

THE INFLUENCE OF ENTREPRENEURIAL ORIENTATION ON DIGITAL MARKETING AND SUSTAINABLE COMPETITIVE ADVANTAGE

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ABSTRACT

This research aims to determine the influence of entrepreneurial orientation on digital marketing and sustainable competitive advantage. The sample used in this research was 314 restaurants in Malang City with a stratified random sampling technique and the method used was proportionate random sampling. This research uses path analysis with smartPLS to find out how much influence entrepreneurial orientation with six indicators (innovativeness, risk-attitude, proactiveness, autonomy, aggressiveness, competitiveness) has on digital marketing as measured by 4C (co-creation, currency, communal activation, conversation) and sustainable competitive advantage as measured by indicators (scarce corporate value, imitability, durability, transferability). In this research, entrepreneurial orientation can encourage an increase in sustainable competitive advantage in a number of restaurants in Malang City. Entrepreneurial orientation can encourage increased digital marketing for restaurant businesses in Malang City. Entrepreneurial orientation is a creative and innovative ability that is used as the basis and resource for seeking opportunities for success. Furthermore, entrepreneurship not only requires knowledge but also skills. Entrepreneurial competence is needed in implementing marketing strategies in order to obtain a solid competitive advantage through the value of responsiveness to customer needs

Keywords: *Entrepreneurship Orientation, Digital Marketing, Sustainable Competitive Advantage*

INTRODUCTION

According to the Coordinating Ministry for Economic Affairs of the Republic of Indonesia in a press release on August 24, 2023, the MSME sector contributes 61% to the Gross Domestic Product (GDP), equivalent to IDR 9,580 trillion. Additionally, MSME's contribution to employment absorption reaches 97% of the total workforce.

MSME must inherently possess high creativity to compete with large companies and other MSME. This reflects the necessity for MSME to have a competitive advantage. However, some MSME have not yet managed to implement sustainable competitive advantages, leading to a decline in performance or even the cessation of operations due to increasing competition.

Table 1. Number of MSME in Malang City

District	Fashion Sector		Culinary Sector		Automotive Sector		Education Sector		Agricultural Sector	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Kedungkandang	62	91	768	904	22	40	0	4	3	30
Sukun	90	93	1320	1330	39	40	6	6	7	9
Klojen	70	70	772	778	22	22	2	3	2	2
Blimbing	87	91	1332	1346	30	30	4	4	6	8
Lowokwaru	100	109	2186	2845	37	47	9	9	7	9
Kota Malang	409	454	6378	7203	150	179	21	26	25	58

Source: Malang City Cooperative, Industry, and Trade Office

From table 1, it is shown that there has been an increase in the number of MSME in Malang City, particularly in the culinary sector. The culinary MSME, especially restaurants, is currently a growing business. The increase in the number of culinary MSME reflects the ongoing trend and interest among the Malang City

community, where the population is predominantly students seeking education. However, table 2 indicates a decrease in the number of restaurants in 2022, with 541 no longer operating. Some previous studies have emphasized performance and competitive advantage without considering continuity or sustainability, whereas managing a

business involves not just establishing and running it but also focusing on the ability to grow it over a long period (sustainability).

Table 2. Number of Restaurants by District in Malang City

Subdistrict	2020	2021	2022
Kedungkandang	157	-	97
Sukun	189	-	134
Klojen	902	-	686
Blimbing	199	-	160
Lowokwaru	568	-	397
Kota Malang	2015	-	1474

Source: Malang City Youth, Sports, and Tourism Office

Therefore, in this study, the researcher focuses on the culinary sector, particularly restaurants that have experienced a decline in numbers, to understand the importance of entrepreneurial orientation and digital marketing on sustainable competitive advantages so that

businesses can compete with their rivals and survive.

