The Role Of Innovation In Mediating The Effect Of Market Orientation And Learning Orientation On Competitive Advantage

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ABSTRACT

Growth of small culinary businesses has resulted in increased competition. This growth doesn’t correspond to an increase in turnover, today’s small businesses must innovate to gain a competitive advantage and win market share. This study determine the impact of market orientation and learning orientation on competitive advantage, effect of innovation on competitive advantage and the impact of mediating innovation on the relationship between market orientation and competitive advantage and the relationship between learning orientation and competitive advantage. The variable of market orientation, learning orientation, innovation, and competitive advantage are used in this study. Population in this study was small culinary business that has been operating in Denpasar City for minimum three years. Total respondent of this study is 166 small businesses. Sampling method is purposive sampling. Questionnaire was used to collect information and SmartPLS was used to analyze the data. The results showed that market orientation had significant effect on competitive advantage and innovation. Learning orientation also had significant effect on competitive advantage and innovation. Significant effect was found on the relationship between innovation and competitive advantage. Meanwhile innovation didn’t mediate the relationship between market orientation and competitive advantage, but innovation partially mediated the relationship between learning orientation and competitive advantage. Research implications are expected to be used as references for further research with the basic theory of resource based view oriented to the company’s internal strengths, while the practical implications are expected to be references in implementing market orientation and learning orientation which is the focus in developing innovation.

Introduction

Resource Based View (RBV) theory stated that if the company has diverse resources, then the company will benefit based on the resources owned (Barney, 1991). Companies that can achieve competitive advantage are companies that can understand the changes that occur in the market structure and determine effective and efficient market strategies (Porter, 2016). Empirical studies found a positive relationship between market orientation and competitive advantage (Herman, 2018; Puspitasari, 2015; Usvita, 2015; Afsharghasemi et al., 2013; Sugiyarti, 2017;Journal of Business and Management Review Vol. 3 No. 2 2022 Page 119-137 DOI: 10.47153/jbmr32.3292022
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Rosnawintang et al., 2012. However, research conducted by Widyastuti (2018), found that market orientation does not affect competitive advantage. The innovation variable, in addition to market orientation, is a predictor of competitive advantage. When viewed at a national level, the problem of small businesses gaining a competitive advantage in national and global markets is also present (Maryati, 2012). According to several empirical studies, market orientation has a positive impact on innovation (Alhakimi and Mahmoud, 2020; Ho et al., 2018; Khan et al., 2016). The findings of empirical studies by Wahyono and Benny (2020), which found no positive relationship between market orientation and innovation, which is one of the antecedents of competitive advantage, contradict the findings of Ismail et al. (2019), which show that innovation has a significant and positive impact on the competitive advantage of exporters in developing countries in ASEAN. Learning orientation and market orientation are the antecedents of innovation. Nasution et al. (2011) emphasize the importance of entrepreneurship in learning orientation, which is one of the key concepts in small business innovation because innovation can be achieved through business processes such as learning orientation (Alegre et al., 2006). According to Opengart (2015), a learning orientation in an organization or company has a positive impact on company flexibility, competitive advantage, and performance. Companies that are becoming more learning-oriented are thought to be able to innovate more radically, which can lead to more change in the organization (Baker and Sinkula, 2002).

The description of competitive advantage is related to the position of the company compared to competitors. The improvement of the development of its performance and keep trying to improve the current achievement can be achieve more the good position in market competition, then the result is company actually has strong capital to continue to compete with other companies (Dorge and Vickrey, 1994). Respatya (2001) explains that companies produced products and services must begin to have a concept of competitive advantage, that companies can survive in terms of earn the profit. Barney (2008) showed that company achieved a competitive advantage if the company implemented a value of creating strategy differently with other companies in the same time. According to Setiawan and Agustin (2008) the competitive arises when consumers think that they receive more value from the transactions compared they do compared to other competitors.

