



RESEARCH ARTICLE

Aspects that Influence Competitive Advantage and Business Performance with the Digital Marketing Function as Moderation

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ABSTRACT

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In general, Small and Medium Enterprises (SMEs) in East Kalimantan Province are growing. In fact, more and more new SMEs have emerged since 2020-2022. Yet, from this growth, the business units that are mostly dominated by small SMEs and the rest are medium SMEs. It is suspected that there are some components in marketing management that have major implications for influencing entrepreneurs' competitive advantages and business performance. The orientation of existing research is to prove the link between entrepreneur managerial competence, entrepreneur motivation, and entrepreneurship on competitive advantage. Also, examining the relevance of competitive advantage on business performance and the moderating effect of digital marketing on the relationship between entrepreneur managerial competence, entrepreneur motivation, and entrepreneurship on competitive advantage. This research is supported by primary data through the process of distributing questionnaires and interviews to respondents. The main focus is SMEs in the food and beverage sector in East Kalimantan Province (Indonesia). Primary data is processed and dissected using Structural Equation Modeling-Partial Least Square (SEM-PLS). Empirical findings found the following four points: (1) entrepreneur motivation has insignificant effect on competitive advantage, (2) entrepreneurship has a insignificant effect on competitive advantage, (3) digital marketing is unable to play a moderating role in the relationship between entrepreneurs' managerial competence, entrepreneur motivation, and entrepreneurship on competitive advantage, and (4) competitive advantage also cannot moderate the relationship between entrepreneur motivation and entrepreneurship on business performance. The contribution of the research output focuses on the use of digital technology as a factor that can strengthen the causality between the marketing mix and competitive advantage, so that SMEs are able to win the competition in market segmentation.

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INTRODUCTION

Small and Medium Enterprises (SMEs) are business activities operated from the lower to the middle class, which are able to absorb or provide employment and have a broad economic impact (Pedraza, 2021; Sidek et al., 2020). SMEs can have a spillover effect on the process of equalizing and increasing people's income, promoting economic growth, and realizing national stability (Hermanto et al., 2024). SMEs are also one of the main pillars in the global economy, so their presence must receive extensive attention, protection, empowerment, and development as a form of government attention to the small-scale economy while still paying attention to large businesses such as State-Owned Enterprises (BUMN) or Regional-Owned Enterprises (BUMD).

The government realizes that the role of SMEs is essential because it is a solution in overcoming the increasingly heavy economic burden both in the region and nationally. SMEs need to be optimally processed to realize entrepreneurship and become an important icon for the Indonesian nation. The strength of SMEs is that their formation is relatively simple and does not require relatively large capital, so that in any economic crisis SMEs are able to survive well. In these conditions, marketing theory becomes crucial and absolutely owned by SMEs to survive in the long term.

During the massive development of regional autonomy, the sustainability of SMEs is seen as a government program that must be designed and realized. Therefore, local governments have the flexibility to explore and encourage the potential of SMEs according to the local wisdom of each region. With all the limitations owned by SME owners, the government needs to facilitate and motivate with an integrated strategy. Entrepreneurs can utilize existing resources through creative and innovative processes to make SMEs able to face business challenges.

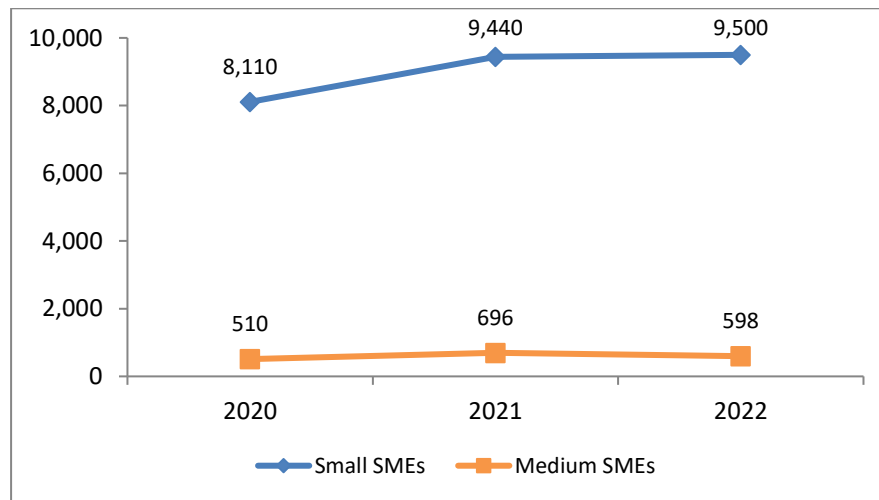


Figure 1: SME units in east Kalimantan province, 2020-2022

Source: Department of industry, trade, cooperatives and SMEs of east Kalimantan province (2023).

At the same time, SMEs in East Kalimantan Province continue to experience an inclusive increase. As displayed in Figure 1, where in 2020 the number was 8,620 units. After that, in 2021 it increased to 10,136 units or grew by 17.59% from the previous period. In 2021, the total number of SMEs was 10,098 units, a decrease of 38 units with growth reaching -0.37%. Based on the type, the number of medium SMEs is far more than small SMEs. Specifically, both number and contribution, small SMEs amounted to 8,110 units (94.08%) and medium SMEs amounted to 510 units (5.92%) in 2020. Then, in 2021, small SMEs were 9,440 units (93.13%) and medium SMEs were 696 units (6.87%). Uniquely, in 2022, small SMEs amounted to 9,500 units (94.08%) and medium SMEs to 598 units (5.92%). The polemic in SME growth was triggered by the unprecedented COVID-19 pandemic, where the economy in all regions of Indonesia did not escape the influence of this deadly plague, including hampering the economy of remote areas. This situation is strongly felt by the implementation of government policies through the prohibition for the community to move freely on a large scale to suppress the spread of the deadly COVID-19. It also affects the intensity of SMEs.