LITERATURE REVIEW

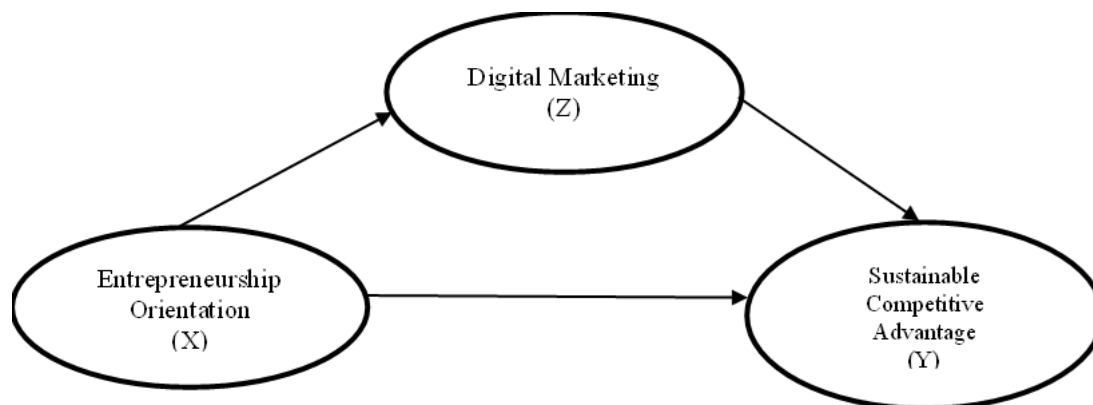


Figure 1. Conceptual Model

Entrepreneurship Orientation

Entrepreneurship is a unified entity of spirit, values, and principles, as well as a strong attitude, art, and concrete actions essential for effectively and excellently managing and developing a company or other activities aimed at providing the best service to customers and other stakeholders, including society, nation, and country (Mulyadi, 2011). Mulyadi (2011) argues that successful entrepreneurs generally possess competence, which includes knowledge, skills, and individual qualities such as attitude, motivation, values, and behavior necessary for performing a job or activity. Entrepreneurs require not only knowledge but also skills. Entrepreneurial competence is needed in implementing marketing strategies to achieve a solid competitive advantage through responsiveness to customer needs.

Lumpkin & Dess (1996) propose five dimensions of Entrepreneurial Orientation: Autonomy, Innovativeness, Risk-taking,

Proactiveness, and Competitive Aggressiveness. Other researchers, such as Mason et al. (2015), explain that there are six dimensions in entrepreneurial orientation: innovativeness, risk attitude, proactiveness, autonomy, aggressiveness, and competitiveness.

Digital Marketing

Digital marketing and the internet are closely related, as digital marketing is a strategy that utilizes various online channels and platforms, with the internet being the primary medium used. Wati et al. (2020) suggests that digital marketing is a general term for the targeted, measurable, and interactive marketing of goods or services using digital technology. The primary goal of digital marketing is to promote brands, shape preferences, and increase sales traffic through various digital marketing techniques. However, many technologies driving digitalization also disrupt small industries like MSME and destabilize existing large industries.

In Marketing 4.0, an approach combining online and offline interactions between companies and customers is emphasized. In the digital economy, digital interaction alone is insufficient; offline touch represents a strong differentiation. In Marketing 5.0, the shift leverages machine-to-machine connectivity and artificial intelligence to enhance marketing productivity while utilizing human-to-human connectivity to strengthen customer engagement.

Traditional marketing is represented by the marketing mix, a classic tool to help plan what to offer and how to offer it to customers, known as the 4Ps: product, price, place, and promotion. In the current era of digitalization, the marketing mix concept has evolved to accommodate more customer participation, with the 4Ps redefined into the 4Cs: co-creation, currency, communal activation, and conversation (Kotler, Kertajaya, Setiawan, 2017).

Sustainable Competitive Advantage

Generally, every company strives to ensure that the business being run consistently performs well so that it can grow and survive longer. This desire can only be realized if the company possesses a higher competitive ability compared to its competitors. Many companies emphasize competitive advantage as a measure of performance without considering the continuity of competitive advantage (sustainable competitive advantage) to improve company performance. Managing a business involves not just establishing and running it but also focusing on the ability to grow it over a long period (sustainability).

Sustainable competitive advantage is measured using instruments developed based on the opinions of Barney (1991) and Grant (1991), which include values from the company that are rare, imitability or difficult to imitate, durability or the company's resistance to competition, and

transferability or the ease of transferring these advantages.

RESEARCH METHODS

This research uses a quantitative research model. Based on the research objectives to be achieved, this type of research is explanatory research, which verifies the relationship between a set of variables in the established research problem (Indrawan & Yaniawati, 2014). There are many MSME sectors in Malang City, including fashion, culinary, automotive, education, and agriculture. The sector selected for this research is the culinary sector, as it was the largest in Malang City, with 7,203 in 2022. The population in this research consists of the total restaurants still operational in 2022 in Malang City, totaling 1,474 restaurants. Based on calculations using the Slovin formula, a sample of 314 was obtained. The sampling technique in this research used stratified random sampling with a proportionate random sampling method, where sample selection is done by considering the proportion in the population (Sarwono, 2006). This research uses several data analysis techniques such as descriptive statistics, validity tests, reliability tests, classical assumption tests, determination coefficient analysis (R-square), and path analysis.

