THE EFFECT OF ENTREPRENEURSHIP ORIENTATION ON INNOVATION, COMPETITIVE ADVANTAGE AND COMPANY PERFORMANCE ON SHIPPING COMPANIES

Mohamad Imam Zarkasi[*)1], Zainul Arifin[*)], Anni Rahimah[*)]

[*)]Department of Business Administration, Brawijaya University
Jl. MT. Haryono No.163, Ketawanggede, Lowokwaru, Malang, East Java 65145, Indonesia

Article history:

Received
25 January 2023

Revised
27 February 2023

Accepted
6 March 2023

Available online
31 May 2023

Abstract: Covid-19 has spread to various countries and greatly impacted various companies, including shipping companies. Due to the pandemic, the Indonesian shipping sector is experiencing enormous uncertainty and pressure. This research investigates the effect of entrepreneurship orientation on innovation, competitive advantage, and company performance. Quantitative methods were used to analyze 127 shipping companies' leader insights. The sampling method used is probability sampling with a proportionate random sampling technique. The data was analyzed by Structural Equation Modeling (SEM) analysis with a Partial Least Square approach using the Smart-PLS 3.0 program. Entrepreneurship orientation was found to have a significant positive effect on innovation and competitive advantage. Further, innovation has a significant positive effect on competitive advantage and company performance. Ultimately, competitive advantage has a significant positive effect on company performance, and entrepreneurship orientation has an insignificant positive effect on company performance. This research concludes that better management of entrepreneurship orientation will enhance innovation and competitive advantage while maximizing innovation will enhance competitive advantage and company performance. However, the seafaring activities during the pandemic are not intended to take many risks to the company's performance.

Keywords: covid-19, entrepreneurship orientation, innovation, competitive advantage and company performance

Abstrak: *Covid-19 telah menyebar ke berbagai negara dan memberikan dampak yang besar bagi berbagai perusahaan, termasuk perusahaan pelayaran. Akibat pandemi ini, sektor pelayaran Indonesia mengalami ketidakpastian dan tekanan yang sangat besar. Penelitian ini menyelidiki pengaruh orientasi kewirausahaan terhadap inovasi, keunggulan kompetitif, dan kinerja perusahaan. Metode kuantitatif digunakan untuk menganalisis wawasan pemimpin 127 perusahaan pelayaran. Metode pengambilan sampel yang digunakan adalah probability sampling dengan teknik proportionate random sampling. Data dianalisis dengan analisis Structural Equation Modeling (SEM) dengan pendekatan Partial Least Square menggunakan program Smart-PLS 3.0. Orientasi kewirausahaan ditemukan berpengaruh positif signifikan terhadap inovasi dan keunggulan bersaing. Selanjutnya, inovasi berpengaruh positif signifikan terhadap keunggulan bersaing dan kinerja perusahaan. Pada akhirnya, keunggulan kompetitif memiliki pengaruh positif yang signifikan terhadap kinerja perusahaan, dan orientasi kewirausahaan memiliki pengaruh positif yang tidak signifikan terhadap kinerja perusahaan. Penelitian ini menyimpulkan bahwa manajemen orientasi kewirausahaan yang lebih baik akan meningkatkan inovasi dan keunggulan kompetitif, sementara memaksimalkan inovasi akan meningkatkan keunggulan kompetitif dan kinerja perusahaan. Namun, kegiatan pelayaran selama pandemi tidak dimaksudkan untuk mengambil banyak risiko terhadap kinerja perusahaan.*

Kata kunci: *covid-19, orientasi kewirausahaan, inovasi, keunggulan kompetitif, dan kinerja perusahaan*

[1] Corresponding author:
Email: mamzarika@gmail.com

INTRODUCTION

The Covid-19 outbreak has so far spread to various countries, including Indonesia. The virus emerged in Wuhan, Hubei Province, China, in December 2019. The growing spread prompted the World Health Organization (WHO) to declare the outbreak a global pandemic after the number of infections reached more than 121,000 worldwide. Sun and Yan (2022) The shipping industry is an essential link in the movement of goods globally, forming the core of the logistics supply chain that transports more than 80% of the world's goods. However, the sudden outbreak of COVID-19 has brought uncertainty to the shipping industry, with severe impacts such as The shipping industry shrank by 3.8% in the first half of 2020, according to UNCTAD estimates.

