

The Role of Excellence Competitive on the Determinants of MSME Performance in Medan

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ABSTRACT

Small Business Challenges Micro and Medium Enterprises (MSMEs) in expanding their business in the increasingly global market era and Industry 4.0 increased, as well as there are Lots of obstacles in terms of readiness of source power and technology. This research aims to analyze the influence of quality of business strategy, ethical behavior of sellers and perspective orientation entrepreneurship to performance moderated SME business competitive superiority. This research uses a quantitative approach to investigate the mediating role of competitive superiority. This research sample consists of 100 MSME entrepreneurs in Medan City, selected using the census method. Data analyzed using Partial Least Square Structural Equation Modeling (PLS-SEM) with the soft device SmartPLS. Research results show that the quality of business strategy and ethical behavior of sellers has a positive influence on competitive superiority in a partial way. Other findings show that quality of business strategy, ethical behavior seller, perspective orientation entrepreneurship, and competitive excellence have a positive influence in a partial way to business performance. This research is expected to give contribution to development theory, especially in the development of MSMEs.

Keywords: Quality Business Strategy, Ethics of Seller Behavior, Perspective Orientation Entrepreneurship, Business Performance and Competitive Excellence

INTRODUCTION

Small and Medium Enterprises (MSMEs) have vital role in the economy many countries, including Indonesia. By contribution significant to Product Gross Domestic (GDP) and creation field work, MSMEs function as bones back economy national (Julita, 2021). In recent years, the performance of MSMEs has experienced significant improvement, driven by innovation, adaptation to technology, and support government. However, although There is progress, MSMEs still face various influencing challenges performance they (Mujiatun et al., 2023)

One of factor affecting MSME performance is ability them to adopt technology new. In the Industry 4.0 era, use digital technology such as e-commerce, social media, and systems management cloud -based has help many MSMEs to improve efficiency operations and reach more markets wide. However, not all MSMEs can afford this adopt this technology quickly. Lack of source power, both in the form of capital and power skilled work, often becomes barrier main. Additionally, level low digital literacy among MSME owners also slow down the adoption process technology (Purnamasari et al., 2020).

Apart from the challenges technology, MSMEs also face obstacles in terms of access to global markets. Many MSMEs have product quality tall However difficulty marketing product they are abroad. Factors such as incomprehension to regulations international, barriers language, and lack thereof network business international often becomes constraint. Although thus, several MSMEs have succeed penetrate the global market with the help of from government programs and non- government organizations that provide them training, mentoring and support financial (Gunawan et al., 2023).

On the other hand, aspect managerialism also plays a role important in the performance of MSMEs. Quality of business strategy, ethics behavior sellers, and process innovation are a number of internal factors that can increase Power MSME competitiveness. Study show that MSMEs implement good business strategies and have ethics strong business tend own better performance. Apart from that, the ability to innovate in the production and marketing processes is also possible give superiority significant competition (Muafi et al., 2023).

This research is revealing that the performance of Small and Medium Enterprises (MSMEs) is greatly influenced by the quality of business strategy and ethics behavior salesperson, and perspective orientation entrepreneurship. The quality of a good business strategy allows MSMEs to design and implement it effective plan in achieving objective they. Mature strategy assist in management source Power optimally, identify market opportunities, and mitigation risk business, which in turn increase Power competition and performance business in a way whole (Quimba & Rosellon, 2019).

Apart from that, ethics behavior Sellers also play a role important in the performance of MSMEs. Ethical seller tend build better relationships with customers, creating trust and loyalty, as well increase Business (Lisnawati et al., 2020)reputation. Good etiquette includes honesty, transparency and responsibility responsible for interacting with customers, who can bring impact positive to sales and sustainability business (Yun, 2022).

Perspective orientation entrepreneurship add dimensions important others in the performance of MSMEs. This orientation includes courage to take risk, innovation, and proactive in capturing market opportunity. Entrepreneurs who own orientation strong

entrepreneurship tend more adaptive to market changes, more creative in developing product or service new, and more efficient in operations business. Combination of strong business strategy, ethics good salesman, and orientation high entrepreneurship create enhancing synergy MSME performance significant, giving they superiority competitiveness necessary to survive and thrive in an increasingly competitive market competitive (Bhatti et al., 2022).