RESULTS AND DISCUSSION

The questionnaire distribution in this research was conducted directly to respondents, namely restaurant owners or business operators in Malang City. The researcher processed the data from the distributed questionnaires, conducted by directly distributing them within a specific time frame over 1 month. The data filled in via Google Forms resulted in respondent characteristics as shown below:

Table 3. Respondent Characteristics

		Frequency	Percentage
Age	30-34	32	10.2
	35-39	105	33.2
	40-44	80	25.6
	45-49	57	18.3
	50-54	21	6.7
	55-59	10	3.2
	60-65	9	2.8
Gender	Male	160	47.6
	Female	164	52.4
Education	Junior High School	56	17.7
	Senior High School	103	33
	Diploma	16	5
	Bachelor Degree	133	42.3
	Master	6	2
Length of Business Operation	3 years	30	9.5
	4 years	47	14.9
	5 years	157	50
	6 years	74	23.6
	7 years	6	2

Source: Processed Primary Data, 2024

Based on the validity test results, both convergent and discriminant validity using SmartPLS, the convergent variable of the measurement model with reflective indicators is

assessed based on the correlation between item scores or component scores and the latent variable scores or construct scores calculated with PLS.

Table 4. Convergent Validity Test Results

Variable	Item	Loading Factor	Result
Entrepreneurship Orientation (X)	X.1	0,745	Valid
	X.2	0,732	Valid
	X.3	0,733	Valid
	X.4	0,724	Valid
	X.5	0,794	Valid
	X.6	0,766	Valid
	X.7	0,706	Valid
	X.8	0,772	Valid
	X.9	0,750	Valid
	X.10	0,748	Valid
	X.11	0,705	Valid
	X.12	0,734	Valid
	X.13	0,750	Valid
	X1.14	0,716	Valid
	X.15	0,724	Valid
Digital Marketing (Z)	Z.1	0,741	Valid
	Z.2	0,750	Valid
	Z.3	0,740	Valid
	Z.4	0,829	Valid
	Z.5	0,798	Valid
	Z.6	0,762	Valid
	Z.7	0,829	Valid
	Z.8	0,836	Valid
	Z.9	0,827	Valid
Sustainable Competitive Advantage (Y)	Y.1	0,818	Valid
	Y.2	0,884	Valid
	Y.3	0,787	Valid
	Y.4	0,813	Valid
	Y.5	0,917	Valid
	Y.6	0,859	Valid
	Y.7	0,800	Valid
	Y.8	0,825	Valid

Source: Processed Data, 2024

Table 4 shows that each item has a factor loading value greater than 0.70, indicating that all items used in this study on the variables of entrepreneurial orientation, digital marketing, and sustainable competitive advantage have

successfully formed the variables to be tested and have met the criteria for convergent validity with a factor loading value (Hair et al., 2017).

Table 5. Discriminant Validity Test Results (HTMT Ratio)

	1	2	3
(1) Sustainable Competitive Advantage			
(2) Entrepreneurial Orientation	0,804		
(3) Digital Marketing	0,659	0,663	

Source: Processed Data, 2024

The next step is the discriminant validity test using the heterotrait-monotrait ratio (HTMT) value. Table 2 shows that each construct has an HTMT value less than 0.85 and each construct has an HTMT value greater than other constructs, indicating that the results of the discriminant validity test fall within the valid category.

Table 6 below presents the reliability test results using Cronbach’s alpha and composite reliability values, showing that each latent variable, namely entrepreneurial orientation, digital marketing, and sustainable competitive advantage, has Cronbach’s alpha and composite reliability values greater than 0.70, meeting the reliability test

criteria. Additionally, the average variance extracted (AVE) value is used as a discriminant

validity test. This study has an AVE value above 0.50, meeting the minimum threshold.