Covid-19 surveillance data showed that the spread of the Covid-19 pandemic is increasing daily, with total cases as of February 8, 2022, according to Indonesian Ministry of Health findings (2022) 4,580,093 cases. A large number of confirmed cases of Covid-19 have led to the decline of Indonesian service companies, including domestic shipping companies. The same thing happened to domestic freight, which decreased by 5- 10%. The domino effect that occurred impacted the decline in the performance of the shipping industry, from related maritime transport such as logistics, insurance, and ship spare parts industries to seafarers' training institutions. However, on the positive side, the port continues to operate and supports the availability of goods the community needs.

Maritime transport is an essential mode of transport in international trade, driving regional economic growth (transport fuel trade) and supporting economic development (trade follows ships) (Tijan et al. 2021). Indonesia's history also clearly shows that the sea is a means of transportation and economic and political control, as goods does the company bought from the mainland or islands to their destinations. Island commodities would only be highly profitable in inter-island or international trade with commercialization at sea. Seapower can tap into potential sectors on the mainland (Rochwulaningsih et al. 2019).

This research focuses on the importance of applying entrepreneurial orientation to innovation, competitive advantage, and company performance so that business actors can survive and overcome the phenomenon of the covid-19 outbreak. Consistent with the research of Cho and Lee (2020). Entrepreneurial orientation is an innovative, proactive, and risk-taking propensity to capture future opportunities organizations with entrepreneurial orientation tend to create capabilities that differentiate them from competitors and adapt to changing environments. Balqis and Riyanto (2020) state that during the covid-19 outbreak, companies continued to look for ways to achieve a competitive advantage compared to other products and companies competing in the market. Companies offer higher value to consumers by offering lower prices or providing more benefits to consumers of services at higher prices. This research differs from previous studies, which focused on only two variables. This research requires simultaneously determining the effects of innovation, competitive advantage, and entrepreneurial orientation on firm performance. The research used shipping company subjects during the Covid-19 pandemic, which has not been done in previous studies. It is supported by the statement of Gerakoudi and Ventouri (2022), who, at the time of the current Covid-19 pandemic, few studies focused on the shipping industry.

Based on the results of several previous studies in this research are as follows. The results of research from Sadalia et al. (2020) state that entrepreneurial orientation is a factor that exerts an accurate and robust influence on competitive advantage. Karnowati and Handayani (2022) say EO does not affect CA. These different findings can be explained during the Covid 19 pandemic, and the company has not been able to move quickly to keep up with changes in drastically changing environmental conditions. It takes a long time to adapt to changes in a competition where technology is the primary medium in marketing. The results of research from Savitri et al. (2021) state that the effect of entrepreneurial orientation on company performance is significant, with a coefficient value of 0.23 and a p-value of 0.01.

Based on the descriptions of previous researchers, it can be concluded that there are 2 (two) research gaps that form the basis for this research, namely: (1) Inconsistent findings on the effect of entrepreneurial orientation on competitive advantage; (2) Inconsistent findings on the effect of entrepreneurial orientation on company performance.

This research was conducted to determine the effect of entrepreneurial orientation, innovation, and competitive advantage applied by a company during the covid-19 pandemic, especially in shipping companies, as the object of research. The results of this research will be intended as a basis for action to be applied by various shipping companies in dealing with problems such as the covid-19 pandemic to achieve the excellent performance expected by a company.

METHODS

The research method used is a survey with an explanatory type of research. Respondents of this research are North Jakarta shipping companies that have registered with INSA with a total of 197 businesses. The sampling method used is probability sampling with proportionate random sampling. One of the methods used to determine the number of samples is to use the Slovin formula with an error tolerance of 0.05, so the results found the number of samples of 132 sample. This research used a questionnaire method conducted offline to company directors/managers to collect data. This research was born on August 10-September 10, 2022. in data processing, the SmartPLS version 3.0 program was used.