According to Porter (1990) the competitive advantage is the heart of marketing performance in facing the competitor. Competitive advantage vcan be fulfilled if consumers get consistent differences in the products offered compared to competitors where the differences are obtained from the results of market orientation carried out the company. Likewise, companies that are increasingly making improvements to their learning orientation are in line with increasing the company’s competitive advantage (Nurhasanah, 2018). Wahyono (2020) explained that continuous innovation in a company is a basic neet that will lead to the creation of competitive advantage.
Innovation has a positive and significant impact on competitive advantage in the creative industry of the fashion sector in Central Java (Sutapa et al., 2017). The increase in the small business unit resulted in a sharp increase in competition. The role of small business as a driving force for the domestic economy and as an absorber of labor is facing a significant decline in profits caused by the covid-19 pandemic. That is why the problem of competitive advantage become the main problem for small business units in the culinary industry in winning the market share.

Table 1. Growth in the Number of MSMEs in Denpasar City in 2019-2020

| No | Description     | Year 2019 | Year 2020 | Improvement |
|----|-----------------|-----------|-----------|-------------|
| 1  | Micro Business  | 30.678    | 30.737    | 59 units    |
| 2  | Small Business  | 1.050     | 1.188     | 138 units   |
| 3  | Medium Business | 298       | 301       | 3 units     |
|    | Total           |           |           | 200 units   |

Source: Excerpted from the Denpasar City Cooperatives and MSMEs Office, 2020

The data on the increase in small business units are dominated by the culinary business sector based on the following data.

Table 2 Increase in Small Business Units in Denpasar City in 2019-2020

| No | Business Field | Year 2019 | Year 2020 | Improvement |
|----|----------------|-----------|-----------|-------------|
| 1  | Culinary       | 223       | 243       | 20 units    |
| 2  | Fashion        | 216       | 232       | 16 units    |
| 3  | Education      | 93        | 111       | 18 units    |
| 4  | Automotive     | 110       | 123       | 15 units    |
| 5  | Agrobusiness   | 134       | 142       | 11 units    |
|    | Total          |           |           | 80 units    |

Source: Excerpted from the Denpasar City Cooperatives and MSMEs Office, 2020

The increase in units of 20 new small business units occurred during 2019–2020. However, this growth was not followed by an increase in the number of business turnover. From the results of an interview on April 7, 2021, with authorized officers at the Denpasar City Cooperatives and UMKM Service, it was found that small business units experienced a 30 to 50 percent decline in turnover during the pandemic. From the results of a survey conducted by the Denpasar City Cooperatives and MSMEs Office, it is known that MSME actors do not innovate such as new products that follow market demand, for example, the menu of contemporary food and beverages is more diverse, the administrative system where the MSMEs are still doing manual and
traditional marketing. Thus, the Denpasar City Cooperatives and UMKM Service are currently running a training program for small business actors, beginning with the manufacturing process, creating new products that are more diverse, training, and introducing an easy-to-use administrative system, as well as effective marketing techniques.

The culinary business sector is believed to be more profitable because it is a basic need of daily customers, namely the food and beverage sector. The culinary field has promising prospects when viewed from the food and drink needs and lifestyle for generations Y and Z, where they spend more time working and meeting colleagues in a café as well as a co-working space. Denpasar City itself is the economic center in Bali Province. In addition to a fairly dense population level compared to other regencies in Bali Province, Denpasar City is also recorded with the highest increase in the number of small business units compared to other regencies.

The culinary industry's business environment is becoming increasingly competitive. Rapid changes in the culinary industry have necessitated the acquisition of competitive advantage to gain market share. To boost productivity and gain a competitive advantage, companies must strive for better, more conducive, and long-term business growth, focusing on the factors that influence competitive advantage. In a business organization, indicators such as having the awareness to always increase knowledge through training, the level of customer trust, and the ability to always innovate are all indicators of competitive advantage. Market orientation, learning orientation, and innovation are all factors that influence competitive advantage in business organizations. As a result, the Resource-Based Value approach, also known as RBV theory, is used in several competitive advantage studies.

