

THE IMPACT OF MARKET ORIENTATION ON MARKETING PERFORMANCE: EXPLORING THE MODERATING ROLE OF COMPETITIVE ADVANTAGE

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Abstract. This research analyses the influence of market orientation and competitive advantage on MSMEs' marketing performance, with competitive advantage as a moderating variable. The research methodology employs path analysis using Smart PLS software version 4.0 and involves 397 MSME owners in Jambi City, Jambi Province, Indonesia. The analysis results indicate that market orientation and competitive advantage significantly influence MSME marketing performance. Additionally, competitive advantage moderates, strengthening the relationship between market orientation and marketing performance. These findings have practical implications for MSME owners, suggesting that focusing on developing market orientation and competitive advantage can enhance their marketing performance. Furthermore, this study contributes to the theoretical understanding of factors influencing MSMEs marketing performance and encourages further research on elements that most impact competitive advantage. It also provides recommendations for policymakers to support enhancing MSME marketing performance through various supportive policies. However, this research has limitations, such as the lack of specific elements of market orientation with significant impacts and a need to better understand the moderation mechanism between market orientation and marketing performance through competitive advantage, which could be subjects of future research.

Keywords: market orientation, competitive advantage, marketing performance, MSMEs.

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1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) are central to the global economy. At the international level, MSMEs in developed countries contribute up to 50% of the GDP, while in developing countries, this figure reaches 35%. Furthermore, MSMEs contribute to employment generation by approximately 60% (World Trade Organization, 2023). Specifically in the ASEAN region, MSMEs hold a dominant position, contributing 85% to employment and 44.5% to GDP (Association of Southeast Asian Nations, 2023).

In Indonesia, MSMEs are one of the main pillars of economic growth, with a significant contribution to the GDP, accounting for 61.97% in 2020 and 60.3% in 2021 (Kata-data Media Network, 2023). The number of MSME units also shows a positive trend, growing from 64.0 million in 2020 to 74.2 million in 2022 (Ministry of Cooperatives and SMEs of the Republic of Indonesia, 2023). Therefore, it is only fitting that this sector becomes the focus and serious attention of various stakeholders, not only the government

but also large enterprises, banks, and universities. One form of government support is through regulations such as the Government Regulation of the Republic of Indonesia Number 07 of 2021, which encompasses the Ease, Protection, and Empowerment of Cooperatives and Micro, Small, and Medium Enterprises.

However, MSMEs in Indonesia face significant challenges related to globalisation and free market competition. Market openness requires MSMEs to compete globally in terms of technology, market access, and price competition (Hayek, 1980). Therefore, improving marketing performance is essential for MSMEs.

Numerous previous studies have shown a positive influence of market orientation on marketing performance (Frösén et al., 2016; Agarwal et al., 2003; Udriyah et al., 2019; Rahman et al., 2021; Na et al., 2019; Chin et al., 2013; Kumar et al., 2011; Murray et al., 2011; Merlo & Auh, 2009; Dobni & Luffman, 2003; Fernandes et al., 2020; Dabrowski et al., 2019; Acikdilli et al., 2022; Tjahjadi et al., 2020; Habib et al., 2020; Gligor et al., 2019; Länsiluoto et al., 2020).

Other studies also show the influence of competitive advantage on marketing performance (Davicik & Sharma, 2016; Hooley et al., 2005; Zhou et al., 2009; Kaleka & Morgan, 2017; Ma, 2020; Al-Murad, 2022; Hang et al., 2022; Chong & Ali, 2022; Yasa et al., 2020; Nuryakin & Maryati, 2022; Abdullah & Rosliyati, 2020).

Some studies use competitive advantage as a moderating variable for business performance (Martinette et al., 2012, 2014; Zaini et al., 2014; Kaleka & Morgan, 2017; Patrisia et al., 2022; Samad, 2018; Haseeb et al., 2019; Qi et al., 2021; Harjadi et al., 2020; Fatikha et al., 2021; Syahrrial & Nofriza, 2022; Na et al., 2019; Correia et al., 2020; Elgarhy & Abou-Shouk, 2023; Keskin et al., 2021; Kiyabo & Isaga, 2020; Mazaira et al., 2003). However, these studies are still general and not specific to the marketing performance of MSMEs. So far, no study has shown how the moderating role of competitive advantage affects the marketing performance of MSMEs.

