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ENTREPRENEURSHIP ORIENTATION AND HOLISTIC MARKETING MIX IN CREATING COMPETITIVE ADVANTAGES BUMDES

I Gusti Ketut Adi Winata¹, Ni Made Wulan Sari Sanjaya², I Gusti Made Oka
Astana³

Management, STIE Satya Dharma, Indonesia^{1,3}

Accounting, STIE Satya Dharma, Indonesia²

igk.adiwinata@gmail.com¹

ABSTRACT

Bumdes is a company in a village that needs to establish a competitive advantage. This is because there are many similar businesses throughout Buleleng district. This study aims to understand the relationship between entrepreneurial orientation and holistic marketing mix as a source of competitive advantage for BUMDes Buleleng Regency. The data analysis technique used in this study is the SEM GeSCA method. The results showed entrepreneurial orientation has no direct influence on competitive advantage, but the indirect effect through a holistic marketing mix. The competitive advantage of Bumdes in Buleleng district can be created through the development of an entrepreneurial orientation which is translated into marketing activities.

Keywords: Entrepreneurship Orientation; Holistic Marketing Mix; Competitive Advantage; Bumdes.

INTRODUCTION

Village-owned enterprises (Bumdes) as village community independent enterprises and the support or strengthening of the village economy are considered to be able to develop their potential. BUMDes formed based on the spirit of brotherhood and cooperation to leverage all the potential economic, institutional economics, as well as the potential of natural resources and human resources, which in its activities not only purely profit-oriented but oriented to support the improvement of welfare and poverty alleviation of rural communities.

The various types of companies that emerge along with the development of information technology have resulted in an increasingly competitive and dynamic market. Village-based Bumdes must be able to face competition with these companies. Competitive advantage is needed in the face of fierce competition. Bumdes can increase the benefits obtained, by having its advantages over competitors. According to Hili et al. (2017) competitive advantage is seen as the ability of a company to achieve economic benefits in the form of advantages that can be achieved by competitors in the same industrial market. A competitive advantage allows an organization to differentiate the quality of its products or services, even at low costs, to create superior value for its customers and serve them

better than its competitors' products and services (Porter, 2008).

Competitive advantage needs to be developed through the unique resources and performance of Bumdes. Entrepreneurial behaviour together with organizational reconfiguration capabilities form a potential source of competitive advantage (Jantunen et al., 2005). Entrepreneurial orientation is an important aspect when companies are trying to gain a competitive advantage. Entrepreneurial orientation is a business strategy that focuses on taking risks, innovating, and being proactive to achieve competitive advantage (Lumpkin & Dess, 1996). Several previous studies have explained that entrepreneurial orientation has a significant effect on competitive advantage (Caseiro & Coelho, 2018; Cho & Lee, 2018; Keh et al., 2007). Different results are shown by other research, where entrepreneurial orientation does not have a significant effect on competitive advantage (Kempa & Setiawan, 2019; Kiyabo & Isaga, 2019).

Brazinskaite & Durand (2014) found that the application of entrepreneurial orientation in marketing activities is an essential factor for small businesses trying to gain a competitive advantage. These activities include developing new products, implementing new operational processes, entering new markets, adapting to changes in the external environment, and taking risks, all of them help introduce a competitive advantage. Companies are becoming more dynamic and they are using different strategies to stay relevant in the market. No other company can use any marketing strategy. Every company including Bumdes must find the right marketing strategy that best suits its operations. Without the right marketing strategy, a Bumdes cannot survive in today's competitive environment. Companies today aspire to achieve sales growth because without constant adequate sales growth, the company will stagnate and when this happens, the company will not be able to compete well in today's competitive market (Kotler, P., & Keller, 2006). In the same context, distribution channels are very important for the organization in terms of increasing the level of availability of its products and services and highlighting key features through the promotion process. The marketing mix is considered to be one of the most important aspects of the marketing process. It plays an important role in creating value and satisfaction for customers.

Various definitions of competitive advantage have been described from various perspectives. Porter (2008) sees that competitive advantage refers to the superiority of the comparative position in the market which directs the company to outperform its competitors. Rothaermel (2013) defines competitive advantage as a way for companies to formulate and implement strategies that lead to superior performance compared to other competitors in the same industry. Competitive advantage is an organization's ability to add more value to its customers than its competitors, thus achieving a position of relative advantage (Thompson, 2001). Based on this explanation, competitive advantage is defined as the result of a company's strategy formulation process to provide added value to customers to produce a favorable position for the company over its competitors for a certain period. Based on research by Lasalewo et al. (2017), indicators of competitive advantage are cost, delivery, product quality, and product diversity.