COVID-19 has also caused a huge shift. As an example of a sales channel model of a product or service created by a company. With the emergence of problems such as COVID-19, technology and digital marketing have become alternatives and new means to boost promotion as well as sales to consumers (Rahmawati et al., 2023). Digital technology and marketing demand the motivation of entrepreneurs to change their mindset and sales system by mapping competition and opportunities in the open market (Rahmawati et al., 2024). Great willingness will spur a high level of competition to get the attention of SME entrepreneurs as a way to open up opportunities and opportunities in the new era.

The COVID-19 pandemic is a new phenomenon for the world, where the majority of human activities are carried out with online media, including SMEs that are able to adapt to become superior in market interaction. However, the internal readiness of SMEs is the part that needs to be highlighted. Understanding customers with product, place, price, and promotion (4Ps) is a tool in effective

marketing. The approach will influence the marketing process by taking managerial decisions (Wills et al., 1990).

Sari & Gultom (2019) detected that product, price, promotion and market orientation affect competitive advantage. This conclusion indicates that by incorporating the marketing mix, the opportunity to win the competition will be wider. In addition, expertise in self-creativity can determine the achievement of superior SMEs (Sulhaini et al., 2018). Through comprehensive competence in entrepreneurship, it will make businesses able to compete quickly (Kurniawan & Yun, 2018). Also, innovation and entrepreneurial orientation are key factors in creating competitive advantage (Ibrahim & Ali, 2024).

Today, elements such as digital technology are urgent for organizations because they can support the process of innovating for businesses. Organizations that focus on innovation capabilities are able to drive productivity as a competitive advantage (Tajudeen et al., 2022). Digital technology in (in this case online marketing) plays a bridging role in the relationship between product quality and price to consumer buying interest, where buying interest is a signal of competitive advantage (Handayani & Martini, 2017). Interactions on digital marketing channels have moved far beyond customer confidence to buy products, where customers are the top priority in product development (Phan et al., 2011). Digital interaction formats enable levels, engagement, and rapid growth with the goal of not selling a product, but leading to continuous transfer of communication and information based on digital platforms (Mingione & Abratt, 2020). Consequently, through the adoption of digital technologies, companies can advance a marketing narrative that is not only a scheme in business development, but also an interactive facilitator of creation in two-way communication with stakeholders. Fundamentally, transformative digital marketing enables market and organizational value creation towards a feedback loop that starts from sales, market analysis, customer support, and engagement (Peter et al., 2020). Digital marketing is underpinned by metrics and analytics systems through digital platforms to make decision-making easier.

Scholarly work from previous editions investigated various objectives influenced by social media and the majority correlated to sales, brand, customer engagement, and interactivity, but also included other more dynamic objectives (Felix et al., 2017). With an uncertain market environment, dynamic needs that concentrate on objectives are necessary. Organizations can enjoy dynamic marketing capabilities practically to follow up on environmental changes and set the course by exploring resources (Moi & Cabiddu, 2021). Technically, with data analytics turned into insights, portfolios can be enriched by targeting personalized relationships to customers. Based on these instruments, organizations have flexibility. The effects of social media on companies, including customer satisfaction are able to create value, intention to buy and sell, build relationships, brand awareness, build knowledge, boost company credibility, acquire new customers, and improve sales performance sustainably (Dwivedi et al., 2021). Kuester et al. (2018) stated that booking, review, and feedback systems are applied as channels to seek and find opportunities in service innovation. Service innovation will drive digital marketing for an established competitive advantage picture.

The model produced from this research examines the relationship between entrepreneurial managerial competence, entrepreneur motivation, entrepreneurship, marketing mix, and digital technology on competitive advantage and business performance within the scope of food and beverage SMEs in East Kalimantan Province. The research output is expected to refresh existing perspectives as well as test the consistency of previous studies. In other words, the literature built on the marketing mix model and competitive advantage through digital technology enables sustainable business. The research also provides practical benefits as it evaluates the level of optimization of SME food and beverage businesses involving IT. With the available tools, it is necessary to review whether these SMEs are able to take options and make creations to sustain business performance. Besides, it assists the government in finding solutions to existing polemics through the digital marketing component.

LITERATURE LANDSCAPE

Before developing the hypothesis framework, the flow of research thinking refers to theoretical manuscripts and empirical manuscripts. Theoretical manuscripts as a basis for comparison in the novelty of empirical manuscripts, while hypothesis development is supported by empirical manuscripts published in reputable international journals, books, and relevant literature sources.

The following presents the links between variables based on the references dissected to build the research hypothesis.

Hypothesis one: managerial competencies of entrepreneurs on competitive advantage

Sembinging (2018) revealed that managerial competence has a positive effect on competitive advantage and SME performance. From an operational perspective, marketing capabilities are useful for unlocking competitive advantage and business performance. When the business environment is turbulent, marketing managers are expected to provide valuable breakthroughs, so that competitive advantage is maintained (Chahal & Kaur, 2013). Managerial competence is an important item in entrepreneurs to generate competitive advantage. So, the first hypothesis is organized as follows:

H1: Entrepreneurs' managerial competence affects competitive advantage.

Hypothesis two: entrepreneur motivation on competitive advantage

Motivation is one of the essential points within the entrepreneur, where this motivation becomes a significant reason in creating business performance and competitive advantage (Sembinging, 2018). The relationship between motivation and environment to competitive advantage is inseparable from rapid creativity and innovation. In the context of competitive advantage, motivation and environment can trigger creativity and innovation. Furthermore, motivation affects both of these things. A conducive environment has an influence on creativity and creativity can lead to innovation. This suggests that motivation can provide positive feedback for the organization (Indrayanto et al., 2018). The second hypothesis is assumed as follows:

H2: Entrepreneur motivation affects competitive advantage.

