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Increasing the competitive advantage and the performance of SMEs using entrepreneurial marketing architectural innovation capability in North Sumatera, Indonesia

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ABSTRACT

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The aim of this study is to analyze how to improve the competitive advantage and performance of small and medium-sized enterprises (SMEs) in North Sumatra through marketing entrepreneurship and architectural innovation capabilities. The type of research is quantitative research. The study focused on UMKM in North Sumatra who offered the following categories of products: handicrafts, food and beverages, coffee shops, bakeries, fashion, clothing, and services. The research population consists of all 84,758 UMKMs in North Sumatra. As for the sample number ranging between 100 and 200, or at least 5 times the number of variable indicators, when using Structural Equation Modeling (SEM). The entire sample size for stage 1 was 102 SME samples from Medan city. To analyze the research data, the study used SmartPLS (Partial Least Squares). The findings of this study show that market orientation (MO) has a negative and insignificant impact on SME performance from data processing and hypothesis testing results. Entrepreneurship Marketing Architecture Innovation Capacity (EMAIC) has a beneficial and significant impact on Competitive Advantage (CA). The ability of Enterprise Marketing Architectures (EMAC) to innovate has a significant and beneficial impact on their success. Entrepreneurship orientation (EO) provides tangible proof of SME success through competitive advantage (CA). Corporate orientation has no direct impact on SME performance through competitiveness (CA).

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1. Introduction

SME's play a vital and strategic role in enhancing Indonesia's economic growth. In 2019, SMEs generated 23.16 percent of Indonesia's total GDP, or IDR 3,667.4 trillion. Furthermore, SME's can reduce unemployment in Indonesia because they absorb a large amount of labor. Looking at the vitality of SMEs is not surprising if the government wants to boost SME performance (Aydi & Jarboui, 2020). North Sumatera, the most populous province outside of Java Island, plays a significant role in the national growth of Small and Medium Enterprises. SMEs in North Sumatera face several challenges, including: 1) a scarcity of knowledge among SMEs entrepreneurs about good business management; 2) a scarcity of creativity among SMEs business actors and their employees; 3) a scarcity of aptitude for product and process innovation; 4) a failure to utilize the role of digital marketing; and 5) a failure to realize the significance of branding for their products and enterprises. To improve the performance and sustainability of SMEs, strategic actions are required (Masduki & Rully, 2020). Prior studies found discrepancies with market orientation variable study findings on commercial success. Variable market orientation has little effect on firm success, according to studies (Kajalo & Lindblom, 2015). Based on these data, one may conclude that MO necessitates complementary marketing capabilities to boost corporate performance (Amin et al., 2016). According to (Huhtala et al., 2014), the relationship between customer orientation and firm success was fully mediated during the economic upturn,

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but there was no such mediating impact during the economic crisis. Innovation competency minimized the influence of competitive orientation on firm performance during the crisis, but not during the recovery (Saunila, 2020). On the other hand, there was a significant association between the performance of MO and SMEs. This finding is consistent with prior research, which discovered that MO improved company success (Buli, 2017). Competitive advantage is a set of factors that separate Small from its competitors and provide it with a distinct market position that allows it to outperform others. Developing strong core competencies is required for creating a sustainable competitive edge (Raghuvanshi et al., 2019). A core competency is a distinct set of characteristics established by the firm in critical areas such as quality, service, innovation, flexibility, and speed.

A variety of problems continue to impede the development of SME in Indonesia, resulting in low competitiveness about imported goods. The two most important issues confronting SME's are infrastructure constraints and government access to licenses. Another issue that small and medium-sized businesses encounter is a lack of access to information, particularly market data. Because a lack of market knowledge leads to a lack of market orientation and inadequate global competitiveness, this is a barrier to marketing its products. Small and Medium Enterprises are unable to direct the development of their operations in a clear and targeted manner due to a lack of market information (Idris et al., 2020). Because it can provide optimal marketing performance, which can extend the local market base and be enhanced for unique local preferences, the market's intensity can drive corporations to pursue high levels of innovation in order to maintain a competitive advantage over their competitors. Innovation will also have an impact on a company's marketing strategy decisions, resulting in higher product quality and quantity. The value that a company can provide to its customers is its long-term competitive advantage. This is demonstrated by the company's constancy in supplying marketed items and responding to consumer issues such as product quality, consumer needs, the formation of new markets, and the existence of continuous product innovation.

