

The Effect of Entrepreneurship Training on Entrepreneurial Orientation, Product Innovation, Competitive Advantage, and Business Performance in the Processed Food Industry in Kendari, South East Sulawesi

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To drive product innovation that is customer-oriented, and to have knowledge regarding the customer's needs and urges, we researched the small-medium enterprise (SME) of the processed food industry in Kendari so that it can compete and affect their performance. The population in this research included all processed food industry in Kendari as many as 395, while the sample is as many as 112. Analysis of the structural equation model (SEM) was used to answer the hypotheses in this research. The results stated that a) there was a positive and significant effect of entrepreneurship training on entrepreneurial orientation, b) there was a positive and significant effect of entrepreneurship training on product innovation, c) there was a positive and significant effect of entrepreneurship training on competitive advantage, d) there was a positive and significant effect of entrepreneurship training on business performance, e) there was a positive and significant effect of entrepreneurial orientation on business performance, f) there was a positive and significant effect of product innovation on business performance, g) there was a positive and significant effect of competitive advantage on business performance, h) there was a positive effect of entrepreneurship training on business performance mediated by entrepreneurial orientation, i) there was a positive effect of entrepreneurship training on business performance mediated by product innovation, and j) there was a positive effect of entrepreneurship training on business performance mediated by competitive advantage.

Keywords: Entrepreneurship training; entrepreneurial orientation; product innovation; competitive advantage, business performance, Kendari, South East Sulawesi.

INTRODUCTION

The small-medium enterprise (SME) has rapidly grown and developed with the availability of various marketing models. The skilled SME actors in doing innovations, ideas, concepts, proactive, and adventurousness will be able to compete. When the competitive situation is very tight, business competitiveness is inevitable, and it will affect the competitive advantage of a business, whether direct or indirect. This also applies to small-medium scale food and beverage businesses. Very rapid changes in technology and information, customer needs, and the shortening of the product cycle are crucial things to be considered by the SME actors. According to Pertiwi and Siswoyo (2016), business performance is an activity that includes understanding the customers, creating a product, communicating, and giving value to the customers, where the main purpose is to increase the earnings or the profit of a company. Since there are

multiple similar products exist, customers will choose the best product for themselves. The main achievement for a business is when a customer selects particular business products out of loyalty. Increasing customer satisfaction is another big achievement since it will add value to the product or service innovation (Gopalakrishnan and Damanpour, 1997). In this regard, training is needed to increase the productivity of the human resources. Entrepreneurship training is highly needed for SME actors. Training is an activity that aims to make a person more skilled and productive (Herwina, 2021). Training for employees is inevitable, as the strategies for maintaining and enhancing work productivity. Entrepreneurial orientation is a factor that can boost the performance of a business (Irwin et al., 2018). The pressure of tight competition has, directly and indirectly, affected the performance marketing of a company. Likewise, the market contender's aggressiveness in seizing the market portion that causes the industry should be necessary to apply the marketing concept. Some researchers

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mention that the dimension of risk-taking and the proactivity from entrepreneurial orientation is the main predictor of a product or service innovation and business performance (Lechner and Gudmundsson, 2014; Wales et al., 2015). However, Wales et al. (2015) found that the relationship is inconsistent. These found were not in good agreement with the other researchers, who stated that risk-taking and proactive affect the process of innovative products (Dost et al., 2017; Perez et al., 2011).

A business can preserve its competitive advantage through product innovation. Innovation can be successfully conducted by utilizing business competitiveness and always searching for something new (Atuahene-Gima, 2005). Innovation cannot happen if the business is not taking any risks or does not change. This research focused on the small-medium industry (SME) of processed food in Kendari. SME in Kendari needs to innovate their product, based on customers. Knowledge regarding customer needs is the ascendancy of the resulting product innovation, which then be able to challenge the competition that will affect the marketing performance of the SME.

RESULTS

The structural model used in this research is presented in Figure 2. The model test result (in the attachment files) is evaluated by the goodness of fit index, and presented in the following table. Model criteria and critical values that correspond with the data were also shown. Direct effect analysis between constructs from the model can be compared to evaluate the influence of each construct on the direct effect, which is the coefficient from all the line coefficients with one end arrow (Ferdinand, 2005).