**Literature Review**

**Resource-Based View**

The Resource-Based View approach is a concept that can help entrepreneurs achieve a sustainable competitive advantage (Barney, 1991a, 2001b; Grant, 2010; Peteraf, 1993; Meso & Smith, 2000; Akio, 2005; Julienty, et al., 2010; Spender, 2010; Wernerfelt, 1984). The classification of company resources is divided into three categories, namely, Physical Capital Resources which includes physical technology used by companies such as factories and equipment, Human Capital Resources which includes training, experience, and opinion, intelligence, relationships, and views of managers and employees in the company, and Organizational Capital Resources which includes the company's formal reporting structure, formal and informal planning, monitoring and coordination systems, as well as formal relationships
between groups of companies and between companies and their environment. Barney stated that the RBV approach views organizational knowledge as having an important position as the main source of company competence. To create a sustainable competitive advantage, companies depend on strategic resources (Strategic Resources/Strategic assets) characterized by valuable, rare, imperfectly imitable, and non-substitutable known as the VRIN condition (Barney, 1991).

**Competitive Advantage**

The first definition emphasizes the company's superiority or excellence in terms of resources and expertise. Companies with expertise in marketing, manufacturing, and innovation can leverage these skills to gain a competitive advantage. Companies that continue to pay attention to the development of their performance and seek to improve it have a good chance of achieving a good competitive position, which means they have enough capital to compete with other companies (Dogre and Vickrey, 1994). Competitive advantage, according to Setiawan and Agustin (2008), occurs when customers believe they get more value from their transactions than a competitor. Competitive advantage, according to Porter (1990), is at the heart of marketing performance in the face of competition. Companies that collaborate to create a more effective competitive advantage in the market are said to have a competitive advantage. The company's competitive advantage is derived primarily from the values or benefits it provides to its customers. Customers prefer to purchase products that are more valuable than what they desire or anticipate. The uniqueness that is hard to imitate, as well as competitive prices, are some of the indicators used to measure competitive advantage. The uniqueness of a company's products that combine artistic values with customer preferences is referred to as product uniqueness.

**Market Orientation**

One of the focal points of marketing management is the concept of marketing and market orientation. If the marketing concept is viewed as a philosophy that is embedded in the corporate culture, market orientation is the implementation of the marketing concept. Market-oriented businesses are those that consistently use the marketing concept (Kohli and Jaworski, 1990). Market orientation, according to Narver and Slater (1990), is the most effective and efficient organizational culture for instilling the behaviors required to produce "superior value" for buyers and "superior performance" for the company. Customer orientation, competitor orientation, and function coordination are the three dimensions of market orientation.

H1: Market orientation has a positive and significant effect on competitive advantage.

H2: Market orientation has a positive and significant effect on innovation.

**Learning Orientation**
According to Senge (1990), organizational learning is defined as the process of continuously increasing one's ability to influence and create the future. Learning orientation, according to Calantone et al. (2002), refers to broad organizational activities that create and use knowledge to increase profits. Sinkula et al. (1997) defined and operationalized a learning orientation as a commitment to learning, a shared vision, and an open mind. Learning orientation, according to Sinkula et al. (1997), is a perspective on the importance of learning in organizations. Organizations with a strong commitment to learning will have a high level of learning. The more positive the direct learning orientation, the more market information, and information dissemination will be sought. Organizations' most valuable resource for maintaining a competitive advantage is learning (Hardley and Mavondo, 2000). Companies that are learning-oriented not only acquire and disseminate market information or use market-based knowledge to find new ways to serve customers, but they also investigate market dynamics regularly (Lee and Tsai, 2005). Commitment to learning, shared vision, and open-mindedness are the three dimensions of learning orientation.

H3: Learning orientation has a positive and significant effect on competitive advantage.

H4: Learning orientation has a positive and significant effect on innovation.

