

The Influence of Government Agency Support and Social Media on Sustainable Competitive Advantage is Mediated by Entrepreneurial Orientation

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Abstract

The aim of this research is to determine the impact of support from government agencies and social media on the sustainable competitive advantage of SMEs in North Lombok Regency and to explore the role of entrepreneurial orientation as a mediator in the relationship between support from government agencies, social media and sustainable competitive advantage. The sample in this research is. SMEs in North Lombok Regency amounted to 100 respondents using a simple random sampling method. This research uses the PLS (Partial Least Squares) analysis method. The results of this research show that the variables of government agency support and social media have a significant positive effect on the variables of sustainable competitive advantage and entrepreneurial orientation. The entrepreneurial orientation variable has a significant positive effect on the sustainable competitive advantage variable. Entrepreneurial orientation and social media variables play a partial mediator role between government support and sustainable competitive advantage.

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1. INTRODUCTION

North Lombok Regency or commonly abbreviated as KLU is the result of the expansion of West Lombok Regency based on Law Number 26 of 2008. KLU is the youngest district in NTB with famous tourist destinations internationally, such as the three dykes (Gili Air, Gili Meno and Gili Trawangan), Sendang Gila Waterfall, and Segara Anak Lake which is on the slopes of Mount Rinjani. This makes the growth of MSMEs in KLU continue to grow. Micro, Small and Medium Enterprises are what ultimately become the driving force for development in a district, able to build the foundation of the regional economy and encourage economic growth in the community and the KLU government.

MSMEs are the most important pillar in improving the country's economy. This sector can have a positive impact in accelerating the recovery of the country's economic sector. This is because the substance of business in this industry is very diverse and spread across various places with different quality and creativity. This industry also has great potential to absorb potential workers. Thanks to the existence of MSMEs, this industry is able to provide a safety net for economic activities, especially for low-income people, which can then increase GDP (Gross Domestic Product) every year.

According to the latest data from the Coordinating Ministry for Economic Affairs of the Republic of Indonesia in 2023, the number of MSMEs in Indonesia is 65.5 million organizations, which contribute 61% to gross domestic sales or IDR 9,580 trillion. The large number of Indonesian MSMEs cannot be separated from the difficulties of competition and globalization which are becoming increasingly severe with the rapid development of innovation and science. Based on interviews conducted with 15 MSME actors in KLU, one of the difficulties they are currently facing is the methodology for having a sustainable competitive advantage.

A company can be said to have a sustainable competitive advantage if its potential competitors cannot imitate the company's product, even though the costs of imitating it are very large (Kuncoro and Suriani, 2018). Having a sustainable competitive advantage is very important for MSMEs when they face challenges as well as opportunities to compete in the global market. MSMEs must have a sustainable competitive advantage, meaning that MSMEs must have a competitive advantage not only now, but also on an ongoing basis. MSMEs should have the option to continue to develop to answer global challenges in the ongoing era of globalization. Industrial competition is increasingly serious and fierce, forcing business people to compete to create sustainable competitive advantages through various strategies in the hope of being able to face increasingly competitive competition.

The dynamics of the era of global competition require MSME players to improve business management by involving various stakeholders to gain insight and increase market share. MSME industry players have established partnerships with various stakeholders to develop their businesses, one of which is by establishing partnerships with government agencies. The government is currently using various methods to support MSMEs in expanding their business. Government support comes in various forms, both financial and non-financial, such as simplifying One Single Submission (OSS) licensing procedures, reducing licensing costs, affordable financial support, and helping MSMEs expand business opportunities through increasing partnership networks (Ministry of Finance, 2020). Several studies show that the impact of government agency support has a positive impact on the sustainable competitive advantage of MSMEs. The existence of government financing support for MSMEs has a strong and significant impact in maintaining networking structures and sustainable excellence (Alkhantani et al., 2020). Moreover, Songling et al. (2018) in their article argue that financial assistance and technical (non-financial) assistance provided by the government have a significant impact on sustainable excellence and company performance. Based on the studies above, it can be assumed that there is an impact of government agency support on the sustainable competitive advantage of MSMEs in KLU.