Hypothesis three: entrepreneurship on competitive advantage

There is a lot of business potential in many sectors, even including the trade sector, where entrepreneurship marketing is needed to spur competitive advantage. Hidayatullah et al. (2019) asserted that entrepreneurship marketing significantly affects marketing performance due to competitive advantage. In this case, SMEs as beneficiaries of competitive advantage have a level of entrepreneurship that can have a positive impact on competitive advantage (Zeebaree & Siron, 2017). The entrepreneurial spirit for SME owners is a good strength and support to refresh competitive advantage. The third hypothesis is proposed below:

H3: Entrepreneurship affects competitive advantage.

Hypothesis four: digital marketing on competitive advantage

The effect of digital technology on competitive advantage is also contained in empirical studies, where digital marketing positively affects competitive advantage (Zuhdi et al., 2021). Nuseir & Aljumah (2020) investigated the role of digital marketing on the business performance of the SME sector in the United Arab Emirates. In their manuscript, they found that technological advances such as the use of digital applications allow companies to communicate responsively to customers, even including competitors. By operating digital technology, SMEs can easily handle customer complaints to seek information correctly and on time. The framework in digital technology capabilities is directed at IT managers and marketing managers to drive the business performance environment. The fourth hypothesis is constructed as follows:

H4: Digital marketing affects competitive advantage.

Hypothesis five: entrepreneurial managerial competence on competitive advantage moderated by digital marketing

In the 21st century, digitalization is a race in business. To win the digital market, companies with a greater supply of resources will find it easier to target their customers. From the organizational aspect, social media has always been used by managers to combine information, service, and marketing insights into one inseparable element in the client and company engagement relationship (Harrigan et al., 2020). To properly interpret digital marketing analytics, concrete decisions need to be made in line with a strategy capable of validating which metrics should be run per activity. Marketing managers should be cautious in considering which metrics to monitor within a given platform in reference to business planning (Virtanen et al., 2017). Moreover, start-ups are in a

position to be faster, more agile, and also have the opportunity to modify routines through digital marketing channels. Yet, in the early stages, it is difficult. Start-ups are often faced with minimal sales capacity, branding, and online presence (Akter & Iqbal, 2020). Digital marketing shows resilience as an intermediary between a company's managerial competence and competitive advantage as a company advantage in responding to the consumer demand climate and similar business competition. In the next hypothesis, the following premise is developed:

H5: Entrepreneurs' managerial competence affects competitive advantage through digital marketing.

Hypothesis six: entrepreneur motivation on competitive advantage moderated by digital marketing

Digital marketing is systematically changing companies' strategies for acquiring customers. Digital formats, the availability of various content, and interactivity enable personalized communication. Consumers are faced with a choice of digital resources in the buying process by relying on social media (Dwivedi et al., 2021). Websites tend to drive traffic, so companies can track, synchronize, and configure various options to attract interest and convert those leads into new customers. As a result, new mechanisms (take growth hacking for example) have emerged as a business medium that blends marketing, information, and IT into large-scale data such as artificial intelligence (Bohnsack & Liesner, 2019). Being creative and smart with digital marketing will change the outlook of the entire company. The presence of innovation will reach a new level through the openness of social media. Companies that try to fully utilize social media have a strategy that emphasizes evolution to achieve the vision (Hitchen et al., 2017).

From some of the research above, it shows that digital marketing can strengthen the relationship between entrepreneur motivation and competitive advantage as a factor that supports companies to be superior to others. The pattern of the sixth hypothesis is as follows:

H6: Entrepreneur motivation affects competitive advantage through digital marketing.

Hypothesis seven: entrepreneurship on competitive advantage moderated by digital marketing

Typically, business owners lack experience in technical, marketing, sales and leadership when starting a new business. Thus, they need to balance all the challenges through great efforts. Business resilience will be achieved if the tactics applied get quick results based on decision-making that emphasizes flexibility (Rahmawati et al., 2024). This is where digital marketing can channel alternatives to find opportunities that can support start-up businesses in overcoming obstacles and accelerating the development process if practiced correctly.

At the start-up scale, one of the most important measures of why these types of businesses use digital marketing is the degree to which it differs from others in its impact beyond marketing and sales, such as experimentation, community building, and paying attention to customer feedback. The argument can be made that all the factors mentioned ultimately lead to sales even if they are done less efficiently. From a start-up expansion point of view, it is also seen that readiness in digital marketing can influence growth by highlighting different types of data, such as reviews, comments, and feedback that lead to feature development (Kuester et al., 2018). The cheap use of digital marketing tools can transform start-up growth to gain a higher level of maturity. Knowledge access and digital interactions represent opportunities that can be set to stimulate open innovation (Hitchen et al., 2017). Also, digital interaction is one of the bases to adapt in a versatile market.

The scientific magazine above implies that digital marketing with its various pillars with the support of social media can be a factor that strengthens the spirit of entrepreneurs in driving business, facing risks and uncertainties, and achieving profits. As reflected in entrepreneurship towards competitive advantage, where digital marketing is made to encourage business success. The seventh hypothesis is made as follows:

H7: Entrepreneurship influences competitive advantage through digital marketing.

Hypothesis eight: competitive advantage on business performance

Competitive advantage is defined as the relative advantage of an export business's value offering to customers in target export markets and the cost of delivering the realized value (Morgan et al., 2004).

