



# Entrepreneurial and Market Orientation, Customer Relationship Management, Micro, Small, and Medium Enterprises Performance: Competitive Advantage, Technology Turbulence Effects

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## ABSTRACT

This study examines how entrepreneurial orientation, market orientation, and customer relationship management influence the business performance of local wisdom-based culinary micro, small, and medium enterprises, with competitive advantage as a mediating variable and technological turbulence as a moderating variable. A quantitative explanatory approach was used, based on survey data collected from 384 culinary enterprise owners and managers in the former Kediri Residency, Indonesia. Data were analyzed using partial least squares structural equation modeling to assess direct, indirect, and moderating effects among latent constructs. Entrepreneurial orientation and customer relationship management have a positive and significant effect on business performance, whereas market orientation does not have a direct effect. Competitive advantage significantly mediates the impact of entrepreneurial orientation and market orientation on performance, but does not mediate the relationship between customer relationship management and performance. Technological turbulence does not strengthen the effects of entrepreneurial orientation or market orientation on performance, but it weakens the impact of customer relationship management. The findings indicate that internal strategic capabilities are more critical drivers of performance than technological dynamics. Competitive advantage is a key mechanism by which strategic orientations are translated into sustainable business performance for local wisdom-based culinary enterprises. This study is novel in showing how competitive advantage mediates strategic orientations and how technological turbulence shapes MSME performance in local wisdom-based culinary enterprises.

**Keywords:** Business Performance, Competitive Advantage, Customer Relationship Management, Entrepreneurial Orientation, Technological Turbulence

**JEL Classifications:** L26, M31, O33

## 1. INTRODUCTION

The principal source of Indonesia's national economy is micro, small, and medium enterprises (MSMEs). Not only do MSMEs contribute to gross domestic product (GDP), but their strategic role is also evident in their ability to absorb labor and make the regional economy more resilient. According to the statistics provided by

the Ministry of Cooperatives and MSMEs, in 2020-2024, MSMEs are expected to become the largest contributor to national GDP (over 60%), as well as to absorb the majority of the Indonesian working population (around 97%) (Fajri, 2021; Wibowo, 2025). The given condition underscores that improving the sustainability and performance of MSMEs is a critical issue, especially amid technological disruption and post-pandemic market dynamics.

The culinary sector is one of the MSMEs that have been growing at a very high rate. The significant consumer demand for traditional and modern-based food products makes culinary MSMEs adaptive in generating local economic activities. In 2022, East Java Province had 874,497 micro and small industries (MSIs), of which the food industry was the largest, accounting for 27.58% (about 241 thousand business units). This hegemony shows that the culinary industry is not only economically strategic, but it also has significant possibilities of developing value added on the basis of local resources (BPS, 2024).

Culinary MSMEs have grown fast specifically in the former Kediri Residency area based on the local wisdom as the main source of differentiation. The use of local raw materials, hereditary cuisine, and regional cultural stories as the source of identity and competitive advantage that can hardly be imitated is a traditional culinary product (Rismawati et al., 2025; Zahrulianingdyah, 2018). This possibility makes culinary MSMEs not only as economic agent, but also as a cultural heritage and a symbol of local identity. Nevertheless, the realization of the optimal business performance has not been matched with this high potential (Uli and Anggraini, 2024).

The primary issue of culinary MSMEs working under the influence of local wisdom is the low level of adaptation to the changes in the business environment (Kasmirudin et al., 2025). Numerous MSME players are still geared towards the conventional production without attaching with product innovation, market insight, and the exploitation of digital technology. According to the past research, entrepreneurial orientation and market orientation limitations are two significant deterring variables of enhancing MSME performance in the traditional culinary field (Armawan and Sudarmiatin, 2021). Consequently, MSMEs tend to find it difficult to compete with industrial products that are more responsive to the market preferences and operationally efficient, as these are mass-produced (Zen and Faizin, 2021).

Entrepreneurial orientation is an internal business capacity that is highly decisive in MSME success in dealing with competition. Such an orientation includes innovation, proactivity, risk-taking, competitive aggressiveness, and autonomy in decision-making (Kurniawan and Nuringsih, 2022). Competitive advantage and sustainable enhancement in business performance is likely to be achieved better by MSMEs who have a high entrepreneurial orientation. In MSMEs in the culinary industry, which are founded on local wisdom, the entrepreneurial orientation is mostly traditional and it is still not fully incorporated into their modern and tech-driven approaches (Salobar et al., 2025).

