added value for the business. This study aims to analyze the influence of entrepreneurial competence and entrepreneurial commitment on business success through competitive advantage as an intervening variable in craft MSMEs in Bogor City. The research method used is a quantitative approach with data collection techniques through a questionnaire using a Likert scale. The population in this study were craft MSMEs in Bogor City with a purposive sampling technique of 142 respondents. Data analysis was conducted using the path analysis method. The results of the study indicate that entrepreneurial competence and entrepreneurial commitment have a positive and significant effect on competitive advantage. In addition, entrepreneurial competence and entrepreneurial commitment also have a positive and significant effect on business success. Competitive advantage is proven to have a positive and significant effect on business success and is able to significantly mediate the influence of entrepreneurial competence and entrepreneurial commitment on business success.

Keywords: Entrepreneurial Competence, Entrepreneurial Commitment, Competitive Advantage, Business Success

INTRODUCTION

MSMEs play a crucial role in the Indonesian economy. According to the Indonesian Chamber of Commerce and Industry (Kadin Indonesia, 2024), MSMEs comprise approximately 99% of business units in Indonesia, with a total of 66 million entrepreneurs by 2023. Furthermore, MSMEs contribute 61% to Indonesia's GDP, or approximately IDR 9,580 trillion, and employ 97% of the national workforce.

Table 1.
Data on the Development of MSMEs in Indonesia 2018-2023

Description	Years						Average
	2018	2019	2020	2021	2022	2023	
Number of MSMEs (Million)	64.19	65.47	64	65.46	65	66	**65.02**
Growth (%)		1.98	(2.24)	2.28	(0.7)	1.52	**0.57**

Source: Kadin, 2024

Based on Table 1, the development of MSMEs in Indonesia between 2018 and 2023 shows variation in both number and growth rate. In 2020, the number of MSMEs decreased to 64 million units, but then increased again to 66 million units in 2023, with an average of 65.02 million units over the past six years. In terms of growth, there is visible dynamics, with the highest peak in 2021 at 2.28% and an average growth rate of 0.57%.

In line with MSME development, the tourism sector is one of the economic drivers directly linked to MSME activity. Tourism activities drive demand for various local products. The increase in tourist numbers directly opens up broader market opportunities for MSMEs and requires businesses to improve product quality and competitiveness.

Table 2.
Data on Indonesian Tourist Visits 2021-2025

Description	Years					Average
	2021	2022	2023	2024	2025	
International Tourist Arrivals (Million)	4.05	5.47	11.68	13.90	15.38	**10.09**
Domestic Tourist Trips (Million)	613	734	839	1.021	1.200	**881.4**

Source: Ministry of Tourism of the Republic of Indonesia, 2026

The data in Table 2 shows that the number of international and domestic tourists in Indonesia has increased significantly post-pandemic, with an average of 10.09 million international tourist visits and 881.4 million domestic tourist visits between 2021 and 2025. This increase in tourism activity not only drives growth in the service sector but also increases demand for local products produced by MSMEs as part of the tourism value chain.

Bogor City is not only known as the center of government and urbanization in West Java, but also as a city with high tourism and historical appeal. Its diverse tourism potential, ranging from natural attractions, history, culture, to modern attractions, attracts tourists every year. According to data from the Bogor City Tourism and Culture Office, the number of tourist visits continues to increase, positively impacting regional economic growth, particularly through the role of local MSMEs as part of the tourism value chain. This

indicates that the tourism sector in Bogor City is experiencing a positive and sustainable growth trend. The data is presented in the following table:

Table 3.
Tourist Visit Data for Bogor City 2021-2025

Description	Years					Average
	2021	2022	2023	2024	2025	
International Tourist Arrivals (People)	42.968	48.922	57.703	84.350	91.432	65.075
Domestic Tourist Trips (People)	3.691.372	5.125.405	5.592.934	8.008.853	9.012.539	6.286.220
Total Tourist Visits (People)	**3.734.340**	**5.174.327**	**5.650.637**	**8.093.203**	**9.103.971**	**6.351.295**

Source: Bogor City Tourism and Culture Office, 2026.

Based on Table 3, the number of tourist visits to Bogor City continues to increase, with an average of 6,351,295 visitors between 2021 and 2025. This high number of tourist visits creates significant market opportunities for MSMEs, providing products with cultural and economic value as part of the region's tourism appeal.

