THE EFFECT OF ENTREPRENEURIAL ORIENTATION AND INNOVATION ON BUSINESS PERFORMANCE MEDIATED BY COMPETITIVE ADVANTAGE (SURVEY ON UMKM IN CULINARY SECTOR IN SUKABUMI CITY)

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Abstract

This study aims to analyze the influence of Entrepreneurial Orientation, Innovation, and Competitive Advantage on Business Performance in culinary MSMEs in Sukabumi City. The results indicate that: (1) Entrepreneurial Orientation significantly influences Business Performance with a t-value of 3.509 > 1.96 (t-table) at a 5% significance level; (2) Innovation significantly influences Business Performance with a t-value of 3.121 > 1.96; (3) Competitive Advantage also significantly influences Business Performance with a t-value of 3.571 > 1.96; (4) Competitive Advantage mediates the influence of Entrepreneurial Orientation on Business Performance with a Sobel Test result of 4.147 > 1.96; and (5) Competitive Advantage mediates the influence of Innovation on Business Performance with a Sobel Test result of 3.061 > 1.96. These findings suggest that strengthening entrepreneurial orientation, innovation, and competitive advantage can enhance the performance of MSMEs in the culinary sector. The implications of this study highlight the need for integrated strategies to optimize these factors to support the growth and competitiveness of MSMEs.

Keywords: Entrepreneurship and Innovation Orientation, Business Performance, Competitive Advantage, Sukabumi Culinary Sector MSMEs

INTRODUCTION

Indonesia is a vast country in terms of population, land area, cultural diversity, and natural resources. With a population of approximately 270 million, Indonesia holds strong potential for advancing its economy, both as a producer and a consumer. Economic growth serves as a critical measure of societal welfare in a specific region. An increase in economic growth leads to an increase in the production of goods and services, thereby fostering improved living conditions in that region.

According to a report by the Central Bureau of Statistics (BPS), Indonesia's economy grew by 5.17% year-on-year (YoY) in the second quarter of 2023, surpassing the growth of 5.04% recorded in the first quarter of 2023.

According to the Central Bureau of Statistics (BPS), the number of unemployed individuals in Indonesia reached 9.77 million in August 2020, an increase of 2.67 million compared to the same period in the previous year. High labor force growth without adequate job creation significantly affects the unemployment rate.

A practical solution to this problem is creating job opportunities or fostering entrepreneurship. Entrepreneurs are individuals who manage and run a business, often taking risks to optimize available resources to develop or establish products or services beneficial to themselves and others (Fadhila, 2020).

In 2024, MSMEs (Micro, Small, and Medium Enterprises) in Indonesia are projected to reach 6.6 million units. This demonstrates the significant impact and contribution of MSMEs in reducing unemployment rates. Based on information from the Ministry of Cooperatives and MSMEs in 2022, MSMEs accounted for 61% of Indonesia's Gross Domestic Product (GDP).

With a proportion exceeding 80%, MSMEs are vital contributors to Indonesia's economy, particularly in the culinary sector. Culinary MSMEs offer immense potential and continue to thrive in various regions, given the constant demand for food. Despite the broad target market, this growth also brings tighter competition.

Business performance refers to the outcomes achieved by individuals or entities in fulfilling their assigned tasks, based on skills, experience, dedication, and time (Dinar, 2017:9). It also reflects the extent to which the roles and tasks of a business align with its objectives over a specific period (Nurmala et al., 2022).

According to Sunyoto (2015:1), competitive advantage is a unique position or strength that allows a company to outperform its competitors by creating superior and more profitable products. Achieving competitive advantage is not easy; it requires strong collaboration between the company and its resources, along with distinctive values that surpass those of its competitors (Danial et al., 2020).

Entrepreneurial Orientation is considered one of the factors that can drive Indonesia's economic growth for several reasons. Entrepreneurship plays an essential role in fostering a more creative and independent society. Through entrepreneurship, people can create goods deemed necessary and important for their well-being, reducing the need to rely on imports (Mutiarasari, 2018).

Innovation is crucial in entrepreneurship. Without the ability to innovate, a company is unlikely to sustain itself for long. This is due to the highly dynamic nature of customer demands, needs, and preferences. Innovation pertains to products, services, or ideas perceived as new by individuals (Hadiyati, 2018). In the era of globalization and intensifying

competition, innovation has become a critical factor in enhancing a country's competitiveness within the global economy (Indayani & Hartono, 2020).