Therefore, this study aims to analyze the direct impact of market orientation on the marketing performance of MSMEs examine the indirect influence of market orientation on SME marketing performance moderated by competitive advantage. This research introduces a novel aspect by incorporating competitive advantage as a moderating variable.

2. Literature review

Marketing performance is the outcome of a company's activities over a specific period, typically measured by several indicators (Venkatraman & Prescott, 1990; Slater & Narver, 2000), including sales growth, ROI, and profit. Additionally, Lee and Yoo (2019) have developed indicators such as sales growth rate, profit growth, capital growth, and earnings. Kotler et al. (2021) popularised ideas related to marketing performance measurement and analysis.

Marketing performance is the result of entrepreneurial activities and refers to the output originating from the execution of all business operations, with indicators being progress in sales and productivity (Wheelen et al., 2017). Marketing performance is related to customer growth, which can be seen in increased customer repurchases (Pardi et al., 2014; Nursal et al., 2022; Elgarhy & Abou-Shouk, 2023). Marketing performance measures the extent to which sales volume and growth increase in a company (Karnowati & Handayani, 2022; Rua & Santos, 2022; Sutaguna et al., 2023).

Marketing performance is crucial in the development of a company, as high marketing performance enhances the overall sustainability of the business. The level of marketing performance is also heavily influenced by the innovation implemented (Zhang et al., 2018). Marketing performance serves as a construct that can be utilised to gauge the impact of a company's strategies, acting as a benchmark for the company's achievements in promoting its products (Handayani & Handoyo, 2020).

Marketing performance measurement can be based on the success of new products, sales growth, and annual

profit or net income. Factors such as marketing mix and market orientation significantly influence marketing performance (Julian & O'Cass, 2002). Marketing performance is intricately tied to the competitive advantage in marketing (Limakrisna & Yoserizal, 2016).

Various factors influence the improvement in marketing performance, but market orientation and competitive advantage have been identified as two key elements (Fatonah & Haryanto, 2022; Lestari et al., 2022; Puspaningrum, 2020; Mohammadian et al., 2013; Efrata et al., 2019).

The initial concept of market orientation was introduced by Kotler et al. (2021), emphasising the importance of understanding the market, creating value for customers, and adapting to changes in the business environment. It later evolved to emphasise understanding the market and adapting to changes in the business environment (Day, 1994; Slater & Narver, 2000; Porter et al., 2014; Drucker, 1954) and emphasised customer focus and the value created for them. Smith (1956) argued that companies should focus on understanding different market segments and adjusting products and marketing strategies for each segment (Levitt, 1984). Moreover, McKenna (1991) argued that companies should focus more on customer needs and desires than just the products they produce.

The success of marketing performance is heavily determined by the extent to which a company adopts a market orientation. Market orientation is a business perspective that focuses on the company's overall activities (Raju et al., 2011). Market orientation has been proven to enhance marketing performance (Protcko & Dornberger, 2014). The market orientation undertaken by a company can lead to success in marketing efforts (Lings & Greenley, 2009).

Market orientation is an organizational strategy that is highly effective and efficient in cultivating the behaviours necessary for creating superior value and sustaining buyer performance (Nerver & Slater, 1990). Companies with a market orientation gather information about buyer needs and competitor activities then coordinate them to create superior customer value (Chabowski & Mena, 2017).

Armstrong and Kotler (2018) define competitive advantage as an advantage achieved by a company in competition by offering more excellent value or more significant benefits than competitors. A company is said to have a competitive advantage if its position has a competitive advantage in resources that can generate superior value at a lower cost.

Understanding competitive advantage requires a comprehensive understanding of business advantages and competitors (Clark & Montgomery, 1999) because competitive advantage arises from various activities, such as product-related factors (Leonidou et al., 2015), service quality (Johnson & Sirikit, 2002), market characteristics (Carbone et al., 2020), distribution (Hoffman & Novak, 1996), and marketing ecosystems (Zhang & Watson IV, 2020).

