

Business Performance Based on Business Competency and Business Commitment with Competitive Advantage as Intervening Variable

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ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) contribute to economic growth and employment. This research aims to analyze the direct and indirect influence of business competency and business commitment on business performance through competitive advantage in MSMEs in Citeureup District. The population in this research was UMKM in Citeureup District as many as one hundred and ten units. Participants were selected through a total sampling technique. The study utilized ordinal-level data, which was transformed into interval-level measurements by applying the Successive Interval Method (MSI). The analytical approach involved both descriptive statistics and hypothesis testing, incorporating path modeling and the Sobel Test to examine the influence of mediating variables. The research results show that there is a direct and positive influence of business competence on competitive advantage, business commitment on competitive advantage, business competence on business performance, business commitment on business performance, competitive advantage on business performance, as well as an indirect and positive influence of business competence on business performance through competitive advantage and business commitment on business performance through competitive advantage.

INTRODUCTION

The growth of Micro, Small, and Medium Enterprises (MSMEs) in Citeureup District in 2023 experienced a decline of 36 percent, resulting in a total of 110 MSMEs. This decrease was also reflected in labor absorption, which dropped by 29 percent, as many MSMEs struggled to maintain or increase their workforce due to economic instability affecting their competitiveness and profitability. This indicates that the reduction in workforce within the MSME sector is not only a problem for the businesses themselves but also has broad impacts on the economy and society as a whole. Therefore, efforts to enhance support for MSMEs are necessary to encourage growth and assist the government in reducing unemployment. When the workforce decreases, there is a risk of losing essential skills and knowledge vital for business continuity (Bogor Regency Cooperative and MSME Office, 2024).

MSME actors are required to have strategies that can capture opportunities in creating and marketing their products. Additionally, business actors need to perform well to develop their enterprises. Wahyudiati (2017) states that business performance reflects the total achievement of business activities when measured against standards, objectives, or expected outcomes, in accordance with asset and income limits set by regulations. According to Wahyudiati (2017), business performance indicators include sales growth, capital growth, annual labor growth, market and marketing growth, as well as profit or earnings growth. Business performance indicators can be measured by capital growth and turnover growth, as shown in Table 1 below:

Table 1. Comparison of Capital Growth and Turnover Growth of MSMEs in Citeureup District for 2022-2023

Year	Initial Capital (IDR 000)	Final Capital (IDR 000)	Initial Turnover (IDR 000)	Final Turnover (IDR 000)
2022	190,000	150,000	300,000	248,000
2023	150,000	135,000	248,000	213,000
Average	170,000	142,500	274,000	230,500
Growth Percentage (%)	(21)	(10)	(17)	(14)

Source: Bogor Regency Cooperative and MSME Office, 2025

Based on Table 1, MSMEs in Citeureup District tend to experience significant decreases in capital and turnover. From 2022 to 2023, initial capital dropped by 21 percent and final capital by 10 percent, while initial turnover decreased by 17 percent and final turnover by 14 percent. This decline was due to the Covid-19 pandemic, which limited entrepreneurs' ability to operate optimally, thus hindering business performance. Besides the pandemic, other factors include financial literacy, business competence, product innovation, and the effective use of BPUM funds (Wahyudiati, 2017). Other factors influencing business performance include business commitment, innovation, human resource quality, financial management, and environmental support

(Sahabuddin, 2016). Moreover, according to Theo (2012), factors affecting business performance are entrepreneurial skills, access to financing, managerial competence, human resources, external environment, innovation and technology, marketing and distribution, and competitive advantage.

Business performance evaluation can be conducted by considering various influencing factors, such as business competence, business commitment, and competitive advantage. Business competence is the managerial capacity of a company leader to create and communicate a strategic vision to organize internal company relations (Kurniawan and Yun, 2018). Business competence indicators include opportunity competence, strategic competence, social competence, and conceptual competence (Kurniawan and Yun, 2018). These indicators can be measured, among other ways, by education. According to Wibowo (2016), higher education levels enable a person to complete tasks more effectively. Data from the Bogor Regency Cooperative and MSME Office show that the education level of MSME actors in Citeureup District during 2022-2023 was dominated by elementary school graduates, accounting for 46 percent. This results in many MSMEs going out of business or failing, so business actors need to improve skills and expertise through training activities conducted by the Bogor Regency Cooperative and MSME Office to compete with other MSMEs. Interviews with the head of the MSME division at the Bogor Regency Cooperative and MSME Office revealed that 56 percent or 62 MSMEs in Citeureup District did not participate in training. The low participation is due to limited awareness and willingness among business actors about the importance of MSME training, leading to a lack of commitment in their businesses.

