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Competitive Advantage Analysis: Market Orientation and Entrepreneurial Orientation

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Abstract: Market orientation and entrepreneurial orientation are two important elements that can influence a company's competitive advantage. Market orientation focuses on the company's efforts to understand consumer needs and competition in the market, while entrepreneurial orientation emphasizes the company's ability to innovate, take risks, and be proactive in facing change. This article presents a literature review related to the influence of market orientation and entrepreneurial orientation on a company's competitive advantage. The results of this study are (1) market orientation has a significant influence on competitive advantage (2) entrepreneurial orientation has a significant influence on competitive advantage. (3) market orientation and entrepreneurial orientation have a simultaneous influence on competitive advantage.

Keywords: Market Orientation, Entrepreneurial Orientation, Competitive Advantage

INTRODUCTION

Dynamic changes in the business environment force companies to always develop strategies to achieve and maintain competitive advantage. In this case, market orientation and entrepreneurial orientation are considered two very influential strategic approaches. Market orientation is the company's ability to continuously monitor and respond to the needs and consumer desires, and understanding competitor behavior. On the other hand, entrepreneurial orientation includes a company's tendency to innovate, take risks, and be proactive in exploring new opportunities.

Market orientation and entrepreneurial orientation not only have a positive impact on organizational performance directly, but also facilitate the achievement of competitive advantage through increased innovation, flexibility, and adaptability of the company to market changes. Therefore, this literature review aims to analyze in depth how market orientation and entrepreneurial orientation contribute to the achievement of competitive advantage.

Based on this background, the questions in this review article are: 1) Does market orientation affect competitive advantage? 2) Does entrepreneurial orientation affect

competitive advantage? 3) Are market orientation and entrepreneurial orientation simultaneously influence competitive advantage ?

METHOD

This article uses a literature review method by collecting and analyzing various academic articles, scientific journals, and books related to the topics of market orientation, entrepreneurial orientation, and competitive advantage. The sources used come from leading academic databases such as Google Scholar, Scopus, and JSTOR, with a span of 2010 to 2024. Relevant studies in the context of industry, manufacturing, and service sectors are also analyzed to provide a comprehensive picture.

RESULTS AND DISCUSSION

Reviewing relevant articles as a basis for formulating research hypotheses by explaining the results of previous studies, based on relevant research as shown in Table 1 below.

Table 1 Research Results

No	Author (Year)	Previous Research Results	Similarities With This Article	Differences With This Article	H
1	Syukron & Ngatno (2016)	<ul style="list-style-type: none"> Market orientation and entrepreneurial orientation, both independently and together, are able to drive product innovation. Market orientation also has a direct influence on competitive advantage, in addition to its indirect influence through product innovation. Product innovation acts as a partial mediator between market orientation and competitive advantage. This means that part of the influence of market orientation on competitive advantage occurs through the mechanism of product innovation. (Syukron & Ngatno, 2016). 	This study also examines the influence of Market Orientation and Entrepreneurial Orientation on Competitive Advantage.	This study examines other factors, namely: Innovation	H1 & H2
2	The Last Supper (2017)	<ul style="list-style-type: none"> Market orientation has a significant influence on competitive advantage: Innovation has a significant impact on Competitive Advantage: Entrepreneurial Orientation has a significant influence on Competitive Advantage Market Orientation has a significant influence on Marketing Performance: Innovation has a significant impact on Marketing Performance: 	This study also examines Market Orientation and Entrepreneurial Orientation on Purchasing Decisions.	This study examines other factors, namely: Innovation	H1 & H2

	<ul style="list-style-type: none"> • Entrepreneurial Orientation has a significant influence on Marketing Performance: • Competitive Advantage has a significant influence on Marketing Performance (Jayaningrum, 2017) . 				
3	Rahmadi et al., (2020)	<ul style="list-style-type: none"> • Market Orientation has a significant influence on Competitive Advantage • Entrepreneurial Orientation has a significant influence on Competitive Advantage • Innovation has a significant influence on Competitive Advantage (Rahmadi et al., 2020) 	This study also examines Market Orientation and Entrepreneurial Orientation on Purchasing Decisions.	This study examines other factors, namely: Innovation	H1 & H2
4	Fatmawati et al. (2016)	<ul style="list-style-type: none"> • Market Orientation has a significant influence on Competitive Advantage • Entrepreneurial Orientation has a significant influence on Competitive Advantage • Competitive advantage has a positive and significant effect on marketing performance 	This study also examines Market Orientation and Entrepreneurial Orientation on Purchasing Decisions.	This study uses competitive advantage as an intervening variable.	H1 & H2
5	Batara et al., 2023	<ul style="list-style-type: none"> • Market Orientation has a significant influence on Competitive Advantage • Entrepreneurial Orientation does not have a significant influence on Competitive Advantage • Training has a significant influence on Competitive Advantage • Management capability has a significant influence on Competitive Advantage • Market Orientation, Entrepreneurial Orientation, Training and Management Capability simultaneously have a positive and significant effect on Competitive Advantage (Batara et al., 2023) . 	This study also examines Market Orientation and Entrepreneurial Orientation on Purchasing Decisions.	This study examines other factors, namely: Training and Management Skills.	H1 & H2
6	The Untamed (2015)	<ul style="list-style-type: none"> • Entrepreneurial orientation has a significant influence on competitive advantage • Market Orientation has a significant influence on Competitive Advantage • Entrepreneurial orientation and market orientation have a significant influence on company performance. • Competitive Advantage as an intervening variable has a 	This study also examines Market Orientation and Entrepreneurial Orientation on Purchasing Decisions.	This study uses competitive advantage as an intervening variable.	