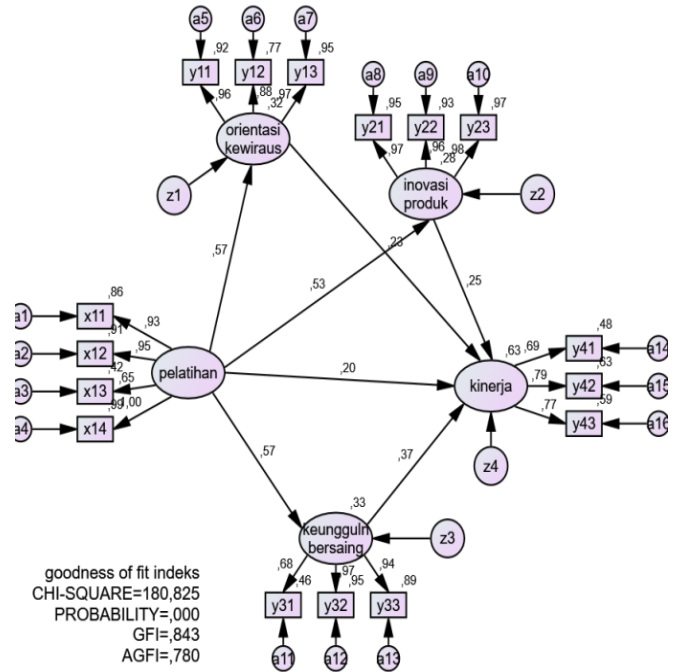


Figure 2. Structural model.

Table 1. Evaluation of goodness of fit criteria.

The goodness of the Fit index	Cut-off value	Result of the Model	Note
Chi-square	Expected small	180,25	Good
Probability	≥ 0.05	0.000	Good
GFI	≥ 0.90	0.43	Marginal
AGFI	≥ 0.90	0.780	Marginal

Source: Primer data, processed, 2024 (attachment)

Table 2. Results of the direct path research hypothesis.

Exogen	Intervening	Endogen	Beta coefficient	Probability	Note
Direct Effect					
Entrepreneurship training	Entrepreneurship orientation	-	0.568	0.000	Significant
Entrepreneurship training	Product innovation	-	0.534	0.000	Significant
Entrepreneurship training	Competitive advantage	-	0.573	0.000	Significant
Entrepreneurship training	-	Business performance	0.203	0.052	Not significant
-	Entrepreneurship orientation	Business performance	0.232	0.036	Significant
-	Product innovation	Business performance	0.250	0.021	Significant
-	Competitive advantage	Business performance	0.366	0.000	Significant

Source: Primer data, processed, 2024 (attachment)

Table 3. Results of the Indirect Path Research Hypothesis.

Exogen	Intervening	Endogen	Beta coefficient	Note
Entrepreneurship Training	Entrepreneurship Orientation	Business Performance	0.475	Perfect Mediation
Entrepreneurship Training	Product Innovation	Business Performance	0.475	Perfect Mediation
Entrepreneurship Training	Competitive Advantage	Business Performance	0.475	Perfect Mediation

Source: Primer data, processed, 2024 (attachment)



Based on Table 2, we can see that all path has positive and significant effects, and that being said, the hypothesis that is supported by empirical data and accepted are:

- H1: Entrepreneurship training has positive and significant effects on entrepreneurship orientation. This positive significant influence impacts entrepreneurship orientation. The better the entrepreneurship training, the higher the entrepreneurship orientation of food SMEs.
- H2: Entrepreneurship training has positive and significant effects on product innovation. This positive significant influence impacts product innovation. The better the entrepreneurship training, the better the product innovation of food SMEs.
- H3: Entrepreneurship training has positive and significant effects on competitive advantage. This positive significant influence impacts competitive advantage. The better the entrepreneurship training, the higher the competitive advantage of food SMEs.
- H4: Entrepreneurship training has positive and not significant effects on business performance. This positive and irrelevance influence impacts business performance. The better the entrepreneurship training, the lower the business performance of food SMEs.
- H5: Entrepreneurship orientation has positive and significant effects on business performance. The higher the entrepreneurship orientation, the higher the business performance of food SMEs.
- H6: Product innovation has positive and significant effects on business performance. This positive significant influence impacts business performance. The better the product innovation, the higher the business performance of food SMEs.
- H7: Competitive advantage has positive and significant effects on business performance. This positive significant influence impacts business performance. The better the competitive advantage, the higher the business performance of food SMEs.

Based on Table 3, we can see that all indirect path has properties as the mediating variables, and being said, the hypothesis that is supported by empirical data and accepted are:

- H8: Entrepreneurship training affects business performance mediated by the entrepreneurship orientation of food SMEs. This means, that decent entrepreneurship training, will indirectly enhance business performance through entrepreneurship orientation.
- H9: Entrepreneurship training affected business performance mediated by product innovation of food SMEs. This means, that decent entrepreneurship training, will indirectly enhance business performance through product innovation.

- H10: Entrepreneurship training affected business performance mediated by the competitive advantage of food SMEs. This means, that decent entrepreneurship training, will indirectly enhance business performance, through competitive advantage.