Competitive advantage can be measured in various ways, such as price, product quality, production capability, marketing ability, innovation, and leadership (Katsikeas, 1994). The competitive advantage of SMEs can be observed

in the uniqueness of their products, product quality, and competitive pricing (Song & Parry, 1997).

On the other hand, competitive advantage refers to the unique position held by a company that allows it to create more value for customers (Barney & Hesterly, 2010; Porter et al., 2014; Kotler et al., 2021). Competitive advantage is the key to success in market competition and is a determinant of achieving optimal performance (Wongsansukcharoen & Thaweepaiboonwong, 2023; Mian & Ghabban, 2022; Achmad, 2023).

Companies have a competitive advantage when actions in an industry or market create economic value and when several competing companies engage in similar actions (Akpan et al., 2022; El Charani et al., 2022; Pusung et al., 2023; Aljumah et al., 2022). If a company chooses the right strategy to analyse the market, it can easily create a competitive advantage. Furthermore, to create a competitive advantage in entering the global market, companies must enhance their capabilities, which refer to maintaining their market share and even winning from competitors. Companies must possess a competitive advantage to achieve product performance and success (Fatonah & Haryanto, 2022).

3. Hypothesis development

Market orientation significantly impacts marketing performance and has been consistently found to positively enhance a company's performance (Tjahjadi et al., 2020; Habib et al., 2020; Gligor et al., 2019). However, it is important to note that research results have varied. Research conducted by Rahman et al. (2021) and Na et al. (2019) showed positive results, in line with previous findings, confirming that market orientation remains relevant in enhancing a company's performance.

To comprehensively understand the influence of market orientation on marketing performance, it is essential to consider the various studies conducted in this field. This will aid in developing a deeper understanding of the complexity of the relationship between market orientation and a company's marketing performance, as well as strengthening the knowledge base. Based on the empirical studies above, the following research hypotheses can be proposed:

H1: Market orientation has a positive and significant impact on marketing performance.

Market orientation in small businesses is an ongoing response to the desires and needs of customers, which, in turn, facilitates the development of strategies focused on creating value for customers. This is a critical factor in achieving a competitive advantage, as noted by Pardi et al. (2014), Nursal et al. (2022). Various researchers' findings also support this, showing market orientation's positive and significant impact on competitive advantage.

Puspaningrum (2020), Mohammadian et al. (2013) are among the researchers who consistently found that companies with a strong market orientation tend to achieve

a better competitive advantage. Emphasising the needs and desires of customers not only supports the creation of more suitable products or services but also allows companies to maintain customer loyalty, increase market share, and ultimately achieve sustainable growth.

Therefore, market orientation is a relevant strategy for small businesses and a key factor in achieving the necessary competitive advantage in an increasingly competitive market. Furthermore, this emphasises the importance of customer focus in business strategy development. Based on the research above, the following hypotheses can be presented:

H2: Market orientation has a positive and significant impact on competitive advantage.

Market orientation significantly impacts marketing performance, both directly and indirectly, through the mechanism of competitive advantage. This concept has been found in several recent studies. Fatonah and Haryanto (2022) emphasise the importance of market orientation in shaping superior marketing performance. They found that when companies direct their attention to customer needs and desires, it positively influences their marketing performance.

Puspaningrum (2020) further strengthens this finding by demonstrating that market orientation directly contributes to marketing performance. Companies that identify customer needs and respond appropriately often achieve better marketing outcomes.

Salim et al. (2021) stress that competitive advantage can mediate between market orientation and marketing performance. By focusing on creating value for customers and meeting their needs, companies can obtain a competitive advantage that, in turn, enhances their marketing performance.

Suwandana (2023) reinforces these findings by underscoring the importance of sustained efforts in maintaining a strong market orientation and linking it to sustainable competitive advantage. This will help companies maintain excellent marketing performance.

In other words, the research findings confirm that market orientation plays a crucial role in enhancing a company's marketing performance, both directly and through creating sustainable competitive advantages. A deep understanding of customer needs is the key to success in a competitive business world. Based on the research above, the following hypotheses can be proposed:

H3: Competitive advantage positively and significantly mediates the influence of market orientation on marketing performance.