Another factor influencing business performance is business commitment. Business commitment is the consistency of an entrepreneur's goals by adhering to entrepreneurship principles, playing an essential role in business sustainability (Purwaningsih, 2021). Business commitment indicators include patience and perseverance, togetherness, mental and physical resilience, and thinking ability or reasoning power (Purwaningsih, 2021). To assess the level of business commitment among MSMEs in Citeureup District, participation in MSME forums can be measured. According to data from the Bogor Regency Cooperative and MSME Office, only 30 out of 110 MSMEs participate in such forums. This is caused by suboptimal training, leading to insufficient commitment to business development and marketing network building, which ultimately reduces competitiveness.

In addition to business commitment, competitive advantage is also an important factor in business performance. Competitive advantage is the ability to develop products in a special and more profitable way than competitors (Sunyoto, 2015). Competitive advantage indicators include price, quality, delivery, innovation, and time to market (Sunyoto, 2015). Data from the Bogor Regency Cooperative and MSME Office shows that marketing among MSMEs in Citeureup District is still dominated by conventional methods. This is due to limitations in adapting to technology, such as the use of e-commerce platforms and social media. Consequently, it is challenging to optimize pricing and promotion strategies. Competitive pricing can be a decisive factor for consumers

when choosing products or services from an MSME compared to competitors. Price must also align with product quality and innovation offered to consumers. Higher innovation positively impacts business income. Data from the Bogor Regency Cooperative and MSME Office indicates that out of 110 MSMEs, only 30 innovate in their businesses, while 80 do not. The most common innovations are in flavor and raw materials (27 percent), and the least in service innovation (13 percent). If MSMEs do not innovate, especially in services such as delivery distribution, they risk losses from delays and delivery errors. Of the 110 MSMEs, 69 percent (76 units) still rely on direct delivery. This is due to limited business competence regarding digitalization resulting from lack of training and forum participation, leading many MSMEs to rely on direct delivery. This makes it difficult to compete, especially in efficiency and delivery reach. As a result, operational costs increase, and delivery times are longer, ultimately negatively affecting overall business performance.

Based on the background described, it is suspected that business performance has not been achieved due to suboptimal business competence, business commitment, and competitive advantage. Therefore, the researcher is motivated to discuss this issue in a study. Previous research has extensively discussed business competence, business commitment, and competitive advantage, but results have varied. Research by Adiputra and Mandala (2017) concluded that business competence does not affect competitive advantage. In contrast, Zhaviery et al. (2019) found that business competence impacts competitive advantage. A study by Chahyono and Zulkifli (2020) showed that business commitment does not affect competitive advantage, whereas research by Lestari and Suyati (2013) indicated business commitment influences competitive advantage. Furthermore, empirical studies on business competence, business commitment, competitive advantage, and business performance have yielded differing results. Dewi and Suwarno (2024) found that business competence does not affect business performance, while Annisa and Elfarina (2023) reported the opposite. Wulandari et al. (2020) stated that business commitment does not affect business performance, whereas Emami and Nazari (2012) found a positive effect. Kumar et al. (2011) concluded that competitiveness does not impact business performance, but Feranita and Setiawan (2019) showed competitive advantage significantly contributes to business performance. These conflicting results motivate the researcher to continue studying the same variables but in different locations and times.

This study aims to understand and analyze business owners' responses regarding business competence, business commitment, competitive advantage, and the performance of MSMEs in Citeureup District, as well as to identify and analyze the direct and indirect effects of business competence and business commitment on business performance through competitive advantage as an intervening variable.

LITERATURE REVIEW

Business Performance

Business performance is the overall work result compared to the work results, targets, goals, or specific criteria of a business entity based on asset and turnover criteria regulated by law (Wahyudiati, 2017). Business performance is influenced by three factors: (1) business competence (Wahyudiati, 2017); (2) business commitment (Sahabuddin, 2016); (3) competitive advantage (Theo, 2012). Indicators affecting business performance include sales growth, capital growth, annual labor growth, market and marketing growth, as well as profit growth (Wahyudiati, 2017).

Competitive Advantage

Competitive advantage is the ability measured by developing products that are special and more profitable than competitors (Sunyoto, 2015). Several factors influencing competitive advantage are price, quality, delivery, innovation, and time to market (Sunyoto, 2015). The indicators of competitive advantage are price, quality, delivery, innovation, and time to market (Sunyoto, 2015).

