

Driving Competitive Advantage In Food And Beverage MSMEs: A Resource-Based View On Entrepreneurial Marketing Competencies And Innovation

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ABSTRACT

The digital era has significantly changed the global business landscape, meaning we must continue to innovate and advance technology. This study uses the Resource-Based View (RBV) theory. RBV theory explains that a business can achieve competitiveness by using everyday resources, which will enable the business to continue to be sustainable. *Innovation*, *Competitive Advantage*, and *Entrepreneurial Marketing Competencies* are the variables in this study. This study uses a quantitative method with 166 samples of food and beverage MSMEs from Surabaya, registered in the e-peken application. The results of the study show that 1) *Entrepreneurial Marketing Competencies* have been proven to have a positive and significant effect on *Innovation*. This indicates that strengthening the entrepreneurial marketing capabilities of MSMEs, such as the sharpness in identifying business opportunities and the accuracy of formulating market strategies, directly triggers an increase in their internal innovation capacity; 2) *Innovation* proven to have a positive and significant influence on *Competitive Advantage*. This finding confirms that every innovation capability will lead to an increase in the competitive advantage of MSME products in the market; 3) *Entrepreneurial Marketing Competencies* proven to have a positive and significant impact on *Competitive Advantage*. This means that mastering adaptive marketing competencies provides MSMEs with a strong strategic foundation to secure a superior market position amidst a dynamic competitive landscape; 4) *Entrepreneurial Marketing Competencies* proven to have a positive and significant impact on *Competitive Advantage* through *Innovation*.

Keywords : *Competitive Advantage, Entrepreneurial Marketing Competencies, Innovation.*

1. INTRODUCTION

The rapid acceleration of digitalization in the modern global economy requires business actors to remain highly adaptive through continuous technological and strategic upgrades. In the context of the Indonesian economy, Micro, Small, and Medium Enterprises (MSMEs) represent the backbone of national development toward achieving the Golden Indonesia 2045 vision. Contributing over 60% to the Gross Domestic Product (GDP) and absorbing approximately 97% of the national workforce, MSMEs play a pivotal economic role. Consequently, public policy continuously emphasizes strengthening MSME resilience to transition them from subsistence operations into highly competitive, value-adding enterprises.

Securing a sustained competitive advantage is the primary prerequisite for MSMEs to survive amidst dynamic market pressures. According to the Resource-Based View (RBV) theory, a firm achieves superior performance when it possesses internal assets that are valuable, rare, inimitable, and non-substitutable. Nevertheless, empirical observations indicate that MSMEs—particularly in the food and beverage (F&B) sector—face substantial hurdles in

retaining competitive positions. Many small businesses are constrained by product homogeneity and severe price wars, leaving them vulnerable to large-scale competitors and market saturation. This structural vulnerability stems largely from internal resource deficits. To overcome these constraints, literature suggests deploying Entrepreneurial Marketing Competencies (EMC)—a set of flexible, proactive, and opportunity-driven marketing capabilities tailored for resource-constrained environments.

Despite the theoretical promise of EMC, a notable gap remains in the scholarly literature. Prior research by Abate and Sheferaw (2023) as well as Edwards et al. (2023) demonstrated that entrepreneurial marketing directly enhances strategic performance and firm competitiveness. Conversely, Ho et al. (2022) found that entrepreneurial marketing did not exert a statistically significant influence on achieving differentiation advantage. This empirical inconsistency suggests that proactive marketing competencies alone do not automatically guarantee market superiority unless transformed into tangible operational outputs. Drawing upon recent extensions of RBV theoretical frameworks (Farida & Setiawan, 2022; Wang et al., 2024), innovation serves as a critical mediating mechanism that operationalizes intangible strategic capabilities into distinctive market advantages through product renewal and process efficiencies.

Testing this conceptual mediation model is particularly timely within hyper-competitive local digital ecosystems such as Surabaya. As a major metropolitan center, Surabaya has experienced a rapid 30% expansion in registered MSMEs, supported by localized digital public initiatives like the e-Peken marketplace platform. However, official commercial data indicates a dense concentration in the F&B sector (comprising 2,869 business units compared to 289 in fashion and 154 in crafts), raising severe risks of market saturation and digital product cannibalization. Therefore, this study aims to examine and analyze the mediating role of innovation in bridging Entrepreneurial Marketing Competencies and Competitive Advantage among F&B MSMEs operating within the e-Peken ecosystem in Surabaya.

2. METHODS

This study adopts an explanatory quantitative research design to test causal relationships among latent variables using Partial Least Squares Structural Equation Modeling (PLS-SEM). The target population comprises F&B MSMEs in Surabaya registered on the official e-Peken platform. A sample of 166 enterprise owners/managers was derived using simple random sampling, with primary data collected via structured online questionnaires through November 2024.