These issues are even more complicated with the appearance of such phenomenon as technological turbulence. The rapid shift in technologies of production and distribution, the appearance of new marketing platforms, and accelerated digitalization introduce high degrees of uncertainty in MSMEs. Technology turbulence does not only require an adaptive capability that is fast, but it also mediates the association between inward capabilities and business performance (Nethanani et al., 2024). In a world where technology is changing and the MSMEs fail to respond to the change, they are

bound to lose competitiveness despite having a unique product of high cultural relevance.

Past research studies have depicted mixed outcomes on the impact of entrepreneurial orientation, market orientation, and CRM to business performance especially in MSMEs relying on local wisdom (El-Masry, 2021). There are those studies that have large positive effects, and others show weak or even insignificant effects, particularly when they deal with market and technological forces. In addition, research that combines competitive advantage as an independent variable and technology turbulence as a dependent is highly scarce, especially within the framework of culinary MSMEs, which rely on local wisdom.

Under such circumstances, academic and practical immediate concern is to thoroughly investigate the impact of entrepreneurial orientation, market orientation, and Customer Relationship Management on the business performance of culinary MSMEs founded on local wisdom in terms of competitive advantage, where technology turbulence serves as a moderator. The significance of the study is that it can fill the knowledge gaps in the research, complement the literature on entrepreneurship and strategic management of MSMEs and generate viable implications to MSME players as well as policy makers across regions. Provided that those issues can be resolved in a proper way, not only culinary MSMEs will be in a position to enhance the business performance and competitiveness, however, it will also help preserve the local culture and reinforce sustainable economic development of the region.

## 2. LITERATURE REVIEW

### 2.1. Firm Performance and Entrepreneurial Orientation

Entrepreneurial orientation (EO) is a strategic orientation of a firm, which is marked with innovativeness, proactiveness and risk-taking that can help companies in identifying and exploiting emerging opportunities in a dynamic environment. Based on the resource-based view (RBV), the EO can be viewed as a certain intangible asset, which contributes to the adaptation and responsiveness of the organization and, thus, the performance of the firm. As mentioned in the previous literature, the positive correlation between EO and the performance of firms is observed in all SME settings (Chahal et al., 2019; Okoli et al., 2021; Veselinović et al., 2021). Nevertheless, empirical evidence is not quite definite. According to some works, EO is not necessarily directly correlated with high performance, especially in high-environment uncertainty environments or socially not well-aligned strategy (Gajere, 2023). These discrepancies suggest that EO is a strategic orientation that has a critical effect, but an organizational and context-dependent effect, and it should be subject to additional empirical studies.

### 2.2. Competitive Advantage and Entrepreneurial Orientation

EO contributes significantly to the development of the competitive advantage by enhancing innovativeness and strategic flexibility and being proactive in the market. It is stated that firms that have

high EO can convert internal capabilities into distinctive value propositions that then are hard to replicate by the rivalry (RBV). The empirical data clearly demonstrates that EO is an important factor of sustainable competitive advantage (El-Masry, 2021; Kiyabo and Isaga, 2020; Olowofeso, 2021). Research in developing economies also shows that EO helps SMEs differentiate products, adapt quickly to market changes, and enhance their competitive positioning (Bambang et al., 2021; Pratono et al., 2019). The findings indicate that EO is not a behavioral orientation but a strategic resource that supports competitive advantage.

### 2.3. Market Orientation and Firm Performance

Market orientation (MO) is a customer-oriented approach that focuses on competitor intelligence and inter-functional coordination to develop outstanding customer value. The market-based view (MBV) assumes that companies that are able to match their strategies with the state of the market have more chances to perform better. According to the literature, MO correlates with positive performance of firms, especially in customer-oriented sectors (Prasetyo and Wijaya, 2019). However, others indicate that the direct performance impact of MO is weak or insignificant in particular cases, namely, SMEs with limited resources or operating in a turbulent environment (Taufik, 2020). These contradictory results indicate that MO might not directly affect performance, but rather it can exist through the intermediate mechanisms (competitive advantage).

### 2.4. Competitive Advantage and Market Orientation

MO is also beneficial to competitive advantage by allowing firms to collect and use market intelligence systematically to differentiate their offerings and respond effectively to competitors. Companies with strong MO are more likely to match products and services to customer needs, thereby enhancing their competitive position (Udriyah et al., 2019; Zhang, 2024). Empirical research consistently demonstrates that MO contributes to sustainable competitive advantage through innovation, learning, and strategic responsiveness (Agyei et al., 2023). This fact confirms the claim that competitive advantage is one of the main results of successful market orientation.