2. Literature Review

2.1 Entrepreneurial Orientation (EO)

Miller (1983) was the first to create and define EO. Following that, several researchers applied and expanded on these criteria throughout industries, cultures, and countries. Then, according to Dess and Lumpkin (2005), EO was specified as a method, practice and decision-making activity leading to a new entrance. Other perspective (Miller (1983) EO is defined as having three dimensions: innovation, risk-taking, and proactiveness. The literature divided on the dimensionality of EO. Entrepreneurship orientation (EO) is an enterprise activity connected with proactive decision-making procedures that focus on creative tactics, take risks, and capitalize on market opportunities (Obembe et al., 2014). An entrepreneurial attitude is defined as a decision-making norm that prioritizes proactive, inventive risk-taking techniques (Murni, 2017). Enterprise orientation was characterized as a company's level of proactivity (aggressiveness) in a specific product market unit, as well as its propensity to innovate and generate new offers (Mason et al, 2015). An entrepreneurial mindset is a concept that represents a person's attitude or behavior that is motivated by the desire to launch an innovative business or endeavor that adds value to society. Entrepreneurial orientation is a characteristic shared by people who have high entrepreneurial aspirations and are always looking for new business opportunities. Several factors, such as a person's social and family history, education, work experience, and personality, may influence entrepreneurial orientation. Furthermore, environmental factors such as market rivalry, expected profit, and the facilities available to entrepreneurs all have an impact on entrepreneurial attitude (Ali, 2020). Entrepreneurial orientation is one of the most important characteristics in determining a person's success in launching a business (Kozubková & Zoubková, 2016). As a result, to be a successful entrepreneur, one must pay attention to the elements that encourage entrepreneurial action while also continuing to learn and improve (Javalgi & Moberg, 1997).

2.2 Market Orientation

MO is defined as an organizational culture built on three components, according to (Narver & Slater, 1990): customer orientation, competitor orientation, and inter-functional cooperation. Customer orientation refers to a company's capacity to provide great value to its customers while also comprehending the supply chain network. Competitor orientation is defined as a company's capacity to identify its own strengths, shortcomings, long-term capacities, and market competitiveness (Day & Wensley, 1988; Samat et al., 2006). The ability of a corporation to give additional value to its customers is referred to as inter-functional coordination. Customer service that is proactive and responsive is valued highly in these three categories. Market orientation, according to (Lukas & Ferrell, 2000), is the process of generating and communicating market knowledge with the purpose of providing more value to consumers. Employees, departments, and divisions are actively encouraged to share knowledge in market-oriented businesses. Formally, through meetings, conferences, newsletters, and databases, or informally, through discussion groups and informal mentoring (Atuahene et al, 2005), information can be transmitted. People in the organization must be able to ask inquiries and upgrade or edit information to bring new insights to the sender (Baker & Sinkula, 2005). According to Gray et al. (2002), market orientation is the implementation of the marketing concept. As a result, the fundamental notions in market orientation are customer and competitor orientation. It is a deep philosophy marketing approach that says that product sales are determined by consumer purchasing decisions rather than sales technique (Vu, 2018). As a result, proper customer and competition orientation is critical in order to meet the consumer's demands and wishes while giving the best value.

2.3 Competitive Advantage

According to Barney (1991), a firm gains a long-term competitive edge by utilizing its resources. All assets and capabilities are described as distinct, scarce, non-substitutable, and difficult for competitors to replicate (Hindasah & Nuryakin, 2020). Competitive advantage is a company's capacity to outperform other companies in the same sector or market through its characteristics and resources (Nguyen & Khoa, 2020). In a competitive market, a company's competitive advantage is critical to its success. Furthermore, according to Porter (1985), competitive advantage is defined as "how a company actually implements generic strategies". Mulani et al. (2015) define competitive advantage as "how a company actually puts generic strategies into practice. Furthermore, according to (Porter, 1985), competitive advantage originates fundamentally from the ability of a firm to provide value for its consumers that exceeds the organization's costs in supplying it. Competitive advantage, according to Fred David, is "whatever a company does better than rival firms." When a company can do something that a competitor cannot do or has something that a competitor wants, it has a competitive advantage (Bui & Nguyen, 2016). The success of a corporation over its competitors is measured by competitive advantage. Lowering costs or using differentiation methods can provide a competitive advantage (Hoang & Cu, 2008). On the one hand, a lower cost strategy is one in which a corporation may run more efficiently than its competitors while producing higher-quality goods and services at market pricing. The difference between the buyer's perceived advantages and the company's economic cost of delivering goods and services is characterized as economic value (Le & Dang, 2018). When a company has a competitive advantage, it can give greater economic value to its customers than its competitors through reduced costs or differentiation (Hair et al. 2010). To enjoy a competitive edge, a company does not need to be the top player in the industry; it simply needs to know how to create economic value for itself (Murphy et al., 1996). In the context of SMEs, however, entrepreneurship and chance are critical for enterprises to obtain a competitive edge, as these two variables have been recognized as the primary reasons for the company's success (Porter, 1985).