The performance of Small and Medium Enterprises (MSMEs) in Medan City shows sufficient dynamics diverse, influenced by various internal and external factors. Medan, as one city largest in Indonesia, has large market potential as well as good access to various source Power (Nainggolan, 2023). Many MSMEs in this city are successful utilise potency This is by adopting effective and innovative business strategies. For example, several MSMEs in the sector culinary and crafts has succeed penetrate national and international markets through use digital technology and e-commerce (Gaol & Sigalingging, 2022).

However, not all MSMEs in Medan are in a profitable position. A number of face challenge significant related to access to capital, digital literacy and quality source Power man. MSMEs that cannot afford it follow development technology and market trends often lag behind the competition. On the other hand, support from government regions and various training programs as well as accompaniment has help increase capacity many MSMEs. Encouraging policies financial inclusion and access to capital have also give necessary encouragement for MSME growth (Wirananda, 2022).

By Overall, the performance of MSMEs in Medan City shows there is great potential increase in variety sector. However, to achieve more optimal performance is required effort continuous improvement capacity, adoption technology, and access to more markets wide. With the right support, MSMEs in Medan can Keep going develop and contribute in a way significant to economy local and national (Nursidi & Wulandari, 2021).

LITERATURE REVIEWS

Quality Business Strategy

Quality Business Strategy is approach strategic focus on improvement quality in all aspect operation business. Quality Business Strategy integrates principles management quality into planning strategic company to achieve superiority sustainable competitiveness. This strategy involves various methods and tools designed to improve efficiency operational, reduce disabled products, and improve satisfaction customer. Thus, QBS is not only about increase quality product or service, but also about create culture encompassing quality all over organization (Nielsen & Hakala, 2022). The essence of Quality Business Strategy is understanding that quality ca n't compromised If A company want to maintain and expand share the market. Therefore, this strategy requires company to proactive identify and eliminate sources inefficiencies and defects in the production process. This process is frequent involve use tool management quality such as Six Sigma, Total Quality Management (TQM), and Continuous Improvement (Kaizen), to name a few designed to ensure that every aspect operation business run with efficiency maximum and quality best (Nuraliati & Sari Sianturi, 2021). By Overall, Quality Business Strategy is approach holistic and integrated management quality into every aspect business, from planning strategic until operation daily. By doing this, the company can reach efficiency more operational great, products and services quality high,

and satisfaction more customers high, that 's all contribute to success period length and power competitive companies in the global market (Vahdani et al., 2019).

Understanding Seller Ethics of Behavior

Ethics of behavior seller is set moral principles and standards a professional must followed by the seller in the interaction them with customers and colleagues. This ethics includes various aspect, incl honesty, integrity, fairness, transparency, and respect. In context business, compliant sellers ethics behavior not only help build good reputation for yourself they yourself and the company them, but also contribute to creation environment more business fair and sustainable. Honesty is one of the main pillars from ethics behavior seller. An honest seller will not misleading customers with incorrect information or withhold information it's important that you can influence decision purchase. They committed to delivering accurate and clear information about product or services offered, incl benefits, limitations, and price. This honesty helps build trust between sellers and customers, which is very important for the relationship period long (Susriyanti et al., 2022).

By Overall, ethics behavior seller create base for practice sustainable and ethical business. By prioritizing honesty, integrity and transparency, seller can build strong and mutual relationships profitable with customers they. It's not just that impact positive on reputation sellers and companies, but also on satisfaction and loyalty customers, ultimately support success business period long (Chang & Lu, 2019; Herusetya, 2020).

Entrepreneurship Orientation Perspective

Entrepreneurship Perspective Orientation is approach emphasizing entrepreneurship importance deep understanding about environment business, market trends, and customer needs to identify opportunity business new and develop effective strategies. This approach involves a broad and integrated view to various factor external and internal influences business, as well the ability to adapt and innovate according to changes environment. One of aspect important from Perspective Orientation Entrepreneurship is awareness will market and industry dynamics. Entrepreneurs who own orientation a good perspective would be always monitor market trends, technology new, and changes in preferences customer (Kim, 2018).

They will do in -depth analysis to understand How these factors can influence business them and use this insight to identify opportunities and threats. Thus, they can devise more strategies responsive and proactive to change environment. By Overall, Perspective Orientation Entrepreneurship is a holistic and proactive approach to entrepreneurship. By understanding and integrating various perspective about markets, customers and the environment business, entrepreneur can identify better opportunities, respond change with more quickly, and create more strategies effective. It's not just that help in achieving success period short, but also constructive a strong foundation for growth and sustainability business period long (Upadhyay et al., 2023).