Business Competence

Business competence is the managerial capacity of a company leader to create and communicate a strategic vision to arrange internal company relationships (Kurniawan and Yun, 2018). Some factors influencing business competence include maintaining high self-control commitment; possessing business knowledge; having imagination, ideas, and perspective; possessing practical knowledge; ability to discover and create; having a forward-looking vision; ability to predict conditions; and the ability to communicate with others (Kurniawan and Yun, 2018). The indicators of business competence are opportunity competence, strategy competence, social competence, and conceptual competence (Kurniawan and Yun, 2018).

Business Commitment

Business commitment is the consistency of an entrepreneur's goals by upholding entrepreneurial principles, thus business commitment plays an important role in the continuity of a business (Purwaningsih, 2021). Factors forming business commitment include punctual behavior, promise-keeping behavior, mental care, and desire to excel (Purwaningsih, 2021). Indicators of business commitment are patience and perseverance, togetherness, mental and physical resilience, and reasoning ability (Purwaningsih, 2021).

Business Competence on Competitive Advantage

Strong business competence is a key factor in achieving competitive advantage because with superior abilities in innovation, efficiency, and resource management, a business can create products or services that are better, faster, and more aligned with market needs than competitors. Murtadlo and Hanan (2018) found that business competence has a direct and positive effect on competitive advantage. This study shows that increasing competitive advantage can be achieved with good business competence.

H1: There is a direct and positive effect of business competence on competitive advantage.

Business Commitment on Competitive Advantage

The higher the business commitment, the higher the competitive advantage. This is because determination and consistency in achieving business goals, such as maintaining product quality and continuous innovation, allow a business to be more competitive and create a stronger market position. According to Uddin and Rahman (2021), business commitment has a direct and positive effect on competitive advantage. Therefore, competitive advantage can be achieved by strengthening business commitment.

H2: There is a direct and positive effect of business commitment on competitive advantage.

Business Competence on Business Performance

Business competence in MSMEs greatly affects business performance because with good ability to manage resources, understand market needs, and adapt to changes, MSMEs can operate more effectively, improve product quality, and ultimately achieve better results and grow faster in the market. Utami et al. (2016) show that business competence has a direct and positive effect on business performance. To encourage higher business performance, adequate business competence is needed.

H3: There is a direct and positive effect of business competence on business performance.

Business Commitment on Business Performance

Strong business commitment in MSMEs can directly impact business performance because a firm intention to grow and focus on quality improvement allows MSMEs to maximize business strategies, resource management, and meet market demands. This results in more efficient performance, increased customer satisfaction, and ultimately drives growth. Sahabuddin (2016) found a direct effect of business commitment on business performance. This means the higher the business commitment, the more it tends to increase business performance effectiveness.

H4: There is a direct and positive effect of business commitment on business performance.

Competitive Advantage on Business Performance

One strategy of competitive advantage is a profit strategy to compete more effectively in the market. This helps improve overall business performance, both in revenue and operational efficiency. Husaeni et al. (2021) explain that competitive advantage has a direct and positive effect on business performance. The research shows that the better the product or service compared to competitors in the market, the better the business performance.

H5: There is a direct and positive effect of competitive advantage on business performance.

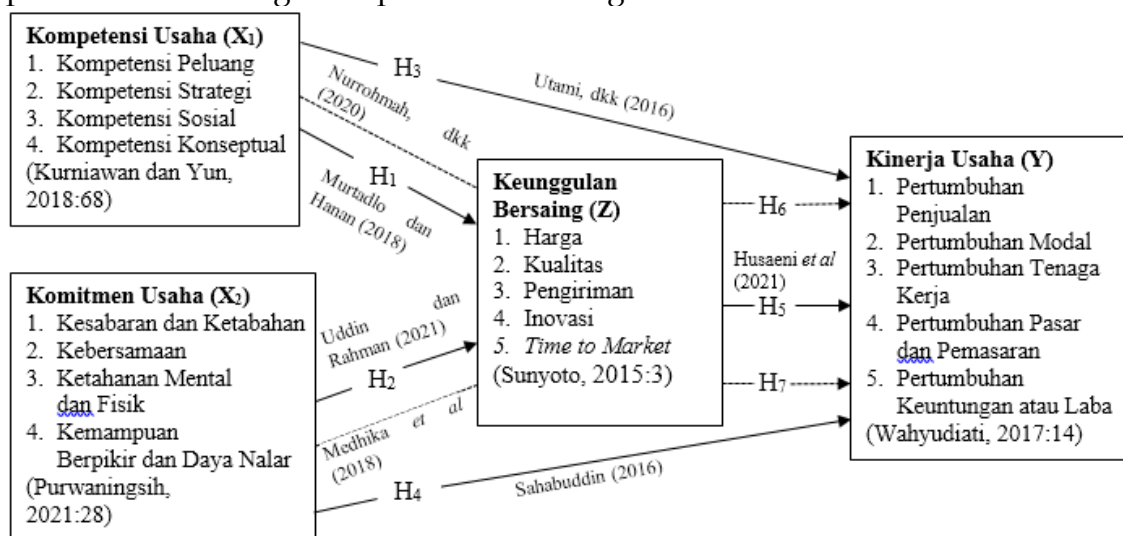
Business Competence on Business Performance Through Competitive Advantage

High business competence can improve business performance through competitive advantage because by utilizing expertise and resources, MSMEs can create superior products or services, which in turn helps attract more customers and increase operational efficiency, thus optimizing business performance.