### 2.5. Firm Performance and Customer Relationship Management

Customer relationship management (CRM) is well known as a strategic capability whereby customer satisfaction, loyalty and retention are boosted resulting in better firm performance. Past studies show that the implementation of CRM has a positive impact on both the financial and non-financial performance outcomes (Quzwen et al., 2021). CRM comes in handy especially in SMEs since customer relations and interactions are close and offer relational benefits. Nonetheless, its performance is conditioned by the readiness of the organization and the support of technologies that can differ in different settings, indicating that it is possible that the relationship between CRM and performance can be different (Guerola-Navarro et al., 2021).

### 2.6. Customer Relationship Management and Competitive Advantage

CRM helps to achieve the competitive advantage by allowing companies to utilize the knowledge of customers, as well as to customize the offers and establish the long-term relational

resources. RBV portrays CRM capabilities as assets that are both difficult to replicate and valuable and enhance the competitive status of a firm (Awad and Mahmoud, 2024). It is empirically proven that the companies with effective CRM measures attain their better differentiation and customer-related benefits (Mustikowati et al., 2021). These results justify CRM as an important source of competitive advantage.

### 2.7. Competitive Advantage and Performance of Firm

Competitive advantage allows the firms to be efficient in cost, differentiated or the creation of better value than the competitors. Both MBV and RBV focus on the competitive advantage as one of the key determinants of the firm performance. Numerous studies confirm its positive impact on the financial and operating performances (Jamaludin, 2021; Nguyen et al., 2021). In addition, it has been shown that competitive advantage is a strategic process that transforms internal capabilities into measurable performance outputs, especially in SMEs operating in competitive markets.

### 2.8. Competitive Advantage - Entrepreneurial Orientation - Firm Performance

EO also improves the performance of a firm indirectly by creating a competitive advantage by innovation and being strategic proactive. Previous research shows that EO-based capabilities enhance differentiation and positioning in the market, which, in turn, are favorable to performance outcomes (Dahana et al., 2021; Kiyabo and Isaga, 2020). Empirical evidence shows that the EO-performance relationship is partially or entirely mediated by competitive advantage, which demonstrates its pivotal role in transforming the entrepreneurial behaviors into the sustainability (Elgarhy and Abou-Shouk, 2023).

### 2.9. Competitive Advantage - Market Orientation - Firm Performance

MO has played a major role in increasing firm performance by enabling firms to develop competitive advantage based on high customer value and responsiveness to market needs. The positive correlation between MO and performance is proven by several studies that show that competitive advantage mediates the connection between these two (Taufik, 2020). These results imply that MO might not be the tool enough to improve performance unless it is changed into unique strategic capabilities that can not be easily imitated by competitors.

### 2.10. CRM - Competitive Advantage - Firm Performance

CRM helps improve performance by enhancing competitive advantage through customer loyalty, knowledge utilization, and service differentiation. According to the previous studies, the relationship between CRM and performance outcomes is mediated by competitive advantage (Mustikowati et al., 2021). This mediation gives CRM strategic value that goes beyond operational efficiency and positions it as a major value-creation mechanism in the long run.

### 2.11. Mediation of Technological Turbulence on the EO-Performance Relationship

Technological turbulence is a mirror of rapid, unforeseeable technological change that affects strategic performance. EO is

more valuable in extremely turbulent environments because firms are forced to innovate and adapt constantly. The technological turbulence as a moderator in enhancing the EO-performance relationship has empirical support (Sajjad et al., 2023).

### 3. RESEARCH METHODS

The research design was a quantitative explanatory research design that targeted local wisdom-based culinary micro, small, and medium enterprises (MSMEs) that were in operation in the former Kediri Residency in Indonesia. The target population was MSMEs that incorporate local cultural values into their production, are at least 3 years old, and are actively involved in business. The purposive sampling method was used to choose respondents on a basis of these criteria, which led to selection of 384 MSME owners and managers, with a 95% confidence level and 5% margin of error and proportional allocation by districts and municipalities to have representativeness. The structured questionnaire was used to gather data based on the formulated versions of the established theoretical frameworks and latest empirical studies to assess the entrepreneurial orientation, market orientation, customer relationship management, competitive advantage, technological turbulence and business performance.