Competitive advantage refers to the development of an organizational entity that enables it to outperform its competitors by procedures making it difficult or impossible for competitors to imitate (Sun & Tse, 2009). In fact, competitive advantage and firm performance are often used interchangeably in certain fields (Newbert, 2008). Since it is seen as a means to an end, competitive advantage is often considered to be facilitated by the creation of superior commodities, thus leading to improved performance (Adner & Zemsky, 2006; Efrat et al., 2018; Grahovac & Miller, 2009). Thus, competitive advantage and firm performance are two distinct constructs with interrelated and for some cases even contradictory relationships (Farida & Setiawan, 2022; Ong & Bin Ismail, 2012). Overall, research from Bowen & Ostroff (2004), Hooley et al. (2005), Morgan et al. (2004), Irawan & Sudarmiatin (2024), Wang & Sengupta (2016), and Wiklund & Shepherd (2003) concluded there is a positive effect between competitive advantage and business performance. The foundation for the hypothesis is logicalized as follows:

H8: *Competitive advantage affects business performance.*

CONCEPTUALIZATION FRAMEWORK

The current study attempts to calibrate many theories and scientific research to perpetuate conceptual ideas, so about provide benefits cohesion in determining hypotheses. The basic concepts proposed are also supported by the literature debate related to entrepreneurial managerial competence, entrepreneur motivation, entrepreneurship, digital marketing, competitive advantage, and business performance. The concept proposed in this study is different and able to bring novelty not studied by papers in previous editions by involving the role of digital marketing moderating variables in the relationship between entrepreneurial managerial competence, entrepreneur motivation, and entrepreneurship to business performance as a new synthesis. Moreover, the concept presented can enrich further estimation through SEM-PLS.

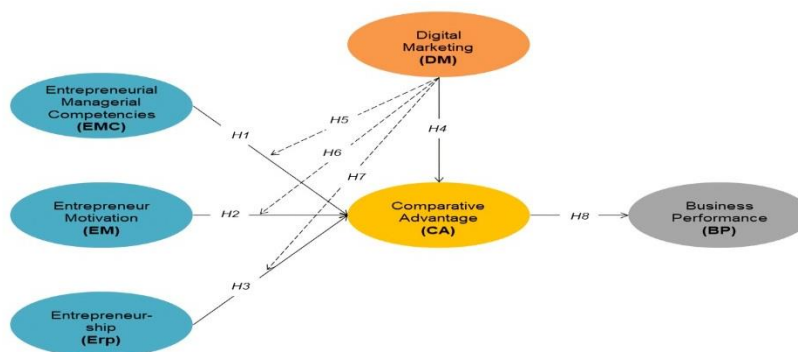


Figure 2: Conceptual framework

Source: Author's own.

Based on the variable model prepared, this research constructs the direct influence and influence between variables. From Figure 2 above, the relationship scenario for each variable is outlined in the conceptual framework. Causality between variables in the conceptual framework is not only centered on the literature, but also refers to events in the field.

STUDY METHODS

The approach in this research uses a quantitative type. The primary reason for using quantitative data is to test theory by tabulating numerical data and identifying it statistically. In general, quantitative research also involves data collection instruments by making generalizations about the population being investigated (Ghanad, 2023; Valunaite Oleskeviciene & Sliogeriene, 2020). According to its visibility, this research is classified into causal and descriptive categories. This research is devoted to establishing cause-and-effect relationships between variables by compiling literature support. In this situation, research is emphasized on studying the relationships between the variables being developed (Fitriadi et al., 2024). Normally, explanatory studies are designed to test whether an event causes another impact or vice versa (Hair Jr. et al., 2019).

Population and sample

The population evaluated in this study were all SMEs in the food and beverage sector spread across East Kalimantan (Indonesia). To determine the population according to the target, the population is reduced to a sample with the condition that it is five to ten times the direction of the arrow (relationship) plus the number of variables (Hair Jr. et al., 2011; 2017; Marcoulides & Chin, 2013). Through these parameters, the sample is calculated via indicator arrows for each variable reaching 38 indicators or according to the questionnaire items. The total sample consists of 304 units (38 dimensions x 8 variables). The number of samples taken as respondents. The following are sample instructions from this research: (1) Included in the SME group, (2) SME businesses operated digitally, (3) SMEs domiciled in the East Kalimantan region, (4) SMEs are registered as a type of business that produces food and beverages, (5) The duration of the SME business is at least one year, and (6) The SME has a determined profit value.

Operational definition

The first variable in this research is the entrepreneurial managerial competence. Entrepreneurial managerial competence is articulated as the strength to run a business including planning, decision making, budgeting, organizing, coordinating and supervising (Zarefard & Cho, 2018). The eight dimensions of the entrepreneurial managerial competence variable are as follows: (1) Prioritizing good business planning, (2) Firmness in making decisions, (3) Creating a budgeting system for the business, (4) Optimally controlling the business organization, (5) Coordinating in business activities, (6) Regular business supervision, (7) Providing motivation to employees, and (8) Skills in assessing business.

The second variable is the entrepreneur's motivation. Entrepreneurs' motivation is related to fulfilling various needs in life, so they are encouraged to enter the world of business (Pandey, 2022; Shi & Wang, 2021). The five dimensions of entrepreneurial motivation variables are detailed as follows: (1) Fulfillment of physiological needs, (2) Security in business, (3) Social relationships in business, (4) Awards that symbolize business success, and (5) Recognition for the business carried out.

The third variable is called entrepreneurship. Entrepreneurship is a process of creativity and innovation in producing change by exploiting existing opportunities and resources to gain profits for oneself and others, as well as being able to win the competition for existing business opportunities (Fitzgerald, 2022; Meilani & Ginting, 2018). The five dimensions of the entrepreneurship variable are described below: (1) Processing resources to achieve profits, (2) Generating new business opportunities, (3) Expanding the business organization, (4) Encouraging potential new business opportunities, and (5) Presenting other opportunities in the form of products or services that are different from before.