4. Research methodology

The stages in the research design can be explained where this study employs a survey. Primary data collection is conducted by administering a closed questionnaire to respondents, a survey with answer alternatives, allowing respondents to choose answers that align with their expe-

riences, opinions, and feelings on a Likert scale of 1–5. The research was conducted in Jambi, Jambi Province, Indonesia. The population of focus includes all owners of SMEs operating in the city of Jambi, with a total population of 50,747 business units. The criteria based on the Slovin Formula with a 5% margin of error are used to determine the sample size. Therefore, the determined sample size is 397 business owner respondents.

The criteria for business owners eligible to be respondents are their willingness to participate in the research, engagement in business activities in the city of Jambi, a minimum age of 17 years, at least a Junior High School education, a minimum of 3 years of business operation, and classification as an SME.

The sampling technique used to ensure sample representativeness is the stratified random sampling method. With this method, samples are proportionally taken from each district in Jambi. Sample selection from each district is done randomly, referring to the list of SME owners in each district. Sample selection is conducted through random drawing or using statistical software.

The variables focused on in this study are market orientation, competitive advantage, and marketing performance. The dependent variable in this research is marketing performance, while market orientation and competitive advantage serve as independent variables. Additionally, competitive advantage also functions as a moderating variable. Data collection is carried out through a questionnaire divided into four parts: respondent demographic characteristics (Part A), questions about market orientation (Part B), questions about competitive advantage (Part C), and questions about SME marketing performance (Part D). The data measurement scale uses a Likert scale with a score ranging from strongly disagree (1) to strongly agree (5).

Instrument testing includes validity tests, reliability tests, and normality tests. Quantitative data analysis is conducted using path analysis using Smart PLS software version 4.0. In this analysis, SME marketing performance is considered the dependent variable (Y), while market orientation (X) and the moderating variable competitive advantage (M) are independent variables.

Many prior studies have employed the same variables, namely market orientation, competitive advantage, and marketing performance, using the same quantitative analysis method with the SmartPLS application. Examples of such studies include those conducted by (Martin & Javalgi, 2016; Najafi-Tavani et al., 2016; Zaini et al., 2014; Mazaira et al., 2003).

5. Results and discussion

This section analyses demographic characteristics related to gender, age, education level, field of business, and years in business.

Table 1 shows that most respondents were male (58.94%), and 41.06% were in the age group of 36–45 years. 35.01% of respondents had a high school education,

Table 1. Demographic characteristics (source: researcher's calculation)

Characteristics	Attribute	Frequency	Percentage (%)
Gender	Male	234	58.94
	Female	163	41.05
	Total	397	100.00
Age	16–25 Years	56	14.11
	26–35 Years	139	35.01
	36–45 Years	163	41.06
	>45 Years	40	10.08
	Total	397	100.00
Education	Primary School	52	13.10
	Junior High School	79	19.90
	High School	139	35.01
	Diploma	52	13.10
	Bachelor's Degree	56	14.11
	Master's Degree	20	5.04
	Total	397	100.00
Field of Business	Food	131	33.00
	Clothing Store	60	15.11
	Print Shop	40	10.08
	Pharmacy	36	9.07
	Furniture	44	11.08
	Repair	36	9.07
	Crafts	32	8.06
	Transportation Services	20	5.04
	Total	397	100.00
Years in Business	1–3 Years	79	19.90
	4–6 Years	151	38.04
	7–10 Years	127	31.99
	> 10 Years	40	10.08
	Total	397	100.00

and the most significant business sector was food, with a percentage of 33.00%. Furthermore, many respondents had been in business for 4–6 years (38.04%).

The validity and reliability of research instruments play a crucial role in measuring the effectiveness of the measurement tools used. Instrument validity ensures that the generated data is meaningful, while reliability indicates score coherence, which, in turn, affects validity. According to Creswell and Creswell (2017), reliability and validity are interrelated; inconsistent data will not produce meaningful conclusions, and vice versa.

Table 2 presents the results of instrument reliability and validity analysis. The Cronbach's alpha values exceeded 0.70, indicating adequate reliability. Composite reliability also met the criteria with values above 0.70. The Average Variance Extracted (AVE) results also met the requirements with values above 0.50, indicating good construct validity. Market orientation had a construct reliability of 0.944, while competitive advantage had a reliability of 0.802, showing high internal consistency.