The instrument underwent face and content validity testing and was pilot-tested with 30 participants to assess clarity and reliability. All variables were measured using a five-point Likert scale, ranging from strongly disagree to strongly agree, which is commonly used in structural equation modeling studies. Primary data comprising questionnaires and limited interviews, and secondary data based on official reports, government publications, and reputable academic journals published in the last 3 years (2020-2025) were used. The analysis of the data was done with the help of partial least squares-structural equation Modeling, as this approach was the best to investigate complex models with direct, mediating, and moderating effects, few distributional assumptions, and a high predictive ability (Benitez et al., 2020; Hair et al., 2021; Sarstedt et al., 2022).

### 4. RESULTS AND DISCUSSION

Figure 1 shows the findings of the partial least squares structural equation modeling (PLS-SEM) analysis that illustrates the correlations between entrepreneurial orientation, market orientation, customer relationship management, competitive advantage, technological turbulence, and business performance. The structural paths indicate the theorized direct and mediating as well as moderating effects whereas the indicator loadings indicate how much each of the observed variables contributes to its respective latent construct. Competitive advantage is a mediating variable between strategic orientations and business performance with technological turbulence being the moderating variable between the chosen structural relationships. Altogether, the model offers a comprehensive description of the interaction of the internal strategic capabilities and environmental dynamics to determine the performance of the local wisdom-based culinary MSMEs.

Based on Table 1, the total effects analysis provides an overall picture of the magnitude of both direct and indirect effects of each variable on business performance and competitive advantage among local wisdom-based culinary MSMEs. Competitive advantage  $\rightarrow$  business performance shows a positive and significant total effect ( $\beta = 0.212$ ;  $P < 0.001$ ), confirming that competitive advantage is an important determinant of improved business performance. Product uniqueness, differentiation based on local wisdom, and inimitability directly contribute to better performance outcomes.

Customer relationship management (CRM) shows positive and significant total effects on both business performance ( $\beta = 0.181$ ;  $P < 0.001$ ) and competitive advantage ( $\beta = 0.422$ ;  $P < 0.001$ ), indicating that CRM not only improves performance directly but also strongly contributes to building competitive advantage through customer loyalty, intensive communication, and long-term relationships.

Entrepreneurial Orientation also exhibits positive and significant total effects on business performance ( $\beta = 0.368$ ;  $P < 0.001$ ) and competitive advantage ( $\beta = 0.285$ ;  $P < 0.001$ ), confirming that entrepreneurial orientation is a strategic factor that drives MSMEs to be more innovative, proactive, and adaptive, enabling them to create competitive advantage while improving business performance.

In contrast, market orientation  $\rightarrow$  business performance shows a non-significant total effect ( $\beta = 0.003$ ;  $P = 0.940$ ), indicating that market orientation has not yet produced a direct impact on business performance. However, market orientation  $\rightarrow$  competitive advantage shows a positive and significant total effect ( $\beta = 0.125$ ;  $P < 0.01$ ), suggesting that market orientation plays a greater role in shaping competitive advantage than in directly improving performance.

Meanwhile, technological turbulence  $\rightarrow$  business performance shows a non-significant total effect ( $\beta = 0.088$ ;  $P = 0.267$ ), indicating that technological change has not yet been fully leveraged as a performance-enhancing factor. In the moderation paths, technological turbulence  $\times$  CRM  $\rightarrow$  business performance shows a negative and significant total effect ( $\beta = -0.211$ ;  $P < 0.001$ ), indicating that technological turbulence weakens the effect of CRM on business performance. Conversely, the interactions of technological turbulence  $\times$  entrepreneur orientation and technological turbulence  $\times$  market orientation with business performance are not significant.

Overall, the total effects results confirm that MSME internal capabilities are dominant factors in improving business performance, while technological turbulence functions more as a contextual factor that may, under certain conditions, weaken the effectiveness of customer relationship strategies.

Based on Table 2, the total indirect effects analysis shows that competitive advantage plays an important mediating role in the relationships between strategic variables and the business performance of local wisdom-based culinary MSMEs. The path