The fourth variable is competitive advantage. Competitive advantage is illustrated as agility obtained through company characteristics and materials to have higher performance compared to other companies in the same industry or market (Lasalewo et al., 2016; Soebroto & Budiyanto, 2021). The seven dimensions of the competitive advantage variable are reflected as follows: (1) Technology that can be adopted, (2) Creativity in product design, (3) Independent resources, (4) Reliable marketing tactics, (5) Having online distribution channels, (6) Provide services that satisfy customers, and (7) Have a good administration system.

The fifth variable includes digital marketing. Digital marketing is the marketing and promotion activity of a product brand through digital media or the internet as a marketing channel (Arifa & Aguilika, 2023; Edwin, 2023; Hadiyati et al., 2024). In this case, digital marketing functions as a moderator variable. Eight dimensions of digital marketing variables are explained below: (1) Emphasizing social media as a marketing channel, (2) Choosing an online platform for information channels, (3) Establishing an online platform for communication channels, (4) Ability to market products at any time, (5) Marketing cycle anywhere, (6) Virtual marketing location, (7) Adaptive to mobile facilities, and (8) Products can be easily found.

The sixth variable concerns business performance. Business performance is a company's non-financial achievements that cannot be measured in material terms (for example money), but the business performance in question is more focused on brand reputation, customer satisfaction,

organizational professionalism and innovation activities. Financial performance is usually associated with the company's short-term survival, while non-financial performance tends to deal with long-term sustainable growth (Seo & Lee, 2019). Operationally, the five aspects of business performance include: (1) Maintaining business sustainability, (2) The quality of business products increases over time, (3) Having a good reputation in the business industry, (4) Customers are able to appreciate product quality, and (5) Product sales volume may increase since the last few periods.

Instruments and measurement scales

The systematics of the research instrument is set up with a questionnaire. The variable components outlined in 38 question items in the questionnaire were distributed to the target sample. Questionnaire data is perceptual in nature. In-depth data collection through primary interviews. To get data with a high level of accuracy, all question dimensions are selected according to conditions in the field.

The measurement scale for informant perceptions was extracted into a Likert scale. A measurement scale is an agreement that is set as a reference for determining the length and shortness of the intervals in a measuring instrument, so that the measuring instrument can be converted into quantitative data (Aini et al., 2018). The Likert scale is used to verify informant responses, such as attitudes, perceptions and opinions. The answer to each dimension item based on a Likert scale has a gradation from very positive to very negative with the following class range: (1) Strongly agree = score five, (2) Agree = score four, (3) Quite agree = score three, (4) Disagree = score two, and (5) Strongly disagree = score one.

Data analysis techniques

The technique for analyzing data using inferential statistics is called SEM-PLS. SEM-PLS was carried out to test the correlation structure between the variables studied, whether there was a connection according to the problem formulation and conceptual framework created or not. According to Hair & Alamer (2022), the SEM-PLS method computed with SmartPLS version 3 considers the following two points: (1) The model being navigated can meet the needs of multilevel structural equations with recursive or non-recursive properties, and (2) The variables contained in the model is latent. Before reaching the hypothesis testing stage, SEM-PLS also checks the suitability of the sample data via validity and reliability tests. As a first step, these two tests need to be carried out to assess the standard of data from questionnaires in the field. Validity and reliability testing is a pilot test of the research instrument so that surveyed respondents are able to understand well all the dimensions in each question item.

RESULTS AND DISCUSSION

In this section, the findings and justification of the hypothesis are presented. It should be noted that the research data is primary data which is collected from respondents' statements as outlined in the questionnaire sheet. Questionnaires were distributed to the field involving 304 respondents. In the application, the respondent data, which initially amounted to 304 units, has changed to 300 units. This is because the questionnaires that were returned intact and suitable for recapitulation reached 98.7%, while the remaining 4 units (1.3%) were questionnaires that did not meet the requirements. The following is a detailed breakdown, where 1 respondent did not fill in correctly (0.33%), 1 respondent did not provide a response (0.33%), 1 respondent did not send an answer (0.33%), and 1 respondent did not answer completely (0.33%).

FINDINGS

Respondent profile

Table 1 describes the characteristics of respondents as owners of food and beverage SMEs in East Kalimantan Province based on gender, age, educational qualifications and business status. First, gender demographics. The majority of respondents came from the female gender (85%), while the respondents were male (15%). Second, age demographics. The age range between 41 to 50 years tends to be dominant compared to other age groups, where the frequency reaches 35.33%. As many as 30% of respondents were aged 31 to 40 years, 17% were respondents aged over 51 years, and 17.67% of them were classified as young respondents aged 20 to 30 years. Third, educational demographics. Referring to educational background, 21.3% of respondents were undergraduate

graduates and two other categories were campus graduates with diploma certificates (2.33%) and master's degrees (1.67%). Most of the respondents did not continue to higher education or were non-university alumni, of which 72% had only completed their education up to high school, another 2% were junior high school graduates, and 0.67% were elementary school graduates.