Based on data from the Bogor City Cooperatives and MSMEs Office in 2025, the type of creative economy SME in Bogor City in 2025 was the craft sector, with the highest number of MSMEs, representing 218 units, or 21.3%. Performing arts businesses came in second, accounting for 192 units or 18.8%, followed by photography, at 172 units or 16.8%. The animation sector also showed significant growth, growing at 13.9%, or 142 units. Meanwhile, the fine arts sector accounted for 10.5%, and architecture for 10%. The design sector, meanwhile, accounted for 7.6%. Meanwhile, the publishing sector remains relatively low, at 1.2%, or 12 units. The significant potential of the crafts subsector is also supported by its contribution to the national economy. The Indonesian Ministry of Industry stated that by 2024, the export value of the crafts industry will reach USD 679 million.

Despite its significant potential, craft entrepreneurs in Bogor City still face various obstacles in managing and developing their businesses. Kuncoro (2006:34), states that MSMEs in Indonesia generally struggle to grow due to low human resource quality, weak management and technology skills, and a lack of entrepreneurial orientation. Human resource quality is closely related to entrepreneurial competence, as limited knowledge, skills, and managerial abilities can hinder entrepreneurs from achieving business success. Data from the Ministry of Cooperatives and Small and Medium Enterprises (2019) shows that Indonesian MSMEs still face various obstacles, including limited capital (40.48%), difficulty obtaining raw materials (23.75%), limited marketing (16.96%), competition from similar businesses (15.74%), and technical production constraints (3.07%). These conditions require craft entrepreneurs to have a competitive advantage through product quality, unique designs, competitive pricing, and services that differentiate their businesses from competitors. The stronger a business's competitive advantage, the greater its success.

Previous research indicates a research gap regarding the influence of entrepreneurial competence, entrepreneurial commitment, and competitive advantage on business success. Several studies have shown inconsistent results. Dewi, S. M., & Anisah (2024) found that entrepreneurial competence had no significant effect on competitive advantage, while

Jauharoh et al., (2023) found a significant effect. Furthermore, Syurwana et al., (2022) revealed the role of competitive advantage as a mediating variable. These discrepancies in findings indicate the need for further research to clarify the relationships between these variables.

Based on empirical conditions, field phenomena, and inconsistencies in previous research results, this study is necessary to determine the relationships between the variables studied.

REVIEW OF LITERATURE

Entrepreneurship, Business Success, and Competitive Advantage

According to Rachmawati (2020:3), entrepreneurship is understood as the ability to create something new through creative thinking and innovative actions in responding to life's challenges. According to Suryana., & Bayu (2021:233), business success is the main benchmark in entrepreneurship that shows the achievement of business goals through effective resource management so that the business is able to survive, grow, and generate sustainable profits. Indicators of business success include business growth, business profits, business continuity, customer satisfaction and the welfare of business actors. According to Mardatillah (2021:32), competitive advantage arises from the unique capabilities of an organization, including local wisdom, human capital, and knowledge so that these resources are valuable, rare, difficult to imitate, and support a long-term competitive position. Indicators of competitive advantage include value, scarcity, difficulty to imitate, irreplaceability and resource utilization.

Entrepreneurial Competence and Entrepreneurial Commitment

According to Ardhariksa et al., (2021:16), entrepreneurial competencies include managerial, conceptual, social, decision-making, and time management skills. Indicators of entrepreneurial competency include managerial, conceptual, social, decision-making, and time management skills. According to Citra & Fadhilah (2024:7), entrepreneurial commitment reflects the consistency of an individual's attitudes, beliefs, and behaviors in running and maintaining a business to achieve predetermined goals. Indicators of entrepreneurial commitment include achievement motivation, responsibility, personal orientation, education and experience, and social environment.