Table 1.
Preliminary Study on Culinary MSMEs in Sukabumi City, 2024

No.	Question	Yes	No
1.	Do you always use the latest technology or methods to improve the quality of your business?	11	4
2.	Are you able to accept the possibility of failure as part of the business process?	12	3
3.	Will you evaluate your product to ensure its uniqueness in the market?	8	7
4.	Do you always make innovation a top priority in your business strategy?	9	6
5.	Are you able to offer more competitive prices than your competitors?	8	7
6.	Apakah anda selalu mencari cara baru untuk menghadapi persaingan di pasar?	7	8
7.	Is your customer base growing over time?	7	8
8.	Has your business revenue increased significantly in the last few years?	6	9

Source: Processed by the Author, 2024

Based on interviews conducted in Sukabumi City with a sample of 15 respondents, several issues were identified, including stagnant income levels and a lack of growth in customer numbers over the past period. These problems are suspected to stem from the low level of competitive advantage among culinary MSMEs in Sukabumi City.

This study also addresses gaps in previous research. For instance, a study by Indriasari (2023) suggested that Entrepreneurial Orientation does not significantly influence business performance. Meanwhile, Jannah et al. (2018) found that Product Innovation has a positive and significant effect on business performance. Additionally, research by Putri et al. (2020) indicated that Competitive Advantage significantly influences business performance.

Furthermore, Dewi et al. (2017) concluded that Entrepreneurial Orientation has a positive and significant effect on Competitive Advantage. Similarly, Lestari et al. (2020) found that Entrepreneurial Orientation positively and significantly impacts Competitive Advantage.

Based on these prior studies, the researcher is interested in examining the influence of Entrepreneurial Orientation and Innovation on Business Performance, mediated by Competitive Advantage.

Considering the observed phenomena, the researcher is motivated to conduct a study titled: **"The Influence of Entrepreneurial Orientation and Innovation on Business Performance Mediated by Competitive Advantage in Culinary MSMEs in Sukabumi City."**

REVIEW OF LITERATURE

Strategic Management

According to Laila Maghfuroh et al. (2022), strategic management involves understanding and applying various knowledge related to planning, implementation, and effective decision-making within an organization. It includes the coordination of human resources and expertise to reduce risks and achieve organizational goals.

Entrepreneurship

Setiawati (2021) defines an entrepreneur as an individual experienced in introducing new things, either products or services, within a framework that enables breakthroughs in a nation's economy. Meanwhile, Dinar et al. (2020:30) describe entrepreneurship as someone who disrupts an existing and functioning economic system by offering new products or services.

Business Performance

Mangkunegara (2014), as cited in Damanik (2021), states that performance is the quality and quantity of work achieved by an employee in line with the responsibilities assigned to them. Performance can also be defined as the level of achievement obtained in pursuing a specific objective (Nurmala et al., 2022).

Competitive Advantage

Danial (2017) defines competitive advantage as a position that organizations strive to maintain to outperform their competitors. The resource-based approach (Resource-Based View - RBV) examines economic or business activities from the perspective of resource utilization and capabilities rather than the market being served. Creating competitive advantage in various ways is essential to ensure products are superior to those of competitors (Zahara et al., 2020).

Entrepreneurial Orientation

Entrepreneurial orientation refers to actions or steps taken to improve company performance by fostering new ideas or concepts (Nurmala et al., 2022). According to Amin, Thurasamy, Aldakhil, & Kaswuri (2016), as cited in Sondra & Widjaja (2021), entrepreneurial orientation is a series of processes, practices, and decision-making activities that lead to the emergence of new entrepreneurs.

Innovation

Putra (2019:22) defines innovation as the transformation of knowledge into new products, processes, and services, as well as the act of using something novel. Innovation can take the form of ideas, methods, or objects perceived as new by an individual. Atmi (2019:138) adds that innovation involves the creation of new products or processes through the development of new knowledge or a novel combination of existing knowledge.

RESEARCH METHOD

According to Sugiyono (2019:17), quantitative research methods are based on the philosophy of positivism. These methods are used to study specific populations or samples, with data collection conducted using research instruments. The data analysis is quantitative or statistical, aiming to test predetermined hypotheses.

Research Model

This study adopts the following research model:

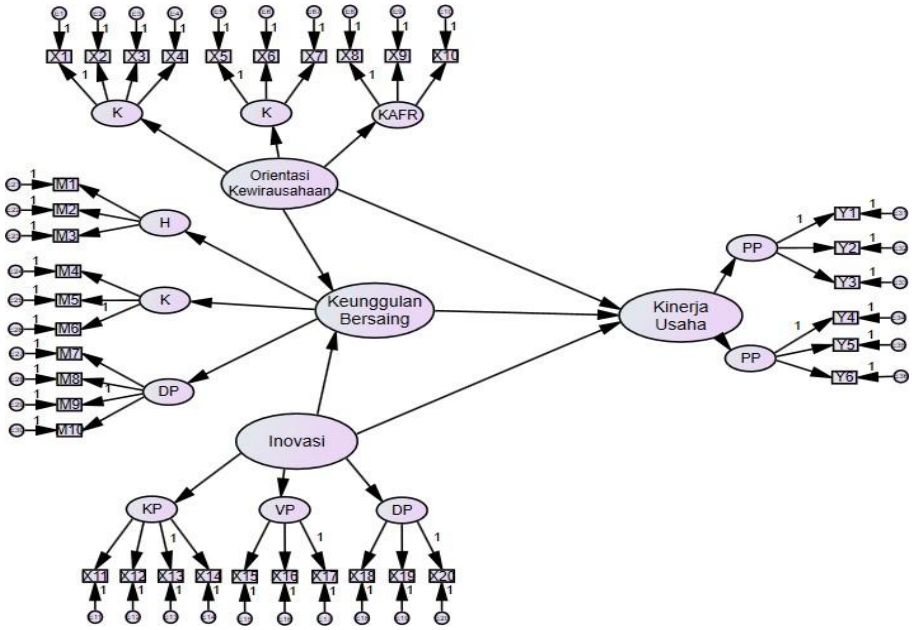

Figure 1.
Research Model
Source: Processed by the author, 2024

Population

According to Sugiyono (2019), a population is a generalization area consisting of objects or subjects that have certain quantities and characteristics, as determined by researchers, to be studied, and then conclusions are drawn. The population in this study is MSMEs in Sukabumi City. The population is 380 MSMEs in Sukabumi City.

Sample

According to Hair et al. (2018) where the sample can be calculated based on the number of indicators multiplied by 5 to 10. Based on these guidelines, the number of samples used in this study is:

Sample calculation = Number of indicators x 5
= 36 x 5
= 180

From the calculation above, the sample size was 180 respondents in the culinary MSMEs in Sukabumi City.

RESULTS AND DISCUSSION

Respondent Description

The respondents in this study are entrepreneurs engaged in MSMEs (Micro, Small, and Medium Enterprises) in the culinary sector in Sukabumi City. Questionnaires for this study were distributed both directly and indirectly through Google Forms and physical copies to MSME participants in Sukabumi City.

Data Description

Data collection in this study was conducted by distributing questionnaires, which were shared via social media platforms such as WhatsApp and through face-to-face

interactions with MSME participants in Sukabumi City. Respondents were asked to answer the statements in the questionnaire truthfully.

Respondent Characteristics

The questionnaires distributed to culinary MSME participants in Sukabumi City yielded varied responses. The characteristics of the respondents in this study include age and gender, as outlined below:

Table 2.
Respondent Data

Age	Frequency	Percentage
< 25 Years	16	8.9%
26-35 Years	104	57.8%
36-45 Years	37	20.6%
> 45 Years	23	12.8%
Total	**180**	**100.0%**
Gender	**Frequency**	**Percentage**
Female	58	32.2%
Male	122	67.8%
Total	**180**	**100.0%**
Length of Business	**Frequency**	**Percentage**
< 5 Years	87	48.3%
5-10 Years	46	25.6%
10-15 Years	19	10.6%
> 15 Years	28	15.6%
Total	**180**	**100.0%**

Source: (Results of Processed Research Questionnaire Data, 2024)

Research Results

Based on Table 1, the results of the study show that from 180 MSME respondents, there are four age groups with the following distribution: the 26-35 years group is the largest, accounting for 57.8%, followed by the 36-45 years group at 20.6%, the <25 years group at 8.9%, and the >45 years group at 12.8%. The respondents in this study consist of 180 MSME entrepreneurs, with gender distribution of 32.2% female and 67.8% male. Regarding the length of business operation, the 180 respondents are divided into four categories: <5 years at 48.3%, 5-10 years at 25.6%, 10-15 years at 10.6%, and >15 years at 15.6%.

Data Processing Results

1. **Confirmatory Factor Analysis for Exogenous Constructs**
   The exogenous constructs in this study consist of the variable Entrepreneurial Orientation (X1), which has three dimensions: innovation, proactivity, and risk-taking. Ten indicators have been selected and determined by the researcher. The diagram for the exogenous construct is as follows:

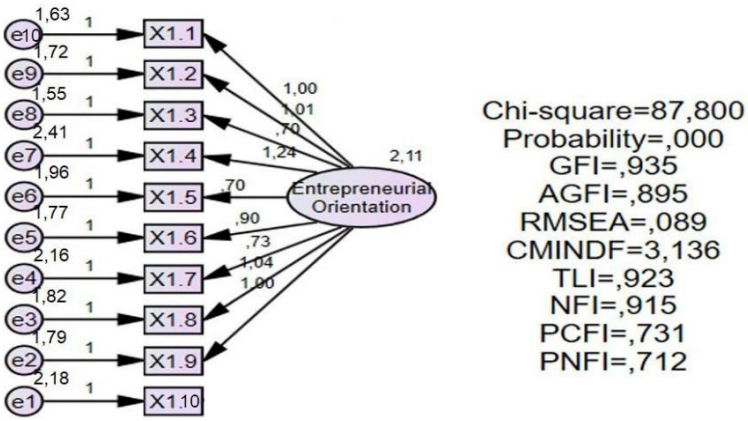

Figure 2.
Exogenous Construct
Source: Data Processed by Researchers, 2024 (using AMOS 24 software)

Based on the image and data above, it can be concluded that all indicators on the exogenous construct, namely the Entrepreneurial Orientation variable, are declared valid. This is based on the fact that all factor loadings indicate values greater than 0.5, meaning these values meet the criteria that have been established.

Table 3.
Confirmatory Factor Analysis Results for the Exogenous Construct Entrepreneurial Orientation (X1):

	Dimention	Loading Factor	Standard Loading	Measurement	CR / AVE	Error
X1.1	0.847	0.847	0.717	0.282		
X1.2	0.704	0.704	0.495	0.504		
X1.3	0.789	0.789	0.622	0.377		
X1.4	0.997	0.997	0.994	0.005		
X1.5	0.773	0.773	0.597	0.402		
X1.6	0.758	0.758	0.574	0.425	0.911	0.764
X1.7	0.926	0.926	0.857	0.142		
X1.8	0.961	0.961	0.923	0.076		
X1.9	0.986	0.986	0.972	0.027		
X1.10	0.924	0.924	0.942	0.463		
Amount		**8.665**	**7.693**	**2.703**		

Source: Data Processed by Researchers, 2024 (using AMOS 24 software)

Based on the data in Table 2, it can be concluded that all indicators on the exogenous construct, namely the Entrepreneurial Orientation variable, are declared valid. This is based on the fact that all the factor loading values in the validity test results show values greater than 0.5, meaning these values meet the criteria set according to the theory (Malhotra, 2020).

2. Confirmatory Factor Analysis (CFA for Endogenous Constructs)

The endogenous constructs in this study consist of the variables Innovation (X2), Business Performance (Y), and Competitive Advantage (M). The researcher conducted validity and reliability tests after creating the endogenous constructs using AMOS software version 24. Below are the validity and reliability test results for the endogenous constructs:

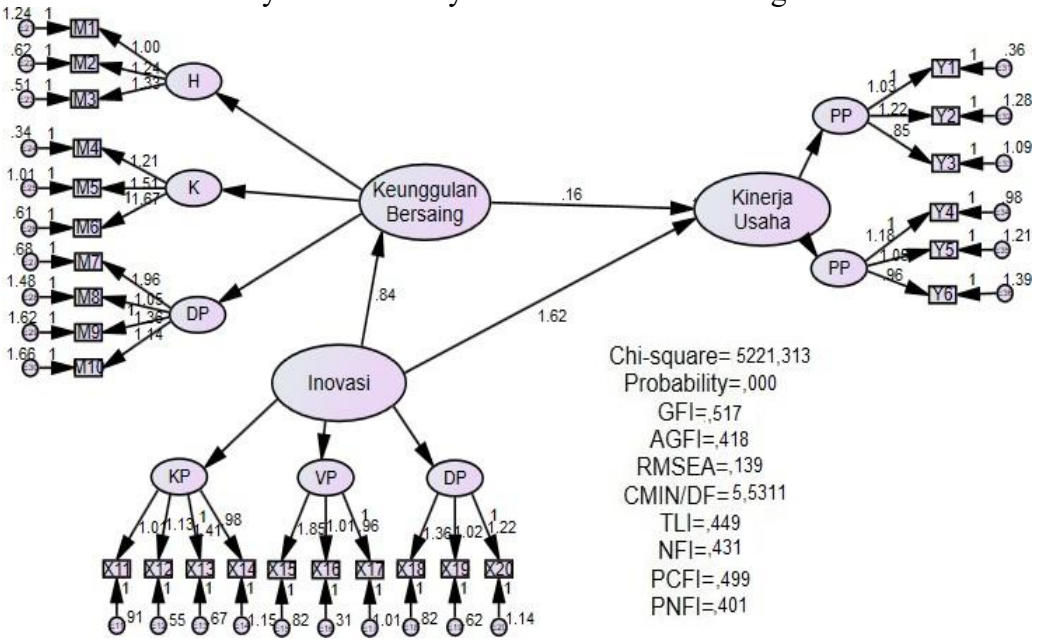

Figure 3.
Endogenous Constructs

Source: Data Processed by Researchers, 2024 (using AMOS 24 software)