Rofiaty et al. (2022) entrepreneurial orientation variable is an ongoing activity to improve innovative capabilities, risk management, effective use of resources, and value development to retain customers and benefit the organization. Based on research from Liu et al. (2012), there are two indicators; risk-taking. This indicator is derived into three items, namely R&D and technology, initiatives to move forward, and high-risk projects. Second, competitive aggressiveness; this indicator is derived into two items, competitive against competitors and aggressive.

Farkhod (2020) variable innovation is products with "improved designs" and "adoption of new technology" in a firm. Based on research from Kafetzopoulos et al. (2019), there are four indicators; product innovation which has 4 statement items: service novelty, technology and knowledge, new products or services, different technical specifications and functions, and competitive advantages in services. Second, process innovation consists of 4 statement items, always leading, speed and efficiency, advanced technology, and the level of change. Third, organizational innovation has 5 statement items, innovative ideas, computer-based administrative applications, supply chain management systems are regularly updated, organizational structures are updated, and corporate activities are in process. Fourth, marketing innovation consists of 5 statement items, pricing techniques, promotional techniques, design, distribution channel system, and overall marketing activities.

According to Karnowati and Handayani (2022), the competitive advantage variable is an organization's ability to gain an economic advantage over competitors within the same industry. According to Singh et al. (2019), this competitive advantage variable was measured using 6 statement items, service, R&D, managerial ability, profitability, company image, and competitive advantage.

Putra and Malau (2023) Company performance reflects all company activities or activities that measure the company's success. According to Jajja, M. S. S., Kannan, V. R., Brah, S. A., and Hassan, S. Z. (2017), this company performance variable is measured using 7 statement items, market share, market share growth, revenue growth, brand acceptance, revenue growth, overall profitability, return on assets, return on sales.

All question items in this research were measured using a 5 (five) Likert scale, where 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree. Variable definition and operation can show in Table 1.

Paulus (2018) shows that entrepreneurial orientation strongly supports a company in achieving its innovation. According to Adistia and Sanaji (2022), innovation is the company's way of adapting to a dynamic environment, generally in the form of new ideas, new assessments, creating innovative products, and improving service performance by prioritizing customer satisfaction. Innovation is the ability to develop or create something new. Furthermore, other research results have empirically shown that entrepreneurial orientation significantly influences innovation (Genc et al. 2019). So that, the first hypothesis can be constructed:

H1: Entrepreneurial orientation have a positive and significant effect on innovation.

Table 1. Variable definition and operation

Variables	Source	Indicators	Items
Entrepreneurial Orientation	Liu et al. (2012)	Risk Taking	R&D and technology; initiative to go one step further; High-risk projects
		Competitive Aggressiveness	Competitive against competitors; Very aggressive and brave
Innovation	Kafetzopoulos, Psomas, Skalkos (2019)	Product Innovation	Increasing the novelty of services; involving technology and knowledge in services; develop new products or services; technical specifications and functions are always different; competitive advantage in servic
		Process Innovation	Always ahead of the curve; increase speed and efficiency; using advanced technology; high rate of change
		Organizational Innovation	Looking for innovative ideas; implementing computer-based administrative applications; the supply chain management system is updated regularly; organizational structure that is always updated; innovative activities are always in process.
		Marketing Innovation	New techniques in pricing; new techniques in promotion; new design; updated distribution channel system; overall marketing activities are always updated
Advantage	Le and Lei (2018)	Good service; good R&D; good managerial skills; good profitability; good company image; good competitive advantage	
Company Performance	Jajja et al. (2017)	Market share is good; market share growth is good; brand acceptance is good; revenue growth is good; overall profitability is good; return on assets is good; return on sales is good	

Research is proven by Soekirman and Suryani (2020) entrepreneurial orientation has a positive and significant impact on competitive advantage. Competitive advantage is one essential point for an enterprise. From the research results of Sadalia et al. (2020), it can be said that when business actors have a better entrepreneurial orientation, it will provide the ability for business actors to be better a competitive advantage. So that, the second hypothesis can be built.