Business Performance

Business Performance is size effectiveness and efficiency A company in achieving its goals and objectives. This includes various aspect operation business, including finance, operations, marketing, and management source Power man. Business Performance illustrates to what extent a company successful in carrying out its strategies and operations to achieve desired result, such as enhancement revenue, market growth,

satisfaction customers, and efficiency operational. One of indicator main from Business Performance is financial performance. It's involving analysis company financial statements, incl revenue, profit net, cash flow, and returns investment. Demonstrates good financial performance that company capable produce enough income to cover cost operations and delivery profit to holder share. Analysis financial performance can also help identify areas of need repair or opportunities for growth (Lee, 2023).

Apart from financial performance, Business Performance also includes performance operational. It's involving efficiency and effectiveness of the company's internal processes, such as production, logistics, and management chain supply. Good operational performance matters company capable produce goods or services at a higher cost low, more time fast, and better quality tall. It's not just increase profitability company but also improve satisfaction customers and power competitive in the market. By overall, Business Performance is a multidimensional concept that includes various aspect operation company. By measuring and analyzing performance business, company can identify strengths and weaknesses they make better decisions, and develop strategies to achieve them objective period long they (Andonov et al., 2021).

Competitive Excellence

Competitive Excellence is advantages obtained by the company through ability to compete in a way effective and efficient in the market. It's involving development of enabling strategies, processes and innovations company to offer superior value to customer compared to its competitors. Competitive Excellence not only covers aspect price, but also quality product or service, innovation, speed response, and experience outside customers normal. One of key of Competitive Excellence is differentiation. Excellent company in a way competitive capable identify and utilize uniqueness that differentiates they from competitor. This can form feature innovative products, services superior customers, technology sophisticated, or a strong brand. By offering something unique and valuable, company can attract and retain customers, as well create high loyalty (Ayedh & Al-Shamsi, 2023).

Quality products and services are also component important of Competitive Excellence. A company that is able to consistently provide product quality adequate height or surpass hope customer will build strong reputation in the market. It's not just increase satisfaction customer but also reduce costs associated with returns product or complaint customer. Control process strict quality and innovation sustainable is the key to retention standard quality tall. By overall, Competitive Excellence is about develop and utilize possible advantages company to compete in a way effective in the market. Through differentiation, quality high, innovation, and responsiveness, company can create superior value for customers and build strong position in the market. It's not just increase performance business but also make sure sustainability and growth period long (Way et al., 2023).

RESEARCH METHOD

This study is of a type study explanatory which aims to analyze relationships between One variable with variable other, or How something variable influence variable other. Quantitative method was chosen in this study because has fulfil rules scientific that is concrete / empirical, objective, measurable, rational, and systematic (Sugiyono, 2009). Population study is all MSME entrepreneurs in the city of Medan selected using

census techniques as many as 100 people. The variable data obtained in this study was analyzed use Partial Least Square Structural Equation Modeling (PLS-SEM) approach

RESULTS

Convergent Validity

To see is a valid indicator variable, then outer loading value above 0.6. So indicators is valid (Hair Jr et al., 2017).

Table 1. Validity Convergent

	Competitive Excellence	X1	X2	X3	Y
X1.1		0.803			
X1.2		0.851			
X1.3		0.875			
X1.4		0.671			
X2.1			0.878		
X2.2			0.867		
X2.3			0.775		
X2.4			0.645		
X3.1				0.798	
X3.2				0.853	
X3.3				0.852	
X3.4				0.761	
Y1.1					0.816
Y1.2					0.742
Y1.3					0.781
Y1.4					0.720
Y1.5					0.709
Z4.1	0.811				
Z4.2	0.798				
Z4.3	0.816				
Z4.4	0.792				

Based on table on The outer loading value of each indicator is above 0.7. For this reason, all instrument questions for each variable are declared valid

Testing Reliability

Table 2 Testing Reliability

	Cronbach's Alpha	rho A	Composite Reliability	Average Variance Extracted (AVE)
Z	0.818	0.819	0.880	0.647
X1	0.814	0.827	0.879	0.646
X2	0.802	0.813	0.872	0.634
X3	0.833	0.833	0.889	0.667
Y	0.811	0.816	0.868	0.570

Testing reliability use composite reliability value, where the variable is declared valid if own mark above 0.7. Based on the test in table 2 is visible mark composite reliability of each variable is located above 0.7. For this reason, all research variables stated reliable

