



## Examining Variables Affecting Competitive Advantage as an Effort to Improve Business Performance in Property Companies in Pati Regency

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Article History	Abstract
Received: 06 June 2023 Revised: 05 Sept 2023 Accepted: 19 Nov 2023	<p><i>Companies must use their abilities and competencies (competitive advantage) to improve business performance to compete with their competitors, especially property companies. The purpose of this study was to examine the effect of the variables of entrepreneurial orientation, market orientation, and project management perspective on competitive advantage; The effect of entrepreneurial orientation, market orientation, and project management perspective on the business performance of property companies in Pati Regency and the influence of competitive advantage on the business performance of property companies in Pati Regency. This research is quantitative research with the help of SEM-PLS software. The technique of data collection is done by the survey method. The instrument for data collection is in the form of a questionnaire distributed to 50 respondents who have at least two property project locations in Pati Regency. The results showed that all hypotheses were acceptable and had a positive effect. The entrepreneurial orientation variable, market orientation, significantly and positively affects competitive advantage. The variables of entrepreneurial orientation, market orientation, and project management perspective significantly and positively affect business performance. The competitive advantage variable has a significant and positive effect on business performance. The results of the study have implications for consideration for property companies to improve sustainable business performance.</i></p>
CC License CC-BY-NC-SA 4.0	<b>Keywords:</b> <i>Competitive Advantage, Business Performance, SEM-PLS, Property Business</i>

### 1. Introduction

One of the three necessities of existence is regarded to be property. The fact is that real estate is expensive and challenging to acquire in contrast to food and clothing. People must be put since it is crucial and necessary as the foundation for all human endeavors. As a result, it is crucial to the social, economic, and psychological growth of people, nations, and the entire world. The demand for real estate has increased due to population growth and fast urbanization (Ibrahim, 2013).

Business people will be encouraged to try to seize these chances due to the steadily rising level of demand. The rivalry in the property business is fiercer when there are more participants. As a result, the business will need to develop and implement strategies to maintain and enhance its competitive position. In-depth market development analysis strategies, bolstering internal human resources, aggressive marketing, and enhancing corporate performance are all tactics that can be used to increase competitiveness (Padang & Syarvina, 2022). Of course, a project is intimately tied to it in the real estate industry. A project's or a business's performance's success or failure is significantly influenced by the leaders and project management rather than only the financial resources, the availability of tools or workspaces, building materials, or labor practices (Manuaba, 2015), (Kusdibyoy et al., 2023).

Business performance is the ability of the corporation to adjust to changes in the market environment, which includes customers, rivals, and other influences that can alter how business is conducted. A

successful strategy depends on project management's capacity to foster harmony between the external environment and the business's internal operations. Companies must adopt inventive, proactive, and strategic risk-taking behaviors to increase sales and profitability (Rekarti & Doktoralina, 2017). Businesses that can get a competitive advantage will improve their financial performance (Magnadi et al., 2021). To compete with their rivals, businesses must employ their skills and competencies to enhance corporate performance. Entrepreneurial orientation and market orientation are two aspects that might affect how well a business performs. Success in marketing can be achieved by a company's market orientation and entrepreneurial orientation, such as market orientation toward performance, finance, and customer happiness (Puspaningrum, 2020; Wahyuni et al., 2021). The keywords described, such as property business, project management, business performance, competitive advantage, and their variables, are very interesting to study. The purpose of this study was to examine the effect of the variables of entrepreneurial orientation, market orientation, and project management perspective on competitive advantage; The effect of entrepreneurial orientation, market orientation, and project management perspective on the business performance of property companies in Pati Regency and the effect of competitive advantage on the business performance of property companies in Pati Regency. The results of the study have implications for consideration for property companies to improve sustainable business performance.

## **2. Literature Review**

### **Competitive Advantage**

The capacity to create a competitive strategy the business uses to generate goods and services that the market is willing to purchase is known as a competitive advantage (Singer et al., 2007). An organization gains a competitive advantage when it creates or acquires a collection of characteristics (or takes a specific action) that enable it to outperform its rivals (Mwasiaji, 2019). Three supporting factors—an entrepreneurial orientation, a market orientation, and a firm project management perspective—are required for goods and services to be offered in the market.