2.4 Entrepreneurial Marketing Architectural Innovation Capability (EMAIC)

EMAIC is a specific skill that enables the use of entrepreneurial marketing strategy procedures in a way that is distinct from the ease of replication, difficult to copy, and capable of achieving excellence in long-term competitiveness. These models are distinguished from the prior concept by their emphasis on continuous innovation orientation and entrepreneurial marketing architectural orientation (Santos-Vijande et al., 2022). Entrepreneurship marketing refers to marketing approaches and activities associated with entrepreneurial ventures or startups. Entrepreneurial marketing is marked by agility, inventiveness, and a focus on achieving growth and market share, often in a resource-constrained environment (Arshi et al, 2020). It requires taking risks, exploring new opportunities, and reaching out to clients in a proactive manner. In the context of business, architectural innovation means making significant changes or reconfigurations to the structure or design that underpins a product, service, or business process. It goes beyond incremental change and frequently requires rethinking the entire system to deliver new value propositions or competitive advantages (Jessop, 2011).

Competence in a business context frequently refers to an organization's or a person's ability to complete a specific task or set of obligations efficiently (Adams et al., 2019). It can include the skills, resources, processes, and knowledge that enable a company to carry out a strategy and achieve a goal. Entrepreneurial marketing architecture innovation capabilities are characterized as a business's capacity to use entrepreneurship marketing tactics to generate architectural innovation in a product, service, or business process (Ahmadi & O'Cass, 2018). An entrepreneurial approach would be used to investigate the possibility of significant structural modifications or reconfigurations leading to competitive advantages or the formation of new markets (Alegre & Chiva, 2013). The ability of an entrepreneur or firm to employ marketing methods and inventive thinking to drive architectural change in a product, service, or business structure is referred to as EMAIC. It entails not only coming up with fresh ideas, but also efficiently marketing and implementing these concepts to achieve corporate success. Essentially, this concept proposes that entrepreneurial enterprises can profit from a combination of marketing techniques and architectural innovation to stay competitive, adapt to market changes, and offer distinctive value propositions.

2. Aims and Hypotheses

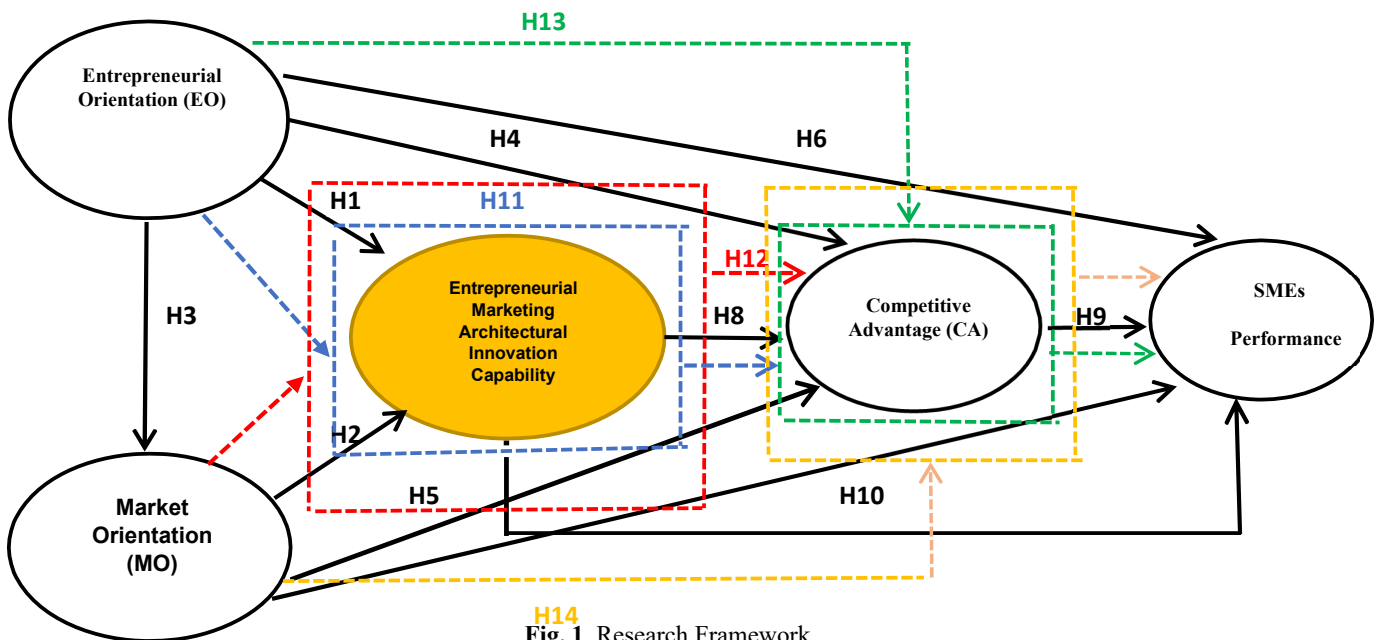
This study differs from earlier research in several ways. The goal of this study is to investigate four deductive variables in the context of small and medium-sized businesses in North Sumatra, Indonesia: entrepreneurial orientation, market orientation, and competitive advantage.