Marketing and entrepreneurship have long been recognized as the two main functions of companies. Besides, marketing activities and entrepreneurial processes are tightly integrated within the company (Webb et al., 2011). A research finding suggests that aligning entrepreneurial orientation and high-level marketing

orientation improves business performance, and in particular, when social network and business relationships are well developed because under this latter condition, the performance benefits of aligning entrepreneurial orientation and marketing orientation are best (Boso et al., 2013). The results of the study by Keh et al. (2007) show that orientation entrepreneurial plays an important role in marketing mix decision making. Other research has shown that carrying out a proactive marketing strategy that aims for sustainable innovation requires the existence of an underlying entrepreneurial orientation (Eggers et al., 2012).

Both competitive strategy and orientation entrepreneurial are different business unit level concepts (Covin & Lumpkin, 2011). Rhee et al. (2010) noted that entrepreneurial orientation is considered an attitude towards the pursuit of opportunities. Other findings indicate a different impact on individual entrepreneurial orientation's dimensions on competitive strategies (Lechner & Gudmundsson, 2014). A shared vision and technological response help develop an environmentally friendly marketing strategy. Adopting such a strategy is conducive to gaining a competitive advantage, which further increases the potential for achieving superior market and financial performance. Also, Leonidou et al. (2013) found that the influence of environmental marketing strategies on competitive advantage is more substantial in cases of intense competition. Rahmawati & Hadiwidjojo (2014) state that the green marketing mix strategy is an excellent strategy to increase competitive advantage in terms of green corporate image.

The number of Bumdes in Buleleng Regency is 84 units until 2019. A total of 31 units are engaged in retail. Bumdes in Buleleng Regency generally includes several businesses such as manufacturing businesses, namely businesses that convert basic inputs into products that can be sold to consumers, trading businesses, namely businesses that sell products to consumers and service businesses, namely businesses that produce services, not produce products or goods for the consumer. Bumdes in Buleleng district is on average less than five years old. They need an effective marketing strategy to enter the competitive market in the current era of information technology. Bumdes are companies in villages that need to establish a competitive advantage. This is because there are many similar businesses throughout Buleleng district. This study aims to understand the relationship between entrepreneurial orientation and holistic marketing mix as a source of competitive advantage for BUMDes Buleleng Regency.

METHODOLOGY

This study seeks to examine the causal relationship between variables entrepreneurial orientation, holistic marketing mix and competitive advantage. The nature of this research is an explanation with methods quantitative to test the causality relationship. This research was developed from the concept of Kotler & Keller (2012) regarding the holistic marketing mix. This research's population is the management of Bumdes as many as 84 units spread over nine sub-districts in Buleleng Regency. Determination of the number of samples using the Slovin formula which is equal to 46 with an alpha level of 10%. Data collection used a questionnaire, using an agree-disagree scale 1-10. The three variables, namely entrepreneurial orientation, holistic marketing mix, and competitive advantage, are grouped into two groups constructs. Entrepreneurial orientation variable as an exogenous variable. Holistic marketing mix variables and competitive advantage as

endogenous constructs. The following is an overview of the relationship between these constructs, as shown in Figure 01.