Table 1: Respondent profile

Demographics	Characteristics	Frequency (Percent)
Gender	Male	45 (15%)
	Female	255 (85%)
	<i>Total</i>	<i>300 (100%)</i>
Age (years)	20–30	53 (17.67%)
	31–40	90 (30%)
	41–50	106 (35.33%)
	>51	51 (17%)
	<i>Total</i>	<i>300 (100%)</i>
Educational qualifications	Master (S2)	5 (1.67%)
	Bachelor (S1)	64 (21.3%)
	Diploma (D3 & D4)	7 (2.33%)
	High School (SMA)	216 (72%)
	Junior High School (SMP)	6 (2%)
	Elementary School (SD)	2 (0.67%)
	<i>Total</i>	<i>300 (100%)</i>
Status bisnis	Street food & drinks	76 (25.33%)
	Food counter	83 (27.67%)
	Café	129 (43%)
	Traditional culinary	12 (4%)
	<i>Total</i>	<i>300 (100%)</i>

Source: Author's own.

Fourth, business status. The industries observed in the food and beverage business are relatively varied. The average business run follows market segmentation. As seen in Table 1, 43% of respondents run a café business. More than a quarter of business types are more oriented towards food counters (27.67%) and street food & drinks (25.33%). Then, 4% of businesses are traditional culinary types.

Evaluation of outer model and inner model

To assess the feasibility of the structural model in the reflexive construct, outer and inner assessments were applied. First, the outer model. The outer model talks about validity and reliability. The validity test is measured using Average Variance Extracted (AVE), while the reliability test uses Composite Reliability (CR). The minimum criterion for AVE is 50% and the threshold for CR is 70%. Referring to Table 2 below, the AVE score of all reflexive constructs is more than 50% ($AVE > 0.5$), so that the existing variables meet the requirements for convergent validity. On the other hand, analysis of the reliability of the structural model reviewed based on CR shows that the CR score is above 70% ($CR > 0.7$). Thus, all constructs have met the reliability test. Likewise with the moderating effect, both the first, second and third moderation paths have perfect AVE and CR scores (1) or can be said to be valid and reliable.

Table 2: Validity, reliability and determination

Linkages	AVE	CR	R ²	Adjusted R ²
Entrepreneurial managerial competence	0.684	0.945	--	--
Entrepreneur motivation	0.716	0.909	--	--
Entrepreneurship	0.682	0.914	--	--
Digital marketing	0.693	0.940	--	--
Moderating effect 1 (EMC → DM → CA)	1.000	1.000	--	--
Moderating effect 2 (EM → DM → CA)	1.000	1.000	--	--

Moderating effect 3 (Erp → DM → CA)	1.000	1.000	--	--
Competitive advantage	0.766	0.958	0.709	0.702
Business performance	0.757	0.939	0.651	0.649

Source: Primary data was extracted with SmartPLS. *Abbreviations:* EMC = Entrepreneurial Managerial Competencies; EM = Entrepreneur Motivation; DM = Digital Marketing; Erp = Entrepreneurship; and CA = Competitive Advantage.

Second, inner model. The results of the inner model summarized in Table 2 explain that the R-Square (R^2) for competitive advantage is 0.709 with Adjusted R-Square (Adjust. R^2) of 0.702, so it is classified as a strong coefficient. Meanwhile, R^2 for business performance is 0.651 with Adjusted R^2 reaching 0.649 or the coefficient is classified as moderate. The coefficient of determination score for the variable forming competitive advantage reached 70.9% and the remaining 29.1% was beyond the capabilities of the model. On the one hand, 65.1% of the variables studied shape business performance and 34.9% are disturbing factors outside the model.

To predict the quality of the model, predictive relevance (Q^2) is used. In testing structural measures, Goodness of Fit (GoF) through the Q^2 score must be more than the criteria ($Q^2 > 0$), so that the model has relevant predictive value (Hair Jr. et al., 2017). The R^2 score for each research variable is calculated as follows:

$$Q^2 = 1 - (1 - R^2_1) (1 - R^2_2) \dots (1 - R^2_n)$$

$$Q^2 = 1 - (1 - 0.709) (1 - 0.651)$$

$$Q^2 = 1 - (0.241) (0.345)$$

$$Q^2 = 1 - (0.474) (0.266) (0.272)$$

$$Q^2 = 1 - 0.084$$

$$Q^2 = 0.916$$

The calculation results above show a predictive relevance value of 0.916. Additionally, 91.6% is a variation in business performance which is influenced by the entrepreneur's managerial competence, entrepreneur motivation, entrepreneurship, digital marketing, and competitive advantage. That way, the model is workable and has relevant prediction results.

Direct influence and indirect influence

The results of hypothesis testing, both direct and indirect effects, are presented in Table 3. All research hypothesis testing has been based on structural pathways partially and in moderation using a probability below 5% ($p < 0.05$) as the level of significance. Below is a display of the direct influence and moderating influence of each relationship between variables.

Table 3: Summary of hypotheses

Linkages	T Statistics	P values	Original Sample
EMC → CA	2.653	0.008	0.260
EM → CA	0.670	0.503	0.058
Erp → CA	0.230	0.818	0.019
DM → CA	7.748	0.000	0.756
Moderating effect 1 (EMC → DM → CA)	0.925	0.356	0.080
Moderating effect 2 (EM → DM → CA)	0.584	0.560	0.054
Moderating effect 3 (Erp → DM → CA)	1.583	0.114	0.130
CA → BP	30.475	0.000	0.807

Source: Primary data was extracted with SmartPLS. *Abbreviations:* EMC = Entrepreneurial Managerial Competencies; EM = Entrepreneur Motivation; DM = Digital Marketing; Erp = Entrepreneurship; CA = Competitive Advantage; and BP = Business Performance.