There are twelve hypotheses, as follows:

1. *Entrepreneurial Orientation has a favorable and significant effect on Architectural Innovation Capability in Entrepreneurial Marketing.*
2. *Market orientation has a large and positive impact on Entrepreneurial Marketing Architectural Innovation*

Capability.

3. Entrepreneurial Orientation has a strong and positive impact effect on Market Orientation.
4. Entrepreneurial Orientation has a strong and positive impact on Competitive Advantage.
5. Market Orientation has a strong and positive impact on Competitive Advantage.
6. Entrepreneurial Orientation has a strong and positive impact on SME's Performance.
7. Market Orientation has a strong and positive impact on SME's Performance.
8. Entrepreneurial Marketing Architectural Innovation Capability has a positive and significant effect on Competitive Advantage.
9. Competitive Advantage has a strong and positive impact on SME's Performance.
10. Entrepreneurial Marketing Architectural Innovation Capability has a strong and positive impact on SME's Performance.
11. Entrepreneurial Orientation has a strong and positive impact on Competitive Advantage through Entrepreneurial Marketing Architectural Innovation Capability.
12. Market Orientation has a strong and positive impact on Competitive Advantage through Strategic Entrepreneurial Marketing Innovation Capability.
13. Entrepreneurial Orientation has a strong and positive impact on SME's Performance through Competitive Advantage.
14. Market Orientation has a strong and positive impact on SME's Performance through Competitive Advantage.



H14
Fig. 1. Research Framework

3. Methods

The study applies a quantitative method to collect descriptive, comparative, and associative data (Creswell, 2014). The information is gathered using online surveys, which deliver questionnaires to customers and SMEs in North Sumatra. This study was carried out in two parts in North Sumatra: The first stage encompassed Medan City, while the second stage covered 16 regencies/cities in North Sumatra. The main SMEs in North Sumatra with the following product categories are the subject of the study: handy crafts, food and beverages, coffee shop, bakery, fashion, garment, and services. This study's population consists of all 84,758 SMEs in North Sumatra (Department of Cooperatives and SMEs of North Sumatra, 2018). When using Structural Equation Modeling (SEM), The sample size is between 100 and 200, or at least five times the number of variable indicators. The total sample size for stage 1 is 102 SME samples from the city of Medan. The sample was determined using purposeful sampling: a sampling strategy of data sources with deliberate consideration (Sugiyono, 2017). The following are the constructs in this study such as entrepreneurial orientation, market orientation, strategic entrepreneurial marketing innovation competency, competitive edge, and SME performance. Sixteen dimensions and thirty-five variable indicators are used to represent these five variables. The respondent is the owner/manager of a SME. To establish validity, validity and reliability tests are used to establish a link between the results of each question and the overall result. The study applies confirmation factor analysis to analyze correlated carelessness. Validity is defined as a second sequence load factor and a first sequence charge factor greater than 0.5. Reliability testing is performed to identify the degree of bias and to ensure measurement homogeneity. In this application, reliability refers to the instrument's stability and consistency. The minimal average variance (AVE) extracted has a reliability grade of 0.70. Technical data analysis using SEM PLS and descriptive and

causal analysis. In SEM, the F-Test is used for simultaneous potassium testing. For partial testing, the t-test is utilized. Five variables, sixteen dimensions, and 35 variable indicators are present. Table 1 describes the variable dimension and indications.