Apart from support from government agencies, another factor that provides sustainable competitive advantage for MSMEs is entrepreneurial orientation. Entrepreneurship is a key in developing the capabilities of MSME industry players. Entrepreneurship can be interpreted as a form of creative and innovative activity to produce new products in economic activities (Rita et al., 2021). Meanwhile, entrepreneurial orientation is the practices, activities and processes used by industry players in making decisions aimed at creating new entries (Ardhi et al., 2021).

Innovation and creativity as an entrepreneurial orientation are important foundations for finding opportunities to succeed and creating sustainable competitive advantages in the era of global competition. The existence of support from institutions also has a positive effect on entrepreneurial orientation. With institutional support, it can provide guidance and play an important role in business innovation management practices (Yang and Yu, 2022). Shu et al. (2019) stated that government institutional support is able to increase individual entrepreneurial orientation and strategic renewal. Apart from that, entrepreneurial orientation is also full mediation, where entrepreneurial orientation fully mediates government institutional support for strategic renewal. Pratono et al. (2019) stated that green entrepreneurial orientation has a positive impact on sustainable competitive advantage. A study by Kiyabo & Isaga (2020) says competitive advantage is significantly influenced by entrepreneurial orientation.

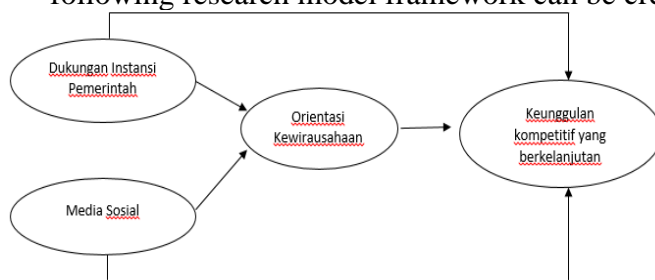
The development of social media also has a big influence on sustainable competitive advantage. Social media is a medium on the internet that allows users to present themselves and interact, collaborate, share, communicate with other users, and form virtual social

bonds. The results of data analysis show a positive and significant relationship between social media users and competitive advantage at Guten Inc (Pranaka et al., 2017). Referring to data on Indonesian social media users, it shows that the use of s-commerce has great potential in supporting the trading process and the creation process. However, this explains that the use of social media as a commercial activity (s-commerce) in MSMEs is still low. This is of course a special concern, considering that the perception of most MSME owners in Jambi City regarding the use of s-commerce for the progress of their business is still low (Yacob et al., 2018). It can be seen from these various studies that support from government institutions and social media can influence entrepreneurial orientation, which also has a positive impact on sustainable competitive advantage.

The aim of this research is to determine the impact of government institutional support and social media on the sustainable competitive advantage of MSMEs in North Lombok Regency. This research also aims to explore the role of entrepreneurial orientation as a mediator between government institutional support, social media and sustainable competitive advantage. This study was conducted on MSMEs in KLU because there were several problems related to the sustainable competitive advantage of MSMEs in KLU.

2. METHOD

In this study, researchers used one related variable, namely sustainable competitive advantage, two independent variables, namely support from government agencies and social media, a mediating variable, namely entrepreneurial orientation. The sustainable competitive advantage variable in this research is explained by five measures consisting of price, quality, delivery reliability, innovation, and time to market. The government institutional support variable in this research is explained by two indicators consisting of financial support and non-financial support, and the entrepreneurial orientation variable is explained by three factors, namely risk, innovation and proactiveness. The scope of respondents for this research was carried out on MSME business actors located in North Lombok Regency. Based on the description of all the variables used in this research, the following research model framework can be created:



Gambar 1.

Kerangka Konseptual Penelitian

This research uses a closed questionnaire with a Likert scale to collect respondents' attitudes, opinions and perceptions about sustainable competitive advantage, government support, social media and entrepreneurial orientation with the help of Google forms. This research used simple random sampling with a sample size of 100 MSME actors in KLU. Determining the minimum sample size for an unknown population can be done using the following calculation (Riduwa, 2019):

$$n = \left(\frac{\text{for}}{\text{and}} \times a \right)^2 = \left(\frac{1,96 \times 0,25}{0,05} \right)^2 = 96,04 \approx 97$$

After the sample data was collected, this research then used the Partial Least Square (PLS) data analysis method. PLS is a variant-based structural equation analysis (SEM) that can simultaneously test measurement models (validity and reliability tests) as well as structural testing for causality tests (testing hypotheses with predictive models) (Jogianto and Abdillah, 2015). Wiyono (2011) further stated that Partial Least Square (PLS) is a Structural Equation Modeling (SEM) technique that can analyze latent variables, indicator variables and measurement errors directly.