Hypothesis test

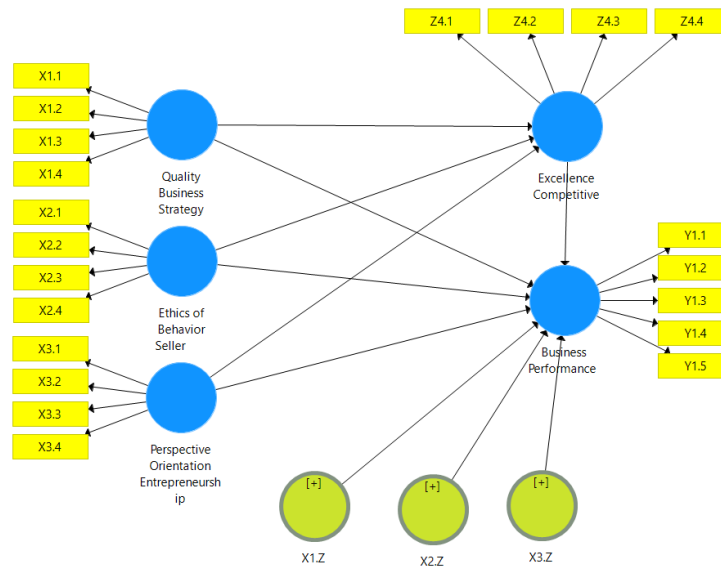


Figure 2 Research Model

Table 3. Testing influence direct

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
X1 -> Y	0.213	0.215	0.141	0.296	0.004
X2 -> Y	0.442	0.474	0.133	3,328	0.001
X3 -> Y	0.375	0.368	0.097	3,861	0,000

Based on table 3 can explained as follows :

1. Coefficient track Quality Business (X1) Strategy to Business Performance (Y) is valuable 0.213 (positive), *P-Values* value 0.004 then $0.004 < 0.05$, so can stated that Quality Business Strategy has no effect significant to Business Performance
2. Coefficient track Influence direct Ethics of Seller Behavior (X2) towards Business Performance (Y) worth 0.442 (Positive), *P-Values* is 0.001 so $0.001 < 0.05$, so can stated that Ethics of Seller Behavior influential significant to Business Performance
3. Coefficient track Influence direct Entrepreneurship Orientation Perspective to Business Performance worth 0.375 (Positive), *P-Values* is 0.000 so $0.000 < 0.05$, so can stated that Entrepreneurship Orientation Perspective influential significant to Business Performance

Coefficient Determination (*R Square*)

Table 4 R Square

	R Square	R Square Adjusted
Business Performance	0.775	0.765

Table above show results influence Financial Literacy, Capital and Risk Influential on Investment Interest of 0.765 or of 76.50 %, indicating a PLS with a strong value.

Indirect Effects

indirect effect analysis is useful for testing the hypothesis of no effect direct something variables Which influence (exogenous) to variables Which influenced (endogenous) Which mediated/mediated by something variables intervene (variable mediator) (Juliandi, 2018, p. 88).

Table 5 Indirect Influence

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
X1 -> Competitive Excellence -> Y	0.233	0.235	0.231	3,086	0.006
X2 -> Competitive Excellence -> Y	0.326	0.326	0.228	2,930	0.001
X3 -> Competitive Excellence -> Y	0.288	0.286	0.252	2,692	0.041

Based on table 5 is visible that each variable has The P value is below 0.05 which shows that each Competitive Excellent variable mediates influence between independent variables to the dependent variable.

DISCUSSION

Influence Quality of Business Strategy on MSME Performance Decisions

Quality of business strategy own significant influence to decision performance of Small and Medium Enterprises (MSMEs). MSMEs that implement business strategies quality tall tend capable reach better performance in a wide range aspect, incl enhancement revenue, efficiency operations, and development product or service new. A good business strategy allows MSMEs to effective identify market opportunities, allocate source optimal power, and anticipation as well as respond challenges and changes Business (Arianpoor & Sahoor, 2023)environment. Apart from that, visionary and cultural leadership supporting organization innovation and collaboration also contribute to the development of adaptive and responsive business strategies. With a mature strategy, MSMEs can create mark plus for customers, improve Power competitive, and ultimately reach success period long. Therefore, the quality of business strategy is factor key in determining decision MSME performance, and investment in the development of comprehensive and dynamic strategies are needed to ensure Business (Li et al., 2022)growth and sustainability.