Therefore, through the mediation of competitive advantage, business competence indirectly influences business performance. Nurrohmah et al. (2020) state that competitive advantage mediates the relationship between business competence and business performance. **H6:** There is an indirect and positive effect of business competence on business performance through competitive advantage.

Business Commitment on Business Performance Through Competitive Advantage

Strong business commitment influences business performance with competitive advantage as a mediating variable, because with the determination to innovate and maintain quality, MSMEs can create product or service advantages in the market. This advantage strengthens the business's position in competition, which ultimately contributes to improved business performance, although the effect is indirect. Thus, through the mediation of competitive advantage, business commitment indirectly influences business performance. Medhika et al. (2018) affirm that competitive advantage links business commitment with business performance. The previous studies most relevant to this research are by Jauharoh (2023) and Ahmad et al. (2022). **H7:** There is an indirect and positive effect of business commitment on business performance through competitive advantage.



Gambar 1. Kerangka Pemikiran

(Insert conceptual framework image here)

METHODOLOGY

The research design employed in this study is descriptive and verificative, using a quantitative approach with path analysis and Sobel test to assess the influence of intervening variables. The sample consisted of 110 MSMEs in the Citeureup District, selected using a saturated sampling method. Data sources include both primary and secondary data.

Data collection techniques used in this study were:

1. **Field Study**, including interviews, questionnaires, and observations
2. **Literature Study**

The data analysis techniques applied include validity tests, reliability tests, classical assumption tests, correlation coefficient calculations, hypothesis testing (t-test and Sobel test), all conducted with the assistance of IBM SPSS version 25.00 software.

RESEARCH RESULT

Characteristics of Business Actors and Their Responses

The characteristics of MSME business actors in Citeureup District were identified based on gender, age, last education level, business duration, business turnover, business license, and number of employees. Questionnaires were distributed to 110 MSME business actors in Citeureup District, yielding the following respondent characteristics:

Table 2. Summary of Business Actors' Characteristics

No	Criteria	Characteristics	Number of Business Actors (People)	Percentage (%)
1	Gender	Female	62	56
2	Age	26 - 35 years	38	35
3	Last Education	Elementary School or Equivalent	70	64
4	Business Duration	2 - 4 years	67	61
5	Business Turnover	< Rp 2 billion	103	94
6	Business License	Business Certificate (SKU)	60	55
7	Number of Employees	< 5 people	80	73

Source: Processed Data, 2025

From Table 2, it can be seen that most business actors are female, aged 26-35 years, with the last education being elementary school or equivalent, running their businesses for 2-4 years, with annual turnover below Rp 2 billion, holding a business license in the form of a Business Certificate (SKU), and employing fewer than 5 workers.

The summary of business actors' responses to the research variables can be seen in Figure 2.

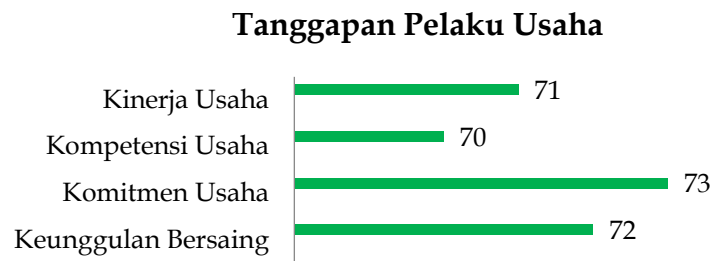


Figure 2. Business Actors' Responses to Research Variables

Sumber: Data Diolah, 2025

Based on the survey results, 71% of business actors reported their business performance in the high category, indicating their capability to utilize capital effectively for business development. Approximately 70% of respondents rated their business competence as good, demonstrated by their ability to manage the business effectively to support optimal performance achievement. Additionally, 73% indicated a high level of business commitment, shown by their strong attachment to the goals and activities of their business. Meanwhile, 72% of respondents perceived their competitive advantage as high, reflected by their ability to develop products that are special and more profitable compared to competitors.