RESEARCH METHOD

This study employed a quantitative approach, collecting data through questionnaires to test the formulated hypotheses Sugiyono (2020:145). The analytical method employed was descriptive verification using a survey technique. The study population was craft MSMEs in Bogor City, with nonprobability sampling through purposive sampling, which determines the sample based on specific criteria in accordance with the research objectives. The sample size (n) was determined using the Yamane (1967) formula in Sugiyono (2020:43). The sample size was adjusted to the error tolerance established by the researcher (Sugiyono, 2020:49). Therefore, the sample size was calculated using the following formula:

$$n=\frac{N}{1+N(e)^2}$$

Description:
n: Number of samples required
N: Population size
e: Tolerable margin of error of 5%

From the formula, the calculation can be seen as follows:

$$n = \frac{218}{1+218(0.05)^2} = \frac{218}{1.545} = 141{,}09 \approx 142$$

Based on these calculations, the number of samples (respondents) taken in this study was 141.09 for the purpose of research results, the sample was rounded to 142 people. The sampling criteria in this study include: 1) MSMEs that are actively operating; 2) MSMEs have been running a business for at least one year; 3) MSMEs are willing to provide research information by filling out a questionnaire; 4) MSMEs are located in the Bogor City area; 5) Respondents are business owners and managers.

Validity and Reliability Test Results

Based on the validity test results, all instrument items in this study were declared valid because the calculated r value for each item was greater than 0.361. Therefore, the instruments for the variables of entrepreneurial competence, entrepreneurial commitment, competitive advantage, and business success were suitable for use in this study.

Based on the reliability test results, each variable demonstrated a Cronbach's alpha value greater than or equal to 0.7. This indicates that all instruments for each variable in this study were deemed reliable. This means that all statements submitted can be used in this study.

Classical Assumption Test Results

The results of the normality test for the first and second equations indicate that the data are normally distributed, with an Asymp Sig (2-tailed) value of 0.200 > 0.05. Furthermore, the histogram forms a bell curve, and the normal probability plot shows the data spread along the diagonal line, thus meeting the assumption of normality.

The results of the first and second multicollinearity tests indicate that the VIF value is <5 and the tolerance value is >0.05, thus concluding that the regression model does not experience multicollinearity.

The scatterplot results for the endogenous variables of competitive advantage and business success show that the points are randomly distributed below, to the right, and to the left of the number 0 without forming any particular pattern. Therefore, it can be concluded that the regression model does not experience heteroscedasticity and is suitable for use.

Research Hypothesis

Entrepreneurial competency plays a strategic role in determining the ability of MSMEs to maintain business continuity and improve their competitive position in the market. Entrepreneurs with strong competencies tend to be better able to manage their businesses, identify market opportunities, and create strategies that support their competitiveness. Previous research has shown that entrepreneurial competency has a positive impact on a company's ability to achieve competitive advantage (Jauharoh et al., 2023). Furthermore, entrepreneurial competency plays a crucial role in supporting business success, as the skills

possessed by entrepreneurs can help make business management more effective and focused (Amelia et al., 2025). Beyond its direct impact, entrepreneurial competency can also enhance business success by creating competitive advantage as a mediating factor (Destany et al., 2022).

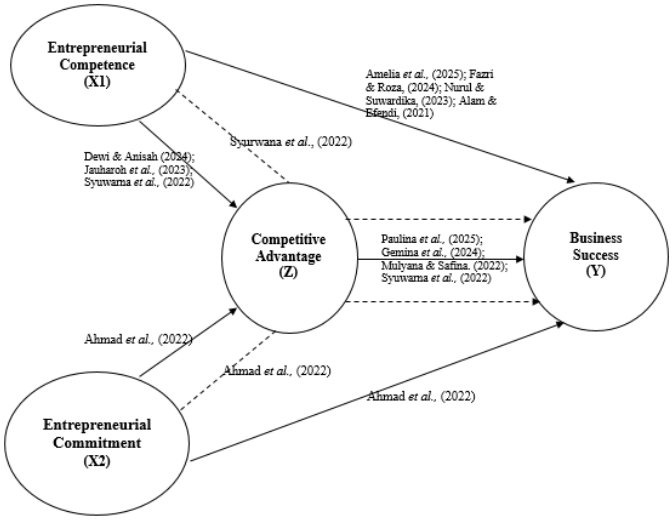
Entrepreneurial commitment plays a crucial role in building competitive advantage through consistency, steadfastness of purpose, and the courage to face business risks. Previous research has shown that entrepreneurial commitment significantly strengthens the competitive position of MSMEs and increases business success (Sudarijati et al., 2025). Entrepreneurial commitment also encourages business actors to maintain operational consistency and focus on long-term goals. Research by Citra & Fadhilah (2024:37) shows that entrepreneurial commitment significantly increases business success. Furthermore, research by Ahmad et al., (2022) states that entrepreneurial commitment has an indirect influence on business success through competitive advantage.

