

The Influence of Competitive Strategy on Export Performance Through Competitive Advantage with Firm Age Moderation in the Indonesian Export Channel (IEC) Community of MSMEs

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ABSTRACT

The global market's increasing dynamism and competitiveness push businesses to expand beyond national borders, aiming to enhance domestic and international competitiveness. This study investigates competitive strategy significantly enhances competitive advantage, which in turn positively impacts export performance. However, the direct effect of competitive strategy on export performance was found to be negative and insignificant, suggesting that competitive strategy alone is insufficient to drive export success. Firm age significantly moderates the relationship between competitive advantage and export performance, highlighting the importance of considering firm-specific characteristics in strategic planning. This research underscores the need for MSMEs to adopt innovative approaches tailored to market demands, aligning competitive strategies with their competitive advantages to overcome barriers and achieve sustainable growth in export markets.

Keywords: Competitive Advantage; Competitive Strategy; Export Performance; Firm Age; MSME's

INTRODUCTION

Exports play a vital role in contributing to a country's potential income. Increasing exports can directly or indirectly impact domestic production and economic growth, reduce unemployment, and generate foreign exchange to meet import cost requirements. A country's ability to compete in world markets, maintain a beneficial trade balance, and control external payments reflects its economic strength and marginal competence. Therefore, export activities and capabilities are crucial for a country to succeed in international trade. Global competition cannot be avoided, so businesses must follow market developments both domestically and internationally (Keskin et al., 2021). The global market is increasingly dynamic and competitive, requiring businesses to operate beyond national borders to increase domestic and international competitiveness. This is the biggest challenge for export businesses, as they must pay attention to various key aspects to penetrate the international market.

The Indonesian Export Channel (IEC) is a non-profit organization that brings together export business actors from all over Indonesia. It was founded by Ronnie Aban and co-founded by Yusril Haqieqie. The IEC collaborates with export-related agencies and relevant stakeholders to support export players across Indonesia. The organization is divided into twelve regions, including IEC Jabodetabek, IEC West Java, IEC DI Yogyakarta and Central Java, IEC East Java, IEC South Sumatra Bangka Belitung Bengkulu and Lampung, IEC Jambi Riau Riau Islands, IEC West Sumatra, IEC Aceh, IEC Kalimantan, IEC Bali Nusa Tenggara, and IEC Sulawesi Maluku Gorontalo Papua. Founded in late 2020, the community aims to assist Indonesian entrepreneurs in the export business, regardless of their scale, by providing a platform for sharing experiences and knowledge. Ronnie Aban, the founder, is dedicated to helping small and medium businesses thrive and compete globally through exporting. The organization has involved various parties, such as the Ministry of Trade, EMKL/Sea Freight Expedition operators, banks, and other related entities.

The collective of export actors, also known as exporters, involves businesses participating in learning about export processes, payment systems, business consolidation, and more. Numerous IEC Community members collaborate, totaling over 500 export members. These members consist of both experienced exporters and those new to exporting. The IEC represents export players from various sectors, including agriculture, manufacturing, mining, and others.

The IEC Upstream has implemented several programs, including ones for farmers, fishermen, craftsmen, and small and medium enterprises involved in the supply and distribution of products for export. On the other hand, the downstream program includes providing export classes and webinars, collaborating with the Indonesian Embassy, the Indonesian Trade Promotion Center, and Trade Attachés in various countries, as well as conducting activities related to domestic and global market targets. This initiative involves multiple stakeholders, such as business actors, banks, and government entities, in sharing knowledge with export business actors who are members of the IEC. Exports of Indonesian products are increasingly gaining more opportunities for export businesses. It cannot be denied that many competitors are emerging, both from domestic and foreign markets, to gain more profits. Based on statistical data from the [Ministry of Finance Republic of Indonesia \(2024\)](#), export values from 2021 to 2024 saw a slight decrease, as can be seen in the following table:

Table 1. The Value of Indonesian Exports from 2020 to 2024

Year	Value Export in (Billion US\$)
2020	163,191.8

2021	231,609.5
2022	291,904.3
2023	258,797.2
2024	81,921.5

Source: [Indonesian Central Agency of Statistics \(BPS Indonesia, 2024\)](#)

Based on data on the value of Indonesian exports from 2020 to 2024 in [Table 1](#), 2022 experienced a reasonably high increase compared to 2020 and 2021, but in 2023, there was a noticeable decline. Meanwhile, the data for 2024 is still preliminary, covering only up to April 2024. Several respondents or export business actors, who are members of the IEC, stated in interviews that there was indeed a decline in 2023. Some of them mentioned that the number of their sales had stayed the same. The presence of the IEC Community provides a platform to support exporters throughout Indonesia with various commodities. Increasing the country's foreign exchange remains essential, not only for profit but also as a broader national goal. Achieving this goal requires a well-targeted strategy that companies must implement to penetrate the global market effectively. Therefore, the establishment of the IEC as an export forum offers excellent opportunities for Indonesia to strengthen its export sector.

Several studies explain that competitive strategy is widely used in marketing strategies to develop products and services that suit market needs ([Abdullah & Rosliyati, 2020](#); [Suharto, 2023](#)). This concept consists of four main elements: Product, Price, Place, and Promotion (4Ps). The product element focuses on ensuring product quality and variety, while price emphasizes setting prices that are appropriate for the target market. Place concerns product distribution and sales channels, and promotion deals with marketing and communication campaigns. By implementing a competitive strategy, companies can increase market awareness, boost sales, and achieve a competitive advantage ([Pant et al., 2011](#)).