Instrument Testing

Validity Test

The validity test results showed that questionnaire items were considered valid with a minimum item-total correlation of 0.361, referencing Supardi (2016). Items with correlations above 0.361 were categorized as valid, while those below this threshold were excluded from further analysis. The validity test results for the variables of business competence, business commitment, competitive advantage, and business performance showed item correlations ($r \geq 0.361$), indicating all items were valid.

Reliability Test

Reliability measures the consistency of the instrument across repeated measurements. According to Hair et al. (2017), an instrument is reliable if the Cronbach's Alpha is 0.7 or higher. The reliability test results indicated that each variable had a Cronbach's Alpha value equal to or greater than 0.7, confirming the reliability of the instruments used in this study.

Classical Assumption Test

The regression model met the classical assumptions required for analysis:

1. **Normality Test:** Kolmogorov-Smirnov test showed a significance value of 0.200 (>0.05), confirming data normality (Ghozali, 2018).
2. **Multicollinearity Test:** Variance Inflation Factor (VIF) values were below 5 and tolerance values above 0.05, indicating no multicollinearity issues among independent variables (Ghozali, 2018).

3. **Heteroscedasticity Test:** Scatterplot of predicted values against residuals showed a random pattern around zero, confirming no heteroscedasticity in the regression model (Ghozali, 2018).

Path Analysis

Table 3. Summary of Path Analysis Results

Exogenous Variable	Endogenous Variable	Intervening Variable	Direct Effect	Indirect Effect	Total Effect
Business Competence (X1)	Competitive Advantage (Z)		0.634		
Business Commitment (X2)	Competitive Advantage (Z)		0.241		
Business Competence (X1)	Business Performance (Y)	Competitive Advantage (Z)	0.463	0.314	0.777
Business Commitment (X2)	Business Performance (Y)	Competitive Advantage (Z)	0.395	0.119	0.514
Competitive Advantage (Z)	Business Performance (Y)		0.495		

Source: Processed Data, 2025

Equation and Interpretation

1. Equation for Competitive Advantage (Z):

$$Z = \rho_{zx1}X_1 + \rho_{zx2}X_2 + \rho_{z\varepsilon}Z = \rho_{zx1}X_1 + \rho_{zx2}X_2 + \rho_{z\varepsilon}Z = 0.634X_1 + 0.241X_2 + 0.333Z = 0.634X_1 + 0.241X_2 + 0.333Z = 0.634X_1 + 0.241X_2 + 0.333Z$$

- The path coefficient for business competence (X1) = 0.634 means that an increase in business competence will be followed by a proportional increase in competitive advantage (Z), assuming business commitment (X2) remains constant.
- The path coefficient for business commitment (X2) = 0.241 means that an increase in business commitment will be followed by a proportional increase in competitive advantage (Z), assuming business competence (X1) remains constant.

The correlation coefficient (R) is 0.943, indicating a very strong relationship between the exogenous variables (business competence and commitment) and the endogenous variable (competitive advantage). The coefficient of determination (R^2) = 0.887 shows that 88.7% of the variance in competitive advantage is explained by business competence and commitment. The remaining 11.3% is influenced by other factors not included in this study (e.g., market threats, supplier power, competition intensity) (Freddy, 2014).

2. Equation for Business Performance (Y):

$$Y = \rho_{yx_1}X_1 + \rho_{yx_2}X_2 + \rho_{yz}Z + \rho_{y\epsilon}Y = \rho_{yx_1}X_1 + \rho_{yx_2}X_2 + \rho_{yz}Z + \rho_{y\epsilon}Y$$

$$Y = 0.463X_1 + 0.395X_2 + 0.495Z + 0.266Y = 0.463X_1 + 0.395X_2 + 0.495Z + 0.266Y$$

- The path coefficient for business competence (X1) = 0.463 indicates a positive effect on business performance (Y), holding other variables constant.
- The path coefficient for business commitment (X2) = 0.395 shows a positive influence on business performance (Y).
- The path coefficient for competitive advantage (Z) = 0.495 indicates its significant positive contribution to business performance (Y).

The correlation coefficient (R) is 0.964, indicating a very strong relationship among business competence, business commitment, competitive advantage, and business performance. The coefficient of determination (R^2) = 0.927 means that 92.7% of the variance in business performance is explained by the independent variables. The remaining 7.3% is due to other factors such as financial aspects, human resources, and marketing (Wahyudiati, 2017).