Competitive advantage is a strategic factor in determining business success. Companies that are able to differentiate their products or services will more easily attract and retain customers, thereby increasing profitability, supporting business growth, and strengthening their position in market competition. Previous research also shows that competitive advantage influences business success (Paulina et al., 2025).

- H1: There is a direct and positive effect of entrepreneurial competence on competitive advantage.
- H2: There is a direct and positive effect of entrepreneurial commitment on competitive advantage.
- H3: There is a direct and positive effect of entrepreneurial competence on business success.
- H4: There is a direct and positive influence of entrepreneurial commitment on business success.
- H5: There is a direct and positive influence of competitive advantage on business success.
- H6: There is an indirect and positive influence of entrepreneurial competence on business success through competitive advantage.
- H7: There is an indirect and positive influence of entrepreneurial commitment on business success through competitive advantage.

Research Model

The research framework is presented in the following figure:



RESULTS AND DISCUSSION

Characteristics and Responses of Business Actors

Based on the questionnaire results, 51% of craft entrepreneurs in Bogor City are dominated by men, indicating that craft businesses still operate largely in the technical skills-based production sector. The majority of entrepreneurs (61%) are in the productive age group of 36–50 years and are married (93%), thus having economic responsibilities that support business sustainability. The education level is predominantly high school (SMA) or equivalent (47%), indicating that business management is largely supported by practical experience and informal skills. Furthermore, the majority of businesses (44%) have been operating for 2–5 years, with a dominant income of Rp1,000,000–Rp3,000,000 (26%), thus the majority of businesses are still household-based. This is further reinforced by the fact that 80% employ fewer than four people, indicating that craft MSMEs in Bogor City are still dominated by micro-enterprises.

The responses of entrepreneurs to all indicators are outlined below:

Table 4.
Summary of Business Actors' Responses

No	Variable	Score	Assessment Criteria	Interpretation
1	Business Success	75%	Good	Craft business actors in Bogor City generally show a good level of business success, as seen from their ability to maintain business growth and sustainability, obtain relatively stable profits, and create consumer satisfaction through product quality and uniqueness, thus having an impact on increasing the welfare of business actors.
2	Competitive	78%	High	Craft entrepreneurs in Bogor City are

No	Variable	Score	Assessment Criteria	Interpretation
	Advantage			generally able to create added value through unique, relatively rare, and difficult-to-copy products. These products are also durable, supported by optimal utilization of unique resources, skills, and experience to maintain sustainability and competitive advantage.
3	Entrepreneurial Competence	78%	High	Craft entrepreneurs in Bogor City generally possess strong entrepreneurial competencies, demonstrated by their managerial, conceptual, social, decision-making, and effective time management skills. These competencies support smooth business operations, the ability to respond to market changes, and build productive business relationships.
4	Entrepreneurial Commitment	75%	High	Craft entrepreneurs in Bogor City generally demonstrate a strong entrepreneurial commitment, demonstrated by their motivation to achieve, sense of responsibility, personal orientation, education and experience, and supportive social environment. This demonstrates their commitment to maintaining their businesses, improving product quality, and adapting to market changes.

Source: Processed data, 2026

Path Analysis

Path analysis is used to explain the relationships between variables and measure direct and indirect influences within a research model. According to Setyaningsih (2020:45), path analysis explains causal relationships directly (X→Y) and indirectly (X→Z→Y). The following summarizes the results of path analysis:

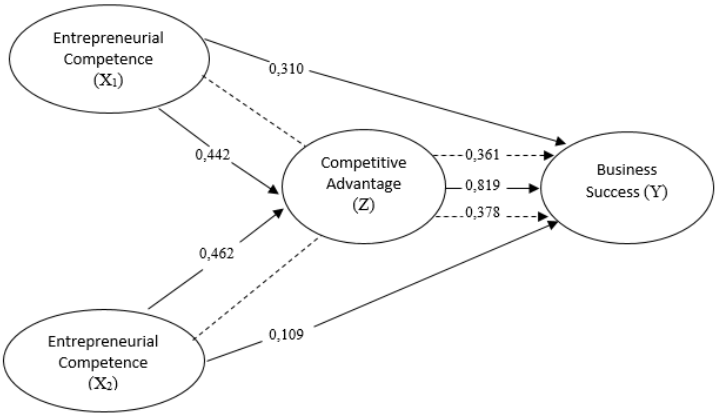
Table 5.
Summary of Path Analysis Test Results