### **Entrepreneur Orientation**

Entrepreneurial orientation is a factor that can impact business performance. The behavior of being able to modify operations in a dynamic, competitive environment in order to seize market possibilities and enter the new environment that the market has created is known as entrepreneurial orientation. Companies that respect innovation, are proactive, take calculated risks, and embrace change are more likely to adopt entrepreneurial techniques and enjoy extreme popularity (Wahyuni et al., 2021).

### **Market Orientation**

Market study is one of the most crucial early stages of project development. For many decision-makers involved in real estate development, it offers guidance. Throughout the pre-development, acquisition, development, marketing, and disposition of the property, this continual process offers information. By offering fast and reliable data, market analysis helps developers to reduce risks and maximize possibilities. Project developers utilize market analysis to identify which items best meet market demands and whether the site is appropriate for development. Numerous factors are taken into account during market analysis, including supply and demand levels, vacancy rates and vacant stock characteristics, recent space utilization, ongoing and proposed projects, market rental rates or selling prices, market factors that have an impact on the property, legal considerations, and market power (Komisarov et al., 2016).

### **Project Management Perspective**

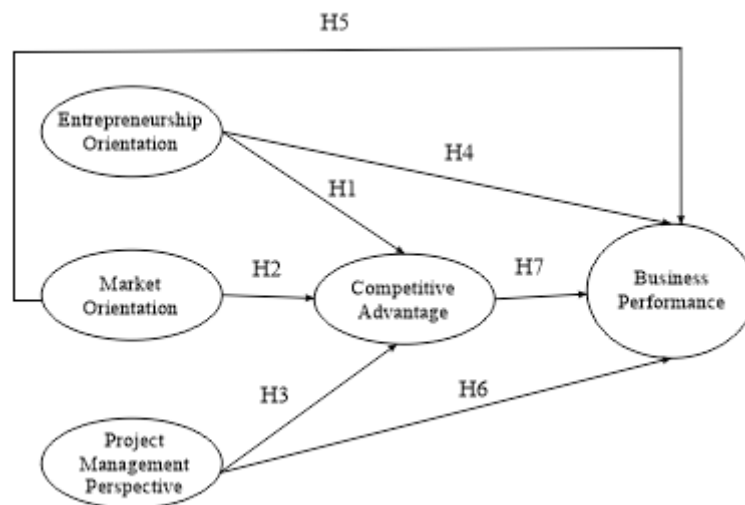
The company's profitability can undoubtedly rise as project demand rises. On the other hand, if the company has poor company management, the rise in project demand may become an issue. The project execution phase can become more thorough and effective with good project management. Through organized planning, businesses must improve the quality of their services to make more efficient use of their resources and boost internal performance. Without effective project management, the business may struggle to meet client needs (Arianie & Puspitasari, 2017), (Amirah & Konidin, 2023). To estimate project expenses that a firm has to budget for, good management must be able to manage activities like project scheduling and human resource management that are directly related to a project. The business can determine which relationships between activities in a project must take precedence, as well as a reasonable time estimate for completing each activity (Perdana & Rahman, 2019).

## Property business performance

Property developers must be aware of several aspects and phases of the development process. These variables include the economy, cycles in the stock and real estate markets, plans and policies of the government, laws, as well as the environment, population, politics, transportation, and technology. Each of these elements has the potential to substantially impact the viability of the project's development and, eventually, its profitability (Komisarov et al., 2016).

### 3. Materials And Methods

With the aid of the SEM-PLS program, this study is quantitative. To better understand the behavior of tourists, SEM-PLS is utilized to examine the link between latent variables that are assessed by a collection of observable variables (Sarstedt & Cheah, 2019). The survey approach was used as the data collection strategy. A questionnaire was sent to 50 respondents with at least two property project locations in Kab. Starch served as the data-gathering tool. Entrepreneurial orientation, market orientation, project management viewpoint, competitive advantage, and company performance are the variables in this study. Figure 1 depicts the conceptual foundation for this study.



**Figure 1.** Conceptual Framework

In this study, data analysis was done in two stages. The first stage involved examining each variable's construct reliability and validity. Testing hypotheses is the next step. Among the theories tested in this study are the following:

H1: A competitive advantage is enhanced by entrepreneurial orientation.

H2: Competitive Advantage benefits from market orientation.

H3: The competitive advantage is positively impacted by the project management perspective.