Table 1
Research Variables and Dimensions

Variables	Dimensions	No	Indicators
Entrepreneurial Orientation	Proactiveness	1	Market possibilities should be pursued in a proactive manner.
	Risk Taking	1	Act in advance of any issues, needs, and changes.
		2	Track industry trends to anticipate future developments
	Innovativeness	1	Typically, the first to discover the most recent product/technology.
2		Committed to being at the forefront in the implementation of new technologies	
Market Orientation	Competitor Orientation	1	Quick response to competitors' actions
		2	Active assessment of competitor behavior
	Customer Orientation	1	Our competitive activity is driven by the creation of the satisfaction of the client
		2	Frequently assess customer satisfaction
Entrepreneurial Marketing Architectural Innovation Capability	Inter functional Coordination	1	Coordinate all functions to maximize customer satisfaction
	Sensing Capability	1	Identify opportunities for product innovation
		2	Recognize dynamic environmental changes
	Seizing Capability	1	Ability to capture opportunities, choose a business model
		2	Market-oriented product development
	Transforming Capability	1	The ability to transform, integrate, reconstruct, renovate
		2	Transforming resources into competitive resources
	Superior Marketing Capability	1	Excellent branding skills
2		Digital Marketing Skills	
3		Customer Retention	
Competitive Advantage	Cost Advantage	1	The expense of raw materials
		2	Sales price of product/service
	Promotional Advantage	1	Business Image
		2	Brand awareness
	Sales Advantage	1	After Sales Service
		2	Sales Promotion
Differentiation Advantage	1	Differentiation	
Performance	Financial Performance	1	Sales
		2	Sales Growth
		3	Profitability
		4	Payback Period (PPB)
	Non-financial performance	1	Customer Satisfaction
		2	Customer Retention
		3	Employee Satisfaction

4. Results

3.1 Structural Model Evaluation (Inner Model)

R square (R^2) for the dependent construct, path coefficients or t-values for each path, and bootstrapping are used to test the relevance of constructs in the structural model. The variance of the independent variable in relation to the dependent variable is calculated using the R^2 value. This study's R^2 value is displayed in table 1 below:

Tabel 2
R Square

	R^2	R^2 Adjusted
Entrepreneurial_Marketing_Architectural_Innovation_Capability		
Market_Orientation	0.407	0.401
Competitive_Advantage	0.743	0.735
SME's_Performance	0.747	0.737

Based on Table 2 it is known that :

1. The R^2 value for the variable strategic entrepreneurial marketing innovation capability is 0.738, indicating that entrepreneurial orientation and market orientation influence strategic entrepreneurial marketing innovation capability by 73.8%, with the remaining 26.2% explained by variables not studied in this study.
2. The R^2 value for the market orientation variable is 0.407, implying that entrepreneurial orientation influences market orientation by 40.7%, with the remaining 59.3% explained by variables not investigated in this study.
3. The R^2 value for the competitive advantage variable is 0.743, implying that entrepreneurial orientation, market orientation, strategic entrepreneurial marketing innovation capability have a 74.3% influence on competitive advantage, with the remaining 25.7% explained by variables not studied in this study.
4. The R^2 value for the SME performance variable is 0.747, implying that entrepreneurial orientation, market orientation, strategic entrepreneurial marketing innovation capability, and competitive advantage have a 74.7% influence on SME performance, with the remaining 25.3% explained by variables not examined in this study.

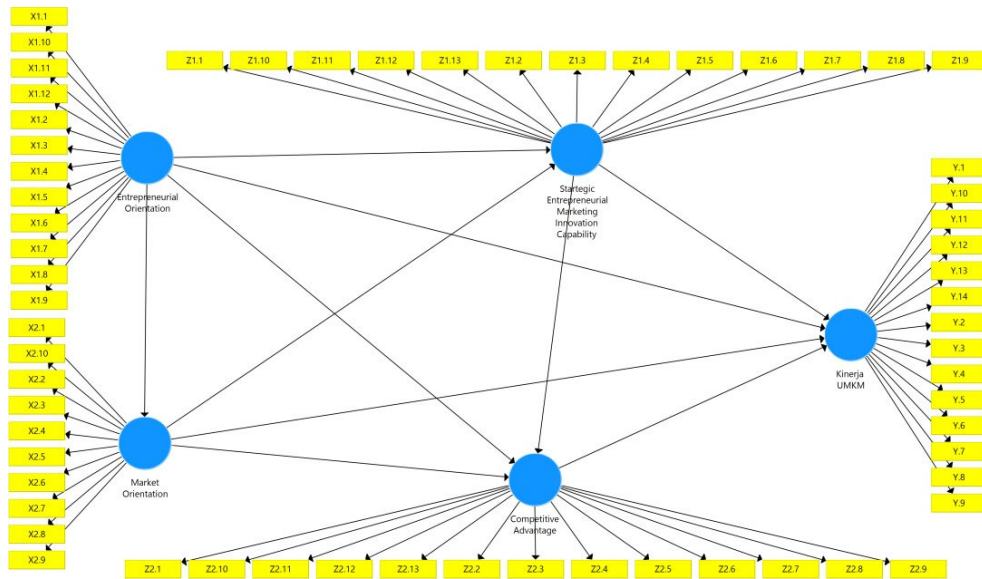


Fig. 2. First Model Framework

Fig. 2 depicts the first order analysis of each research variable. This task is carried out to determine the acceptability of each indicator on each dimension, which serves as a reference for decreasing research indicators. If each dimension's indicators are reliable and appropriate for measuring each dimension, research can more correctly forecast the relationship between variables that occurred.