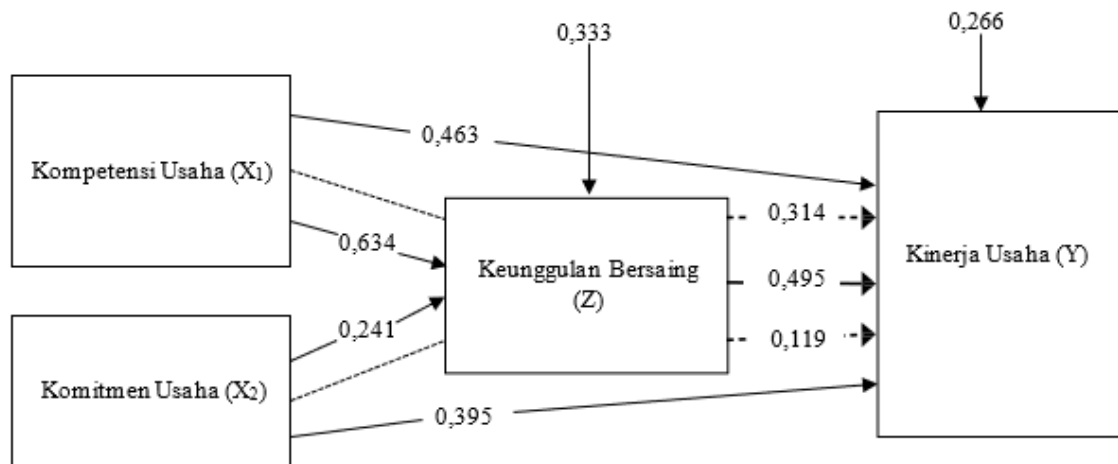


Figure 3. Path Diagram and Coefficients

Source: Statistical Data Processing Results Using SPSS Version 25.00, 2025

This research model is deemed fit for testing because the simultaneous hypothesis test exceeds 50% (Ghozali, 2016). The total effect in this study is

greater than the direct effect of both variables, namely business competence (X1) and business commitment (X2).

Hypothesis Testing Results

Partial Test Results

Partial hypothesis testing is conducted to interpret the implication of each variable using the t-test statistical approach. Generally, there are two analysis approaches offered in hypothesis testing: the null hypothesis (H0) and the alternative hypothesis (Ha). The t-test is used to determine whether the hypothesis is accepted or rejected. The results of the hypothesis test are shown in the following table:

Hypothesis	Path Coefficient	t-count	t-table	Sig.	Decision	Conclusion
$\rho_{zx_1} > 0$	0.634	7.625	1.659	0.000	Ha1 accepted	Positive and significant
$\rho_{zx_2} > 0$	0.241	2.904	1.659	0.004	Ha2 accepted	Positive and significant
$\rho_{yx_1} > 0$	0.463	4.565	1.659	0.000	Ha3 accepted	Positive and significant
$\rho_{yx_2} > 0$	0.395	5.086	1.659	0.000	Ha4 accepted	Positive and significant
$\rho_{yz} > 0$	0.495	7.687	1.659	0.000	Ha5 accepted	Positive and significant

Source: Statistical Data Processing Results Using SPSS Version 25.00, 2025

The t-test statistic is used to examine the direct influence of exogenous variables on endogenous variables by comparing the t-count with the t-table values or by looking at the significance value:

- **Direct and Positive Effect of Business Competence on Competitive Advantage**

The t-count value is 7.625, and the t-table value for $\alpha=0.05$ with degrees of freedom $110-2-1=107$ is 1.659. Since the t-count is greater than t-table ($7.625 > 1.659$) and the significance value is 0.000 (less than 0.05), it can be concluded that Ha1 is accepted and Ho1 is rejected, meaning business competence has a direct positive and significant effect on competitive advantage.

- **Direct and Positive Effect of Business Commitment on Competitive Advantage**

The t-count value is 2.904, which is greater than the t-table (1.659), and the significance value is 0.004 (less than 0.05). Thus, Ha2 is accepted and Ho2 is rejected, indicating business commitment has a direct positive and significant effect on competitive advantage.

- **Direct and Positive Effect of Business Competence on Business Performance**

The t-count value is 4.565, which is greater than the t-table (1.659), and the

significance value is 0.000 (less than 0.05). The conclusion supports Ha3 and rejects Ho3, indicating business competence has a direct positive and significant effect on business performance.

- **Direct and Positive Effect of Business Commitment on Business Performance**

The t-count value is 5.086, which is greater than the t-table (1.659), with a significance value of 0.000 (less than 0.05). Therefore, Ha4 is accepted and Ho4 rejected, indicating business commitment has a direct positive and significant effect on business performance.

- **Direct and Positive Effect of Competitive Advantage on Business Performance**

The t-count value is 7.687, which is greater than the t-table (1.659), and the significance value is 0.000 (less than 0.05). This means Ha5 is accepted and Ho5 rejected, indicating competitive advantage has a direct positive and significant effect on business performance.