Variable		Path Coefficient		
Exogenous	**Endogenous**	**Direct**	**Indirect**	**Total**
Entrepreneurial Competence (X_1)	Competitive Advantage (Z)	0,442		
Entrepreneurial Commitment (X_2)	Competitive Advantage (Z)	0,462		
Entrepreneurial Competence (X_1)	Business Success (Y)	0,310	0,361	0,671

Variable		Path Coefficient		
Exogenous	**Endogenous**	**Direct**	**Indirect**	**Total**
Entrepreneurial Commitment (X_2)	Business Success (Y)	0,109	0,378	0,487
Competitive Advantage (Z)	Business Success (Y)	0,819		

Source: Processed data, 2026

Based on the recapitulation of the path coefficient results, entrepreneurial commitment has the largest direct influence on competitive advantage at 0.462, followed by entrepreneurial competence at 0.442. The direct influence of entrepreneurial competence on business success is 0.310 and entrepreneurial commitment at 0.109. However, through competitive advantage, the influence of both increases, with the indirect influence of entrepreneurial competence at 0.361 and entrepreneurial commitment at 0.378, bringing the total influence to 0.671 and 0.487, respectively. In addition, competitive advantage has a direct influence of 0.819 on business success. This indicates that competitive advantage acts as an intervening variable that strengthens the influence of entrepreneurial competence and commitment on business success. The equation model is depicted in the path diagram model as follows:



This research model has test feasibility because the simultaneous hypothesis testing achieved more than 50% accuracy (Ghozali, 2021). The total effect of this study is greater than the direct effect of the two variables: entrepreneurial competence (X1) and entrepreneurial commitment (X2).

Partial Hypothesis Test Results (t-Test)

The t-test is used to examine the partial effect of exogenous variables on endogenous variables by examining their significance and regression coefficients. Decisions are made by comparing the calculated and table values at a significance level of $\alpha = 0.05$.

Table 6.
Partial Hypothesis Testing (t-Test)

Hypothesis	Path Coefficient	t_{hitung}	t_{tabel}	Sig	Decision	Conclusion
$pzx_1 > 0$	0,442	7,287	1,655	0,001	H_{a1} accepted	Positive and Significant
$pzx_2 > 0$	0,462	7,617	1,655	0,000	H_{a2} accepted	Positive and Significant
$pyx_1 > 0$	0,310	4,432	1,656	0,002	H_{a3} accepted	Positive and Significant

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Hypothesis	Path Coefficient	t_{hitung}	t_{tabel}	Sig	Decision	Conclusion
$pyx_2 > 0$	0,109	2,096	1,656	0,038	H_{a4} accepted	Positive and Significant
$pyz > 0$	0,819	13,357	1,656	0,000	H_{a5} accepted	Positive and Significant

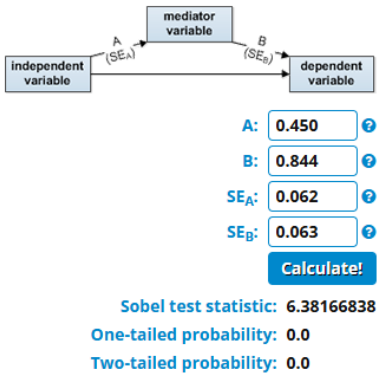
Source: Processed data, 2026

Based on Table 6, it can be concluded that all hypotheses are accepted. This is evident from the calculated t value being greater than the t table value, with a significance level below 0.05, indicating a positive and significant influence of exogenous variables on endogenous variables. Therefore, it can be stated that business success is determined by competitive advantage, which in turn is influenced by entrepreneurial competence and entrepreneurial commitment.