H2: Entrepreneurial orientation have a positive and significant effect on competitive advantage.

Innovation has a positive and significant effect on competitive advantage. Innovation is a change in the process or knowledge development towards better results. The innovation ability of a company will guarantee the company's competitiveness. Innovation is one of the determining aspects of company performance in an increasingly competitive environment (Patrisia et al. 2022). So that, the third hypothesis can be constructed:

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

Furthermore, the research results have been empirically proven, namely that innovation has a direct and positive effect on company performance (Sawlani et al. 2021). Can explain that the stronger the invention owned by the company, the more it will improve its performance because every customer always wants a product that meets their expectations (Yadewani et al. 2023). The fourth hypothesis is possible to develop:

H4: Innovation have a positive and significant effect on company performance

Based on the research results from Sawlani et al. (2021), competitive advantage has a positive and significant effect on company performance. This proves that competitive advantage can be pursued through high company performance optimally utilizing resources (Karnowati and Handayani, 2022). Based on the description above, the fifth hypothesis of this research is obtained, namely:

H5: Competitive advantage have a positive and significant effect on company performance.

The results of research from Savitri et al. (2021) state that the effect of entrepreneurial orientation on business performance is significant. This differs from the study of Feranita and Setiawan (2018), that entrepreneurial orientation has a negative but insignificant effect on company performance. This means that increasing

or decreasing the level of entrepreneurial orientation has yet to be able to increase or decrease business performance. So that the sixth hypothesis can be built:
H6: Entrepreneurial orientation has a positive and significant effect on company performance.

The grand theory of this research is strategic management theory, the middle range theory of this research is Resource Based View, and the applied theory of this research is entrepreneurial orientation, innovation, competitive advantage, and company performance. This study determines the effect of entrepreneurial orientation on innovation, competitive advantage, and company performance.

RESULTS

Respondent Characteristics

Respondents in this research are directors/managers who have at least five years of work experience in shipping companies in North Jakarta to create long-term and short-term strategies to maintain their business and that have been registered with the INSA Indonesian National Shipowners Association (INSA) and have been operating for at least five years.

Based on gender, male respondents dominated with 104 respondents (81.9%), while the number of female respondents was 23 (18.1%). Based on age, respondents with an age range of 31-36 years with 36 respondents (28.35%) dominated compared to other respondents, then respondents with a period of 37-42 years had the second highest number of respondents with 35 respondents (27.6%), the third highest number of respondents was with an age range of 43-48 years with 31 respondents (24.4%), Respondents with ages ≥ 49 years were located in fourth place with 23 respondents (18.1%), in the last order respondents with ages 25-30 years only numbered two people (1.6%). Based on the level of education, respondents are S1 graduates, with 52 respondents (40.9%). Respondents with high school education or equivalent have the second highest number, totaling 49 respondents (38.6%). The third highest number of respondents is a diploma with 19 respondents (15%), respondents with postgraduate education levels are located in fourth place with four respondents (3.1%), in the last slot is respondents with junior high school education levels down with three respondents (2.4%). Based on the type of business, the kind of business with the most significant number is dominated by the general cargo & roro sector as many as 52 companies (40.9%), the second largest number of respondents in the tug & barge / lct sector with 48 companies (37.8%), for the last order is in the Self-Propelled Oil Barge (SPOB) & Oil Tanker sector as many as 27 companies (21.3%).

Test Instrumen Data

The questionnaire in this research was developed on the Definition and Operation Variables and modified from previous research, described in table 1. Before being distributed to all respondents, the question instrument was tested on 30 respondents first; whether an item is valid or invalid can be seen by comparing the correlation index, the item is declare valid if the probability of correlation results is less than 5% or 0.05. Next is the measurement of the reliability of a variable; alpha Cronbach is a reliable coefficient that can indicate how good items in an asset have a positive correlation to one another. > 0.7 suggests the data is acceptable (Wowiling et al. 2021). It can be ascertaine that all question items used to measure the variables of entrepreneurial orientation, innovation, competitive advantage, and company performance in this research are valid because all question items has corrected. With results> 0.05. While all variables in this research have a Cronbach's alpha value> 0.7 and can be said to be reliable.