3.2 Direct Effect

Table 3 shows the results of the Smart PLS method in measuring the route coefficients directly:

Table 3
Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
EO → EMAIC	0.431	0.433	0.066	6.514	0
MO → EMAIC	0.554	0.552	0.066	8.362	0
EO → MO	0.94	0.938	0.014	65.032	0
EO → CA	0.18	0.183	0.084	2.139	0.016
MO → CA	0.341	0.341	0.09	3.779	0
EO → SP	0.261	0.268	0.089	2.922	0.002
MO → SP	0.052	0.049	0.112	0.461	0.322
EMAIC → CA	0.469	0.466	0.112	4.169	0
CA → SP	0.553	0.543	0.107	5.18	0
EMAIC → SP	0.224	0.223	0.116	1.924	0.027

Source: PLS Output, (2022)

3.3 Indirect Effect

The ratio of the direct impact of a free the indirect influence is the difference between the direct impact of a mediating variable on a bound variable and the direct impact of a mediating variable on a bound variable. The ratios of the indirect influence of free variables on a variable can be calculated and detailed in Table 4.

Tabel 4
Indirect Effect

	Original Sample(O)	Sample Mean(M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
EO → EMAIC → CA	0.202	0.203	0.062	3.285	0.001
MO → EMAIC → CA	0.260	0.256	0.065	3.972	0.000
EO → CA → SP	0.100	0.098	0.048	2.061	0.020
MO → CA → SP	0.189	0.185	0.061	3.084	0.001

Source: PLS Output, (2022)

1. Entrepreneurial Orientation Toward Competitive Advantage demonstrates empirical evidence that Entrepreneurial Marketing Architectural Innovation Capability leads to competitive advantage. Thus, entrepreneur marketing architectural innovation potential has an indirect influence on competitive advantage. 0.202, with a p-value of $0.001 < 0,05$. Then, through entrepreneurial marketing architecture innovation capability, entrepreneurial attitude has a strong indirect influence on competitive edge.
2. Market Orientation Toward Competitive Advantage via Entrepreneurial Marketing Capability for Architectural Innovation This is empirical evidence that market orientation toward competitive advantages may be achieved through Enterprise marketing architectural innovation capacity. As a result, there is an indirect influence of market orientation on competitive advantage through entrepreneurial marketing architecture innovation capacity of 0.260, with a p-value of $0,000 < 0,05$. As a result, market orientations have a large indirect influence on competitive advantages via Enterprise Marketing Architecture Innovation capability. Entrepreneurial Orientation (EO) influences Entrepreneurial Marketing Architectural Innovation Capability in a good and quantitative way.
3. An entrepreneurial approach to SMEs' performance through competitive advantage This demonstrates the importance of entrepreneurial orientation to SMEs' performance through competitive advantage. As a result, there is an indirect influence of Entrepreneurship Orientation on the performance of SMEs via competitive advantage = 0.100, with a p-value of $0.020 < 0.05$. So Entrepreneur orientation indirectly has a significant influence on the performance of SMEs via competitive advantage.
4. Market orientation toward SMEs Performance via Competitive Advantage demonstrates that empirical data supports that market orientation towards SMEs performance through competitive advantage. As a result, there is an indirect influence of Market Orientation on SME Performance via competitive advantage = 0,189, with a p-value of $0,001 < 0,05$.

5. Discussion

Miller (1983) and Miller and Friesen (1983) were the first to construct and describe EO; since then, several scholars have used and expanded on these concepts across industries, cultures, and countries. Furthermore (Dess and Lumpkin, 2005, said for example, EO has been defined as a method, practice, and decision-making action that results in a new entry. Miller (1983) defines EO as having three dimensions: innovativeness, risk-taking, and proactiveness. The literature, however, is divided on the dimensionality of EO (Martin et al., 2017). Entrepreneurial orientation is a concept that depicts a person's attitude or behavior inspired by a desire to launch a new business or enterprise that adds value to society. Entrepreneurial orientation is a characteristic shared by people who have high entrepreneurial aspirations and are always looking for new business opportunities. Several factors, such as a person's social and family history, education, work experience, and personality, may influence entrepreneurial orientation. Furthermore, environmental factors such as market competitiveness, predicted profit, and the facilities available to entrepreneurs all influence entrepreneurial desire.

One of the important characteristics that can affect a person's success in launching a business is entrepreneurial orientation. As a result, in order to be a great entrepreneur, one must pay attention to the factors that motivate entrepreneurial orientation while also continuing to learn and develop oneself. MO as an organizational culture based on three components: customer orientation, competitor orientation, and interfunctional cooperation (Narver & Slater, 1990). Customer orientation refers to a company's capacity to provide outstanding value to customers while also comprehending the supply chain network. Competitor orientation is characterized as a firm's capacity to identify strengths, vulnerabilities, long-term capacities, as well as market competitiveness strategies (Day and Wensley, 1988).