The conceptual framework examines the direct and indirect relationships between the independent variable (Entrepreneurial Marketing Competencies), the mediating variable (Innovation), and the dependent variable (Competitive Advantage). Measurement model evaluation (outer model) and structural model evaluation (inner model) were executed via

SmartPLS software, applying bootstrapping procedures (5,000 resamples) to evaluate path significance

Table I Operational Definition Of Variables

VARIABLE		OPERATIONAL DEFINITION
Independent Variable	<i>Entrepreneurial Marketing Competencies</i>	1. <i>Proactive</i> .
		2. <i>Opportunity focus</i> .
		3. <i>Innovativeness</i> .
		4. <i>Resource Leverage</i>
		5. <i>Calculated Risk Taking</i> .
		6. <i>Customer Intensity</i>
		7. <i>Value Creation</i>
		8. <i>Sustainability Orientation</i> (Tolossa et al., 2024)
Dependent Variable	<i>Competitive Advantage</i>	1. <i>Differentiation</i>
		2. <i>Focus strategy</i>
		3. <i>Cost leadership</i> (Tolossa et al., 2024) ; (Porter, 1985)
Intervening Variables	<i>Innovation</i>	1. Innovation capability
		2. Support to innovation (AlKoliby et al., 2023)

3. RESULTS AND DISCUSSIONS

Evaluation of the structural model (inner model) in this study is used to measure the predictive power of the conceptual model and to determine the significance of the causal relationship between the variables tested.

R-Square Test

R² value shows how much of the percentage of the variance of the dependent variable can be explained by the independent variables in the model .

Table 2 R-Square Test Results

Variables	R – Square	Information
Innovation	0.921	Very strong

Competitive advantage	0.970	Very strong
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Based on the data in Table 2 , the R2 value for the Innovation variable of 0.921 indicates that 92.1% of the innovation capabilities of food and beverage (mamin) MSMEs in the e-Peken application are influenced by Entrepreneurial Marketing Competencies (EMC). Meanwhile, the R2 value for the Competitive Advantage variable of 0.970 indicates that 97% of the competitive advantage of business actors can be explained simultaneously by the EMC and innovation variables, while the remaining 3% is influenced by other factors outside the model.

Hypothesis Testing (Significance Test)

Testing the significance of the structural path coefficient was carried out using the bootstrapping method to see the path coefficient value and p -value.

Table 3 Significance Test Results

Hypothesis	Relationship Path	Path Coefficient	P-Value	Information
H ₁	EMC → Innovation	0.960	0,000	Accepted
H ₂	Innovation → Competitive Advantage	0.507	0,000	Accepted
H ₃	EMC → Competitive Advantage	0.975	0,000	Accepted
H ₄	EMC → Innovation → Competitive Advantage	0.486	0,000	Accepted

The statistical summary in Table 3 confirms that all proposed hypotheses have a p-value of 0.000 ($p < 0.05$), so that all hypotheses are declared Accepted . The mediation relationship in the fourth hypothesis (H4) indicates that innovation acts as a valid partial mediator in linking entrepreneurial marketing competency to strengthening the competitive advantage of business actors.

Discussion

The Influence of Entrepreneurial Marketing Competencies on Innovation

The results of the first hypothesis test (H1) prove that there is a positive and significant influence of EMC on innovation with a path coefficient of 0.960 and a p-value of 0.000. This empirical finding confirms that the more agile and sharp the entrepreneur's ability to capture market opportunities, the more their capacity to produce product and operational innovations will increase drastically.

From a Resource-Based View (RBV) theoretical perspective, EMC acts as a strategic intangible asset that drives internal organizational creativity. The dense and competitive nature of the food and beverage (F&M) sector in Surabaya, which uses the e-Peken application, demands that businesses adapt to limited physical capital. By leveraging proactive competencies and market sensitivity, MSMEs are able to transform limited capital into concrete innovations, such as menu diversification, packaging updates, and digital distribution efficiency. These findings support studies by (Martínez-Peláez et al., 2023), (Sari et al., 2023), and (Sulistyo & Ayuni, 2020), which position entrepreneurial marketing orientation as an absolute foundation for the emergence of innovation capacity.

The Influence of Innovation on Competitive Advantage

Based on the results of the second hypothesis test (H2), innovation was proven to have a positive and significant effect on competitive advantage with a path coefficient of 0.507 and a p-value of 0.000. These results indicate that any innovation implemented effectively by food and beverage (F&M) MSMEs will immediately strengthen their bargaining position in the digital market.

Theoretically, based on the RBV, innovative activities are a tangible form of dynamic capabilities that meet the criteria of being valuable, rare, and difficult to imitate (Valuable, Rare, Inimitable). When food and beverage (F&M) MSMEs in Surabaya adopted digital technology and eliminated waste, they successfully created cost leadership and differentiated product value. These field findings align with a study (Farida & Setiawan, 2022) that established innovation as a vital instrument for transforming operational strategies into authentic competitive advantages in the eyes of consumers.