Innovation

Freeman (2004) considers innovation as the efforts of companies through the use of technology, and information to develop, produce, and market products that are new to the industry. According to Ahmed and Shepherd (2010), company innovation can lead to R&D (Research and Development), production, and marketing strategies that lead to the commercialization of these innovations. Cooper (2000) explains that in a highly competitive global market circle, the advantages of new products are critical. These advantages are inextricably linked to the development of the resulting innovative products, which will give them a competitive advantage in the marketplace. According to Wahyono (2002), continuous innovation in a company is a basic requirement that leads to the creation of a competitive advantage. Wahyono (2002) considers innovation to be a company mechanism for adapting to its changing environment. Droge and Vicckrey (1994) discovered that the product is used to gain a competitive advantage. The company's ability to keep innovating on its products will keep the product in line with customers' wishes and needs (Bharadwaj et al., 1993). Product innovation is essentially designed to meet market demand so that it can be used as a competitive advantage for the business (Han et al., 1998). Process innovation, product innovation, and administrative innovation are the three dimensions of innovation examined in this study.

H5: Innovation has a positive and significant impact on competitive advantage.
Innovation has a positive and significant impact on competitive advantage in the creative industry of the fashion sector in Central Java (Sutapa et al., 2017). Khan et al. (2016) in analyzing the differences between market oriented and non market oriented organization, found a positive relationship between market orientation and the ability to offer products more effectively by understanding customer needs and desires. Herman et al. (2018) stated that market orientation and innovation have a positive and significant relationship to competitive advantage, with the higher market orientation and product innovation, the higher the value of competitive advantage obtained. However, Udriyah et al. (2019) found a partially positive relationship between market orientation and competitive advantage through innovation. While the relationship between innovation and competitive advantage has been confirmed to have a positive and significant relationship.

H6: Innovation mediates the relationship between market orientation and competitive advantage.

Sutapa et al. (2017) in research on the fashion sector in Central Java revealed a positive and significant relationship between innovation and competitive advantage, the higher the company’s ability to innovate, the higher its ability to compete. Siagian et al. (2019) stated that learning orientation significantly affects competitive advantage, then Tohidi and Jabari, (2012) suggested the positive influence of learning organizations on product innovation and competitive advantage in Brazilian electro-elecric companies involving the learning process. This statement is supported by Wahyono and Hutahayan (2020) that learning orientation affects innovation in small textile businesses in Java and Bali, meanwhile Widyastuti (2018) states the opposite, that learning orientation has no impact on competitive advantage through innovation as a mediator, because not found a significant relationship between learning orientation and competitive advantage.

H7: Innovation mediates the relationship between learning orientation and competitive advantage

Methods

Denpasar City, which is a city center with fast economic growth and has a large number of small culinary businesses, was chosen as the study's location because it is effective and efficient to be used as a research location (Kamajaya and Seminari, 2016). Exogenous variables, such as market orientation and learning orientation, and endogenous variables, such as innovation and competitive advantage, were used in this study. Each of the three variables, market orientation, learning orientation, and innovation, has three dimensions, while the competitive advantage variable has four. This research relied on quantitative data. The target population for this study was a small culinary business based in Denpasar. The population in this study was an
infinite population where a population whose number was not known with certainty so that screening questions were needed. The method of determining the sample used in this study was non-probability sampling with a purposeful sampling technique. The total number of valid respondents in this study was 166 respondents. This study used a questionnaire to collect data. The measurement scale used was 5 Likert scale. Validity and reliability tests were used to assess the questionnaire. Based on the results of the tests, the Average Variance Extracted (AVE) value and the outer loading value for all variables studied were equal to or greater than 0.5, indicating that the questionnaire met the validity requirements. Cronbach’s Alpha and Composite reliability values for all variables were greater than 0.8 and 0.7, respectively. This indicated that all of the variables in this study are trustworthy. The questionnaires were distributed online, specifically via Whatsapp and Instagram Direct Message. The researcher also conducted a direct survey method at the place of business to obtain valid data. In this study, descriptive and inference analysis were used as analytical methods. The descriptive analysis consists of the characteristics of the respondents and a description of the research variables. This research will use Structural Equation Modeling (SEM) with Partial Least Square (PLS) approach with smartPLS 3.0. SEM-PLS mediation testing was performed by using the VAF (Variance Accounted For) method.