Data Analysis of Research Results

In this research, we analyze the research data using a partial least squares (PLS)-based SEM-based data processing technique. His PLS software for this research uses SmartPLSsoftware version 3.0.

Outer Model Measurement Model Test Results

In this research, using a total sample of 127 respondents, instrumental testing was performe on her four variables of 37 question items. An image of the path diagram for this study is show in Figure 1.

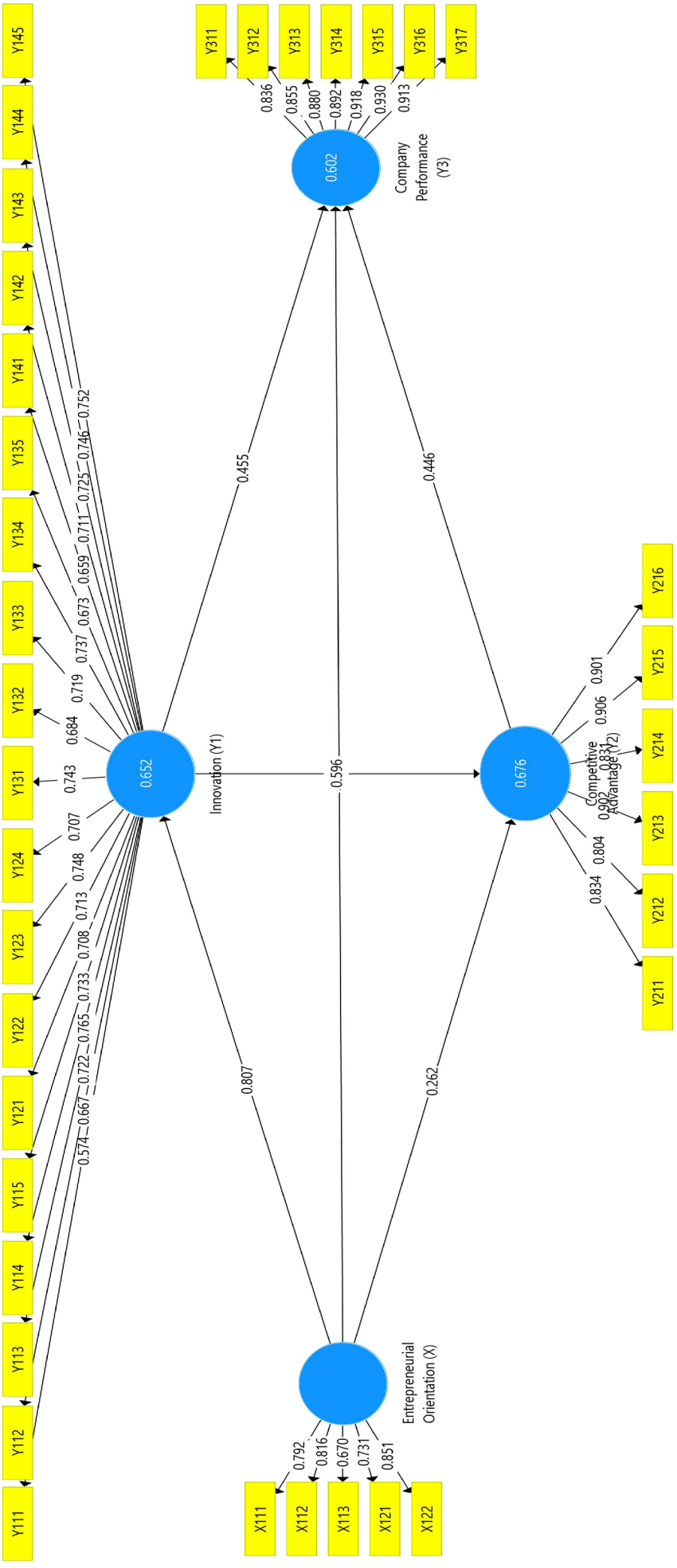

Figure 1. Hypothesis model

Convergent Validity

The rule of thumb used for convergent validity is outer loading > 0.7, communality > 0.5, and Average Variance Extracted (AVE) > 0.5. This follows the statement from Tegowati et al. (2019) stating that in calculating convergent validity, the requirement that should be fulfilled is that factor loading must be significant (estimated loading must be ≥ 0.50 and ideally must be 0.70). Table 2 is a table that illustrates the loading factor value (convergent validity) of each research indicator. The output Table 2 illustrates Each variable item's loading factor value (convergent validity). The loading factor value> 0.7 can be considered valid, but the rule of thumb for the loading factor value> 0.5 can be valid. From the table, it is known that all loading factor values of the entrepreneurial orientation variable (X), innovation (Y1), competitive advantage (Y2), and company performance (Y3) are more significant than 0.50. This shows that all variable items are declared valid with the results of the loading factor of each variable item> 0.50.

Discriminant Validity Test

Furthermore, discriminant validity testing was carried out to analyze the validity of each construct used in this study. Each variable composed of indicators in this study has completed discriminant validity because it has the most significant cross-loading value for the indicators formed and not in other variables. The results, as shown in all constructs have a value above 0.5. This indicates that all items and constructs in this study are valid and can be used for further testing. Thus, all parameters in each variable in this study have completed discriminant validity.

Composite Reliability Testing, Average Variance Extracted (AVE), and Cronbach Alpha