H4: A beneficial impact of the entrepreneurial approach on business performance.

H5: Market orientation improves a company's performance.

H6: The business performance benefits from a project management perspective.

### 3. Results and Discussion

Examining the loading of indicators, also known as determining the validity of each relationship between the indicator and the construct or question item or what is often referred to as its latent, is the first stage in evaluating the reflective measurement model. A loading factor above 0.60 is advised since it indicates that the construct accounts for more than 50% of the indicator variance, resulting in good item dependability. Figure 2 displays the loading indicator for each variable in this study.

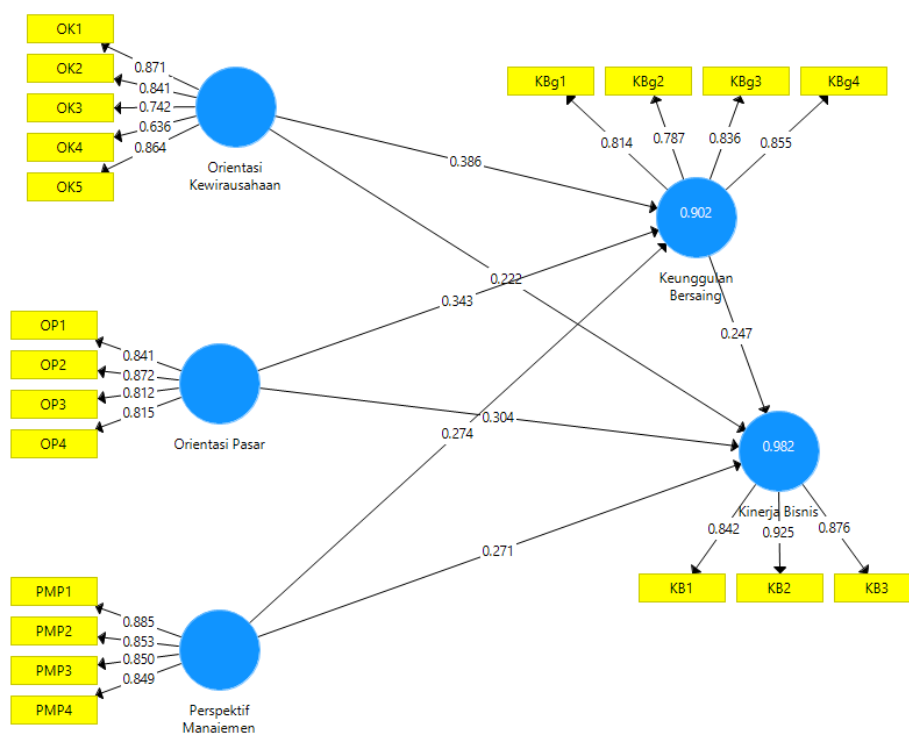


Figure 2. Each variable's output-loading factor

Figure 2 shows that the loading indicator value for each variable has a value above 0.60. This means that all variables have a high level of validity, so they meet good convergent validity and meet the validity criteria.

For any variable with a value greater than 0.60, the loading indicator value is displayed in Figure 2. This indicates that all variables have a high level of validity, have satisfied the validity requirements, and have good convergent validity.

Examining the composite reliability value, the second stage entails evaluating the variables' dependability or internal consistency. Acceptable reliability is defined as a number between 0.60 and 0.70. From satisfactory to good, the suggested value varies from 0.70 to 0.90 (Hair et al., 2019). Table 1 displays the composite dependability value for this investigation.

Table 1. Average Variance Extracted and Composite Reliability Score

Research Variable	Average Variance Extracted (AVE)	Composite Reliability
Competitive Advantage	0.679	0.894
Business Performance	0.777	0.913
Entrepreneurship Orientation	0.634	0.895
Market Orientation	0.698	0.902
Project Management Perspective	0.739	0.919

The variables examined in Table 1 demonstrate good composite reliability values above 0.80. The convergent validity of each construct measure is evaluated in the third phase. The degree to which the construct converges to explain the variance of the items is known as convergent validity. The average extracted variance (AVE) for all items in each construct is the statistic used to assess the convergent validity of the constructs. The loading of each indication on a construct must be squared to determine the average value and the AVE. The construct must explain at least 50% of the variation of the items that make up the construct for the AVE to be considered acceptable, which must be 0.50 or above (Hair et al., 2019). Table 1 shows the value of the AVE construct in this study, with each variable's value being more significant than 0.5. This means that the research model developed may be empirically validated. The latent construct developed does not need to be modified for the model to improve as it is already effective based on the results of the PLS-SEM study. Therefore, the constructs in this research model can have strong discriminant validity because the model under examination does not have a concurrent validity issue.