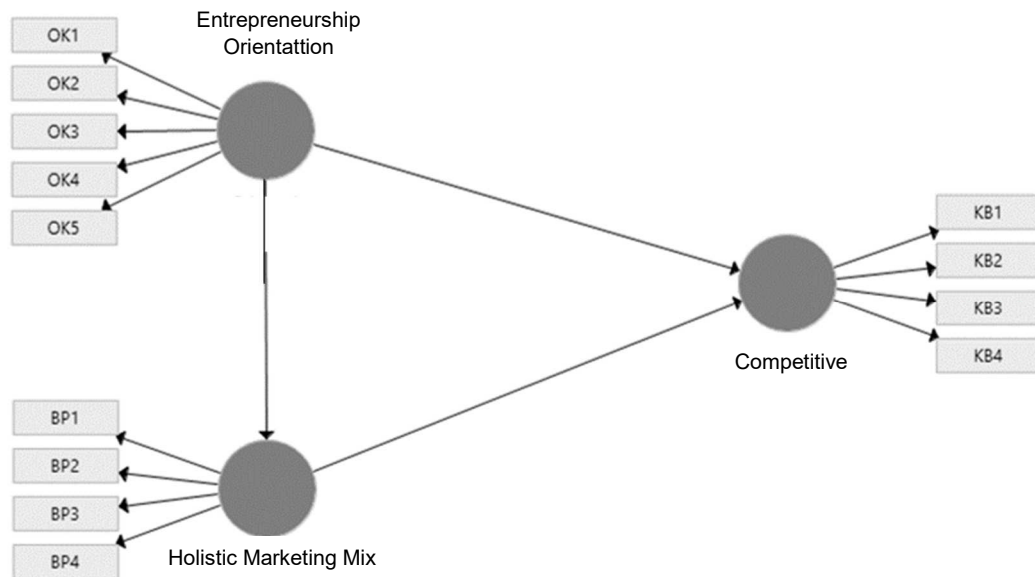


Figure 1. Conceptual Framework The

The data analysis technique used in this study is variant-based SEM, namely *General Structured Component Analysis (GSCA)* (Ghozali, 2011). Data analysis using the SEM GeSCA method consists of three stages. The first stage is to evaluate the measurement model by testing the validity and reliability of the model. The second stage evaluates the accuracy of the prediction model using the t-statistical test parameter to predict the existence of a causal relationship. The t-test parameter sees the significance value of the causality relationship between variables, with the criterion value of the critical ratio (CR) > 1.96. The third stage is to see the overall goodness of fit model using FIT test, Afit, GFI and SRMR

RESULTS AND DISCUSSION

This research uses analytical methods of structural equation modelling (SEM) based on Generalized Structured Component Analysis (GeSCA). The three stages in this data analysis are 1. to see the *overall goodness fit model*, 2. to evaluate the measurement model, 3. to evaluate the accuracy of the prediction model. The first stage is evaluating the *overall goodness of fit model* as presented in table 4 below.

Table 4 Goodness Of Fit

Model Fit	Criteria	Result	Conclusion
FIT	> 0.5	0.66	Fit
AFIT	> 0.5	0.65	Fit
GFI	> 0.9	0.99	Fit
SRMR	Close to Zero	0.09	Fit

Source: Primary Data Processed The

Four criteria for *the goodness of fit* are in table 4 shows that this research model meets the fit criteria. First, the FIT and AFIT values, respectively 0.66 and 0.65, have met the criteria with a value above 0.5. Both GFI values have also met the criteria value above 0.99. Finally, the SRMR value of 0.09 has met the criteria with a value close to zero. The results of the analysis of the measurement model using GSCA are summarized and presented in table 3. The Value of *loading* each indicator of the three variables, namely entrepreneurial orientation, holistic marketing mix and competitive advantage, has met the criteria for *convergent validity* because it has a loading factor value above 0.7.

Table 3 Outer Model

Variable	Loading		
	Estimate	SE	CR
Orientation Entrepreneurship	AVE = 0679, DG rho = 0913, Cronbach Alpha = 0881		
OK1	0.713	0.094	7.614
OK2	0.872	0.036	24.429
OK3	0.876	0.040	22.170
OK4	0.831	0.043	19.326
OK5	0.818	0.059	13.956
Marketing Mix Holistic	AVE = 0695 , DG rho = 0.900, Cronbach Alpha = 0854		
BPH1	0.921	0.020	45.579
BPH2	0.852	0.047	18.128
BPH3	0.800	0.073	10.923
BPH4	0.754	0.075	10.106
Competitive Advantage	AVE = 0749, DG rho = 0.923, Cronbach Alpha = 0891		
KB1	0.910	0.025	36.123
KB2	0.855	0.048	17.891
KB3	0.837	0.044	18.930
KB4	0.858	0.050	17.092

The measurement model is also assessed by the reliability of the indicators in the model. The reliability test in this study was assessed by the AVE, Dillon-Goldstein's rho (DG rho) and Cronbach alpha values, as shown in Table 3. The AVE values of all constructs were greater than 0.7, which means the model was reliable. Likewise, with the DG rho value, all constructs have a value greater than the required value, namely 0.9. Additionally, the Cronbach alpha values of all constructs show values greater than 0.7. Based on the three reliability criteria, it can be concluded that all constructs are reliable. The results of the structural model analysis with GSCA are presented in table 4 and table 5. Table 4 presents the value of *R Square* and the coefficient of determination. The table shows the coefficient of determination of the entrepreneurial orientation construct (OK) and the holistic marketing mix (BPH) of 58.5%, which means that the BPH variability level that

can be explained is OK at 58.5%. The coefficient of determination of the OK construct, BPH and competitive advantage (KB) relationship is 86.9%. This means that the variability level of the family planning construct that can be explained is OK and BPH of 86.9%.

Table 4 R square and determination Coefficient

Variable	R square	Coefficient Determination
BPH	0.585	58.5%
KB	0.869	86.9%

Source: Processed data

The results of hypothesis testing between constructs are presented in Table 5. Hypothesis testing between constructs is carried out by testing models structural to obtain the value of the *critical ratio* (cr). This cr value is compared with the t-table value to see the significance level of the relationship between constructs. The t-table value used in this study is 1.96 with a significance level of 5%.