Competitive advantage is a key concept in a business strategy aimed at enhancing a company's market position. This concept includes several elements, such as product quality, price, and business networks. Product quality focuses on maintaining high standards in the products produced, while pricing ensures alignment with market expectations. Business networks emphasize building broad and effective connections ([Sitaniapessy & Huwae, 2023](#)). By leveraging competitive advantage, companies can strengthen their market position and increase sales. In this research, the competitive strategy highlights the necessary actions to deliver quality products, as outlined by [Silva et al. \(2022\)](#).

Firm age, which refers to the age of a company, is used as a moderating variable in this research. It aims to determine the impact of firm age as a moderating factor. Various studies have reported both significant positive and negative results. [Medase \(2020\)](#) also stated that relatively young companies could improve their performance through effective innovation strategies.

Initial interviews conducted with twenty export actors who are members of the IEC on the Micro, Small, and Medium Enterprises (MSMEs) scale reveal that the company's low export performance is influenced by various factors. One of the most significant factors is the marketing power of the product. Those with better products in terms of quality, design, and price have an advantage in increasing sales and boosting exports. Another influential factor is the superiority of other companies. If competitors have better products or more effective marketing strategies, the companies interviewed will face difficulties in competing and increasing exports. In these interviews, several export players highlighted the significant role of high operational costs and limited resources as obstacles to

improving exports. They also stressed the crucial need for government support and better facilities to enhance export capabilities. These interviews underscore that a company's export performance is influenced by multiple factors, including the strength of product marketing, competitive advantages, strategy, operational costs, and resource limitations. To enhance export performance, companies must develop better strategies and facilities, with crucial support from the government.

In the first case of ginger, attention is needed on the competitive strategy. When discussing the impact of product indicators in marketing strategies on export performance, it is important to acknowledge the case involving Bangladeshi importers who raised concerns about a reduction in the weight of ginger products by more than 800 kg. It is essential to check product indicators to ensure they meet the specifications requested by importers and to avoid any decline in export performance. A robust marketing strategy, with product indicators meeting specifications, should be continuously monitored to uphold export performance in terms of export volume and other variables. In this context, Indonesian exporters need an effective marketing strategy to increase market awareness and sales of export products, ensuring transparent marketing and truthful representation of Indonesian export products.

In the second case of halaban charcoal, it is a phenomenon where a marketing strategy with good product and distribution indicators does not guarantee an increase in export performance. From this phenomenon, it is clear that the availability of goods must be ensured to determine if they can meet demand. Competitive advantage must be improved in terms of distribution indicators to increase export performance.

In the third case, during the sharing session, Mr. Eko, the CEO of PT Omeko Indo Trade, discussed the export of Kevlar waste products. These waste products consist of powder or waste generated during the production of Kevlar fiber. Kevlar fiber is a synthetic fiber composed of aramid polymer and possesses unique properties like high strength, flame retardancy, and pressure resistance. However, the production process of Kevlar fibers can result in waste, such as powder or small pieces that are not suitable for further applications. The products being exported are requested from Bangladesh. The main issue is with an irresponsible supplier. In this specific case, the foreign buyer pays a 30% down payment, and the rest is paid upon receiving the Bill of Lading document. The problem arises from the supplier not fulfilling the demand quota for a 1x40-foot container of Kevlar waste product. The issue involves the distribution side and suppliers not adhering to the agreed-upon terms. A default of 70% could have a significant impact on flexibility. Lack of flexibility can lead to a decline in export performance. On the other hand, insufficient flexibility can disrupt a company's plan to enhance competitiveness and improve export performance within the context of its competitive strategy. Failing to pay the remaining 70% can disrupt a company's competitive advantage. The competitive advantage gained through an effective export strategy can only be maintained if the company fulfills its obligations to suppliers. In this case, the company must work hard to maintain the competitive advantage it has achieved. Consequently, export performance is significantly affected due to the lack of trust from buyers in the company managed by Mr. Eko.

Indonesian export players face increased competition from international competitors entering the global market. This heightened competition has made product pricing more challenging, causing several long-standing export players to experience losses. Market price fluctuations mean exporters must be more innovative in facing competition. During interviews, several export players stated that competitive strategies and reliable marketing had a significant impact on improving their export performance. Companies with better marketing, distribution, and product development strategies can increase

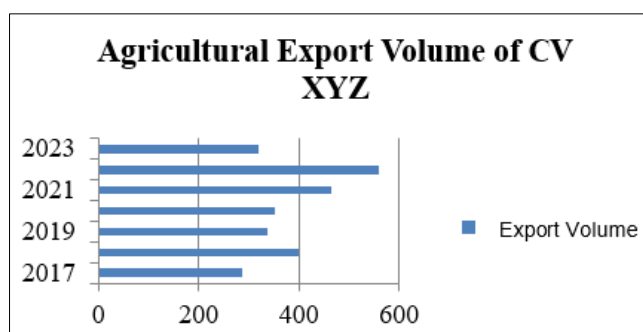
exports and enhance performance. These strategies include offering better quality, design, and pricing, as well as building a broader and more effective marketing network.