**Table 2. R square Score**

Latent Construct	R Square Adjusted
Competitive Advantage	0.895
Business Performance	0.980

The endogenous construct's  $R^2$  value will then be examined. By measuring the significance and magnitude of the coefficient of determination, one may empirically evaluate the explanatory power of the model, which is another essential component in explanatory statistical modelling (i.e.,  $R^2$ ). Even though applications of PLS-SEM typically yield  $R^2$  values of endogenous constructs (Streukens & Leroi-Werelds, 2016). Higher numbers denote better explanatory ability.  $R^2$  values vary from 0 to 1.  $R^2$  values of 0.75, 0.50, and 0.25 are generally regarded as significant, moderate, and weak, respectively. Additionally,  $R^2$  is a function of the number of predictor constructions in that  $R^2$  increases as the quantity of predictor constructs increases.  $R^2$  values from comparable studies and similar complexity models should be used to interpret  $R^2$  in the research (Hair et al., 2019). The results showed that the  $R^2$  value obtained on the competitive advantage variable was 0.895 or 89.5% where the remaining 10.5% of the competitive advantage variable could be influenced by other exogenous variables not examined in this study. The value of  $R^2$  on the business performance variable is 0.980 or 98%. The remaining 2% on the business performance variable is influenced by other dependent variables not examined in this study.

Hypothesis testing is the final step. A relevant and rigorous theory must include hypothesis testing from the perspective of statistical explanatory modelling. To test hypotheses in PLS-SEM, bootstrapping Path Coefficients are used (Streukens & Leroi-Werelds, 2016). The P-value and the Standard Deviation from the PLS-SEM bootstrapping results are compared in this investigation. The hypothesis is accepted if the obtained T value is more significant than 1.96 or the Standard Deviation value exceeds the P values (Kock, 2018). Table 3 displays the outcomes of the testing of the hypotheses.

**Table 3. Standard Deviation, T statistic and P Values**

No	Relationship between Variables	Standard Deviation (STDEV)	T-Statistics ( O/STDEV )	P Values	Result
H 1	Entrepreneurship Orientation -> Competitive Advantage	0.108	3.573	0.000	Hypothesis accepted
H 2	Market Orientation -> Competitive Advantage	0.104	3.308	0.001	Hypothesis accepted
H 3	Project Management Perspective -> Competitive Advantage	0.090	3.054	0.002	Hypothesis accepted
H 4	Entrepreneurship Orientation -> Business Performance	0.067	3.312	0.001	Hypothesis accepted
H 5	Market Orientation -> Business Performance	0.065	4.663	0.000	Hypothesis accepted
H 6	Project Management Perspective -> Business Performance	0.045	6.052	0.000	Hypothesis accepted
H 7	Competitive Advantage -> Business Performance	0.089	2.776	0.006	Hypothesis accepted

The findings indicated that the hypothesis was accepted since the entrepreneurial orientation toward competitive advantage received a standard deviation value > from the P-value (0.108 > 0.000). The hypothesis is accepted because the market orientation variable for competitive advantage obtained a standard deviation value > from the P-Value value (0.104 > 0.000). This research is in line with the research conducted by Tirtayasa (2022). The study's findings suggest that both market and entrepreneurial orientation contribute to competitive advantage, suggesting that businesses with both of these traits are likely to be at a competitive advantage. The term "entrepreneurship orientation" refers to behaviors, procedures, and decision-making that includes taking calculated risks, acting proactively and consistently coming up with new ideas for the benefit of the business. Therefore, competitive advantage will be significantly impacted by entrepreneurial orientation. If sales fall, attempts are made to develop and be creative with the product to make it competitive and popular with the public. If the business can give its customers more excellent value, it can gain a competitive edge. The business players must constantly develop innovative and unique ideas to provide a product that the larger community can embrace, the more fierce the competition (Yuliati et al., 2022). Implementing a market orientation study strategy can provide you with a competitive edge by differentiating and innovating in the market. Market-oriented businesses can be aware of client wants, providing them a competitive edge (Puspaningrum, 2020; Shakouri & Shakouri, 2020).