3. RESULTS AND DISCUSSION

Validity Test intends to measure the strength of the relationship between variables. The instrument is declared valid if $r > 0.30$. Meanwhile, to see the accuracy or consistency of the instrument, a reliability test is carried out. The instrument is declared reliable if the Cronbach Alpha value is greater than 0.60. Based on the validity test that has been carried out, each item in the indicator used has an r-value >0.3 ; then it can be stated that each item used in the research questionnaire is valid. Furthermore, all variables in this research also have values *Cronbach Alpha* >0.60 so that all variables are said to be reliable, then the research can proceed to the next stage.

Table 1.1
Outer Loading Research Indicators

	Original sample (O)	T statistics (O/STDEV)	P values
M.1 <- M	0.793	8.794	0.000
M.2 <- M	0.826	20.762	0.000
M.3 <- M	0.820	18.519	0.000
M.4 <- M	0.741	7.835	0.000
M.5 <- M	0.710	8.861	0.000
M.6 <- M	0.767	14.767	0.000
X1.1 <- X1	0.896	25.024	0.000
X1.2 <- X1	0.911	48.062	0.000
X1.3 <- X1	0.851	21.812	0.000
X1.4 <- X1	0.737	10.085	0.000
X1.5 <- X1	0.704	9.080	0.000
X2.1 <- X2	0.786	9.252	0.000
X2.2 <- X2	0.792	14.874	0.000
X2.3 <- X2	0.824	19.303	0.000
X2.4 <- X2	0.710	9.055	0.000
X2.5 <- X2	0.758	8.202	0.000
X2.6 <- X2	0.729	6.977	0.000
Y.1 <- Y	0.744	10.427	0.000

Y.2 <- Y	0.811	21.978	0.000
Y.3 <- Y	0.841	25.643	0.000
Y.4 <- Y	0.701	8.374	0.000
Y.5 <- Y	0.846	16.943	0.000
Y.6 <- Y	0.789	13.471	0.000
Y.7 <- Y	0.781	11.205	0.000
Y.8 <- Y	0.821	17.093	0.000

Table 2
Mark Cross Loading

Entrepreneurial Orientation	Government Agency Support	Social media
0.826		
0.890	0.825	
0.828	0.777	0.893

Judging from Table 2 about *cross loading* which has been presented above shows that the value *cross loading* Each indicator of the variable in question has the greatest value compared to the cross loading of other latent variables.

Table 3
R-square

Construct	R-square
Entrepreneurial Orientation (M)	0,621
Sustainable Competitive Advantage	0,564

Next, the Q-Square predicat relevance test was carried out. Q-Square predicat relevance testing is carried out to measure how well the perceptions are conveyed by the research model and how well the parameter estimates are. A Q-square value greater than zero interprets the research model as having predicate relevance. Based on the R-square table, the Q-square value can be calculated as follows:

$$\begin{aligned}
 Q^2 &= 1 - (1 - R1^2)(1 - R2^2) \\
 &= 1 - (1 - 0,564^2)(1 - 0,621^2) \\
 &= 1 - (1 - 0,3180)(1 - 0,3856) \\
 &= 1 - (0,682)(0,6144) \\
 &= 1 - (0,4190) \\
 &= 0,581
 \end{aligned}$$

Q value² amounts to 0.581 where 0.581>0 which can be interpreted as that the research model has *relevance predicate*, namely 58.1%. This means that the variation in the sustainable competitive advantage variable can be explained by entrepreneurial orientation and support from government institutions amounting to 58.1%, while the remaining 41.9% is explained by other variables not used in this research.