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- significant effect on Company Performance
 - Competitive Advantage successfully partially mediates the relationship between the variables Entrepreneurial Orientation and Market Orientation on Company Performance (Usvita, 2015)
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Discussion

a. Market orientation towards competitive advantage

Market orientation has a very significant influence on a company's competitive advantage. Market-oriented companies will conduct intensive market research to understand their customers. By understanding customer needs, wants, and behavior, companies can develop products or services that truly match what customers want. Market orientation encourages companies to continue to innovate and develop new products or services that can meet the changing needs of customers. This innovation will provide a competitive advantage for the company (Mulyanagara & Ali, 2023) .

According to Azhari & Ali (2024) Market-oriented companies will build strong and long-term relationships with their customers. This good relationship will make customers more loyal and tend to recommend the company's products or services to others. By understanding customer needs in depth, companies can create products or services that are different from competitors. (Azhari & Ali, 2024) . This product differentiation will make the company more attractive in the eyes of customers. Market-oriented companies will be faster and more effective in responding to changes in the market. This allows companies to remain relevant and competitive. Market orientation is the key to achieving competitive advantage in modern business. By placing customers at the center of all business activities, companies can create greater value for customers, build customer loyalty, and ultimately achieve sustainable business success (Ulfa & Ali, 2024) .

Dewi & Ali (2024) stated that market orientation makes a significant contribution to achieving competitive advantage through increasing understanding of customer needs and market dynamics. Companies that have a high market orientation are able to develop products and services that suit customer needs, and respond to changes in the business environment more quickly. (Dewi et al., 2022) . Thus, market orientation allows companies to create added value that is difficult for competitors to imitate, which ultimately increases their competitiveness in the market. Market orientation has a positive relationship with company performance, especially in terms of product innovation, customer satisfaction, and market share. Companies that focus on market orientation are more flexible in responding to changes in consumer demand and have an advantage in creating effective marketing strategies (Pratama & Ali, 2024) .

b. orientation towards competitive advantage

Entrepreneurial orientation is one of the key factors that can provide a competitive advantage for a company. By encouraging innovation, taking risks, and being proactive, companies can create added value for customers, win the competition, and achieve sustainable growth. Entrepreneurial orientation is an attitude and behavior that encourages individuals or organizations to always seek new opportunities, take risks, and innovate. When a company has a strong entrepreneurial orientation, they will be more proactive in facing market challenges and creating added value for customers (Estiarto et al., 2023) .

Companies with an entrepreneurial orientation are very focused on developing new, innovative products or services. This innovation is not only limited to products, but also includes business processes, business models, and distribution channels. Continuous innovation will help companies differentiate themselves from competitors and create competitive advantages. Entrepreneurial-oriented companies are not afraid to take risks. They dare to try new things and get out of their comfort zone. Although not all risks will be successful, the courage to take risks will open up opportunities to achieve faster growth (Hartini, 2012) .

The results of this study are in line with the findings of Ernawati & Ali, which state that entrepreneurial-oriented companies are more flexible in dealing with market changes. They can quickly adjust their business strategies to respond to these changes. This flexibility is very important in a dynamic business environment. Entrepreneurial-oriented companies do not just wait for opportunities to come, but actively seek and create new opportunities. This proactive attitude allows the company to become a market leader. Entrepreneurial-oriented companies are very focused on customer needs and wants. They always strive to create products or services that provide added value to customers (Ernawati & Ali, 2024) .

c. Market orientation and Entrepreneurship Orientation towards Competitive Advantage

Market orientation and entrepreneurial orientation are two closely related concepts in the business world. Both have a significant influence on the success of a company. Market orientation encourages companies to always understand the needs and desires of customers. This deep understanding is a source of inspiration for companies to create innovative products or services. In other words, customer needs are a trigger for companies to think creatively and develop new business ideas. Market-oriented companies will be more observant in seeing business opportunities in the market. They are able to identify unmet market gaps and develop products or services to meet those needs. Market orientation encourages companies to take measured risks in developing new products or services. By understanding customer needs, companies can minimize the risk of failure and maximize the chances of success (Ifada & Ali, 2018) .