Sobel Test Results

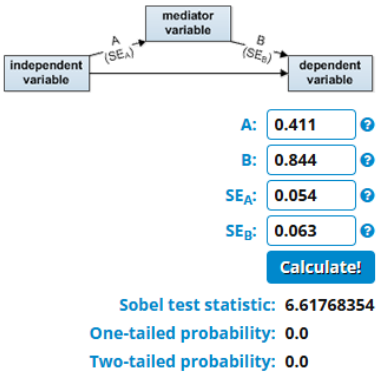
Sobel analysis is used to test the indirect effect of an exogenous variable (X) on an endogenous variable (Y) through an intervening variable (Z). The test is performed by comparing the calculated Z value of the unstandardized Beta coefficient (ab) with the Z table of 1.96. If Z count > Z table, the mediation effect is declared significant.

To verify the results of the Sobel test for the entrepreneurial competency variable, the Sobel Test Calculator for the Significance of Mediation program was used. The results are as follows:



Based on the results of Figure 3, the calculated Z value is 6.38. This Z value is greater than the Z table (6.38 > 1.96), indicating that competitive advantage significantly mediates the influence of entrepreneurial competence on business success. Therefore, Ha is accepted and H0 is rejected. These test results indicate that entrepreneurial competence indirectly has a positive and significant effect on business success through competitive advantage in craft MSMEs in Bogor City.

To verify the results of the Sobel test for the entrepreneurial commitment variable, the Sobel Test Calculator for the Significance of Mediation program was used. The results are as follows:



Based on the results of Figure 4, it is known that the calculated Z value is 6.61. The calculated Z value is greater than the Z table (6.61 > 1.96), so these results indicate that competitive advantage is able to significantly mediate the influence of entrepreneurial commitment on business success. Thus, Ha is accepted and H0 is rejected. The results of this test indicate that entrepreneurial commitment indirectly has a positive and significant effect on business success through competitive advantage in craft MSMEs in Bogor City.

The Effect of Entrepreneurial Competence on Competitive Advantage

Based on the t-test results, the calculated t value was 7.287, greater than the t-table value of 1.655, with a significance value of 0.001 < 0.05. Therefore, H0 is rejected and Ha is accepted. This means that this hypothesis has a direct, positive and significant effect between entrepreneurial competence and competitive advantage in craft MSMEs in Bogor City. This indicates that the higher the competence possessed by entrepreneurs, the greater the business's ability to create competitive advantage. This is reflected in the entrepreneur's ability to maintain good relationships with employees and consumers, design strategic steps to achieve the business vision, and have a clear strategy for business survival. In general, SME entrepreneurs responded with agreement to strongly agree with aspects of entrepreneurial competence that support competitive advantage.

According to Ardhariksa et al., (2021:34), the higher the entrepreneurial competence possessed by entrepreneurs, the greater their ability to create competitive advantage through value-added creation, product innovation, and quick response to market dynamics. These competencies reflect not only mastery of knowledge and skills, but also the adaptive ability to identify opportunities and face competitive pressures. This aligns with research by Jauharoh et al., (2023), which confirms that entrepreneurial competencies have a strong positive impact on a business's ability to achieve competitive advantage.

The Effect of Entrepreneurial Commitment on Competitive Advantage

Based on the t-test results, the calculated t-value was 7.617, greater than the t-table value of 1.655, with a significance value of 0.000 < 0.05. Therefore, H0 is rejected and Ha is accepted. This means that this hypothesis has a direct, positive and significant effect between entrepreneurial commitment and competitive advantage in craft MSMEs in Bogor City. This indicates that the higher the commitment a business owner possesses in running their business, the greater the business's ability to maintain and strengthen its competitive advantage amidst market competition. This is reflected in the knowledge gained through work experience or training that supports product quality improvement, previous education and training that foster understanding of business management, and the entrepreneur's determination to develop their business sustainably through concrete actions. In general,

SME entrepreneurs responded with agreement to strongly agreement regarding aspects of entrepreneurial commitment that support competitive advantage.

According to Citra & Fadhilah (2024:48), the stronger a business actor's entrepreneurial commitment, the greater their ability to build competitive advantage. This is because commitment not only acts as an internal driver but also serves as a strategic factor that drives consistency in maintaining quality, innovating, and implementing a long-term orientation to create superior value compared to competitors. With a strong commitment, entrepreneurs tend to be more focused and sustainable in developing their businesses, thereby maintaining competitiveness in the market. This finding aligns with research by Sudarijati et al., (2025), which states that commitment plays a significant role in strengthening competitive advantage.