In the era of globalization and rapid economic expansion, MSMEs play a crucial role in driving the country's economy (Lombogia et al., 2022; Sukesu & Sugiyanto, 2022). The significant involvement of MSMEs in international trade not only provides economic benefits but also strengthens Indonesia's position in the global market (Soegoto et al., 2022). Indonesian MSMEs possess significant potential to serve as suppliers of high-quality products and services, and their competitiveness is capable of being enhanced through innovation, quality improvement, and increased efficiency. The success of MSMEs in export activities can mitigate Indonesia's reliance on primary commodity exports, fostering more balanced economic diversification. Empirical research underscores the critical role of exports in driving Indonesia's economic growth. Laforet (2013) has examined the effects of exchange rates and export prices on the volume of Indonesia's non-oil and gas exports, revealing a notable relationship between exchange rates and commodity prices. These analyses focused on causality in exploring exchange rates and the performance of international trade. Alayo et al. (2021) specifically investigated the contribution of MSMEs to Indonesia's export performance. Furthermore, Laforet (2013) analyzed the competitiveness and contribution of MSME exports within Indonesian trade, emphasizing the pivotal role MSMEs play in strengthening the nation's export sector.

MSMEs in Indonesia encounter several challenges when it comes to exporting their products. One of the main challenges is limited capital, which makes it difficult for MSMEs to fund their operations and expand their export activities. Additionally, inadequate infrastructure, limited market access, communication networks, and insufficient logistics facilities pose further obstacles. MSMEs also require additional resources, such as labor, raw materials, and technology, which can hinder efforts to improve product quality and enhance export capabilities. Another challenge is the lack of necessary documentation for exporting products. MSMEs need to obtain documents such as a Trading Business License (SIUP), Company Registration Certificate (TDP), Taxpayer Identification Number (NPWP), and others. Furthermore, MSMEs must customize their products to align with the preferences and standards of the target market, including product design, consumer preferences, and relevant trade policies. The Indonesian government is actively working to enhance the export capacity and capabilities of MSMEs by providing support and assistance for standardization, buyer mapping, and market intelligence for natural products in the European market. Moreover, the government is expanding market access through e-commerce platforms like Shopee, Lazada, and Amazon, in addition to creating a digital promotional catalog for potential export MSMEs, accessible via the SMESTA Kemenkop UKM's (n.d.) website.

However, MSMEs still face challenges due to the long and complex business licensing bureaucracy. To address this, the government has introduced a digital system called Online Single Submission (OSS), which enables MSMEs to obtain business permits more efficiently. This streamlined process allows MSMEs to strengthen their export capabilities and contribute to national economic growth. The IEC Community serves as a forum and meeting point for individuals involved in export businesses or those interested in entering the field. IEC plays a vital role in market development, improving the quality of export products, and enhancing export systems. It helps MSMEs in developing efficient export management systems, such as cluster or center systems.

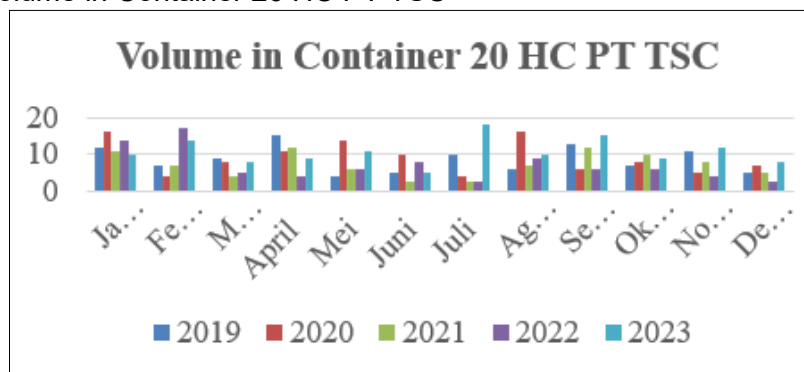
Figure 1. Agricultural Export Volume of CV XYZ



Source: Laforet (2013)

Exporters also mentioned that their companies expected a significant increase in sales. They explained that their companies conducted marketing by participating in various international trade exhibitions and often engaged in business matching to gain more insights and promote their agricultural products (Figure 1). This approach helps companies boost exports and enhance performance by implementing improved marketing strategies. These strategies involve offering products that meet specifications, maintain high quality, and have competitive pricing to ensure the company's strong market positioning. They believe that the decline in exports at CV XYZ is also influenced by government policies that restrict exports in certain sectors, particularly in the downstream context. This policy aims to increase added value and reduce reliance on upstream commodity exports. However, a decrease in exports could also affect the Indonesian economy, particularly in the manufacturing industry, which depends on raw materials from overseas.

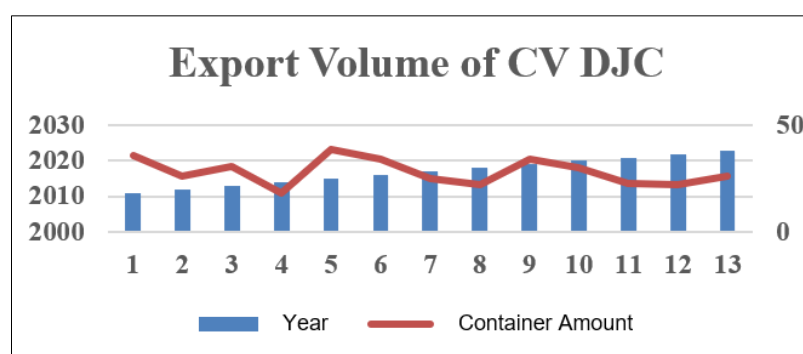
Figure 2. Volume in Container 20 HC PT TSC



Source: Laforet (2013)

The decline in exports at PT TSC is believed to be a result of the decrease in Indonesian exports in 2021 and 2022 (Figure 2). This is not only due to a lack of good relations with consumers but also the failure to expand into new markets. Another contributing factor is the much cheaper prices offered by competitors, making Indonesian products less competitive globally. Additionally, the distance to the destination port increases shipping costs from Indonesia, further reducing the economic viability of exporting Indonesian products. Therefore, the decline in exports in 2021 and 2022 can be attributed to several factors, including lower competitor prices and higher shipping costs.