Interfunctional coordination refers to the ability of a corporation to supply more value to its customers. These three characteristics place a premium on proactive and responsive customer service (González et al., 2009). Market orientation as the process of obtaining and communicating market knowledge with the purpose of increasing value for consumers. The application of the marketing concept is market orientation. As a result, client and competitor orientation are the primary concepts in market orientation. Market orientation is a deep philosophy marketing approach that implies product sales are dependent on customer purchasing decisions rather than sales strategy (Lukas & Ferrell, 2000). As a result, proper customer and competitor in order to meet the desires, orientation is essential, and wishes of the consumer while giving the best value. Competitive advantage says that a corporation gains a durable competitive advantage by exploiting its resources. All assets and capabilities are described as distinctive, scarce, non-substitutable, and difficult to copy by rival firms. Competitive advantage is the ability earned through a company's qualities and resources to outperform other companies in the same sector or market. It is important to a company's success in a competitive market. In accordance with the opinion of (Porter, 1985) explain that competitive advantage as "how a company actually puts generic strategies into practice. Further, stems basically from the ability of a company to create value for its buyers that exceeds the costs invested by the company in creating it. According to Fred David, advantage in the marketplace is "whatever a company does better than rival firms." When a corporation can accomplish something that a competitor cannot do or possesses something that a competitor desires, this can constitute a competitive advantage. EMAIC is a specific competence to apply entrepreneurial marketing strategy processes in a way that is distinct from the ease of replication, difficult to duplicate, and capable of producing excellence in long-term competitiveness.

The emphasis on continual innovation orientation and entrepreneurial marketing architectural orientation distinguishes these models from the preceding notion. Based on data analysis and hypothetical testing, it is possible to conclude that Entrepreneurial Orientation (EO) or Entrepreneurship Orientation has a positive and significant impact on Enterprise Marketing Architectural Innovation Capability (EMAIC). Enterprise orientation is closely associated to EMAIC, implying that there is a straight path between entrepreneur orientation and EMAIC; if entrepreneurship orientation is good, EMAIC will be as well. Proactive in seeking market opportunities, constantly one step ahead of shifting consumer demands. SMEs create products depending on consumer requirements such as quality, packaging, and product content. This result can also be explained by responses to the research instrument (questionnaire) variable Research Orientation Entrepreneurship (EO), where the risk-taking dimension has the greatest average value (excellent category) compared to the proactive and innovation dimensions. SMEs are always monitoring industry developments to anticipate changes in consumer appetite. Small and medium-sized businesses can also anticipate a quickly changing business environment with considerable volatility and turbulence. Because of the high intensity of competition to gain customers and increase profitability, the innovation dimension has the lowest average value but is still in the good category, indicating that most SMEs in the field are devoted to staying one step ahead of their opponents in terms of acquiring and deploying new technologies.

According to additional study, research, and development capability, as well as marketing capability, have a substantial influence on product innovation, whereas research and development capability, as well as manufacturing capabilities, have a big influence on process innovation. Because today's global business climate is characterized by intense rivalry, rapidly expanding technology breakthroughs, shifting social structures, and diverse customer expectations, businesses must innovate to survive and prosper. As a result, firms cannot exist without innovation, which applies to all industries (Milfelner et al., 2019).

According to this study, which was also supported by Sulisty and Siyamtinah (2016), entrepreneurship has a strong influence on innovative capability. According to the findings of the research, entrepreneurial development, which includes entrepreneurship orientation, marketing capability, relational capital, and empowerment, can improve innovative capacities and performance. An organization's innovation capabilities will fuel innovation and long-term product development. The greater an organization's innovation capability, the better its business performance.

Entrepreneurship Orientation (EO) in principle relates to a company's aim to revitalize market offers, take risks by researching new and uncertain products, services, and markets, and be more aggressive in responding to new market possibilities than competitors (Dess & Lumpkin, 2005). An entrepreneurial mindset is critical to a company's competitive edge and performance. Organizations have traditionally focused on industrial competition. According to (Hunt, S., & Morgan, 1996), organizational integrity began to focus on different product and service development tactics that competitors could not replicate. As a result, SMEs must fight to create distinctive products or services that are difficult to imitate.

Customers' interest in competing items will compel corporations to act fast if competitor product strategies are detrimental to the company's products. A company's ability to respond quickly and accurately to changes in strategy is reflected in changes in product design, variations in product motifs, raw material types and quality, product models offered, and sales promotion strategies in the fashion industry, which will provide the best way to improve business performance. It demonstrates the significance of Religio-centric Positional Advantage (RPA) in that move in a highly dynamic religious-based fashion business with short life cycle features, fluctuating demand, limited predictability, and high impulsive buying rates.