DISCUSSIONS

The importance of training for small businesses was revealed by [Sarri *et al.* \(2010\)](#) who stated that training programs for entrepreneurship can expand the line of thinking regarding unthoughtful new ideas and concepts. Training can be used as a medium for SME actors to escalate their quality, and provide wide access to establish better relations with other businessmen or customers. This research is in good agreement with the research conducted by [Lina *et al.*, \(2018\)](#), who stated that entrepreneurship training has a positive and significant effect on entrepreneurship orientation. This research result supported the result that was reported by ([Rosli and Mahmood, 2013](#)) who stated that entrepreneurship training has a positive and significant effect on product innovation. Competitive advantage can be obtained by creating unique product and packaging designs, better production quality processes, and more attractive marketing, and sales services that satisfy the customers. Once the company can optimize the use of its resources, then it can produce a competitive advantage. This result supported the research conducted by ([Handriani, 2011](#)), who stated that entrepreneurship training and competitive advantage have a positive and significant effect. Several empirical evidence from African countries, such as Kenya and Tanzania showed that entrepreneurship training is crucial for the performance success and the growth of micro and small businesses ([Njoroge and Gathungu, 2013](#)). This research supported previous research by ([Cuevas-Vargas *et al.*, 2019](#); [Zarkasi *et al.*, 2023](#); [Dahana *et al.*, 2021](#)) who stated that entrepreneurship orientation has a positive and significant effect on business performance. Product innovation has a positive and significant effect on business performance. This means that invention is conducted by generating new and different products from previous ones or improving the existing product since innovation is the mechanism for a company to adapt in a dynamic environment so that it can deliver satisfied service performance for the customer since it was an urgent criterion in determining performance ([Wahyono, 2002](#)). This research supported the research that was done by ([Cuevas-Vargas *et al.*, 2019](#); [Zarkasi *et al.*, 2023](#); [Dahana *et al.*, 2021](#)) who stated that product innovation has a significant effect on business performance. ([Fatikha *et al.*, 2021](#)) stated that competitive advantage has a beneficial effect on performance, and it is measured through the volume of sales, profit level, market share, and return on investment. Our research was supported by ([Zarkasi *et al.*, 2023](#); [Dahana *et al.*, 2021](#)) who stated that competitive advantage has a strong influence on business



performance. The ability to innovate is one aspect that correlates with the empowerment of business resources to produce new products (Hornig *et al.*, 2010; Tavitiyaman *et al.*, 2011). To adapt to the changes in market conditions and raise the business performance to develop a competitive advantage, a business must have the power to utilize all its resources. Innovation capabilities have become interesting subjects for researchers, who are trying to identify their impact on performance and define assets resources, and business capacity (Angkanurakbun and Wanarat, 2016). Company performance is the company's capability to manage its resources to give value to the company. We can measure the company's efficiency and productivity with the knowledge regarding company performance. A company's performance evaluation is useful to determine how far the company has developed. Performance is an outcome achieved by someone or a group of people in a company following their respective authorities and responsibilities to achieve company goals legally without violating the law and conflicting with morals and ethics (Rivai and Basri, 2004).

Conclusion: This research concludes that:

1. Entrepreneurship training and entrepreneurial orientation have a positive and significant influence. This means that the better the entrepreneurship training, the more entrepreneurial orientation will increase
2. Entrepreneurship training and product innovation have a positive and significant influence. This means that the better the entrepreneurship training, the more product innovation will increase
3. Entrepreneurship training and competitive advantage have a positive and significant influence. This means that the better the entrepreneurship training, the more competitive advantage will be increased.
4. Entrepreneurship training and business performance have a positive and irrelevant influence. This means that the better the entrepreneurship training, the lower the business performance.
5. Entrepreneurial orientation and business performance have a positive and significant influence. This means that the better the entrepreneurial orientation, the more increased the business performance.
6. Product innovation and business performance have a positive and significant influence. This means that the better the product innovation, the higher the business performance.
7. Competitive advantage and business performance have a positive and significant influence. This means that the better the competitive advantage, the higher the business performance.
8. Entrepreneurship training and business performance mediated by entrepreneurial orientation have a positive influence. This means that better entrepreneurship

training will improve business performance through entrepreneurial orientation.

9. Entrepreneurship training and business performance mediated by product innovation has a positive influence. This means that better entrepreneurship training will improve business performance through product innovation
10. Entrepreneurship training and business performance mediated by competitive advantage have a positive influence. This means that better entrepreneurship training will improve business performance through competitive advantage

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Conceptualization (LM Fitrah Arsyad; Sudirman Zaid); Methodology (LM Fitrah Arsyad; Rahmat Madjid); Validation (Hayat Yusuf); Formal Analysis (LM Fitrah Arsyad; Rahmat Madjid; Sudirman Zaid); Investigation (Hayat Yusuf); Resources (LM Fitrah Arsyad); Data Curation (LM Fitrah Arsyad; Hayat Yusuf); Writing – Original Draft Preparation (LM Fitrah Arsyad; Sudirman Zaid); Writing – Review & Editing (Sudirman Zaid); Visualization (Sudirman Zaid; Hayat Yusuf); Supervision (LM Fitrah Arsyad); Project Administration (Hayat Yusuf).

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