Figure 3. Export Volume of CV DJC



Source: Soegoto et al. (2022)

Export business actor CV DJC as mentioned in Figure 3, a company specializing in the export of coconut charcoal briquettes, was established between 2011 and 2023. The company has faced fluctuations in its export volume due to changes in market strategies and increasing competition. Initially, the company focused on enhancing its products and pricing to boost export volume. However, from 2018 onward, new competitors with more innovative and cost-effective strategies entered the market, leading to a decline in CV DJC's export volume. In response, the company implemented strategic changes by improving product quality and adjusting pricing. Despite these efforts, the company continued to face challenges due to the presence of stronger competitors. In 2020, the company made further strategic adjustments by introducing more innovative products with competitive pricing to regain its export momentum. Despite lower demand compared to its initial years of operation, the company aims to reclaim its position as one of the leading export companies in Indonesia.

The objective of this research is to examine the influence of competitive strategy on export performance, emphasizing the mediating role of competitive advantage and the moderating effect of firm age in the IEC Community of MSMEs. This study is significant as it provides insights into the strategic challenges faced by export-oriented MSMEs in enhancing their performance in a highly dynamic global market. The novelty lies in integrating firm age as a moderating variable, offering a fresh perspective on how company maturity influences the relationship between competitive strategy, competitive advantage, and export performance. The research contributes to the literature by identifying the strengths and weaknesses of competitive strategies implemented by MSMEs and proposing actionable recommendations for improving their export performance. Additionally, the findings provide practical guidance for policymakers and business practitioners in developing targeted interventions to boost the global competitiveness of MSMEs.

LITERATURE REVIEW

Relationship Between Competitive Strategy and Export Performance

Effective alignment of competitive strategies with market demands can enhance export performance. Similar to other marketing strategies, such as adaptation and internationalization, competitive strategies—namely cost leadership and differentiation—are crucial tools for exporting companies aiming to compete successfully in international markets (Alayo et al., 2021). Empirical evidence supports this connection; Chung and Ho (2021) found a positive relationship between export performance and the adoption of generic competitive strategies (a combination of cost leadership and differentiation), while Lin et al. (2019) highlighted the specific positive impact of cost leadership on metrics like sales growth. However, the mixed results in the literature suggest that the development of international competitive strategies is not yet fully understood, warranting further investigation into their integration with additional factors. This study also

examines organizational learning orientation—both exploratory and exploitative—as a key moderating variable shaping the relationship between international competitive strategy and export performance (Alayo et al., 2021).

H1: Competitive strategy has a positive and significant effect on export performance.

H4: Competitive strategy has a positive and significant effect on export performance through competitive advantage.

The Relationship Between Competitive Strategy and Competitive Advantage

Achieving a competitive advantage through effective and efficient competitive strategies is a critical determinant of performance. Porter (1997) emphasizes the importance of cost leadership and differentiation strategies for building competitive advantage within an industry. Additionally, some scholars have extended competitive strategy frameworks to include focus strategies, which involve targeting specific market segments with either cost leadership or differentiation. Homburg et al. (2002) argue that focus strategies are challenging to distinguish as independent strategies due to their reliance on market scope.

Cost leadership and differentiation, however, are distinct strategies that form the foundation of competitive approaches. In the context of exports, cost leadership is often achieved through competitive pricing, product standardization, and standardized marketing processes, which enhance efficiency and deliver a favorable price-quality combination to the market (Acquaah & Agyapong, 2015; Morgan et al., 2004). Differentiation, on the other hand, involves creating products or services perceived as unique by customers. Companies pursuing differentiation strategies prioritize fostering customer loyalty, which can serve as a barrier to market entry for competitors. In dynamic markets like export markets, differentiation strategies—supported by high-quality products—are regarded as essential competitive tools (Acquaah & Agyapong, 2015).

H2: Competitive strategy has a positive and significant effect on competitive advantage.

The Relationship Between Competitive Advantage and Export Performance

Competitive advantage, derived from cost leadership or product and service differentiation, is crucial for exporting companies to compete effectively in international markets, overcome competitive pressures, and sustain their presence in domestic markets (Acquaah & Agyapong, 2015). Cost advantages allow exporting firms to offer competitive pricing and deliver superior value to customers, thereby enhancing export sales and profitability (Piñera-Salmerón et al., 2023). Similarly, differentiation advantages influence a company's financial and strategic export outcomes by encouraging customer loyalty and higher willingness to pay, driven by unique product attributes and non-imitable features.