Table 4.
Results of Confirmatory Factor Analysis of Innovation Constructs (X2), Competitive Advantage (M) and Business Performance (Y)

	Indicator	Loading Factor	Standard Loading	Measurement	CR AVE	Error
X2.1	0.905	0.804	0.714	0.321		
X2.2	0.849	0.901	0.705	0.361		
X2.3	0.963	0.914	0.831	0.064		
X2.4	0.953	0.867	0.659	0.350		
X2.5	0.892	0.880	0.710	0.219		
X2.6	0.880	0.892	0.727	0.260	0.916	0.709
X2.7	0.867	0.953	0.901	0.023		
X2.8	0.914	0.963	0.687	0.312		
X2.9	0.901	0.849	0.910	-0.017		
X2.10	0.804	0.905	0.980	0.513		
Amount		**8.928**	**7.824**	**2.406**		
M1	0.897	0.897	0.804	0.195		

M2	0.836	0.836	0.698	0.301		
M3	0.746	0.746	0.556	0.443		
M4	0.777	0.777	0.603	0.396		
M5	0.756	0.756	0.571	0.428		
M6	0.825	0.825	0.680	0.319	0.961	0.611
M7	0.799	0.799	0.638	0.361		
M8	0.718	0.718	0.515	0.484		
M9	0.758	0.758	0.574	0.425		
M10	0.766	0.766	0.586	0.413		
Amount		**7.878**	**6.225**	**3.765**		
Y1	0.762	0.762	0.580	0.419		
Y2	0.799	0.799	0.638	0.361		
Y3	0.723	0.723	0.522	0.477		
Y4	0.759	0.759	0.576	0.423	0.942	0.636
Y5	0.908	0.908	0.824	0.175		
Y6	0.717	0.717	0.514	0.485		
Amount		**4.668**	**3.654**	**2.34**		

Source: Data Processed by Researchers, 2024 (using AMOS 24 software)

Based on the data processing results in Table 3, it can be concluded that all indicators for the variables Innovation (X2), Business Performance (Y), and Competitive Advantage (M) are declared valid. This is evident from the fact that all the factor loading values are greater than 0.50, which means they meet the criteria set according to the theory (Malhotra, 2020). The Innovation (X2) variable is reliable with a construct reliability (CR) value of $0.916 \geq 0.70$ and an average variance extracted (AVE) value of $0.709 \geq 0.50$. The Competitive Advantage (M) variable is reliable with a construct reliability (CR) value of $0.961 \geq 0.70$ and an average variance extracted (AVE) value of $0.611 \geq 0.50$. The Business Performance (Y) variable is reliable with a construct reliability (CR) value of $0.942 \geq 0.70$ and an average variance extracted (AVE) value of $0.636 \geq 0.50$.

Thus, it can be concluded that the endogenous constructs meet the criteria to be used in further calculations.

Assumption Tests

1. Normality Test

The next step in this research is the **normality test**, which was performed using AMOS software version 24. Normality can be assessed using the **tools assessment of normality** in the text output of the AMOS application. Data is considered normally distributed if the skew and critical ratio values in the table are within ±2.58 (Malhotra, 2020). The results of the normality test are as follows:

Table 5.
Normality Test

Variable	Min	Max	Skew	c.r.	kurtosis	c.r.
X1.1	1,000	5,000	-,656	-4,401	,118	0.395
X1.2	1,000	5,000	-,952	-6,386	5,517	0.504