Figure 1: Structural equation model - partial least squares

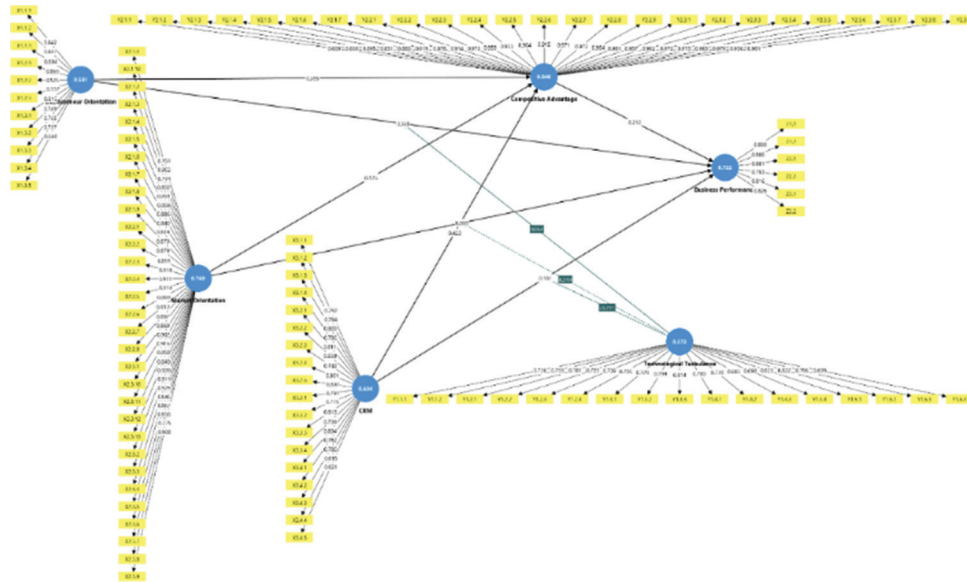


Table 1: Direct effects of structural model path coefficients

Direct Effects	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ((O/STDEV))	P-values
Competitive advantage -> business performance	0.212	0.210	0.043	4.928	0.000
CRM -> business performance	0.181	0.180	0.046	3.965	0.000
CRM -> competitive advantage	0.422	0.422	0.055	7.652	0.000
Entrepreneur orientation -> business performance	0.368	0.367	0.090	4.095	0.000
Entrepreneur orientation -> competitive advantage	0.285	0.285	0.051	5.575	0.000
Market orientation -> business performance	0.003	0.002	0.034	0.075	0.940
Market orientation -> competitive advantage	0.125	0.126	0.045	2.779	0.005
Technological turbulence -> business performance	0.088	0.093	0.079	1.111	0.267
Technological Turbulence×CRM -> business performance	-0.211	-0.209	0.050	4.224	0.000
Technological Turbulence×entrepreneur orientation -> business performance	0.054	0.052	0.065	0.829	0.407
Technological Turbulence×market orientation -> business performance	0.014	0.015	0.030	0.453	0.651

Table 2: Indirect effects analysis (mediating role of competitive advantage)

Indirect Effects	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ((O/STDEV))	P-values
Entrepreneur orientation -> competitive advantage -> business performance	0.060	0.060	0.017	3.542	0.000
Market orientation -> competitive advantage -> business performance	0.026	0.026	0.011	2.366	0.018
CRM -> competitive advantage -> business performance	0.089	0.088	0.021	4.319	0.000

entrepreneurial orientation → competitive advantage → business performance shows a positive and significant indirect effect ( $\beta = 0.060$ ;  $t = 3.542$ ;  $P = 0.000$ ), indicating that entrepreneurial orientation not only directly affects performance but also indirectly enhances performance through the creation of sustainable competitive advantage.

Next, the path market orientation → competitive advantage → business performance shows a significant indirect effect ( $\beta = 0.026$ ;  $t = 2.366$ ;  $P = 0.018$ ), although relatively smaller in magnitude. This finding indicates that market orientation contributes to improved business performance primarily through its ability to form competitive advantage rather than through a direct effect.

Meanwhile, the path CRM → competitive advantage → business performance shows the largest indirect effect ( $\beta = 0.089$ ;  $t = 4.319$ ;  $P = 0.000$ ), suggesting that effective CRM practices significantly improve MSME performance through strengthening competitive advantage, particularly in building customer loyalty and long-term relationships.

Overall, these indirect effect results confirm that competitive advantage serves as a significant mediator in the relationships between entrepreneurial orientation, market orientation, and CRM and business performance. These findings emphasize that performance improvement in local wisdom-based culinary MSMEs depends not only on the direct implementation of managerial strategies but also

on the ability of MSMEs to transform those strategies into valuable and difficult-to-imitate competitive advantages.