Moreover, differentiation in service areas such as merchandising, technical support, after-sales services, and timely delivery positively affects export performance by fostering favorable customer perceptions and repeat purchases (Piercy et al., 1998). Firms that excel in delivering high-quality products and services in export markets gain customer loyalty and stronger competitive positioning, which translate into improved export performance. Therefore, the competitive advantage achieved by exporting companies is expected to have a significant positive impact on their performance in international markets.

H3: Competitive advantage has a positive and significant effect on export performance.

The Relationship Between Competitive Advantage and Export Performance in Firm Age Moderation

Companies can enhance export performance by leveraging their unique resources and capabilities to gain competitive advantages. Theories on competitive advantage emphasize that achieving market positions that provide an edge over competitors is essential for generating revenue. In this context, export capabilities and competitive strategies significantly contribute to export performance by strengthening the competitive advantage of firms in international markets.

Firm age has emerged as a critical, though underexplored, factor in the dynamics of organizational performance, especially in the management literature. Traditionally, firm age was believed to positively influence performance, as older firms tend to learn from experience, refine their capabilities, and develop more effective organizational practices (Coad et al., 2018; Laforet, 2013). Empirical studies suggest that life expectancy increases with firm age and that well-performing firms are more likely to persist over time (Cowling et al., 2018; Cucculelli, 2018). However, conflicting perspectives exist. For example, Coad et al. (2018) argue that routine, excessive reputation, and inflexible management in older firms can negatively affect performance, while Felzensztein et al. (2019) highlight that younger firms are more likely to adopt radical innovations. This contradicts Schumpeter's hypothesis, which posits that larger, more established firms are more innovative.

The role of firm age as a moderating variable is explored in studies like Medase (2020), which suggests that age influences the relationship between competitive advantage and performance. Despite limited attention in the broader literature, age is increasingly recognized as a factor that shapes how firms adapt and leverage their capabilities in dynamic markets. This study posits that firm age moderates the relationship between competitive advantage and export performance, considering both its positive and negative effects.

H5: Competitive advantage and export performance are moderated by firm age.

Figure 4. Research Framework

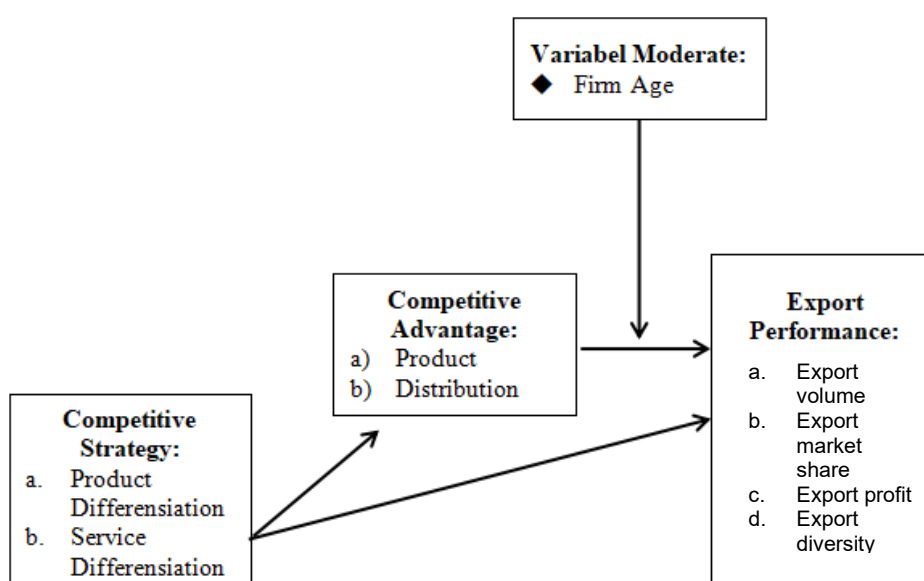


Figure 4 represents the framework of this study. The framework for this research is a modification of a previous study conducted by Keskin et al. (2021). This research utilizes

informational, relational, and marketing firm capabilities. The modifications were made specifically to the competitive strategy, competitive advantage, and export performance variables.

RESEARCH METHOD

This research began with the emergence of various cases in the export sector among export actors who are members of the IEC Community. These cases are characterized by phenomena observed in the field, as well as statistics and BPS data, such as fluctuations in the export performance of various commodities. With numerous players in the export industry, competition among companies is becoming increasingly fierce, both from domestic and international competitors. To face this competition, an appropriate competitive strategy is essential. Additionally, the firm age variable is used as a moderating variable to determine whether the relationship between competitive advantage and export performance is influenced by the age of the firm, as referred to in the journal by [Medase \(2020\)](#).

This research is descriptive in nature, using a quantitative approach that emphasizes data analysis processed through statistical methods. The researcher aims to capture events and occurrences that are the focus of the study and describes them as they are, ensuring that the findings remain valid at the time of the research. However, these findings may not necessarily be relevant in the future. In this research, the researcher explores and examines the relationship between variables.

In another sense, the population refers to a group of people who share characteristics relevant to the research focus. The entire research subject is also referred to as the research population. Given the large number of Indonesian export business actors in the IEC, the population of IEC export business actors amounts to 145 individuals.

The population in research refers to a group of individuals sharing characteristics relevant to the research focus. Specifically, the population for this study consists of 145 Indonesian export business actors within the IEC Community. The term "research population" encompasses the entire group of subjects under study.