X1.3	2,000	5,000	,129	,864	-,443	-1.484
X1.4	2,000	5,000	-,564	-3,786	1,152	3.863
X1.5	1,000	5,000	-,492	-3,303	1,192	3.999
X1.6	1,000	5,000	-,369	-2,474	1,069	3.584
X1.7	2,000	5,000	-,432	-2,895	1,170	3.923
X1.8	2,000	5,000	-,321	-2,154	,569	1.908
X1.9	2,000	5,000	,055	,371	-,649	-2.177
X1.10	1,000	5,000	-,462	-3,100	1,015	6.404
X2.1	2,000	5,000	-,078	-,521	-,690	-2.313
X2.2	1,000	5,000	-,295	-1,981	,076	0.255
X2.3	3,000	5,000	-,286	-1,919	-,667	-2.236
X2.4	1,000	5,000	-,293	-1,965	,025	0.084
X2.5	1,000	5,000	-,580	-3,893	1,294	0.340
X2.6	1,000	5,000	-,819	-5,494	,064	0.214
X2.7	1,000	5,000	-,200	-1,342	,446	0.495
X2.8	1,000	5,000	-,269	-1,807	,099	0.331
X2.9	1,000	5,000	-,771	-5,173	,272	0.912
X2.10	1,000	5,000	-,656	-4,401	,118	0.395
M1	3,000	5,000	-,025	-,167	-,748	-2.510
M2	1,000	5,000	-,316	-2,120	-,192	-0.644
M3	1,000	5,000	-,599	-4,017	1,241	0.163
M4	1,000	5,000	-1,656	-11,105	2,874	0.640
M5	1,000	5,000	-,314	-2,103	,296	0.992
M6	2,000	5,000	-,226	-1,519	-,172	-0.579
M7	1,000	5,000	-,638	-4,278	1,056	0.540
M8	1,000	5,000	-,225	-1,509	,522	0.749
M9	1,000	5,000	-,866	-5,808	,730	0.447
M10	2,000	5,000	-,078	-,521	-,690	-2.313
Y1	2,000	5,000	-,311	-2,083	,247	0.829
Y2	1,000	5,000	-,203	-1,359	,012	0.040
Y3	3,000	5,000	-,055	-,369	-,362	-1.213
Y4	1,000	5,000	-1,157	-7,759	2,792	0.364
Y5	1,000	5,000	-,209	-1,400	-,226	-0.758
Y6	1,000	5,000	-1,016	-6,816	2,750	0.223
Multivariate					**1,712,036**	**0.096**

Source: Data Processed by Researchers, 2024 (using AMOS 24 software)

Based on Table 4, it can be concluded that all indicators in the study are normally distributed because all indicators have critical ratios and skew values within the range of ±2.58.

2. Outlier Test

In this research, the **Mahalanobis distance** was used to detect outliers (Malhotra, 2020). The test was conducted by using the **Chi-square** value with the degrees of freedom, considering the number of research indicators, all research variables, and a significance level of **p<0.001**. The **Chi-square table value (χ^2)** results in a cutoff value of **87.461**. This means that if any data exceeds this value of **87.461**, it can be concluded that the data is an

outlier. Based on the **AMOS analysis**, the largest **Mahalanobis distance** squared value is **121.189**, which is greater than **87.461**. Therefore, it can be concluded that this research contains outlier data.

3. **Multicollinearity Test**

In this research, a **multicollinearity test** was performed. Based on the data, the test was significant, but it was not sufficient to determine multicollinearity. The assumption test results, including the analysis and interpretation of the assumption test outcomes, can be summarized in the following assumption test table:

Table 6.
Assumption Test

Assumption Test	Analysis Method	Test Result	Decision Criteria	Conclusion
Normality Test	Kolmogorov-Smirnov	Sig ±2.58	Sig > 2.58	Data is normally distributed
Outlier Test	Mahalanobis Distance	Max D^2 > 87.461	$D^2 < X^2$ (df, p-value)	Data contains outliers
Multicollinearity Test	VIF (Variance Inflation Factor)	VIF > 0.5	VIF < 0.5	No multicollinearity detected

Source: Data Processed by Researchers, 2024 (using AMOS 24 software)

Hypothesis Testing

1. **Overall Model**

Hypothesis testing by conducting a fit test of the entire model or confirmatory factor analysis is carried out to determine the probability of this study, hypothesis 0 will be accepted if the probability value is stated as significant. The results of hypothesis testing in this study are as follows:

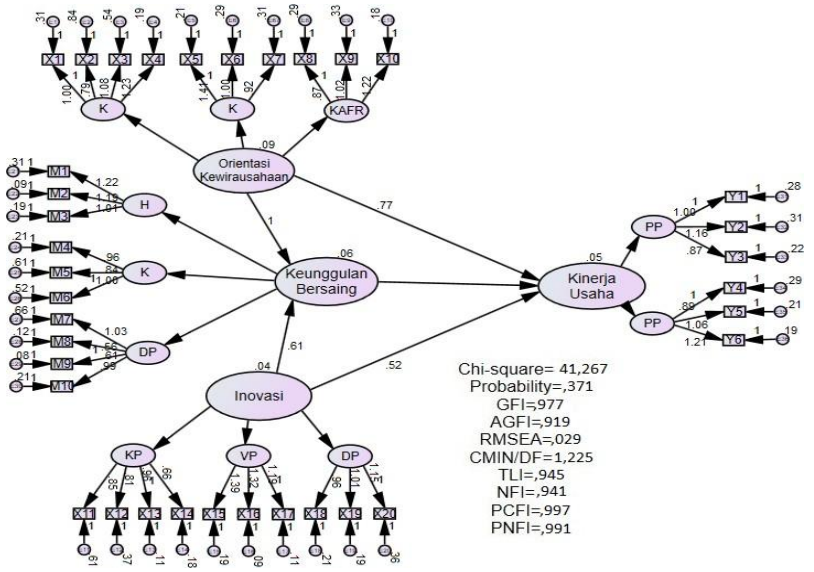

Figure 4.
Exogenous Construct

Source: Data Processed by Researchers, 2024 (using AMOS 24 software)