Table 6. Reliability Test Results

Variable	Cronbach's Alpha	Composite Reliability	AVE
Entrepreneurial Orientation	0,941	0,943	0,548
Digital Marketing	0,925	0,927	0,626
Sustainable Competitive Advantage	0,939	0,941	0,704

Source: Processed Data, 2024

The first inner model test uses the R Square value as a reference for the variation in influence between latent variables. According to table 9, it is known that the variables of digital marketing and sustainable competitive advantage have R square values of 0.689 and 0.659, respectively, which means that the entrepreneurial orientation variable can explain 68.9% of the

digital marketing variable. Furthermore, sustainable competitive advantage is influenced by the entrepreneurial orientation and digital marketing variables by 65.91%, while other variables outside this research model explain the remainder.

Table 7. R-Square Values

Variable	R Square	Adjusted R Square
Digital Marketing	0,689	0,687
Sustainable Competitive Advantage	0,659	0,658

Source: Processed Data, 2024

Next, the goodness of fit test is conducted using predictive relevance. Based on the predictive relevance calculation results above, a Q-square value of 89.4% is obtained. This shows that the model in this study can explain the variation in the latent variables studied by 89.4%, while latent

variables outside the research model explain the remainder. Furthermore, the predictive relevance value is categorized as good because it is above 0.36. This also indicates a model that fits the research data.

Table 8. Hypothesis Test Results

Hypothesis	Coefficient	T Statistic	P Values	Result
Entrepreneurial Orientation → Sustainable Competitive Advantage	0,321	5,312	0,000	Accepted
Entrepreneurial Orientation → Digital Marketing	0,812	32,536	0,000	Accepted
Digital Marketing → Sustainable Competitive Advantage	0,548	9,985	0,000	Accepted

Source: Processed Data, 2024

Table 8 and Figure 2 show that hypothesis 1 regarding the influence of entrepreneurial orientation on sustainable advantage is accepted

because it has a p-value of <0.05 and a t-table value >1.96 (5.312).

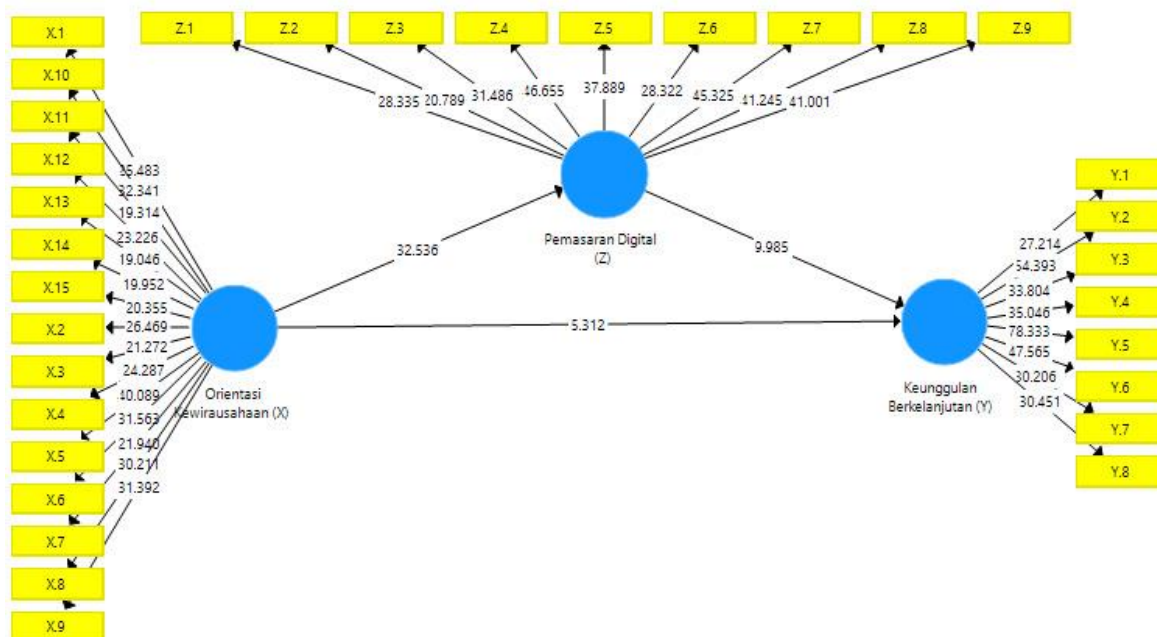


Figure 2. Hypothesis Test Result

Source: Processed Data, 2018

This means that the better the entrepreneurial orientation of restaurant business owners in Malang City, the more they can enhance the sustainable advantage of their business. Furthermore, hypothesis 2 regarding the influence of entrepreneurial orientation on digital marketing has a t-statistic value of 32.536 > 1.96 and a p-value of <0.05, thus hypothesis 2 is accepted. This means that the better the entrepreneurial orientation of MSME business owners in Malang City, the more it encourages business owners to