Sobel Test Results

The Sobel test analysis is used to determine the strength and test the significance of the influence of the intervening variable. The Sobel test is applied to assess the magnitude of the mediating effect of the intervening variable (Z) on the relationship between the exogenous variable (X) and the endogenous variable (Y). The results of the Sobel test are presented in the following table:

a1	a2	b	SEa1	SEa2	SEb
0.591	0.228	0.646	0.123	0.079	0.086

Source: Processed Data, 2025

Notes:

a : Unstandardized Beta of Y on Z

b1 : Unstandardized Beta of X1 on Z

b2 : Unstandardized Beta of X2 on Z

SEa : Standard error of the coefficient of Y on Z

SEb1: Standard error of the path coefficient of X1 on Z

SEb2: Standard error of the path coefficient of X2 on Z

The output from the Sobel test is used to calculate the value of Z-calculated (Z_{hitung}), with the detailed calculation as follows:

1. The effect of business competence on business performance through competitive advantage

$$Z = \frac{ab}{\sqrt{(b^2 SEa^2) + (a^2 SEb^2)}}$$

$$Z = \frac{0,591 \cdot 0,646}{\sqrt{(0,646^2 \cdot 0,123^2) + (0,591^2 \cdot 0,086^2)}}$$

$$Z = \frac{0,38178}{\sqrt{(0,41731 \cdot 0,01512) + (0,34928 \cdot 0,00739)}}$$

$$Z = \frac{0,38178}{\sqrt{(0,006309) + (0,002581)}}$$

$$Z = \frac{0,38178}{\sqrt{0,00889}}$$

$$Z = \frac{0,38178}{0,09428679}$$

$$Z = 4,04$$

Statistical calculations on the Sobel Test produce a Zcount of 4.04. Because this value is greater than the Z-table ($4.04 > 1.96$), it can be concluded that competitive advantage is able to mediate the influence of business competence on business performance significantly.

2. The influence of business commitment on business performance through competitive advantage

$$Z = \frac{ab}{\sqrt{(b^2 SEa^2) + (a^2 SEb^2)}}$$

$$Z = \frac{0,228.0,646}{\sqrt{(0,646^2.0,079^2) + (0,228^2.0,086^2)}}$$

$$Z = \frac{0,228.0,646}{\sqrt{(0,41731.0,00624) + (0,05198.0,00739)}}$$

$$Z = \frac{0,14728}{\sqrt{(0,002604) + (0,000384)}}$$

$$Z = \frac{0,14728}{\sqrt{0,00298}}$$

$$Z = \frac{0,14728}{0,05466260}$$

$$Z = 2,69$$

From the statistical calculation of the Sobel Test, the Zcount value is 2.69. Because this number exceeds the Ztable value of 1.96 ($2.69 > 1.96$), it can be concluded that competitive advantage is able to mediate the influence of business commitment on business performance significantly. Based on the results of the partial hypothesis test and the Sobel Test, it can be seen that seven (7) alternative hypotheses in this study are accepted, which means that business performance is determined by competitive advantage, where this competitive advantage can be built and improved by business competence and business commitment.

DISCUSSION

Direct Effect of Business Competence on Competitive Advantage

Entrepreneurs in Citeureup Subdistrict are able to identify the most suitable opportunities for business advancement. They can identify, analyze, and evaluate potential business ideas or concepts that meet consumer needs and create added value. Entrepreneurs easily adapt to various social situations in the business world. They are capable of adjusting to different social, cultural, and environmental contexts. Entrepreneurs consistently create business strategy plans. Those with strong decision-making competence tend to be more courageous in taking actions. This study is supported by research by Murtaglo and Hanan (2018), which states that business competence has a positive and significant effect on competitive advantage. Therefore, improving competitive advantage can be achieved through enhancing business competence. When business competence is good, it will positively impact the improvement of competitive advantage.

Direct Effect of Business Commitment on Competitive Advantage

Entrepreneurs in Citeureup Subdistrict require mental resilience in running their businesses. Entrepreneurs with high mental resilience can better face risks and uncertainties, enabling them to stay focused on their long-term vision and goals. Physical endurance is also needed in running the business. Entrepreneurs are able to think logically in managing their businesses. High perseverance when

facing losses makes entrepreneurs more open to innovation and change, enabling them to find new ways to improve products or services and explore new markets. Patience in dealing with challenges and customer complaints helps entrepreneurs continuously innovate and adjust business strategies without hastily making wrong decisions, providing satisfying solutions, and maintaining customer loyalty. This finding is supported by research by Uddin and Rahman (2021), which shows that business commitment has a positive and significant effect on competitive advantage. Thus, the higher the entrepreneur's commitment, the greater the competitive advantage.