A market-oriented culture encourages all corporate components must work on improving their response time to changing customer needs, to respond promptly and effectively to changes in rival strategies. According to the findings of (Distanont, 2020) research, Market orientation has a significant influence on innovation. According to a review of several studies, customer input leads to the creation of business innovation via important factors such as: receipt of information related to company products and services, good customer relationships, which nurture new ideas and perspectives in product and service development. According to the findings, market orientation is strongly linked to innovation. Furthermore, innovation mediates the market orientation and business performance relationship (Hunt & Morgan, 1995). Market orientation is described as the behavioral process of acquiring and interpreting information about consumers and competitors to respond to it effectively and efficiently. Viewpoint aids in the implementation of marketing concepts and provides management with real business recommendations. Market orientation requires firms to monitor rapidly changing consumer wants and wishes, assess the impact of such changes on customer satisfaction, increase product innovation, and execute methods that boost a company's competitive edge. Market-oriented organizations are committed to recognizing sponsors' both revealed and hidden demands as well as rival capabilities and plans, through the systematic and anticipatory acquisition and evaluation of market information. Companies constantly give more value to customers by spreading knowledge throughout the organization and functioning in a coordinated and focused manner (Slater & Narver, 1998). A greater grasp of the factors that characterize innovation potential can help businesses prosper. Proactive market orientation and proactive entrepreneurial orientation are key variables in understanding innovation ability. Both variables, as powerful triggers, are at the heart of all types of innovation capabilities, including markets, products, and processes.

6. Conclusion

MO has a close association with EMAIC, whereas EO does not. EO and CA have a tight relationship, while MO and CA have a close relationship. EO has a significant impact on SME performance, whereas MO has no meaningful effect on SME performance. Market orientation (MO) has a favorable and considerable impact on the entrepreneurial marketing architecture's (EMAIC) innovative capabilities. Customer orientation, competitive orientation, and interfunctional cooperation comprise three-dimensional market orientation. The Entrepreneurship Orientation has a significant positive impact on the Market Orientation since corporate competitive operations are pushed to meet consumer wants and prioritize the production of customer happiness. An entrepreneurial orientation is intimately tied to a market orientation, implying that an entrepreneurship orientation and a marketing orientation have a direct relationship. An enterprise orientation (EO) has a small but favorable impact on competitive advantage. (CA). Entrepreneurship orientation is closely related to competitive advantage, which means that there is a direct relationship between entrepreneurial orientation and competitive advantage (CA), although it is not substantial. However, market orientation (MO) has a positive and significant influence on competitive advantages (CA). Market orientation is closely related to competitive advantages, implying that there is a link between market orientation (MO) and competitive advantage (CA), and that Entrepreneurship Orientation (EO) has a positive and significant impact on SME performance. Entrepreneurship orientation is strongly associated with SME performance, implying that there is a link between corporate orientation and the performance and relevance of SMEs. Based on data processing and hypothetical testing findings, it is possible to conclude that market orientation (MO) has a negative and minor impact on SME performance. This means that market orientation will increase while SME performance will decline, although the impact will not be large or inconsequential. EMAIC has a strong and positive impact on Competitive Advantages (CA). EMAIC is closely associated with competitive advantage, meaning that there is a parallel relationship and significant influence between eMAIC and competitive advantage (CA). Competitive Advantage (CA) has a significant and favorable impact on SME success. The Entrepreneurial Marketing Architectural Innovation Capability (EMAIC) has a positive and significant impact on the performance of small and medium-sized enterprises (SMEs).

EMAIC is closely linked to SME performance, implying that there is a direct relationship between EMEAIC performance and SME performance, with a significant impact. Market Orientation (MO) demonstrates empirical evidence of competitive advantage (CA) through Entrepreneurial Marketing Architecture (EMAIC), while Entrepreneurial Orientation (EO) demonstrates empirical evidence of SMEs performance through Competitive Advantage (CA). Thus, there is no direct impact of corporate orientation (OE) on the performance of SMEs through competitive advantage (CA), so EO does not directly affect company performance through competitive advantage (CA), or it can be said that CA does not have a significant influence in mediating the relationship between EO performance and SMEs. Market Orientation (MO) shows empirical evidence of SME performance through Competitive Advantage (CA). As a result, while there is no direct influence of market orientation (Mo) on SME performance through competitive advantage (CA), MO has a significant indirect influence on its performance through SME Competitive Advantage (CA), and it can thus be stated that MO with three dimensions: customer orientation, competitive orientation, and inter-functional coordination funded by CA will improve PMB performance.

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