Results And Discussion

Characteristics of Respondents

The respondent in this study is a business located in the city of Denpasar. The place contract system, which accounts for 80.72 percent of the status of the place of business in this study, outnumbers the private ownership system, which accounts for 19.28 percent. The percentage of employees with 5-10 employees is 37.35 percent in this study, followed by the number of employees with more than 15 people at 29.52 percent.

Outer Model Test (Measurement model)

The convergent validity test, which included the loading factor and average variance (AVE) values, was used to assess the validity. Cronbach's alpha and composite reliability tests were used to determine reliability. SmartPLS 3.0 was used to process the data. The loading factor for all of the indicators used was greater than 0.5. This value indicates that the model constructed is adequate and that the indicators used to measure the variables are accurate. The AVE value for all variables used was 0.5, which was a large value. This means that all of the variables are correct. Cronbach’s alpha and composite reliability values for each variable are greater than 0.7, indicating that the variables are reliable. This explains that this variable can be used repeatedly on the same or different subjects to measure something with consistent results.

Test the inner model (structural model)
Testing the inner model (structural model) was performed by using the R-Square and Q-Square tests. The innovation variable has an R-Square value of 0.542 or 54.2%. The value of 54.2% means that 54.2% of the variation in the innovation variable can be explained by market orientation and learning orientation variables. While as much as 45.8% is explained by other variables outside this study. Based on these values, it can be said that the model in this study is included in the moderate category (0.50 – 0.75).

The competitive advantage variable has an R-Square value of 0.575 or 57.5 percent. The value of 57.5 percent indicates that market orientation, learning orientation, and innovation variables can explain 57.5 percent of the variation in competitive advantage. Other variables outside of this study account for up to 42.5 percent of the variance. The Q-Square value is 0.805, or 80.5 percent, according to the calculations. The value of 80.5 percent indicates that all of the variables in the model can explain 80.5 percent of the variation in the competitive advantage variable. Other variables outside the research model account for the remaining 19.5 percent. This result shows that the model's Q-Square value is close to 1, indicating that it is highly predictive.

**Hypothesis testing**

Based on the results of data processing, hypotheses 1, 2, 3, 4, and 5 are accepted. In detail, the results are presented in the following table:

| Variable                               | T Statistics (|O/STDEV|) | P Values | Description |
|----------------------------------------|----------------|----------|-----------|-------------|
| Market Orientation (X1) -> Competitive Advantage (Y2) | 4.201           | 0.000    | H1 accepted |
| Market Orientation (X1) -> Innovation (Y1) | 2.829           | 0.005    | H2 accepted |
| Learning Orientation (X2) -> Competitive Advantage (Y2) | 2.325           | 0.020    | H3 accepted |
| Learning Orientation (X2) -> Innovation (Y1) | 6.352           | 0.000    | H4 accepted |
| Innovation (Y1) -> Competitive Advantage (Y2) | 2.030           | 0.043    | H5 accepted |

In contrast, based on the following data processing, hypotheses 6 and 7 are rejected.
Table 4 Indirect Effects between Variables

| Variable                                      | T Statistics (|O/STDEV|) | P Values |
|-----------------------------------------------|----------------|----------|
| Market Orientation (X1) -> Innovation (Y1) -> Competitive Advantage (Y2) | 1,599          | 0,110    |
| Learning Orientation (X2) -> Innovation (Y1) -> Competitive Advantage (Y2) | 1,952          | 0,052    |

Mediation effect test

Based on table 5 below, the relationship between market orientation variables and competitive advantage is not mediated by innovation. This is as shown by the VAF value, which is 13%, which means that the value is smaller than 20% (VAF 20%). The relationship between learning orientation variables and competitive advantage, meanwhile, is partially mediated by innovation. This can be seen in the VAF value of 32%, which means that the value is greater than 20% and less than 80% (20% VAF 80%).