#### **4.1. The Effect of Entrepreneurial Orientation on Company Performance**

Testing hypothesis  $H_1$  results present a positive and significant impact of entrepreneurial orientation on the performance of the company, therefore this hypothesis is accepted. Internal capabilities include dimensions of entrepreneurial orientation, including innovativeness, proactivity and risk-taking, the ability of which could push sustainable enhancement of the performance of MSMEs. The entrepreneurial orientation in the local wisdom based culinary MSMEs is manifested in the production of new variations of the traditional products, the enhancement of production processes, and exploitation of market opportunities without eroding the original cultural values. Elgarhy and Abou-Shouk (2023) identified that entrepreneurial orientation is a significant factor of determining the performance of the business in a dynamic and competitive business environment. Entrepreneurial orientation also allows MSMEs to be more responsive to changes in the market and technology and positively influence financial and non-financial performance of businesses (Ed-Dafali et al., 2023; Sajjad et al., 2023). The findings of the research affirm the fact that entrepreneurial orientation is a strategic base on which MSME can be enhanced, especially within the local wisdom-based culinary market segment.

#### **4.2. The Effect of Entrepreneurial Orientation on Competitive Advantage**

The test outcomes of hypothesis  $H_2$  indicate that there is a significant and positive impact that entrepreneurial orientation exerts on competitive advantage and that hypothesis is accepted. Entrepreneurial orientation is a primary internal strength that helps the local wisdom-based culinary MSMEs to develop unique product differentiation that is valuable and is hard to replicate by the competitors. On the SME level, the entrepreneurial orientation stimulates the business actors to build their innovations on the local culture and react to the market opportunities much faster. Following the study of Pratonu et al. (2019), entrepreneurship orientation is a strategic resource of competitive advantage in the small business. The role of entrepreneurial orientation on sustainable competitive advantage is considerable in MSMEs in dynamic settings that rely on local creativity (Ed-Dafali et al., 2023; El-Masry, 2021; Kiyabo and Isaga, 2020).

#### **4.3. The Effect of Market Orientation on Company Performance**

The study results show that market orientation exerts a strong impact on the performance of a company, albeit with a relatively weak impact hence accepting hypothesis  $H_3$ . The capacity of MSMEs to comprehend the needs of the customers and track the behavior of the competitors have not been completely converted into the ideal financial performance enhancement. The use of market orientation in local culinary MSMEs that are based on local wisdom is in most cases not backed by internal process efficiency coupled with continuous innovation and proper management of cost. As the study by Taufik (2020), indicates, market orientation in SMEs does not necessarily translate directly to the performance

as long as it is not accompanied by high internal capabilities. Market orientation in small business has indirect means of creating performance benefits through other processes like competitive advantage and innovation rather than direct effect on financial performance (Rua and Santos, 2022). These findings support the opinion that market orientation should be combined with operational strategies and internal capabilities in an attempt to contribute to SME performance more significantly.

#### **4.4. The Effect of Market Orientation on Competitive Advantage**

The findings of testing hypothesis  $H_4$  indicate that the market orientation has a positive and significant influence on the competitive advantage and therefore the hypothesis is accepted. This observation shows that the capacity of MSMEs to discern evolutionary customer preferences, track the strategy of competitors and align market information internally facilitates business actors to tailor culinary products according to the local wisdom so that they can be relevant, valuable and unique in the face of competition. Market orientation also urges MSMEs to adjust taste and packaging as well as presentation of their products without distorting their cultural identity thus generating differentiation, which is not easily replicable. Other recent empirical works also confirm the same as competitive advantage has market orientation as a precursory factor by generating customer value and a more adaptive reaction to competitive forces though its effect on performance is frequently indirect. Therefore, the outcomes of this research confirm that local wisdom-based culinary MSMEs use market orientation as a significant base to develop sustainable competitive advantage.

#### **4.5. The Effect of CRM on Company Performance**

The findings of the test of  $H_5$  indicate that the customer relationship management (CRM) positively and significantly influences the performance of the company, thus, hypothesis  $H_5$  is accepted. Culinary MSMEs that operate using local wisdom can enhance the performance of companies in terms of the ability to establish intensive communication, to sustain long term relationships, and to react positively to the needs and complaints of customers. Close personal relationship with customers in SMEs are a form of relational assets that can hardly be imitated and result in short term operational excellence. This is in accordance with what research by Guerola-Navarro et al. (2021), says and says that the adoption of CRM enhances the organizational performance by boosting customer satisfaction and retention. Even though these variables are not yet effectively incorporated in SME performance strategies, CRM variables, especially those supported through the use of digital media and the application of simple communication technologies, play an important role in their performance (Ofori and Appiah-Nimo, 2022). The study findings validate the argument that CRM is significant to enhance SME business performance, especially by enhancing sustainable relationships with the customers.