The Influence of Entrepreneurial Marketing Competencies on Competitive Advantage

The third hypothesis (H3) shows that EMC has a direct, positive, and significant effect on competitive advantage with the most dominant path coefficient of 0.975 and a p-value of 0.000. This finding shows that entrepreneurial skills in managing networks (resource leverage) and focusing on customer needs are the main determinants in building competitive superiority of a business unit.

Through the RBV perspective, this intangible mastery of entrepreneurial marketing leadership compensates for the lack of financial capital among small-scale players. Amidst the competitive e-Peken Surabaya ecosystem, MSMEs that proactively utilize digital platforms have proven to be quicker to respond to shifts in local consumer preferences. This adaptability creates a unique market stronghold that is difficult for competitors to replicate. Empirically, these results provide strong support for the literature (Tolossa et al., 2024) and (Dhameria et

al., 2021) which states that entrepreneurial marketing triggers strategic agility to escape conventional marketing traps.

The Role of Innovation in Mediating the Effect of EMC on Competitive Advantage

The fourth hypothesis test (H4) confirmed a positive and significant mediation effect of the innovation variable with an indirect path coefficient of 0.486 and a p-value of 0.000. These results indicate a partial mediation phenomenon , meaning that EMC can directly influence competitive advantage , but its impact will be much more optimal and systematic if channeled through concrete innovation actions.

The theoretical integration of RBV views that entrepreneurial spirit and high market acumen (EMC) will remain static potential if not translated into product idea renewal or business process improvements (Innovation). In the field, the characteristics of market-responsive food and beverage (F&M) MSMEs in Surabaya require concrete innovations such as digitalization of financial management and contemporary product variations, to convert their entrepreneurial mentality into long-term competitiveness. This finding aligns with a study (AlKoliby et al., 2023) which confirms that active innovation capacity acts as a single operational bridge in transforming entrepreneurs' internal strategic vision into superior and resilient market performance.

4. CONCLUSION

Based on the results of data analysis using SEM-PLS techniques and hypothesis testing that have been carried out, the conclusions of this study are formulated specifically to answer the proposed problem formulation as follows: 1) Entrepreneurial Marketing Competencies (EMC) are proven to have a positive and significant effect on Innovation in food and beverage MSMEs in Surabaya City (H1 is accepted). This finding indicates that the higher the skills, strategic flexibility, and proactive ability of entrepreneurs in capturing market opportunities, the more their capacity to produce product innovations and process efficiency will increase drastically; 2) Entrepreneurial Marketing Competencies (EMC) are proven to have a positive and significant effect on Competitive Advantage in food and beverage MSMEs in Surabaya City (H2 is accepted). This result confirms that entrepreneurial-based marketing skills directly become the main determinant in building market defense fortresses and competitive superiority of business units; 3) Innovation is proven to have a positive and significant effect on Competitive Advantage in food and beverage MSMEs in Surabaya City (H3 is accepted). This indicates that every real renewal action executed by food and beverage MSMEs, both in product variations and the adoption of process digitalization, will directly strengthen their bargaining position and competitiveness on the e-Peken platform; 4) Innovation is proven to be able to mediate the influence of Entrepreneurial Marketing Competencies (EMC) on Competitive Advantage positively and significantly on food and beverage MSMEs in Surabaya City (H4 is accepted). The nature of the mediation found is partial mediation , which means

that EMC can increase competitive advantage directly, but its impact will be much more optimal, directed, and sustainable if realized through concrete innovation capacity in the field.

As an objective scientific work, this study has several fundamental weaknesses that need to be critically evaluated because they have the potential to affect the generalizability of the results: 1) This study uses a cross-sectional approach where data acquisition is limited to November 2024. This design is static (capturing data on a specific timeline), so it is less able to capture long-term fluctuations and consistency of MSME adaptation behavior when facing macroeconomic shifts or digital platform algorithm updates in the future; 2) The scope of this research is limited to the food and beverage industry cluster in the Surabaya City area which is integrated in the e-Peken ecosystem. The characteristics of the food and beverage sector which has a fast- moving cash flow are very likely to show different strategic behavior patterns if this model is replicated in other business sectors such as crafts , fashion , or services, as well as in business actors in rural areas.

Based on the findings and limitations that have been identified, several strategic recommendations are proposed for related parties: 1) For Further Researchers: Experienced researchers who are interested in developing this topic are advised to apply a longitudinal approach to capture the dynamics of changes in MSME competencies and competitiveness over time. In addition, replication of the research model in non-food and beverage (F&B) industrial sectors (such as fashion or other creative industries) as well as geographic expansion to rural areas are highly recommended to test the consistency of the external validity of this conceptual model and 2) F&B MSME actors should not only focus on conventional selling skills (marketing skills). A proactive entrepreneurial spirit must be realized into concrete actions in the form of packaging innovation, menu diversification, and digital technology efficiency in order to build distinctive, unique, and difficult-to-imitate product advantages by competitors on the marketplace platform .

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International Conference
on Digital, Social, and Science

INTERNATIONAL CONFERENCE ON DIGITAL, SOCIAL, AND SCIENCE

VOL.1 2026

ISSN 3063-3303