Table 2. Cronbach's Alpha, composite reliability, and AVE (source: researcher's calculation)

Construct variables	Cronbach's alpha	Rho_A	Composite Reliability	(AVE)
Market Orientation	0.944	0.901	0.881	0.883
Competitive Advantage	0.802	0.788	0.911	0.915
Moderating effect 1	1.000	1.000	1.000	1.000
Marketing Performance	0.965	0.779	0.906	0.907

Table 3. R-Square values (source: researcher's calculation)

	R Square	R SquareAdjusted
Marketing Performance	0.833	0.817

Table 3 displays the results of the structural model analysis. The R-squared values obtained exceeded 0.3, indicating consistency in the model. The high R-Square values indicate a positive and significant impact of market orientation and competitive advantage on the marketing performance of MSMEs. Hypothesis testing results show that t-statistic values > 1.96 are significant, confirming the importance of research variables. Thus, this research demonstrates that market orientation and competitive advantage play a vital role in improving the marketing performance of MSMEs in Jambi City.

6. Discussion

This research delves into the influence of market orientation on the marketing performance of micro, small, and medium enterprises (MSMEs) in Jambi City, Jambi Province, Indonesia, as well as the moderation effect performed by competitive advantage.

Table 4 presents the analysis results. In this analysis, the market orientation variable shows a positive and significant impact on marketing performance, with a t-statistic value of 2.836, exceeding the threshold of 1.96. Therefore, it can be concluded that market orientation positively impacts the marketing performance of MSMEs in Jambi City, as indicated by a path coefficient value of 0.377. Consequently, an increase in market orientation can lead to improved marketing performance.

Market orientation significantly impacts the marketing performance of MSMEs. This finding is supported by various studies, such as those conducted by (Frösén et al., 2016; Udriyah et al., 2019; Rahman et al., 2021; Na et al., 2019; Chin et al., 2013; Fernandes et al., 2020; Dabrowski et al., 2019; Acikdilli et al., 2022; Tjahjadi et al., 2020; Habib et al., 2020; Gligor et al., 2019; Länsiluoto et al., 2020). In

this context, a strong market orientation positively impacts the marketing performance of MSMEs. This positive impact has significant implications for MSMEs. MSMEs can enhance their competitiveness in the market by focusing on a deep understanding of customer needs and preferences and adjusting marketing strategies accordingly. This will help increase market share and ultimately boost profitability.

Market orientation is a business's ability to respond to market demand better than its competitors. It also includes the ability to forecast market changes effectively, ultimately creating sustainable competition and achieving high profits. Some market orientation indicators include intensive market research, product development based on customer needs, customer value appreciation, market segmentation and targeting, responsive customer service, customer performance measurement, product and marketing innovation, customer relationship development, technology and data utilisation, and responsiveness to market changes (Kotler et al., 2021). Businesses with a high market orientation are expected to seize opportunities obtained from the market and enhance service development to meet market demands (Na et al., 2019).

This research confirms existing marketing theories that emphasise the importance of market orientation in achieving marketing success. The implication is that theoretical concepts in marketing, such as customer understanding, market segmentation, and relevant marketing strategies, have a significant positive impact on MSMEs. This implication also contributes to developing theories related to MSMEs, demonstrating that market orientation applies to large companies and crucial for MSMEs. It can help academicians and researchers develop a more specific theoretical framework to understand the factors influencing MSME performance.

Practical implications from this theoretical perspective also provide valuable insights for MSME owners and business practitioners. Investing in market orientation can help achieve better marketing results. Therefore, consideration should be given to adopting a more customer-focused

Table 4. Research findings (source: researcher's calculation)

Path	Original Sample(O)	Sample Mean (M)	(STDEV)	T Statistics (O/STDEV)	P Values
Market Orientation -> Marketing Performance	0.377	0.256	0.121	2.836	0.002
Competitive advantage -> Marketing Performance	0.865	0.572	0.025	4.652	0.000
Moderating Effect 1 -> Marketing Performance	0.710	0.754	0.109	5.770	0.000

approach to business strategies. Theoretically, these findings suggest that market orientation plays a vital role in the context of MSMEs and can be used to develop better theories and practices in MSME marketing.