optimize digital marketing. Then, hypothesis 3 regarding the role of digital marketing in sustainable competitive advantage has a t-statistic value of 9.985 > 1.96 and a p-value of <0.05, so hypothesis 3 is accepted. This means that the better the digital marketing implementation by MSME business owners in Malang City, the more it can enhance the sustainable competitive advantage of their business.

Table 9. Mediation Test Results

Hipotesis	Coefficient	T Statistic	P Values	Result
Entrepreneurial Orientation → Digital Matketing → Sustainable Competitive Advantage	0,445	9,905	0,000	Accepted

Source: Processed Primary Data, 2024

Table 9 shows the test results of the indirect effect or the mediating role of the digital marketing variable on the influence of entrepreneurial orientation on sustainable competitive advantage, which has a t-statistic value of 9.905 > 1.96 and a p-value of <0.05, thus hypothesis 4 is accepted. This means that digital marketing can mediate the influence of entrepreneurial orientation in enhancing the sustainable competitive advantage of restaurant businesses in Malang City. Furthermore, the mediating role of digital marketing is partial

mediation because the direct influence of entrepreneurial orientation is significant, while the influence of entrepreneurial orientation on digital marketing is also significant.

The Influence of Entrepreneurial Orientation on Digital Marketing

Entrepreneurial orientation has a positive and significant influence on digital marketing. The entrepreneurial orientation variable on digital marketing has a t-statistic value of 32.536 > 1.96 and a p-value of <0.05. This value shows that entrepreneurial orientation influences

digital marketing. Entrepreneurial orientation can encourage the enhancement of digital marketing for restaurant business owners in Malang City. Entrepreneurial orientation is the creative and innovative ability that serves as a basis and resource for seeking opportunities towards success. Furthermore, entrepreneurship requires not only knowledge but also skills. One of them is decision-making skills. The item with the highest value is the level of risk-taking, as seen from respondents dominated by the age group of 35-39 years, amounting to 105 or 33.2%, which shows maturity in thinking about taking risks in running a business. At this age, they already have experience in calculating the risks they take. The last education of the respondents is a bachelor's degree, amounting to 133 or 42.3%, where they have adequate academic knowledge in running a business that requires innovation, proactivity, aggressiveness, and a competitive attitude in facing competition.

In this study, respondents were reluctant to enter new markets, as seen from item X1.14, which has the lowest value of 19.04. This may occur due to declining financial performance or a lack of additional capital. As many as 273 respondents or 87.2% answered that they had never received capital assistance, which might lead to a decline in performance or even cessation of operations if the restaurant owner or respondent does not have a clear business concept and is not financially strong. Because of changing trends and consumer behaviour. Especially when seen, as many as 157 respondents or 50% have established restaurant businesses for 5 years.

Entrepreneurial competence is needed in the implementation of marketing strategies to achieve a solid competitive advantage through responsiveness to customer needs. This study's results align with the findings of Purba et al. (2022), who also found that entrepreneurial orientation significantly impacts digital marketing in MSME.

The Influence of Entrepreneurial Orientation on Sustainable Competitive Advantage

The entrepreneurial orientation variable has a positive and significant influence on sustainable competitive advantage. Entrepreneurial orientation towards sustainable advantage is accepted because it has a p-value of <0.05 and a t-table value of $5.312 > 1.96$. This value indicates that entrepreneurial orientation influences sustainable competitive advantage.

Entrepreneurial orientation can encourage the enhancement of sustainable competitive advantage for MSME business owners in Malang

City in the food sector, especially in Malang City restaurants. Entrepreneurial orientation in this study includes the level of product innovation in the form of development and quality improvement or the creation of new products, the courage to take risks by making new breakthroughs or entering new markets, proactivity in seeing market opportunities, daring to offer products first in the market, having the ambition to excel, and having a business with a clear concept as well as the ability to anticipate rapid market changes and the courage to outperform competitors.