The Effect of Entrepreneurial Competence on Business Success

Based on the t-test, the calculated t value was 4.432, which is greater than the t-table value of 1.656, with a significance value of 0.002 <0.05. Therefore, H0 is rejected and Ha is accepted. This means that this hypothesis has a direct, positive and significant influence between entrepreneurial competence and business success in craft MSMEs in Bogor City. This indicates that the higher the competency possessed by entrepreneurs, both in managerial and technical aspects, the greater the level of business success achieved. This is reflected in entrepreneurs considering various options before making decisions, communicating with consumers to understand market needs, and collaborating with other parties to expand sales. In general, MSME entrepreneurs responded with agreement to strongly agree regarding aspects of entrepreneurial competency that support business success.

According to Alma (2021:93), the higher the entrepreneurial competency possessed by entrepreneurs, the greater their ability to achieve business success. This is because entrepreneurial competency encompasses not only knowledge and skills in business management but also the ability to make decisions, manage risks, and optimally exploit business opportunities. With strong competency, entrepreneurs will be better able to improve business performance, both in terms of turnover, product quality, and business sustainability. This aligns with the research findings of Amelia et al., (2025), which state that entrepreneurial competency plays a strategic role in supporting business success.

The Effect of Entrepreneurial Commitment on Business Success

Based on the t-test results, the calculated t-value was 2.096, greater than the t-table value of 1.656, with a significance value of 0.038 < 0.05. Therefore, H0 is rejected and Ha is accepted. This means that this hypothesis has a direct, positive and significant influence between entrepreneurial commitment and business success in craft MSMEs in Bogor City. This indicates that the higher the commitment of entrepreneurs, the higher the level of business success achieved. This is reflected in the support of family members that helps ensure business continuity, input from friends and the surrounding environment that encourages business development, and the consistency of entrepreneurs in running their businesses despite facing various obstacles. In general, SME entrepreneurs responded with agreement to strongly agreement regarding aspects of entrepreneurial commitment that support business success.

According to Citra & Fadhilah (2024:37), the higher the entrepreneurial commitment of entrepreneurs, the higher the level of business success achieved. This commitment reflects sincerity, consistency, and responsibility in running a business, which ultimately encourages

entrepreneurs to survive and thrive amidst the dynamics of competition. Entrepreneurs with high commitment tend to be more focused on achieving their goals, able to manage their businesses sustainably, and exhibit greater resilience in facing various business challenges. This aligns with research by Ahmad et al., (2022), which states that entrepreneurial commitment positively contributes to business success.

The Effect of Competitive Advantage on Business Success

Based on the t-test results, the calculated t value was 13.357, which is greater than the t-table value of 1.656, with a significance value of 0.000 < 0.05. Therefore, H0 is rejected and Ha is accepted. This means that this hypothesis demonstrates a positive and significant direct effect between competitive advantage and business success among craft MSMEs in Bogor City. This indicates that the stronger the competitive advantage an SME possesses, the greater the business success it achieves. This situation is reflected in business actors' production methods, which take a long time to be imitated by competitors, alternative products that cannot match the benefits offered, and product quality that is difficult for competitors to imitate quickly. In general, MSMEs responded with agreement to strongly agreement regarding aspects of competitive advantage that support business success.

According to Alma (2021:104), the stronger a business's competitive advantage, the greater its opportunity to grow, increase revenue, and maintain business continuity amidst increasingly fierce competition. Competitive advantage enables businesses to create added value through product differentiation, quality improvement, and strategies that are more adaptive to market changes. This demonstrates that competitive advantage not only acts as a differentiating factor in the market but also as a key determinant in driving optimal business performance and achieving success. This aligns with the findings of Paulina et al., (2025), who stated that competitive advantage has a significant influence on business success.