Based on Figure 3, the overall model fit test for all constructs shows a good fit. The estimation results from the confirmatory factor analysis (CFA) can be observed by the researcher using AMOS version 24 software, which shows a Chi-Square value of 41.267 with a probability value of 0.371 ≤ 0.05. The CMIN/DF value shows a result of 1.225 ≤ 2.00. The GFI value shows a result of 0.977 ≥ 0.90. The AGFI value shows a result of 0.919 ≤ 0.95. The CFI value shows a result of 0.997 > 0.95. Then, the RMSEA value shows 0.029 < 0.080. Therefore, it can be concluded that the overall research model meets the criteria and can be used further in structural model analysis to test the hypotheses.

2. Structural Model Analysis Results

Hypothesis testing is the next step performed by the researcher to answer the hypotheses in this study. The results of hypothesis testing can be observed from the critical ratio (C.R.) found in the regression weights table from the AMOS software, which is displayed in the following table:

Table 7.
Hypothesis Testing

	Cut of Value	Result	Conclusion
Chisquare	Expected to be small	41,267	Fit
Probability	≥0,05	0,371	Marginal
CMIN/DF	≤2,00	1,225	Fit
RMSEA	≤0,08	0,029	Fit
GFI	≥0,090	0,977	Marginal
AGFI	≥0,090	0,919	Marginal
TLI	≥0,095	0,945	Fit
CFI	≥0,095	0,984	Fit

Impact Testing			
	Direct	**Indirect**	**Total**
Entrepreneurial Orientation - Business Performance	0,156	0,071	0,178
Innovation - Business Performance	0,815	0,000	0,881
Competitive Advantage - Business Performance	0,061	0,000	0,051

Source: Data Processed by Researchers, 2024 (using AMOS 24 software)

1) Hypothesis 1
   The critical ratio (C.R.) value for the variable Entrepreneurial Orientation on Business Performance is 3.509 > 1.96 (the t-table value with a significance level of 5% is 1.96), with the probability value showing three stars (***) indicating a value of 0.000, which is less than 0.05. Therefore, it can be concluded that the Entrepreneurial Orientation variable has a significant effect on Business Performance.
2) Hypothesis 2
   The critical ratio (C.R.) value for the variable Innovation on Business Performance is 3.121 > 1.96 (the t-table value with a significance level of 5% is 1.96), with the probability value showing three stars (***) indicating a value of 0.000, which is less than 0.05. Therefore, it can be concluded that the Innovation variable has a significant effect on Business Performance.
3) Hypothesis 3

The critical ratio (C.R.) value for the variable Competitive Advantage on Business Performance is 3.571 > 1.96 (the t-table value with a significance level of 5% is 1.96), with the probability value showing three stars (***) indicating a value of 0.000, which is less than 0.05. Therefore, it can be concluded that the Competitive Advantage variable has a significant effect on Business Performance.

4) Hypothesis 4

Hypothesis 4 testing is performed by using the Sobel Test or analytics calculator, which can be found through a Google search by Daniel Sopier to test the mediation effect. The calculation results using Daniel Sopier's Sobel Test show a value of 4.147, which is greater than the t-table value at the 5% significance level, which is 1.97. Therefore, it can be concluded that Entrepreneurial Orientation has an effect on Business Performance that is mediated by Competitive Advantage.

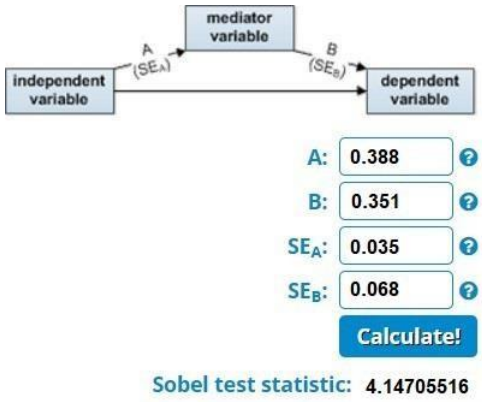

Figure 5.
Sobel Test Calculator Calculation Results
Source: Data Processed by Researchers, 2024

5) Hypothesis 5

Hypothesis 5 testing is carried out by means of calculations using the help of a sobel test calculator or analytics calculator which can be searched through the help of google searching from Daniel Sopier to test the influence of mediation. The results of the calculations that have been carried out using the Daniel Sopier sobel test can be seen that the results show a value of 3.061 or greater than the t table with a significance level of 5% or 1.97. Based on this, it can be concluded that there is an influence of Innovation on Business Performance mediated by Competitive Advantage.