The item with the highest value is the level of risk-taking, as seen from respondents dominated by the age group of 35-39 years, amounting to 105 or 33.2%, which shows maturity in thinking about taking risks in running a business. At this age, they already have experience in calculating the risks they take. The last education of the respondents is a bachelor's degree, amounting to 133 or 42.3%, where they have adequate academic knowledge in running a business that requires innovation, proactivity, aggressiveness, and a competitive attitude in facing competition.

Item with the highest-scoring item is related to risk-taking ability, which is particularly prominent among respondents aged 35-39 years, accounting for 105 respondents or 33.2% of the sample. This indicates a maturity in thinking when it comes to taking risks in business operations. At this age, respondents have typically gained experience in calculating and managing risks. Additionally, the majority of respondents, 133 or 42.3%, hold a bachelor's degree, which suggests they possess the academic knowledge necessary to run a business that requires innovation, proactivity, aggressiveness, and a competitive attitude to face market challenges.

However, the study also revealed that respondents are reluctant to enter new markets, as indicated by the lowest-scoring item, X.14, with a value of 19.04. Moreover, respondents feel that their company does not stand out from competitors, as reflected in the low score of item Y.4, which has a value of 27.214. These findings could be attributed to declining financial performance or the lack of additional capital. A significant 273 respondents, or 87.2%, reported never receiving financial assistance, which might explain the potential decline in business performance or even the possibility of ceasing operations if restaurant owners or respondents lack a clear business concept and sufficient capital. This is especially critical given the shifting trends and consumer behaviour. Notably, 157 respondents, or 50%, have been running their restaurant businesses

for five years. The findings of this study are consistent with those of Muhyi (2012), who also found that entrepreneurial orientation has a significant impact on sustainable competitive advantage in MSMEs in Sukabumi.

Impact of Digital Marketing on Sustainable Competitive Advantage

The digital marketing variable has a positive and significant effect on sustainable competitive advantage. The relationship between digital marketing and sustainable competitive advantage is supported by a t-statistic value of 9.985, which is greater than 1.96, and a p-value of less than 0.05. This indicates that digital marketing positively influences sustainable competitive advantage.

Digital marketing can drive the sustainable competitive advantage of restaurant businesses in Malang City. In this study, entrepreneurial orientation serves as a strategy to engage customers in the development of new products, set prices based on historical purchases and location distance, and consider customers' purchasing power. Additionally, it includes strategies to supply and sell others' products, gather customer reviews, and encourage electronic word-of-mouth among customers to build trust in the products being sold (Alabdullah & Kanaan-Jebna, 2023). These findings align with Yacoub et al. (2022), who also found that digital marketing significantly impacts the sustainable competitive advantage of restaurants in Malang City.

This study introduces the use of a mediating variable, digital marketing, as a novel aspect of the research, to explore the impact of entrepreneurial orientation on sustainable competitive advantage. Statistical analysis shows that digital marketing can act as an intermediary between entrepreneurial orientation and the enhancement of sustainable competitive advantage for restaurant businesses in Malang City. In practice, this suggests that restaurant owners should focus on effective digital marketing with unique strategies that can easily go viral, ultimately impacting the sustainable competitive advantage of MSMEs, particularly restaurant businesses in Malang City.

CONCLUSION

Based on the analysis and discussion regarding the impact of entrepreneurial orientation on digital marketing and sustainable competitive advantage, it can be concluded that entrepreneurial orientation has a positive and significant effect on digital marketing and sustainable competitive advantage. Digital marketing also has a significant

positive effect on sustainable competitive advantage. Factors influencing entrepreneurial orientation include the restaurant owner's willingness to take risks, such as entering new markets. Areas for improvement include aggressiveness, which involves anticipating new markets or competitors.

In this study, entrepreneurial orientation is a strategy for engaging customers in new product development, pricing based on historical purchases, considering location proximity, and assessing customer purchasing power. It also involves strategies for providing and selling other people's products, reviewing customer feedback, and encouraging electronic word of mouth among customers to build trust in the products being sold.

Entrepreneurial orientation can drive the enhancement of digital marketing for restaurant businesses in Malang City. It represents a foundation of creative and innovative abilities and resources for seeking opportunities toward success. Additionally, entrepreneurs require not only knowledge but also skills. Entrepreneurial competencies are necessary for implementing marketing strategies to achieve a strong competitive advantage through responsive value to customer needs.

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