Table 5 Hypothesis Test and Coefficient

Path	Path Model	Estimate	CR	Conclusion
OK =>	BPH	0.765	12.009	Accepted
OK =>	KB	0.145	1,240	Not accepted
BPH =>	KB	0.817	8.375	Accepted

Source: Processed data

Table 5 shows that the effect of entrepreneurial orientation on the holistic marketing mix is significant with the *critical ratio* (cr) exceeding 1.96. The coefficient value for estimating the relationship between the two constructs is positive 0.765, which means that the two construct relationships are unidirectional. The cr value of the influence of the entrepreneurial orientation construct on competitive advantage is 1.240. This means that the effect of the OK construct on family planning is not significant. The coefficient value for estimating the relationship between the two constructs is positive at 0.145, which means that the effect is unidirectional. The effect of the BPH construct on family planning is significant with a cr value of 8.375 which exceeds the t-table value of 1.96. The coefficient value *estimate of the effect* of the BPH construct on KB is 0.817 and is positive, which means that the effect is unidirectional. Also, this study examines the indirect effect of entrepreneurial orientation on competitive advantage through a holistic marketing mix. The purpose of this analysis is to determine the correct BPH as a mediating variable. This test is done by comparing the coefficient *estimate of the direct effect* of OK on KB and the coefficient of *estimating the indirect effect* of OK on KB through BPH, as well as the significance level of the cr value of the indirect effect. The coefficient *estimate of the effect indirect* of OK on KB through BPH is 0.625. The Coefficient *estimate of direct influence* compared to the indirect effect shows that the direct effect is greater than the indirect effect ($0.625 > 0.145$). The indirect effect cr value is 5.460 and it is significant compared to the t-table value of 1.96. This can be explained that BPH mediates the relationship between OK and KB.

This study seeks to understand the relationship between Bumdes competitive advantage (KB) in Buleleng district with entrepreneurial orientation (OK) and holistic marketing mix (BPH). The results showed that the first hypothesis was accepted, namely the influence of orientation entrepreneurial positive and significant on the holistic marketing mix of Bumdes in Buleleng Regency. This is in line with the results of previous studies, which state that entrepreneurial orientation affects the holistic marketing mix (Boso et al., 2013; Eggers et al., 2012; Webb et al., 2011). Other studies illustrate companies' need to absorb the entrepreneurial dimension to hone their responsiveness to the market (Kwak et al., 2013). It can be explained that entrepreneurial orientation facilitates organizational members' ability and willingness to recognize the need to reduce uncertainty, commit to market learning activities, and take more calculated risks. The results of the second hypothesis test show that the *critical ratio* is insignificant above the value of 1.96. This indicates that the second hypothesis is rejected, which states that entrepreneurial orientation affects the competitive advantage of Bumdes in Buleleng Regency. Previous research also stated that entrepreneurial orientation did not significantly affect competitive advantage (Kempa & Setiawan, 2019; Kiyabo & Isaga, 2019). The entrepreneurial orientation should be a resource to increase the competitive advantage of Bumdes in Buleleng district.

The results also show that the third hypothesis is accepted, which states that the holistic marketing mix affects the competitive advantage of Bumdes in Buleleng Regency. This is indicated by the significant critical ratio value above the value of 1.96. This result is in line with previous research (Budiarti, 2018). Other researchers mentioned that when a company combines consistent themes across the four marketing mixes, the differentiation from competitors becomes clearer because the combination occurs between competitive prices, preferred products or services, highly efficient channels for product or service delivery, and attractive promotions compared to competitors, thereby achieving a competitive marketing advantage (Wei & Wang, 2011). This study also examines the role of the holistic marketing mix construct to mediate the effect of entrepreneurial orientation on competitive advantage. The results of the model evaluation structural show that the value of the *critical ratio* indirect effect of orientation entrepreneurial on competitive advantage through a holistic marketing mix of 5.460 is significant above the required value of 1.96. This proves that the holistic marketing mix construct is correct as a variable mediating. Entrepreneurial orientation and marketing activities are important complementary factors for small businesses trying to gain competitive advantage and increase profitability (Baker & Sinkula, 2009; Brazinskaite & Durand, 2014). The combination of the marketing function and other company resources makes it a source of a sustainable competitive advantage (Mau & Sukawati, 2019). Entrepreneurial orientation needs are translated into marketing activities to create competitive advantages for Bumdes in Buleleng Regency.

CONCLUSION

Village-owned enterprises (Bumdes) in Buleleng district are still relatively new companies. The Bumdes business scale also includes small and medium enterprises. Bumdes needs to create competitive advantages in facing competition in the digital economy era. One of the ways is by developing competitive resources. One of the resources that need to be developed is entrepreneurial-based marketing

capabilities. Entrepreneurial orientation and a holistic marketing mix, including company resources to create competitive advantages for Bumdes in Buleleng district. The results showed entrepreneurial orientation has no direct influence on competitive advantage, but the effect indirect through a holistic marketing mix. The competitive advantage of Bumdes in Buleleng district can be created through the development of an entrepreneurial orientation, which is translated into marketing activities

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