A sample, in contrast, is a subset of the population selected for analysis, with conclusions drawn from the sample intended to generalize to the broader population. For the sample to be representative, its selection must accurately reflect the characteristics of the population ([Sugiyono & Lestari, 2021](#)). This research employs a saturated sampling technique, also known as census sampling, in which all members of the population are included as the sample. [Sugiyono \(2015\)](#) defines saturated sampling as "a sampling technique where all members of the population are used as samples," often applied when the population size is small or the research requires high generalizability with minimal error. In this method, no non-random sampling is involved, and all elements of the population are treated as research subjects.

Given the relatively small population size, this study uses saturated sampling, with all 145 IEC members included as respondents. Thus, the sample size is equal to the population. The criteria for participants are as follows: (a) Export business actors categorized by company age: 1–10 years for young companies, 11–20 years for middle-aged companies, and >20 years for mature companies; (b) Members of the IEC Community; and (c) Legally registered export companies, including PT, CV, PTP, or Firm.

The research was conducted within one of Indonesia's MSME export communities. Initially, the draft version of the questionnaire was translated into Indonesian and distributed to exporters in founder or marketing manager positions. To ensure the questionnaire's suitability for the IEC context, it was pre-tested with 30 founders and export marketing managers. All respondents indicated no difficulty in understanding the items or scales. After confirming the questionnaire items, the distribution and collection of the questionnaires were carried out using an online platform and the personally administered questionnaire method. In developing the structured questionnaire, previously validated measures for related variables were utilized.

The independent variables in this research are those that influence or cause the value of the dependent variable to change. These variables are seen as causes that lead to the emergence of other variables, determining their influence on different aspects. The Competitive Strategy (X) variable includes two dimensions: cost leadership and differentiation strategy. For this research, the differentiation strategy dimension was used, with indicators for product differentiation and service differentiation, as referred to in the research by [Acquaah and Agyapong \(2015\)](#). The intervening variables are those that can theoretically influence the relationship between the independent and dependent variables, turning it into an indirect relationship that cannot be directly observed or measured. In this study, the intervening variable is Competitive Advantage (Z), which includes the dimensions of product advantage and service advantage, as outlined by [Acquaah and Agyapong \(2015\)](#).

The dependent variable in this research is Export Performance (Y), which is influenced by the independent variables. This variable depends on other factors and is measured through the dimensions of export volume, export market share, export profits, and export diversification, as outlined in research by [Acquaah and Agyapong \(2015\)](#), [Silva et al. \(2022\)](#), and [Trąpczyński & Kawa \(2023\)](#). Finally, the moderating variable in this study is Firm Age, which is considered to influence the relationship between competitive advantage and export performance. This variable was referenced in research by [Coad et al. \(2018\)](#), [D'Angelo & Buck \(2019\)](#), and [Medase \(2020\)](#).

RESULTS

Table 2. Demographic Profile of the Respondents

Characteristics	Frequency	Percentage (%)
Position		
Founders	117	81
Marketing Managers	28	19
Export Volume		
5-12 Containers/Year	87	60
<5 Containers/Year	42	29
>12 Containers/Year	16	11
Total	145	100%

The survey in [Table 2](#) included 145 respondents, all of whom were members of the IEC, accounting for 100% of the total respondents. The respondents' roles in the export companies were divided into two categories: Founder/Owner and Marketing Manager. Of the respondents, 81% were Founders, while 19% were Marketing Managers. The inclusion of both founder and marketing manager respondents in the research holds significant value for understanding business and marketing strategy. Founders, as business owners and developers, provide a broader and more strategic perspective on business development. They possess a clear vision and mission, offering valuable insights into growing the business and overcoming challenges.

The largest category of respondents comprises 60% of IEC member MSME companies, which export 5-12 containers per year. Following this, 29% of MSMEs export fewer than five containers annually, while 11% export more than 12 containers per year. Respondents from companies exporting a higher number of containers can share insights into increasing sales and facing competition, while those exporting fewer containers provide a different perspective. The majority of the companies are relatively young, with 63% of them being between 1-10 years old, 31% between 11-20 years, and 6% older than 20 years. The age of a company can significantly influence its export capabilities, strategy, and performance. Older companies typically have more experience, resources, and capabilities, all of which contribute to better export performance (Acquaah & Agyapong, 2015; Medase, 2020). Understanding the age of a company offers valuable insights into its background and history, which can help explain the factors influencing its export activities.

Table 3. Discriminant Validity Outer Cross Loading

Variables	CA	CS	EP	FM Moderate	Moderating Effect 1
AA				1.000	
CS * CA					2.010
DA1	0.806				
DA2	0.704				
DA3	0.801				
DE1			0.837		
KE1			0.829		
PA1	0.745				
PA2	0.821				
PA3	0.763				
PA4	0.767				
PDF1		0.827			
PDF2		0.736			
PDF3		0.713			
PE1			0.850		
PE2			0.809		
SD1		0.854			
SD2		0.846			
SD3		0.766			
VE1			0.858		
VE2			0.794		

Note: CA (Competitive Advantage), CS (Competitive Strategy), EP (Export Performance), FM Moderate (Firm Moderation), Moderating Effect 1 (Interaction Effect between Competitive Strategy and Competitive Advantage on Export Performance)

Based on the cross-loading output in Table 3, it is evident that each indicator has a higher correlation with its respective construct than with other constructs.