#### **4.6. The Effect of CRM on Competitive Advantage**

The results of testing hypothesis  $H_6$  show that customer relationship management (CRM) does not have a significant effect on competitive advantage, so this hypothesis is rejected. CRM practices in culinary MSMEs based on local wisdom are

still dominated by operational activities that are not yet directed at creating sustainable strategic differentiation. Limited resources and the lack of CRM integration with product innovation mean that CRM has not yet been able to become a source of competitive advantage that is difficult to imitate. In line with Sawlani et al. (2021), CRM in small businesses plays a greater role in maintaining customer relationships than in building competitive advantage. The contribution of CRM to competitive advantage is highly dependent on the level of organizational capability maturity and its integration with entrepreneurial orientation and innovation, which are generally still limited in MSMEs (Elgarhy and Abou-Shouk, 2023). CRM will only function as a source of competitive advantage if it is applied strategically and supported by strong entrepreneurial capabilities.

#### **4.7. The Influence of Competitive Advantage on Company Performance**

The results of testing hypothesis  $H_7$  show that competitive advantage has a positive and significant effect on company performance, so this hypothesis is accepted. The ability of culinary MSMEs based on local wisdom to create unique products, scarcity that is difficult to imitate, and cultural values inherent in the products can increase market appeal, customer loyalty, and ultimately business performance.

From a resource-based view (RBV) perspective, competitive advantage derived from unique assets and capabilities is a key factor in achieving superior and sustainable performance. Competitive advantage plays a direct role in driving MSME performance, especially when product differentiation and local value are optimally utilized (Ofori and Appiah-Nimo, 2022). In the SME sector, competitive advantages based on uniqueness and cultural values have a stronger influence on performance than price-based advantages alone, as they are able to create a higher perception of value in the eyes of consumers (Rua and Santos, 2022).

#### **4.8. Mediation of Competitive Advantage in the Relationship between Entrepreneurial Orientation and Company Performance**

The results of testing hypothesis  $H_8$  show that competitive advantage significantly mediates the relationship between entrepreneurial orientation and company performance, with a partial mediation pattern, so this hypothesis is accepted. This finding indicates that entrepreneurial orientation can improve SME performance not only directly but also through the mechanism of creating sustainable competitive advantage. In local wisdom-based culinary SMEs, entrepreneurial orientation encourages business actors to transform cultural values into unique product differentiation. This encouragement can strengthen competitive position and ultimately improve business performance. Competitive advantage serves as an important mediating pathway in transforming entrepreneurial orientation into superior performance, especially in small businesses with limited resources. Other studies in the 2020-2025 period also confirm that a strong entrepreneurial orientation will be more effective in improving performance when accompanied by the ability to create value that is difficult for competitors to imitate (Ofori and Appiah-Nimo, 2022). The results of the study reinforce the view that competitive

advantage is a key mechanism that bridges entrepreneurial orientation and company performance in MSMEs.

#### **4.9. Mediation of Competitive Advantage in the Relationship between Market Orientation and Company Performance**

The results of testing hypothesis  $H_9$  show that competitive advantage significantly mediates the relationship between market orientation and company performance, so this hypothesis is accepted. Market orientation does not automatically improve the performance of MSMEs. However, market orientation must first be translated into tangible competitive advantage. Examples of market orientation through competitive advantage include product differentiation, price adjustment, and uniqueness of value based on local wisdom. In culinary MSMEs, understanding customer needs and competitor dynamics becomes highly valuable when it results in product innovation and positioning that is difficult to imitate. In line with the research by Ofori and Appiah-Nimo (2022), market orientation contributes to performance through the mechanism of competitive advantage. Market orientation tends to have an indirect impact on performance, especially in small businesses, because resource constraints require entrepreneurs to prioritize the creation of differential value before obtaining optimal performance results. The results of this study reinforce the view that competitive advantage is a key mediating pathway that bridges market orientation and company performance in MSMEs.

#### **4.10. Mediation of Competitive Advantage in the Relationship between CRM and Company Performance**

The results of testing hypothesis  $H_{10}$  show that competitive advantage does not mediate the relationship between customer relationship management (CRM) and company performance, so this hypothesis is rejected. Although CRM has been proven to have a direct effect on business performance, the CRM practices implemented by culinary SMEs based on local wisdom have not been able to be transformed into a source of sustainable competitive advantage. This condition reflects that CRM in SMEs is still oriented towards short-term operational activities, such as communication and customer service, and has not been strategically integrated to create differentiation that is difficult for competitors to imitate. CRM in SMEs does not always have an impact on competitive advantage if it is not supported by innovation and other strategic capabilities (Taufik, 2020). The effectiveness of CRM in building competitive advantage is highly dependent on the level of system maturity, the use of digital technology, and the ability to analyze customer data, which is generally still limited in small businesses (Sawlani et al., 2021). The results of this study confirm that CRM plays a greater role as a mechanism for improving performance directly through customer loyalty and satisfaction. However, CRM does not yet function as a strategic mediation channel through competitive advantage in traditional culinary SMEs.