Table 5 Calculation of VAF (Variance Accounted For)

| Variable                                      | Direct Effect | Indirect Effect | Total Effect | VAF (%) |
|-----------------------------------------------|---------------|-----------------|--------------|---------|
| Market Orientation (X1) -> Competitive Advantage (Y2) | 0,416         | 0,061           | 0,477        | 13      |
| Learning Orientation (X2) -> Competitive Advantage (Y2) | 0,236         | 0,112           | 0,348        | 32      |

Discussion

Market orientation has a positive and significant effect on competitive advantage, according to the study's findings. This study's findings are consistent with previous research (Puspitasari, 2015; Usvita, 2015; Afsharghasemi et al., 2013; Sugiyarti, 2013; Rosnawintang et al., 2012) that shows market orientation has a positive and significant impact on competitive advantage. Khan et al. (2016) demonstrate that market-oriented businesses are more effective than non-market-oriented businesses. However, market orientation has a partial relationship with a competitive advantage, according to Widyastuti (2018).

Market orientation has a positive and significant effect on innovation, according to the study's findings. As a result, every culinary industry should increase market orientation to be able to create high innovation. The findings of this study agree with those of Alhakimi and Mahmoud (2020), who discovered that market orientation has a positive and significant relationship with innovation, implying that an increase in
market orientation results in an increase in innovation in Tarakan City, North Sumatra. Market orientation has a positive effect on innovation, according to Ho et al. (2018). Then, according to Chung (2012), market orientation is a component of organizational culture that is linked to innovation. Learning orientation affects competitive advantage in a positive and significant way. Members of the organization can gain more knowledge and experience the more learning they do. The findings of this study are consistent with those of Opengart (2015), who found that learning orientation in organizations or companies has a positive impact on company flexibility, competitive advantage, and performance. Nikmah et al. (2019) discovered a link between learning orientation and competitive advantage that was both positive and significant. The findings of a study by Lexi and Wardoyo (2018), however, show that learning orientation has no impact on competitive advantage in small businesses in the food and drink sector in Kendal Regency. Learning orientation has a significant and positive impact on innovation. The findings of this study agree with those of Mahmoud et al. (2016) and Mauludin et al. (2013), who found that learning orientation has an impact on product innovation. Employee exchange in training or learning, according to Atitumpong and Badir (2018), has a positive effect on innovative work behavior. Farida (2016) explained that the learning orientation of an organization has an impact on the adaptation of innovation to it. In their study of the small textile industry in Java and Bali, Wahyono and Hutahayan (2020) found a positive and significant relationship between learning orientation and innovation. The results of product innovation research on competitive advantage show a positive and significant effect. The higher the competitive advantage, the better the product innovation is. The findings of this study are consistent with those of Dalimunthe (2017) and Djodjobo and Tawas (2014), both of whom discovered that product innovation has a positive and significant effect on competitive advantage, and Chen and Chang (2013) specifically researched green product innovation and found that product innovation has a positive and significant impact on a company’s competitive advantage. This, however, contradicts the findings of Sherlin’s (2016) study, which found that product innovation had no significant impact on competitive advantage. Process and administrative innovation, in addition to product innovation, are other dimensions of innovation (Killa, 2014; Pardi et al., 2014, Tung, 2012). Innovation has a positive and significant relationship to competitive advantage which is also supported by empirical studies (Wang, 2016). The results of the study prove that competitive advantage can be increased by high market orientation, without the need to increase innovation. This means that competitive advantage can be increased with a high learning orientation, but the competitive advantage will not increase further if learning orientation can increase innovation. The findings of this study contradict Widyastuti’s (2018) research, which claims that by applying innovation to products and services, process innovation, and administrative innovation, small culinary business players in Depok can slowly and steadily create unique variations of products and enter and compete in the ASEAN market in a short time. However, Udriyah et al. (2019) found a partially
positive relationship between market orientation and competitive advantage through innovation, which is consistent with their findings.