Table 4. Fornier-Lacker Test

Variables	CA	CS	EP	FM Moderate	Moderating Effect 1
CA	0.773				
CS	0.670	0.792			
EP	0.706	0.640	0.830		
FM Moderate	-0.097	0.075	0.142	1.000	
Moderating Effect 1	-0.492	-0.605	-0.552	0.067	1.000

Note: CA (Competitive Advantage), CS (Competitive Strategy), EP (Export Performance), FM Moderate (Firm Moderation), Moderating Effect 1 (Interaction Effect between Competitive Strategy and Competitive Advantage on Export Performance)

Table 4 presents the Fornier-Lacker criterion to assess the discriminant validity of the constructs by comparing the square root of the Average Variance Extracted (AVE) of each construct (diagonal values) with the correlation coefficients (off-diagonal values) between constructs. The diagonal values, which represent the square root of AVE, are higher than the correlations between constructs, indicating acceptable discriminant validity.

Table 5. HTMT Test

Variables	CA	CS	EP	FM Moderate	Moderating Effect 1
CA					
CS	0.756				
EP	0.774	0.711			
FM Moderate	0.111	0.098	0.151		
Moderating Effect 1	0.519	0.644	0.581	0.067	

Note: CA (Competitive Advantage), CS (Competitive Strategy), EP (Export Performance), FM Moderate (Firm Moderation), Moderating Effect 1 (Interaction Effect between Competitive Strategy and Competitive Advantage on Export Performance)

Table 5 presents the results of the Heterotrait-Monotrait Ratio (HTMT) test, which assesses discriminant validity by examining the ratio of the between-trait correlations to within-trait correlations. For discriminant validity to be established, the HTMT values between constructs should typically be below the threshold of 0.85 (or 0.90 in more lenient criteria).

Table 6. R-Square and Q-Square Results

Variables	R ²	R ² Adjusted	Q ²
CA	0.450	0.446	0.545
EP	0.610	0.599	0.504

Note: CA (Competitive Advantage), EP (Export Performance)

The R-Square results in Table 6 show that the competitive advantage is 0.446 and the export performance is 0.599. The remaining other influences were not carried out in this study. Meanwhile, the Q-Square of competitive advantage and export performance have values of 0.545 and 0.504, these results are greater than zero so it can be concluded that these variables have predictive relevance

Table 7. Path Coefficient

Hypotheses	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Description
1 CS -> EP	0.139	0.170	0.146	0.953	0.341	Rejected
2 CS -> CA	0.670	0.684	0.074	9.073	0.000	Accepted
3 CA -> EP	0.522	0.504	0.138	3.767	0.000	Accepted
4 Moderating Effect 1 -> EP	-0.112	-0.106	0.067	1.681	0.093	Rejected
5 FM Moderate -> EP	0.197	0.191	0.056	3.536	0.000	Accepted

Note: CA (Competitive Advantage), CS (Competitive Strategy), EP (Export Performance), FM Moderate (Firm Moderation), Moderating Effect 1 (Interaction Effect between Competitive Strategy and Competitive Advantage on Export Performance)

Hypothesis testing in this study was conducted based on the following conditions: if the p-value is less than 0.05, H0 is rejected, and H1 is accepted; if the p-value is greater than 0.05, H0 is accepted, and H1 is rejected. Based on the results in [Table 7](#), for H1, the hypothesis posited that competitive strategy has a negative and insignificant effect on export performance. The hypothesis test yielded a t-statistic value of 0.953 (less than 1.96) and a p-value of 0.341 (greater than 0.05). Consequently, H0 was accepted, and H1 was rejected. For H4, the hypothesis stated that competitive strategy has a negative and significant effect on export performance through competitive advantage. However, the test showed a t-statistic value of 1.681 (less than 1.96) and a p-value of 0.093 (greater than 0.05). As a result, H0 was accepted, and H4 was rejected.

For H2, the hypothesis suggested that competitive strategy has a positive and significant effect on competitive advantage. The test revealed a t-statistic value of 9.076 (greater than 1.96) and a p-value of 0.000 (less than 0.05). Thus, H0 was rejected, and H2 was accepted. For H3, the hypothesis proposed that competitive advantage has a positive and significant effect on export performance. The test results showed a t-statistic value of 3.767 (greater than 1.96) and a p-value of 0.000 (less than 0.05). Therefore, H0 was rejected, and H3 was accepted. Finally, for H5, the hypothesis indicated that the relationship between competitive advantage and export performance is moderated by firm age. The test produced a t-statistic value of 3.536 (greater than 1.96) and a p-value of 0.000 (less than 0.05). Accordingly, H0 was rejected, and H5 was accepted.

DISCUSSION

Competitive Strategy and Export Performance (H1 & H4)

The results reveal that competitive strategy does not have a significant direct effect on export performance, contrary to the hypothesis (H1). Furthermore, the hypothesis that competitive strategy positively and significantly affects export performance through competitive advantage (H4) is also rejected. This finding diverges from prior research, such as [Acquaah and Agyapong \(2015\)](#), which suggested a positive and significant relationship between these variables. It also contrasts with [Lin et al. \(2019\)](#), who reported that cost leadership positively impacts export performance, including metrics such as sales growth. However, this study's results align with other mixed findings, such as those by [Alayo et al. \(2021\)](#), which highlighted the complexity of integrating competitive strategies with export performance outcomes.