MSME owners in Jambi City, Jambi Province, Indonesia, should enhance and coordinate collaboration between functions or divisions within their businesses, especially in the marketing division. It is also essential to pay attention to customer and competitor orientation indicators. A greater focus on meeting customer needs and offering more attractive marketing programs than competitors can help build a strong market orientation, which, in turn, can lead to improved marketing performance (Nursal et al., 2022).

The positive influence of competitive advantage on marketing performance is also evident from the figures in the Path Coefficients table, with a t-statistic value of 4.652, exceeding the threshold of 1.96, indicating that competitive advantage has a significant positive impact on the marketing performance of MSMEs in Jambi City. The path coefficient value of 0.865 further confirms this positive impact. Therefore, it can be concluded that an increase in competitive advantage will positively affect marketing performance. Competitive advantage is one of the stages in achieving good marketing performance for MSMEs.

This research supports and aligns with previous studies, such as those conducted by (Udriyah et al., 2019), which concluded that competitive advantage partially has a positive and significant impact on business performance. In their research, Lee and Yoo (2019) also stated that competitive advantage significantly influences marketing performance. Market-oriented MSMEs can contribute to competitive advantage by creating unique products, maintaining product quality, and competitive pricing, ultimately affecting marketing performance (Puspaningrum, 2020). Competitive advantage has a significant and positive impact on marketing performance. Based on these findings, MSMEs can enhance their marketing performance by being more innovative in producing their products or services (Sukaatmadja et al., 2021).

Competitive solid advantage significantly and positively impacts the marketing performance of MSMEs. Practical implications of this result include that MSMEs can enhance their marketing performance by focusing on developing and strengthening competitive advantages in their products, services, or pricing strategies. Academically, this finding contributes to the theoretical understanding of the factors influencing MSMEs in achieving marketing success and may stimulate further research into the most influential elements of competitive advantage.

To test the indirect influence on the model, we found the analysis results provided in Table 5.

From Table 5, it can be seen that market orientation has a positive indirect influence on marketing performance through a competitive advantage of 31.2%. This means that when MSMEs increase market orientation, enhancing competitive advantage, it will positively impact marketing performance.

Table 5. Path coefficients of indirect influence (source: researcher's calculation)

	Path Coefficient	T Statistics	P Values
Market Orientation → Competitive Advantage → Business Performance	0.312	1.544	0.021

These research findings align with studies conducted by Puspaningrum (2020), Salim et al. (2021), Suwandana (2023). These studies indicate that competitive advantage plays a role in moderating the relationship between marketing strategies and market performance. In this context, MSMEs with a strong market orientation positively contribute to competitive advantage by creating unique products, maintaining product quality, and competitive pricing. This ultimately affects MSMEs' market performance.

To enhance MSMEs performance, efforts need to include the development of marketing strategies while considering market orientation, customer orientation, competitor orientation, and inter-divisional coordination. Product development or innovation also becomes a critical key to achieving competitive advantage, besides moderating the influence of market orientation and product innovation on marketing performance. Thus, this research significantly contributes to the development of theory regarding the moderating role of competitive advantage between market orientation and product innovation in marketing performance. This research also helps discover strategies that can enhance MSMEs' marketing performance.

The empirical results of this research prove that market orientation has a positive and significant impact on marketing performance, with competitive advantage serving as a mediator that moderates the relationship between market orientation and marketing performance. It demonstrates the importance of competitive advantage as a link in the relationship between market orientation and the marketing performance of MSMEs. In other words, a solid customer-oriented market orientation can enhance competitive advantage, which, in turn, positively impacts MSME's marketing performance.

The practical implications of this research are that MSMEs can use these findings to guide their business strategies. Besides focusing on customer understanding (market orientation), MSME practitioners should strive to create and maintain a competitive advantage in their products, services, or other aspects of their business. Training employees to improve their understanding of market orientation and how to integrate it with efforts to create competitive advantages can help improve marketing performance.