Reviewing the hypothesis in this research aims to see the relationship between the research variables used. The basis for decision making in this test is *p-value* obtained from calculations *path coefficient* using SEM PLS which can be seen in the following table

Table 4
Path Coefficients

	Path coefficients	T Statistics	P Value
X1 -> Y	0.234	2.976	0.003
M -> Y	0.271	3.374	0.001
X1 -> M	0.379	2.366	0.018
X2 -> Y	0.419	3.995	0.000
X2 -> M	0.477	4.049	0.000

The hypothesis review used is by looking at the *p-value* compared to the alpha used (5%). When the value *p - value* < 0.05 then the hypothesis is accepted. The variable government institutional support for sustainable competitive advantage has a *p-value* of 0.003 (0.003 < 0.05) so that H1 is accepted. So, it can be interpreted that the sustainable competitive advantage variable is influenced positively and significantly by the government institutional support variable. Based on the *p-value*, it can be interpreted that the higher the support from government institutions obtained by KLU SME business actors, the higher the sustainable competitive advantage possessed by KLU SME business actors.

Furthermore, the entrepreneurial orientation variable on sustainable competitive advantage has a *p-value* of 0.001 (0.001 < 0.05). H2 is accepted, indicating that the entrepreneurial orientation variable has a significant positive effect on the sustainable competitive advantage variable. Increasing a person's entrepreneurial orientation will increase the sustainable competitive advantage of SME business players, especially SME business players in KLU.

In the path coefficients table, it is found that the variable government institutional support for entrepreneurial orientation has a *p-value* of 0.010 (0.010 < 0.05) so that H2 is accepted. This shows that the government institutional support variable has a significant positive influence on entrepreneurial orientation. The higher the support from government institutions (especially the KLU government), the higher the positive impact on the entrepreneurial orientation of SME business players.

Based on the VAF table, it can be seen that the results of testing the direct influence of the government institutional support variable on the sustainable competitive advantage variable have a *p-value* of 0.009; (0.009 < 0.05). This incident shows that the government institutional support variable has a positive and significant effect on the sustainable competitive advantage variable, with a coefficient value of 0.233. Then a review was carried out by adding a mediating variable (entrepreneurial orientation) which caused differences in the influence between the direct relationship between government institutional support variables and sustainable competitive advantage. The VAF table shows that entrepreneurial orientation has a direct effect on sustainable competitive advantage of 0.601; government institutional support has a direct effect on entrepreneurial orientation of 0.364; and government institutional support has a direct influence on sustainable competitive advantage of 0.233.

Furthermore, the indirect effect between government institutional support on sustainable competitive advantage is 0.219. The total influence that entrepreneurial orientation has on sustainable competitive advantage is 0.601; the total influence of government institutional support on entrepreneurial orientation is 0.364; and the total influence of government institutional support on sustainable competitive advantage is 0.485.

Furthermore, based on the VAF table, it is found that the role of entrepreneurial orientation as a mediator has a VAF value of 0.485 (48.5%). This value of 48.5% means that the entrepreneurial orientation variable has a role as a partial mediator between government institutional support and sustainable competitive advantage of 48.5%. This can also be interpreted that the government institutional support variable can influence the sustainable competitive advantage variable directly or indirectly through entrepreneurial orientation. In the VAF table, it is known that the efficiency of the entrepreneurial orientation path to sustainable competitive advantage has a p-value of 0.009 ($0.009 < 0.05$), which means that the sustainable competitive advantage variable is influenced positively and significantly by the government institutional support variable.

4. CONCLUSION

The results of this research indicate that to achieve sustainable competitive advantage, SME business actors, especially KLU SME business actors, need to pay attention to aspects of government institutional support and entrepreneurial orientation. This shows that creating and increasing entrepreneurial orientation really depends on support

from government organizations in the form of financial support and/or non-financial support, so that SME business actors will have capital (financial and non-financial) to expand market share and can also provide good quality, which will result in positive energy for the players. SMEs to be able to compete in the market. All forms of entrepreneurial orientation, whether daring to take risks, innovation, or proactiveness, will influence the competitive ability of SME business players, so that sustainable competitive advantage for SME business players will be achieved. The government must consider all forms of financial support and policies (non-financial) that favor SME business actors so that they can compete in the market.

5. SUGGESTION

This research environment is only in one district/city with a sample size of 100. Future research can use a wider research environment with a larger number of respondents. This research was carried out at one particular point in time, but the environment in each period experiences dynamic changes, so this research is important to carry out in the future. Future research can use other variables to increase sustainable competitive advantage.

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