A potential explanation for the lack of a direct effect in this study may lie in the limited scope of competitive strategy dimensions assessed. Only service differentiation was utilized as a measurement, which may not fully capture the multifaceted nature of competitive strategies in dynamic export markets. These findings highlight the need for future research to explore additional competitive strategy dimensions (e.g., focus strategies) and incorporate external environmental factors to better explain export performance variations.

Competitive Strategy and Competitive Advantage (H2)

The analysis confirms that competitive strategy has a positive and significant effect on competitive advantage (H2). This supports [Porter's \(1997\)](#) paradigm that effective implementation of cost leadership and differentiation strategies enables firms to achieve competitive advantage. The findings are consistent with [Homburg et al. \(2002\)](#), who emphasized the role of cost leadership in achieving efficiency and differentiation in

fostering customer loyalty. Differentiation, in particular, allows firms to build unique products and services, enhancing their competitive edge in export markets.

However, while differentiation has been validated as a key driver of competitive advantage, this study underscores the importance of broadening the scope to include focus strategies. This approach could provide a more comprehensive understanding of how competitive strategies contribute to competitive advantage across diverse market contexts.

Competitive Advantage and Export Performance (H3)

The results show a positive and significant relationship between competitive advantage and export performance (H3). This aligns with previous findings by [Acquaah and Agyapong \(2015\)](#), who argued that competitive advantage—whether through cost leadership or differentiation—enhances export performance by enabling firms to overcome competitive pressures and deliver superior value to customers. Similarly, [Piñera-Salmerón et al. \(2023\)](#) emphasize the role of cost advantages in improving profitability and sales growth in international markets.

This study reinforces the idea that differentiation advantages, such as product quality and after-sales services, contribute to customer loyalty and repeat purchases, ultimately driving export performance. It also supports [Piercy et al. \(1998\)](#), who highlighted the impact of service excellence in fostering positive customer attitudes in export markets. These findings suggest that maintaining competitive advantage is critical for firms to succeed in international markets.

Moderating Effect of Firm Age on Competitive Advantage and Export Performance (H5)

The moderating effect of firm age on the relationship between competitive advantage and export performance (H5) was found to be significant. This finding aligns with prior studies, such as [Laforet \(2013\)](#) and [Medase \(2020\)](#), which emphasized that firm age enhances performance by improving organizational learning and capability development. Moreover, it underscores the dual nature of firm age, where older firms benefit from experience and established routines, while younger firms may exhibit greater agility and innovation in dynamic export markets ([Felzensztein et al., 2019](#)). These results provide evidence of the nuanced ways in which firm age interacts with competitive advantage to impact export performance under varying market conditions.

This study's findings contribute to the ongoing discussions regarding the interplay between competitive strategy, competitive advantage, and export performance. Unlike [Chung and Ho \(2021\)](#), who found positive relationships between export performance and combined competitive strategies, this research reveals the importance of considering firm age as a moderating factor. The significant moderating effect indicates that competitive advantage alone may not uniformly enhance export performance, as its effectiveness depends on the firm's age and its corresponding organizational characteristics.

Furthermore, the results align with [Morgan et al. \(2004\)](#), who emphasized the importance of integrating cost leadership with differentiation to enhance market positioning. The study highlights the need for a more comprehensive theoretical framework that accounts for the interactions between internal capabilities, external environmental factors, and firm-specific attributes, such as age, as suggested by [Acquaah and Agyapong \(2015\)](#).

CONCLUSION

The study investigates the influence of competitive strategy on export performance through competitive advantage, moderated by firm age, within Indonesia's MSME-focused IEC Community. The findings highlight that while competitive strategy significantly enhances competitive advantage, it does not directly influence export performance. Competitive advantage, however, plays a pivotal role in positively impacting export performance. The indirect effect of competitive strategy on export performance through competitive advantage was not supported, indicating that other mediating factors may be at play. Notably, firm age was found to significantly moderate the relationship between competitive advantage and export performance, emphasizing its critical role in shaping export outcomes. These results underscore the importance of tailoring competitive approaches based on firm-specific characteristics, particularly age, to achieve improved export performance.

Future research should explore additional factors influencing export performance, such as innovation, adaptive market strategies, and the integration of digital marketing. Investigating the role of organizational agility, resource adaptability, and collaborative networks in driving export success could provide a more holistic understanding. Furthermore, studies could focus on the interplay between firm-specific characteristics—such as size, ownership structure, and management expertise—and competitive strategies to uncover nuanced dynamics. Given the increasing relevance of digital platforms, the role of digital transformation in enabling market expansion and enhancing competitive positioning warrants deeper exploration.

For MSMEs, the findings suggest the need to adopt multifaceted strategies that extend beyond competitive approaches to include innovation, market intelligence, and customer-centric practices. Strengthening internal capabilities, such as production quality and employee skill development, will be essential in addressing competitive pressures. Differentiation strategies, combined with superior customer service, can enhance value propositions and foster loyalty in international markets. Policymakers should prioritize support initiatives for MSMEs, such as facilitating access to digital tools, offering capacity-building programs, and providing financial incentives to promote global competitiveness. Programs targeting younger firms with mentorship and tailored strategic guidance can accelerate their growth and export readiness. By fostering a supportive ecosystem for MSMEs, Indonesia can strengthen its position in the global export market and enable sustainable growth for its export-driven enterprises.

LIMITATION

This research is limited to the number of samples, moderate can be added, for example, assets or annual sales turnover.

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DECLARATION OF CONFLICTING INTERESTS

The authors declare no potential conflicts of interest.

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