#### **4.11. Moderation of Technological Turbulence in the Relationship between Entrepreneurial Orientation and Performance**

The results of testing hypothesis  $H_{11}$  show that technological turbulence does not play a role as a moderating variable in the

relationship between entrepreneurial orientation and company performance, so this hypothesis is rejected. Entrepreneurial orientation, as reflected in innovativeness, proactivity, and risk-taking, is a relatively stable internal capability that remains capable of driving business performance improvement. In local wisdom-based culinary MSMEs, entrepreneurial orientation is mostly manifested in tradition-based product innovation and management of local market opportunities that do not always depend on the adoption of advanced technology. Entrepreneurial orientation has a strong direct influence on small business performance, without being mediated or reinforced by technological dynamics. Other studies show that in SMEs with limited resources, technological turbulence tends not to strengthen this relationship because business actors rely more on entrepreneurial intuition and market experience than on digital technology (Ullah et al., 2020). The results of this study confirm that entrepreneurial orientation functions as an autonomous source of internal advantage. Meanwhile, technological turbulence has not become a significant contingency factor in strengthening the performance of MSMEs in the traditional culinary sector.

#### 4.12. Moderation of Technological Turbulence in the Relationship between Market Orientation and Performance

The results of testing hypothesis  $H_{12}$  show that technological turbulence does not moderate the relationship between market orientation and company performance, so the hypothesis is rejected. Local wisdom-based culinary MSMEs, increased market orientation that includes understanding customer needs and monitoring competitors, has not been automatically strengthened by the dynamics of technological change. This condition reflects the limitations of MSME digital capabilities in integrating market information into technology-based strategies, such as customer analytics, integrated digital platforms, or data-based marketing systems. In line with these findings, Yan et al. (2021) emphasize that technological turbulence will only function as a reinforcing factor if the organization has adequate digital readiness and absorptive capacity. Ogundare and Merwe (2024) found that in small businesses, rapid technological change can actually cause operational uncertainty, thereby weakening the effectiveness of market orientation on performance. Without investment in technological competence and organizational learning, technological turbulence tends to be disruptive rather than enabling for MSMEs (Ullah et al., 2020). The role of technological turbulence in strengthening market orientation is highly dependent on the level of strategic readiness and digital capabilities of MSME actors.

#### 4.13. Moderation of Technological Turbulence in the Relationship between CRM and Performance

The results of testing hypothesis  $H_{13}$  show that technological turbulence does not strengthen the relationship between customer relationship management (CRM) and company performance. The results of the study tend to weaken it, so  $H_{13}$  is rejected. In conditions of rapid technological change, the CRM practices implemented by culinary SMEs based on local wisdom have not been optimally integrated into technology-based systems to improve business performance. Technology-based CRM should

enable companies to manage customer data more effectively and responsively. However, in SMEs in the former Kediri Residency, technological turbulence can actually increase the complexity of customer relationship management when digital capabilities are inadequate. These results are in line with the findings Quzwen et al. (2021), who state that in small and medium-sized enterprises, a high rate of technological change can reduce the effectiveness of CRM if adequate resources, digital literacy, and technological infrastructure do not accompany it. Other studies confirm that adopting CRM technology without a clear strategy has the potential to increase operational costs and managerial burdens, thereby negatively impacting business performance (Papadas et al., 2019).

## 5. CONCLUSION

This study concludes that entrepreneurial orientation and customer relationship management are key drivers of performance in local wisdom-based culinary MSMEs, operating both directly and through competitive advantage. In contrast, market orientation contributes to performance only when translated into tangible differentiation and unique cultural value. These findings reinforce the resource-based view, showing that internal capabilities deliver superior performance only when translated into valuable, inimitable competitive advantages. In contrast, technological turbulence tends to weaken CRM effectiveness due to limited digital literacy and resource constraints. In practice, MSMEs should strengthen entrepreneurial and market orientations, integrated with culture-based innovation and value differentiation, while evolving CRM from conventional relational practices toward strategic, data-driven systems aligned with MSME capacity. Future studies are encouraged to incorporate digital readiness, absorptive capacity, or dynamic capability and to expand research across sectors and regions to enhance generalizability.

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