Influence of Ethical Behavior Seller on MSME Performance Decisions

Ethics of behavior seller own significant impact to decision performance of Small and Medium Enterprises (MSMEs). Ethical seller build strong and trusted relationships with customers through honesty, transparency and responsibility answer in each interaction business. Not only good ethics increase satisfaction and loyalty customer but also strengthening reputation and image positive for MSMEs in the eyes public. Customers who feel tend to be treated well do purchase repeat and recommend product or service to others, who in turn increase income and market (Putri & Nabhan, 2023)share of MSMEs. Apart from that, ethics good behavior among sellers also create environment positive and harmonious work, encouraging productivity and enthusiasm more work tall. Thus, ethics behavior a good seller is element crucial influence decision MSME performance, providing impact direct to enhancement trust customers, reputation business, and success period long company (Joseph et al., 2020).

Influence Perspective Orientation Entrepreneurship on MSME Performance Decisions

Perspective orientation entrepreneurship own significant influence to performance of Small and Medium Enterprises (MSMEs). Orientation entrepreneurship covers courage to take risk, innovation, and proactivity in capturing market opportunity. MSMEs are adopting this perspective tends to more adaptive to changes and more capable identify as well as utilise opportunity new. Entrepreneur with orientation strong entrepreneurship not only focus on continuity business today but also on future growth and expansion. Innovation in products, services and business processes allowing MSMEs to remain competitive and relevant in a dynamic market (Al Mamun et al., 2017). In addition, proactivity in responding to market needs and trends helps MSMEs to stay ahead superior among competitor. Thus, perspective orientation entrepreneurship push decision innovative and bold strategic, which is significant increase performance business. MSMEs that develop and implement orientation strong entrepreneurship will more Possible reach success period length, sustainable growth, and excellence competitive in the market (Tajeddini et al., 2023).

The Role of Mediation Superiority Competitive On Influence Quality of Business Strategy, Ethics of Behavior Sellers And Perspectives Orientation Entrepreneurship On the Performance of MSMEs

Superiority competitive plays a role as an important mediator in influence quality of business strategy, ethics behavior salesperson, and perspective orientation entrepreneurship to performance of Small and Medium Enterprises (MSMEs). High quality business strategy, ethics behavior good salesman, and orientation strong entrepreneurship each contributed to the increase superiority competitive MSMEs. Superiority this competitive, that can form innovation products, services superior, or efficiency operational, become factor the key that allows MSMEs to do more stand out compared to competitor they. For example, an effective business strategy assisting MSMEs in optimizing source power and exploit market opportunities, temporary ethics behavior seller increase trust and loyalty customer, and orientation entrepreneurship push innovation as well as adaptation to market (Rahmat Syah et al., 2023)changes. Superiority competitive gain from these factors then strengthen impact positive to MSME performance, such as enhancement sales, market share, and profitability. Thus,

excellence competitive mediate connection between quality of business strategy, ethics behavior salesperson, and orientation entrepreneurship with the performance of MSMEs, ensuring that contribution of each factor the translated become results real and sustainable business (Anggraeni et al., 2023).

CONCLUSION

Conclusions of this research shows that superiority competitive own role significant mediation in influence quality of business strategy, ethics behavior salesperson, and perspective orientation entrepreneurship to performance of Small and Medium Enterprises (MSMEs). This research found that qualities of good business strategy, behavior ethical seller, and orientation strong entrepreneurship each contributes in a way positive to enhancement superiority competitive MSMEs. Superiority This competitiveness, in turn, is significant increase MSME performance in terms of growth revenue, efficiency operations, and sustainability business. In other words, excellence competitive serves as a bridge connecting business strategy, ethics, and entrepreneurship with results better performance.

However, this research has necessary weakness noticed. this research uses approach quantitative with data collected on one time (cross-sectional), which can limit understanding about dynamics period length and temporal changes in relationships between variables studied. Implications from this research is importance for entrepreneur and maker policy to focus on development quality of business strategy, improve ethics behavior sellers, and strengthen orientation entrepreneurship To use reach superiority sustainable competitiveness. Support in kind training, access to technology, and adequate financing can help MSMEs in coping challenge and maximize potency they. Additionally, research continuation that includes various more sectors and regions broad, as well use longitudinal method, can give more insight comprehensive about influencing factors MSME performance.

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