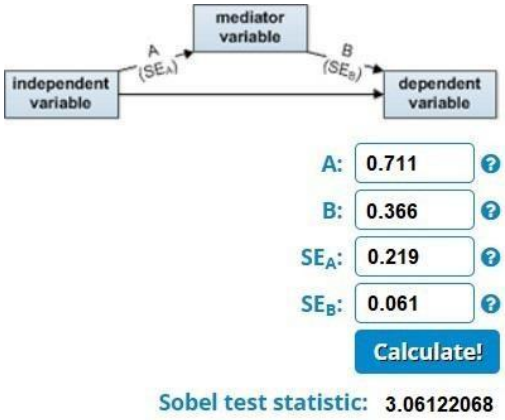

Figure 6.
Sobel Test Calculator Calculation Results
Source: Data Processed by Researchers, 2024

The results of the Hypothesis Test above can be presented in the form of a table as follows.

Hypothesis	P-Value	Conclusion
Entrepreneurial Orientation - Business Performance	0.001	Accepted
Innovation - Business Performance	0.011	Accepted
Competitive Advantage - Business Performance	0.000	Accepted
Entrepreneurial Orientation - Business Performance - Competitive Advantage	0.026	Accepted
Innovation - Business Performance - Competitive Advantage	0.001	Accepted

Source: Data Processed by Researchers, 2024 (using AMOS 24 software)

From the table, the results of this hypothesis test show that if the p-value < 0.05, it shows that the relationship between these variables is significant, but if the p-value > 0.05, it does not show that there is a significant relationship between these variables.

Direct and Indirect Effects

1. **Direct Effect**
   The direct effect is represented by the arrows in the diagram, corresponding to the hypotheses provided. The table above shows the following direct effects: The effect of Entrepreneurial Orientation on Business Performance is 0.156. The effect of Innovation on Business Performance is 0.815. The effect of Competitive Advantage on Business Performance is 0.061.
   For the other effects, the values are 0.000, indicating no direct effect. Based on the data analysis, it can be concluded that the effect of Innovation on Business Performance is greater than the effect of Entrepreneurial Orientation on Business Performance (0.815 > 0.156), and the effect of Entrepreneurial Orientation on Business Performance is greater than the effect of Competitive Advantage on Business Performance (0.156 > 0.061).
2. **Indirect Effect**
   The indirect effect between exogenous constructs and endogenous constructs is not directly shown by arrows. Based on the analysis, the indirect effect of Entrepreneurial Orientation on Business Performance is 0.071. Referring to the direct and indirect effects,

it can be concluded that the indirect effect of Entrepreneurial Orientation on Business Performance is greater than the direct effect. Thus, the mediating effect of Competitive Advantage can be considered partial mediation. This means that Entrepreneurial Orientation and Innovation will be more effective in improving Business Performance when mediated by Competitive Advantage.

3. **Total Effect**
   The total effect is calculated by summing the direct and indirect effects in the research model. The analysis shows that the total effects are: The total effect of Entrepreneurial Orientation on Business Performance is 0.178. The total effect of Innovation on Business Performance is 0.881. The total effect of Competitive Advantage on Business Performance is 0.051.

CONCLUSION

Based on the research results, this chapter presents the following conclusions:

1. Entrepreneurial Orientation has a significant influence on Business Performance in culinary MSMEs in Sukabumi City. This means that the better the Entrepreneurial Orientation, the better the Business Performance achieved by MSMEs in Sukabumi City.
2. Innovation has a significant influence on Business Performance in culinary MSMEs in Sukabumi City. This indicates that the better the innovation, the better the Business Performance achieved by MSMEs in Sukabumi City.
3. Competitive Advantage has a significant influence on Business Performance in culinary MSMEs in Sukabumi City. This means that the better the Competitive Advantage, the better the Business Performance achieved by MSMEs in Sukabumi City.
4. Competitive Advantage mediates the relationship between Entrepreneurial Orientation and Business Performance in culinary MSMEs in Sukabumi City. This shows that to improve Business Performance, entrepreneurs must first enhance Competitive Advantage, which will then make Entrepreneurial Orientation activities more effective in improving Business Performance.
5. Competitive Advantage mediates the relationship between Innovation and Business Performance in culinary MSMEs in Sukabumi City. This indicates that to improve Business Performance, entrepreneurs must first enhance Competitive Advantage, which will then make Innovation activities more effective in improving Business Performance.

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