The project management viewpoint hypothesis has a favorable impact on competitive advantage, and the hypothesis is accepted when the standard deviation is more than the PV-value ( $0.090 > 0.000$ ). This indicates that because project management is a strategy that must be used to increase a company's efficiency and effectiveness, it significantly impacts competitive advantage. Risks and failures associated with projects are avoided or reduced through project management. Good management entails controlling processes like scheduling and human resource management, which produce project cost estimates for which the business must budget (Arianie & Puspitasari, 2017).

A standard deviation value  $>$  from the PV-value ( $0.065 > 0.000$ ) was obtained for the hypothesis on the impact of entrepreneurial orientation on business performance, which is therefore accepted. Additionally, the standard deviation of the market orientation variable on business performance was  $>$  from the PV-value ( $0.065 > 0.000$ ), which is significant, and the hypothesis is supported. This means that businesses with an entrepreneurial and market-oriented mindset can enhance the functionality of the existing company. The research is in line with the research conducted by Tirtayasa (2022) and Wahyuni et al. (2021) which shows that entrepreneurial orientation and market orientation have a significant positive effect on business performance. The entrepreneurial approach determines business strategy and market orientation for a welding company that can compete successfully on a worldwide scale. An organization's ability to identify its leadership level and its capacity to identify its existing human resources to build innovation and innovate by utilizing the most recent technology influences its success. One of the most critical factors for organizations to achieve business success is their entrepreneurial orientation. The company will become more competitive if it can implement an entrepreneurial approach. Businesses with a market orientation and entrepreneurial spirit can contribute to competitive advantage by developing distinctive products, high-quality goods, and affordable prices, all of which impact the business's performance. Companies that practice market orientation, such as market orientation toward performance, finance, and customer pleasure, might experience marketing success (Puspaningrum, 2020).

The hypothesis that the project management perspective positively impacts business performance is accepted when the standard deviation ( $0.045 > 0.000$ ) is greater than the value. As a result, the project management perspective significantly impacts how well the created business performs because it may reduce project risks and failures. A frequent issue that can affect all of the work in a project is a delay in finishing it. Planning using several control devices is critical to account for these delays. Because it may offer information about project progress in terms of resource performance, costs, labor, equipment, and materials, as well as project duration plans and time progress for project completion, project management is necessary while carrying out a project (Perdana & Rahman, 2019).

The competitive advantage hypothesis favors business performance, and it is accepted if the standard deviation from the PV-value ( $0.045 > 0.000$ ) is more than one. This implies that businesses with a competitive advantage might enhance their operational effectiveness. For businesses to compete with rivals, they must have a competitive advantage. A corporation is said to have a competitive advantage if it has resources that can provide superior value at a cheap cost, differentiates its products, has strong managerial skills, is more profitable, and values its position in society (Yulianti et al., 2022). A corporation must offer a lower price or a more compelling benefit to get a competitive advantage over its rivals. According to research (Singer et al. (2007) the lowest-cost strategy provides a competitive advantage by focusing on production at the lowest cost. It has a broad scope and serves a variety of market segments, enabling the development of economies of scale. A differentiation strategy for competitive advantage tries to create and market distinctive goods and services at a premium or relatively high cost. He decided to stand out in his field. It chooses one or more qualities many customers value and positions itself to satisfy those demands. Businesses that employ a differentiation strategy are broad in their reach and cater to a unique range of market sectors. To compete with their rivals, businesses must make the most of their skills and abilities to increase corporate performance (Puspaningrum, 2020).

#### **4. Conclusion**

All variables were determined to be valid and reliable, according to the results of the data analysis with SEM-PLS. All put-up theories were accepted. The findings demonstrated that every hypothesis was plausible and had a beneficial impact. Market orientation and entrepreneurial orientation both significantly and favorably impact competitive advantage. Entrepreneurial approach, market orientation, and a project management viewpoint are all factors that significantly and favorably impact business performance. The competitive advantage variable significantly and favorably influences the performance of businesses. The study's findings offer implications for property firms to consider when enhancing sustainable business performance.

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