SmartPLS output confirms the following eight findings. First, entrepreneur management competence has a significant effect on competitive advantage and hypothesis one is accepted ($p = 0.008 < 0.05$). Second, entrepreneurial managerial has no significant effect on competitive advantage and hypothesis two is rejected ($p = 0.503 > 0.05$). Third, entrepreneurship has no significant effect on

competitive advantage and hypothesis three is rejected ($p = 0.818 > 0.05$). Fourth, digital marketing has a significant effect on competitive advantage and hypothesis four is accepted ($p = 0.000 < 0.05$). Fifth, entrepreneurial managerial competencies moderated by digital marketing have no significant effect on competitive advantage and hypothesis five is rejected ($p = 0.356 > 0.05$). Sixth, entrepreneurial motivation which is moderated by digital marketing has no significant effect on competitive advantage and hypothesis six is rejected ($p = 0.560 > 0.05$). Seventh, entrepreneurship which is moderated by digital marketing also has an insignificant effect on competitive advantage and hypothesis seven is rejected ($p = 0.114 > 0.05$). Eighth, competitive advantage has a significant effect on business performance and hypothesis eight is accepted ($p = 0.000 < 0.05$).

Justification

Direct connection

Of all the direct relationships tested, only entrepreneurial managerial competencies and digital marketing have an impact on increasing competitive advantage. Both entrepreneurial motivation and entrepreneurship actually trigger a weakening of competitive advantage. Interestingly, competitive advantage is able to push business performance in a significant direction. Clarification of each hypothesis finding is explained in the paragraph below.

First, the entrepreneur's management competency towards competitive advantage. The results of the existing study are in line with the study reviewed by Sembiring (2018), where managerial competence has a positive effect on competitive advantage on the SME scale. Marketers' capabilities from an operational perspective are programmed to explore beyond competitive advantage and business performance. According to Chahal & Kaur (2013), as long as marketing managers are able to protect valuable assets, they cannot be replaced or imitated in a turbulent environment. In this situation, business performance can be improved towards the desired competitive advantage. In reality, the managerial competence of entrepreneurs possessed by SMEs in the food and beverage sector is relatively good and this is supported by the organization's internal calm in managing the business with positive optimism through cross-divisional empowerment. The close relationship between industry and market is reflected by the insight held by sellers and buyers about the relationship between communication, services, money and information. In this case, sellers send goods and services through direct or indirect contact to the market and in return they receive money and some information in the form of sales attitudes and attention. This intensity shows that the role of entrepreneurs' management competence also determines the realization of their competitive advantage. This is the case with Dahlstrom's (2011) statement that one of the main factors to consider in selecting a target market is that the company can guarantee and meet the needs of the market segment.

Second, entrepreneur motivation towards competitive advantage. Weinstein (2014) argues that entrepreneurs' motivation is formed from interpersonal behavior that provides dedication to a greater or lesser degree. Interactions like these examples can often be characterized by the way feedback is given, the style of expressing opinions, and reactions to desired and undesirable behavior or values. Motivation as outlined in Maslow's theory is a complex element in creating a source of satisfaction for people involved in an organization. In a cognitive sense, motivation is assumed to be an individual activity to determine the framework of goals and determine behavior to achieve those goals (Gibson et al., 2012; Sudarman, 2004). Seeing the contradiction in existing findings, each of the weakest dimensions in the entrepreneur motivation variable can be encouraged comprehensively to achieve competitive business advantage. Entrepreneurs' beliefs need to be corrected again so that motivation to improve product design can bring competitive advantage.

Third, entrepreneurship towards competitive advantage. The opposite of what was stated by Śledzik (2013) implies that entrepreneurship is synonymous with a person's willingness to be willing and able to make changes to the economic system, present new ideas, and produce new discoveries that become successful innovations. The argument from Staniewski & Awruk (2019) emphasizes that entrepreneurship is often associated with successful achievement, so that entrepreneurship is a function of society that can only occur if a proportion of its business activities are successful in influencing the market. According to what is claimed by Huang et al. (2023), where entrepreneurship is closely related to how, by whom, and what consequences for opportunities to provide goods and services. That is, it is about ways to discover, create and exploit them. Entrepreneurship tends to be

dominated by entrepreneurs who are driven to diversify their business and the weakest are entrepreneurs who exploit new business opportunities. In essence, entrepreneurship in the research case failed, but business people had difficulty finding changes in their products seriously and were unable to see the possible market potential. With fragile entrepreneurship, food and beverage SME owners in East Kalimantan are less able to capture and develop competitive advantage amidst market competition.

Fourth, digital marketing for competitive advantage. The synergy between digital marketing and competitive advantage cannot be separated from the digitalization space as a marketing channel to reach consumers at every level (Petrescu, 2014). Digital marketing channels can become an object that has advantages for entrepreneurs in capturing the market in the modern era. The opportunity to enter the open market is quite wide, because not all competitors have implemented it. This makes sense referring to the thinking of Hennig-Thurau et al. (2004), where the diverse digital marketing tools available on various sophisticated social media channels also determine a more ideal competitive advantage. By realizing more flexible marketing, it makes it easier for SME businesses to choose rational online platforms for future sustainability. Restructuring digital marketing allows for high competitive advantages.

Fifth, competitive advantage on business performance. Competitive advantage is the ability obtained through the characteristics and resources of a company in achieving high business performance compared to other companies in the same market (Awwad et al., 2013). Yıldız et al. (2014) explained that competitiveness that continues to be developed and supported by manufacturing companies will achieve tight competitiveness. Competitive advantage has a positive impact on business performance if the company has a strong market network (Cegliński, 2017). Romero & Martínez-Román (2012) concluded that creativity, knowledge, skills and abilities are factors that form competitive advantage to help companies find new innovations. So far, food and beverage SMEs have been able to increase trusted marketing channels and create popular product designs, thereby attracting buyers. By maintaining reliable marketing channels, business performance continues to grow repeatedly.