The Effect of Entrepreneurial Competence on Business Success Through Competitive Advantage

Based on the results of the Sobel hypothesis test, the calculated Z value of 6.38 was found to be greater than the Z table of 1.96. Therefore, H0 is rejected and Ha is accepted. This means that the hypothesis has an indirect and positive influence of entrepreneurial competence on business success through competitive advantage among craft MSMEs in Bogor City. This positive influence indicates that the higher the competency of entrepreneurs, both in managerial and technical aspects, the greater the business success achieved when supported by the ability to create competitive advantage. This condition is reflected in the entrepreneur's ability to manage time and funds according to business priorities, adapt business plans to changing market conditions, and manage time efficiently so that all work can be completed on time. Furthermore, entrepreneurs are also able to create craft products with unique characteristics that are difficult to replace, produce product characteristics that are not easily imitated by other entrepreneurs, and use equipment and raw materials efficiently, thus creating a competitive advantage for craft MSMEs in Bogor City. Entrepreneurs are able to produce unique products with distinctive characteristics and compete with other products in the market, thus optimally increasing business success.

According to Suryana., & Bayu, (2021:112), strong entrepreneurial competencies encourage entrepreneurs to create added value through innovation, managerial skills, and accurate strategic decision-making. These competencies are the primary capital for building competitive advantage, as competent entrepreneurs tend to be more adaptive to market

changes and able to differentiate their products compared to competitors. Therefore, competency is not limited to internal capabilities but also plays a role in establishing a superior business position in the market. This established competitive advantage then becomes a determining factor in increasing business success, as businesses are able to survive, grow, and win the competition sustainably. This finding aligns with research by Destany et al., (2022), which states that entrepreneurial competency has an indirect effect on business success through competitive advantage as a mediating variable.

The Effect of Entrepreneurial Commitment on Business Success Through Competitive Advantage

Based on the Sobel hypothesis test, the calculated Z value of 6.61 is greater than the Z table of 1.96. Therefore, H0 is rejected and Ha is accepted. This means that the hypothesis states that there is a positive and significant indirect effect between entrepreneurial commitment and business success through competitive advantage in craft MSMEs in Bogor City. This positive effect indicates that the greater the commitment, consistency, and responsibility of entrepreneurs in running their businesses, the greater the impact on business success if this commitment is realized through the ability to create competitive advantage. This condition is reflected in the ability of entrepreneurs to set business targets and achieve them with maximum effort, maintain business continuity, and utilize community support to foster business growth. Furthermore, entrepreneurs are also able to create added value for products through the quality, design, and functionality offered, possessing distinctive production characteristics compared to competitors, and being able to persuade consumers to continue choosing their products despite the presence of similar alternatives on the market, thus creating a competitive advantage for craft MSMEs in Bogor City. Entrepreneurs with a strong commitment are better able to produce unique, distinctive, and differentiated products from competitors, thus optimally increasing business success.

According to Alma, (2021:89), entrepreneurial commitment is the sincerity and consistency of entrepreneurs in running and developing their businesses sustainably. A strong commitment encourages entrepreneurs to maintain quality, meet consumer needs, and continuously adapt to market changes. This indirectly strengthens the ability to create competitive advantage through product differentiation and increased added value, ultimately impacting business success. This finding aligns with research by Ahmad et al., (2022), which states that entrepreneurial commitment indirectly influences business success through the development of competitive advantage.

CONCLUSION

Based on the research results, it can be concluded that entrepreneurial competence and entrepreneurial commitment play a significant role in increasing business success among craft MSMEs in Bogor City, both directly and through competitive advantage as an intervening variable. The test results indicate that entrepreneurial competence and entrepreneurial commitment have a positive and significant effect on competitive advantage and business success. Furthermore, competitive advantage was also shown to have a positive and significant effect on business success, while also mediating the influence of competence and commitment on business success.

However, this study still has several limitations, particularly the scope of the variables used, which is still limited to entrepreneurial competence, entrepreneurial commitment, competitive advantage, and business success. Therefore, the results of this study do not fully describe all factors that can influence the overall success of MSMEs.

Based on the research findings, craft MSMEs in Bogor City are advised to improve business success by strengthening product quality, innovation, service, and digital marketing. Furthermore, competitive advantage needs to be strengthened through distinctive products supported by strong branding. Entrepreneurial competencies, particularly managerial skills, and entrepreneurial commitment also need to be improved through more focused business management, achievement motivation, and continuous innovation. Support from the Cooperatives and MSMEs Office is needed through training and mentoring to optimize business development. Future research is recommended to include different samples and locations, as well as other variables such as business management, resources, human capital, social capital, innovation, and cost efficiency for more comprehensive research results.

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