The study's findings show that innovation plays a role in mediating the relationship between learning orientation and competitive advantage. Partially mediating means that a high learning orientation can increase competitive advantage, and that learning orientation can increase innovation can also increase competitive advantage. This contradicts Widyastuti's (2018) findings, which claim that learning orientation has no impact on competitive advantage via innovation as a mediator because learning orientation and competitive advantage have no significant relationship. However, the findings of this study revealed a partial mediation relationship between learning orientation and competitive advantage, which was mediated by innovation.

Research implications

Theoretical Implications

The results of this study are expected to provide additional information, references, and discourses, especially those related to the theory of resource-based view. This is an applied theory in the field of strategic management that can be used to develop a model, as well as predict the effect of market orientation, learning orientation, and competitive advantage on innovation and competitive advantage. Other researchers interested in the impact of market orientation and learning orientation on innovation and competitive advantage can use the findings of this study as a reference.

Practitioner Implications

The findings of this study can be used as background information or a point of reference for future research in fields related to the resource-based view (RBV) theory. This theory can be used to create models and allow for predictions and understanding of the impact of resource practices on organizational functioning, resulting in a mindset that believes companies will achieve excellence if they have superior resources, which leads to entrepreneurial abilities. In general, the goal of this research is to see how market orientation and learning orientation affect innovation and competitive advantage in small culinary businesses in Denpasar.

Research Limitations

The respondents used in this study posed some limitations. Respondents in this study met the criteria of a small-scale culinary business in Denpasar City that has been in operation for at least three years. However, a small culinary business's three-year operating period is insufficient to fully implement market orientation, learning
orientation, and innovation. Due to the Covid-19 pandemic, which began in mid-March 2020, the questionnaires were distributed via the internet. Because of this method of distribution, there were no face-to-face rooms available for in-depth direct interviews. Further research should be able to conduct direct interviews with respondents, allowing the results to be more comprehensive.

**Conclusion**

Based on the findings of the research, the following conclusions can be drawn: Market orientation has a positive and significant effect on competitive advantage in small culinary businesses. Market orientation has a positive and significant impact on innovation in small culinary businesses. Learning orientation has a positive and significant impact on competitive advantage in small culinary businesses. Learning orientation has a positive and significant impact on innovation in small culinary businesses. Innovation has a positive and significant impact on competitive advantage in small culinary businesses. Innovation has a positive and significant impact on competitive advantage in small culinary businesses. In small culinary businesses, high market orientation can increase competitive advantage without the need for increased innovation. In small culinary businesses, innovation partially mediates the relationship between learning orientation and competitive advantage.

**Suggestion**

Given the importance of always focusing on competitive advantage for small businesses, the findings of this study suggest that market orientation should be prioritized by focusing on the dimensions of function coordination. This is because coordinating functions can improve cooperation between organizational or company functions, allowing for better customer service and, as a result, encouraging companies to win the competition. Improving learning orientation such as providing training to employees on how to provide good and fast service to customers is also an action to achieve competitive advantage. Increase innovation, including product innovations such as packaging, flavor variants, product sizes, product raw materials, and others, as well as process innovation by providing a questionnaire containing statements related to the menu ordered by the consumer regarding taste, appearance, level of customer satisfaction, and placing a suggestion column are very important to consider. These efforts will help companies to better understand what consumers want so that products that are following the times, follow consumer desires and existing trends can be realized.

Future research is expected to include a larger number of respondents and a broader research area, resulting in more diverse research findings with a broader scope. Other industries, such as the automotive industry, are expected to be the subject of future research to see how competitive advantage can be achieved in other
industries. As variables that affect competitive advantage, entrepreneurial orientation and product quality can be added.

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