Indirect connection

In this section, the facts prove that digital marketing is unable to play its role as a moderating variable in the relationship between entrepreneurial managerial competencies, entrepreneurial motivation, and entrepreneurship on competitive advantage. Sixth, entrepreneurial managerial competencies towards competitive advantage through digital marketing. Harrigan et al. (2020), Akter & Iqbal (2020), and Virtanen et al. (2017) explained that social media as information-based digital marketing can be a relevant key to business planning activities. Digital marketing has not been used optimally by SME entrepreneurs in the food and beverage sector to complete the marketing system. The majority of SME owners still market using traditional techniques. Apart from the lack of technological facilities due to its isolated geographical location, conventional culture and business environment still persist.

Seventh, entrepreneur motivation towards competitive advantage through digital marketing. Engelen et al. (2014; 2015), Khan et al. (2013), Ling et al. (2008), and Tang & Hull (2012) stated that digital marketing is a pillar that can strengthen entrepreneurial leadership in spurring entrepreneurs' motivation to continue to innovate to reach target markets. Entrepreneurial behavior and strategic decisions in achieving high performance also need special attention with a series of efforts (Cassar, 2014; D'Angelo & Presutti, 2019; Park et al., 2020). Likewise, there is a mismatch between existing literature and the increasing use of digital marketing among the elderly. In fact, business activities that adopt digital marketing have increased threefold. This shows that SME entrepreneurs from this age category often carry out the same marketing motives. Even though food and beverage SMEs are able to carry out marketing anywhere, marketing methods that are carried out manually by ignoring digital marketing facilities actually stop entrepreneurs' motivation to achieve competitive advantage. The debate over the analysis findings is also caused by the fact that SME operational locations are difficult for customers to access, so they have difficulty finding them. The importance of utilizing digital marketing such as online platforms to not only increase sales levels, but also speed up the distribution chain and introduce products.

Eighth, entrepreneurship towards competitive advantage through digital marketing. Unfortunately, these findings contradict the opinion of Ferreira (2016) that entrepreneurship is a social realization

of society by driving business to influence the market. This can also be seen whether entrepreneurial enthusiasm can be successful and gain recognition or vice versa. On a micro level, this condition is also known as the introduction of a new economy that leads to market changes. The entry of digital marketing is a crucial factor in inspiring entrepreneurship in building competitive advantage. Brenner & Smith (2013) report that the use of digital media has increased sharply in recent years and this situation shows that digital marketing media has become an essential scenario in influencing the relationship between entrepreneurship and competitive advantage. Seeing current needs, adopting an online platform is the right choice, but it is not fully implemented optimally. In the scope of food and beverage SMEs, most of them have not been touched by digital marketing (such as social media), so that among entrepreneurs this has no significant impact on competitive advantage. Collectively, many SME respondents admitted that business operations were carried out in a conservative manner. Apart from anticipating large competition, the use of mobile marketing tools has also not been maximized, with SME entrepreneurs preferring static tools because they require extra costs. In fact, investment in digital means can influence the development and security of business in the future.

CONCLUSIONS AND RECOMMENDATIONS

In principle, this research investigates the influence of entrepreneur managerial competence, entrepreneur motivation, and entrepreneurship on competitive advantage and business performance which is moderated by digital marketing in food and beverage SMEs in East Kalimantan. In the conclusions and recommendations section, the findings are presented which are divided into two relationships (partial effects and moderation effects) and provide practical and academic suggestions for the direction of study on the future agenda.

Conclusion

Implicitly, the eight main findings after the analytical assessment are explained as follows: (1) Entrepreneur managerial competence significantly influences competitive advantage, where the entrepreneur's managerial competence is proportional to competitive advantage; (2) Entrepreneur motivation influences competitive advantage insignificantly because entrepreneur motivation currently has not had any impact on competitive advantage; (3) Entrepreneurship influences competitive advantage insignificantly and this reflects that a weak level of entrepreneurship actually brings competitive advantage in a negative direction; (4) Digital marketing significantly influences competitive advantage. Digital marketing is a determining factor in achieving long-term competitive advantage; (5) Entrepreneur managerial competence does not significantly influence competitive advantage through digital marketing. Digital marketing does not have a positive impact on the relationship between entrepreneur competency and competitive advantage; (6) Entrepreneur motivation does not significantly influence competitive advantage through digital marketing. Digital marketing does not have a positive impact on the relationship between entrepreneur motivation and competitive advantage; (7) Entrepreneurship does not significantly influence competitive advantage through digital marketing. Entrepreneurship does not have a positive impact on the relationship between entrepreneur competency and competitive advantage; and (8) Competitive advantage can significantly influence business performance. This projects that if the value of competitive advantage is increased, business performance will grow positively.

Recommendation

The originality of the research can be utilized by SMEs in the food and beverage sector in East Kalimantan, investors, regulators and scholars who have relevant interests in strategic management science. There are eight suggestions regarding the research output: (1) SMEs are able to provide high motivation to their employees by paying attention to compensation and creating unique product designs through product appearance and benefits; (2) SMEs must have the courage to be creative in reviewing business operations to be able to compete with other competitors; (3) SMEs can also exploit new business opportunities by diversifying business types; (4) SMEs must not think narrowly about the openness of the digital world which requires online platforms to be adopted to support informative, faster and more precise information channels to customers; (5) SME owners need to organize a strategic business location by empowering elements in the marketing mix through digital marketing such as social media which is considered suitable for the mobile character of the business; (6) Service systems can consider accessibility as a way to reduce internal conflict in business

operations; and (7) It is possible for the central government or local government as a rule maker to improve technical regulations related to food and beverage business administration, especially tax collection, delivery, promotion, sales, transactions and production aspects on digital platforms; and (8) Because this research only identifies the moderating role of digital marketing, further studies also need to consider competitive advantage as a moderating variable on business performance.

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