The results of this study are in accordance with the results of research conducted by Ernawati & Ali (2024) which states that market-oriented companies are more flexible in dealing with market changes. They can quickly adjust their business strategies to respond to these changes. This flexibility is one of the characteristics of entrepreneurially oriented companies. Market orientation encourages companies to always put customers at the center of attention. This focus on customers will encourage companies to continue to innovate and improve the quality of products or services offered (Ernawati & Ali, 2024) .

Market orientation and entrepreneurial orientation complement each other. Market orientation provides direction and focus to the company, while entrepreneurial orientation provides the energy and passion to achieve those goals. By combining these two orientations, companies can create sustainable competitive advantage. In short, market orientation provides a foundation for companies to develop innovative business ideas. By understanding customer needs, companies can create relevant and value-added products or services. (Yeni et al., 2019) .

The combination of market orientation and entrepreneurial orientation creates a strong synergy in achieving competitive advantage. According to Lestari & Ali (2019), companies that combine market orientation with entrepreneurial orientation are better able to identify new customer needs, create innovative solutions, and execute strategies faster than companies that only focus on one orientation (Lestari, 2019) .

Entrepreneurial orientation enhances a company's ability to innovate and take risks, which ultimately strengthens its competitive position in the market. Companies with a high entrepreneurial orientation tend to be more proactive in developing new products and responding to market changes (Anjaningrum, 2021) . This innovative and risk-taking attitude allows companies to take advantage of market opportunities that have not been explored by competitors, thereby creating a sustainable competitive advantage. Entrepreneurial orientation allows companies to respond quickly to external threats and opportunities, and adapt to the uncertainty of the business environment. This gives companies an advantage in terms of product innovation and more dynamic business strategies compared to more conventional competitors (Sastradinata, 2024) .

This study emphasizes that market orientation provides a strong foundation for understanding changing consumer needs, while entrepreneurial orientation encourages companies to act proactively and innovate in response to market information. This combination produces companies that are adaptive, innovative, and more resilient in facing competition.

Conceptual Framework

Based on the problem statement, relevant discussions, and research, the conceptual framework of this article is derived as shown in Figure 1 below.

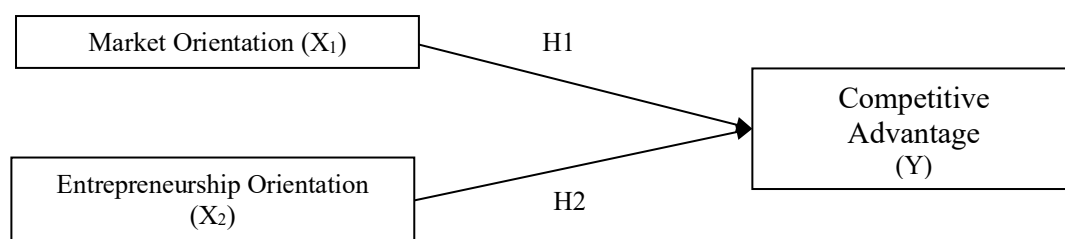


Figure 1. Conceptual Framework

The Conceptual Framework image above, then: Market Orientation and Entrepreneurial orientation influence Purchasing Decisions. Apart from the two variables that influence Purchasing Decisions , there are still many other variables including:

- 1) Innovation (Syukron & Ngatno, 2016) , (Jayaningrum, 2017) , (Rahmadi et al., 2020) ,
- 2) Training and Management Skills (Batara et al., 2023)

CONCLUSION

This literature review shows that : 1) market orientation has a significant influence on competitive advantage 2) entrepreneurial orientation has a significant influence on the competitive advantage of the company. 3) market orientation and entrepreneurial orientation have a simultaneous influence on competitive advantage . Market orientation helps companies to understand and respond to the needs of consumers and competitors, while entrepreneurial orientation encourages innovation and proactivity in exploring new opportunities. The combination of these two orientations can enhance the ability of companies to create unique and sustainable value, thereby strengthening their competitive position in the market. In the future, further research can be conducted to explore more deeply the interaction between these two orientations in different industries and contexts, as well as how external factors such as technology and regulation may influence this relationship.

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