Direct Effect of Business Competence on Business Performance

Entrepreneurs in Citeureup Subdistrict apply appropriate strategies in business activities. They are able to assess the feasibility of opportunities based on various factors, including costs, potential income, and associated risks. Entrepreneurs utilize existing market opportunities to grow their businesses. They are capable of conducting market research, thinking creatively, and generating new ideas that can solve existing problems and open new profitable opportunities. Entrepreneurs routinely evaluate the results of implemented strategies. They are able to formulate, set, and adjust strategic plans based on changing market conditions to achieve predetermined goals. This finding is supported by Nugraha and Handayani (2022), who found that business competence has a positive and significant effect on business performance. This study reveals that improving business performance can be achieved by applying appropriate business competence.

Direct Effect of Business Commitment on Business Performance

Entrepreneurs supporting each other with their teams is crucial for achieving common goals. Entrepreneurs can foster a spirit of enterprise and strong togetherness, which helps build solid teams, increase motivation, encourage innovation, and strengthen relationships to face challenges. They show resilience when facing business losses. Entrepreneurs with strong physical endurance can support business performance to achieve sustainable success. They can solve problems arising in decision-making. Logical thinking entrepreneurs can plan necessary steps to achieve business objectives, enabling them to develop realistic and measurable plans and anticipate potential challenges. This finding is supported by research by Emami and Nazari (2012), which shows that business commitment has a positive and significant effect on business performance. This means that the higher the business commitment level of entrepreneurs, the better the business performance.

Direct Effect of Competitive Advantage on Business Performance

Entrepreneurs in Citeureup Subdistrict conduct product checks before orders are delivered to consumers. They want to ensure that the orders received by consumers are accurate and match what was ordered. Entrepreneurs innovate their products to be able to compete with new competitors. They always optimize the quality of products offered to consumers. Entrepreneurs view innovation as

a key factor in increasing consumer attraction. They offer discounts or promotions to attract consumers, especially new customers, so consumers are encouraged to purchase products. This finding is supported by Zainul's (2016) research, which shows that competitive advantage has a positive and significant effect on business performance. To improve business performance, entrepreneurs need to maintain their competitive advantage amid increasingly tight market competition.

Indirect Effect of Business Competence on Business Performance Through Competitive Advantage

Entrepreneurs in Citeureup Subdistrict are capable of observing problems that arise in business operations. They are able to implement strategic plans that have been formulated effectively and efficiently. Entrepreneurs can discover new business opportunities in the market. They are quite open to various ideas and can gather broader perspectives in decision-making. Entrepreneurs explore new opportunities that can be profitable for their business. They have the ability to analyze information to make better decisions. This finding is supported by Annisa and Elfarina (2023), who indicate that competitive advantage serves as a mediator in the relationship between business competence and business performance. When entrepreneurs apply the right business competence supported by strong competitive advantage, business performance tends to improve significantly.

Indirect Effect of Business Commitment on Business Performance Through Competitive Advantage

Competence is closer to the abilities or capabilities applied, and entrepreneurs run their businesses with team collaboration. Entrepreneurs realize that business success depends not only on individuals but also on effective collaboration and teamwork among all team members. They are patient when facing business challenges. Entrepreneurs are skilled at problem-solving and adapt quickly when situations change. This finding is supported by Kurniawan and Daryanto (2019), who state that competitive advantage can mediate the effect of business commitment on business performance. Therefore, it can be concluded that business performance is determined by competitive advantage, which is built by business commitment.

CONCLUSIONS

The results of this study show that there are direct and positive effects of business competence on competitive advantage, business commitment on competitive advantage, business competence on business performance, business commitment on business performance, and competitive advantage on business performance, as well as indirect and positive effects of business competence on business performance through competitive advantage and business commitment on business performance through competitive advantage. Through competitive advantage as a bridge, these two factors are interconnected. Good business

competence and high business commitment can increase competitive advantage, which ultimately leads to better business performance.

Based on the research results, the implications are:

- (1) Entrepreneurs need to have a vision or a big picture for business continuity
- (2) Entrepreneurs need to sharpen critical thinking skills;
- (3) Entrepreneurs can use profits as capital for reinvestment to expand and increase MSME production capacity;
- (4) Entrepreneurs need to develop new ideas or improve products, services, or business processes; and
- (5) Future researchers can add other variables that may influence business performance, such as financial aspects, human resource aspects, and marketing aspects.

ADVANCED RESEARCH

Suggestions for future researchers include adding other variables that may influence business performance, such as financial aspects, human resources, and marketing.

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