7. Conclusions

This research affirms that a robust market orientation significantly contributes to positive marketing performance. The findings indicate that MSMEs actively emphasising a

deep understanding of customer needs and preferences, coupled with sharp analyses of market dynamics, tend to achieve superior and sustainable marketing outcomes. This underscores that a strong market orientation not only enhances the competitiveness of MSMEs in a competitive market but also establishes a solid foundation for long-term marketing success.

As revealed in this study, competitive advantage plays a crucial role in moderating the relationship between market orientation and marketing performance in MSMEs. In other words, the research results suggest that MSMEs successfully cultivating a robust competitive advantage will experience a more substantial impact from market orientation on enhancing their marketing performance. This highlights the importance of possessing a significant competitive edge in maximising the benefits derived from customer focus and market understanding. With a solid competitive advantage, market orientation becomes a strategic foundation and a primary driver for achieving optimal marketing performance for MSMEs.

Through an intensive focus on developing a competitive advantage in the context of innovation, efficiency, and strategic differentiation, MSMEs can reinforce the positive impact of market orientation on their marketing performance. In other words, these measures help establish a robust foundation for MSMEs to more effectively meet customer needs, adapt to market changes, and ultimately achieve long-term success in terms of marketing performance.

The theoretical implications of these findings align with existing marketing theories, emphasising that market orientation, which includes a profound understanding of customer needs and responsiveness to market changes, has a significantly positive impact on the performance of Small and Medium-sized Enterprises. Furthermore, competitive advantage has proven to play a crucial role as a mediator moderating the relationship between market orientation and marketing performance. MSMEs with a solid competitive advantage tend to experience a more pronounced impact of market orientation on enhancing their marketing performance. These implications provide additional insights into the importance of developing a competitive advantage in the context of innovation, efficiency, and strategic differentiation to reinforce the positive impact of market orientation.

The limitations of this research include a focus on SMEs in the city of Jambi, so the results may not be directly applicable to other geographical contexts. The study utilised a sample of 397 MSME respondents. Despite considering a 5% margin of error, this sample size still has limitations in generalising findings comprehensively. The sample represented various MSMEs, but the research did not account for differences in characteristics that could influence the results. The study was conducted within a specific time frame, limiting the applicability of the results to the business conditions and contexts of that period. While a questionnaire was used as a data collection tool, the possibility of response bias and respondent subjectivity

remains a risk. Other variables that could affect MSME's marketing performance were not included in this study, such as external factors and business environments that could provide additional context. Despite employing path analysis with Smart PLS, there are limitations to specific analytical methods that may impact the interpretation of findings. Although there is a hypothesis that competitive advantage plays a role as a moderating variable, other factors influencing the relationship between variables have not been fully elucidated.

Recommendations

MSMEs should enhance their market orientation by collecting more customer data, conducting regular market research, and better understanding customer needs and preferences. This will help improve marketing performance.

MSMEs should conduct an in-depth analysis of their competitive advantage. This may involve evaluating products, operations, branding, and marketing strategies. After identifying competitive advantages, companies should strive to maintain and strengthen them.

MSMEs should develop marketing strategies that align with their market orientation and competitive advantage. It may involve adjusting communication, pricing, and product distribution according to market characteristics and competitive positions.

Business owners of MSMEs can identify and map consumers effectively by applying the concepts of market orientation and competitive advantage to enhance marketing performance further. Academicians and practitioners can use the research findings to improve MSME marketing management.

Policymakers or the government play a crucial role in improving MSME's marketing performance by creating supportive policies for this sector to achieve maximum marketing performance. Relevant policies may include marketing training and consultation programs, local product certification, funding for research and innovation, affordable financing policies, infrastructure and technology development, increased access to international markets, and performance measurement and evaluation of support programs.

Research limitations

This research has limitations related to the absence of specific elements of market orientation that significantly impact MSME's marketing performance and the understanding of the moderation mechanism between market orientation and marketing performance through competitive advantage. Therefore, further research is recommended to examine specific elements of market orientation that have the most significant impact. For example, whether product adjustments, pricing strategies, or customer-oriented services have a more significant impact.

These limitations also encourage further research to understand the moderation mechanism between market

orientation and marketing performance through competitive advantage. Further research can identify specific elements of competitive advantage that have the most significant impact. These findings have academic relevance in developing a more comprehensive and complete theory of MSME marketing.

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