Arsawan et al. (2021) Discriminant validity used to measure the validity of an indicator in a variable can be done with another method, namely comparing the coefficient of the square root average of variance extracted (√AVE) of each latent variable with the correlation coefficient between other latent variables in the model. The recommended AVE value is greater than 0.50. This indicates that the indicators in this study have good discriminant validity. The following are the results of the PLS model evaluation in Table 3.

Table 2. Convergent validity test results for 127 respondents

Variable	Item	Factor Loading >0.50	Average Variance Extracted (AVE)	Con-vergent Validity
Entrepreneurial Orientation	X1.1.1	0.792	0.600	Valid
	X1.1.2	0.816		Valid
	X1.1.3	0.670		Valid
	X1.2.1	0.731		Valid
	X1.2.2	0.851		Valid
Innovation	Y1.1.1	0.574	0.506	Valid
	Y1.1.2	0.667		Valid
	Y1.1.3	0.722		Valid
	Y1.1.4	0.765		Valid
	Y1.1.5	0.733		Valid
	Y1.2.1	0.708		Valid
	Y1.2.2	0.713		Valid
	Y1.2.3	0.748		Valid
	Y1.2.4	0.707		Valid
	Y1.3.1	0.743		Valid
	Y1.3.2	0.684		Valid
	Y1.3.3	0.719		Valid
	Y1.3.4	0.737		Valid
	Y1.3.5	0.673		Valid
	Y1.4.1	0.659		Valid
	Y1.4.2	0.711		Valid
	Y1.4.3	0.725		Valid
	Y1.4.4	0.746		Valid
	Y1.4.5	0.752		Valid
Competitive Advantage	Y2.1.1	0.834	0.746	Valid
	Y2.1.2	0.804		Valid
	Y2.1.3	0.902		Valid
	Y2.1.4	0.831		Valid
	Y2.1.5	0.906		Valid
	Y2.1.6	0.901		Valid
Company Performance	Y3.1.1	0.836	0.792	Valid
	Y3.1.2	0.855		Valid
	Y3.1.3	0.880		Valid
	Y3.1.4	0.892		Valid
	Y3.1.5	0.918		Valid
	Y3.1.6	0.930		Valid
	Y3.1.7	0.913		Valid

Based on Table 3, the AVE results of the four constructs are more significant than 0.5, and it can be interpreted that the model assessment evaluation has normal discriminant validity. In addition to the construct validity test, a construct reliability test is also carried out. Constructs can be reliable if the composite reliability score and Cronbach alpha are more than 0.70. It can be interpreted that the construct has good reliability.

Structural Model Test Results (Inner Model)

According to Nasution et al. (2020), Analysis of the structural model (internal model) was performed to ensure that the structural model produced in this study appeared robust and accurate, and analyzing the internal model in this study was helpful for several indicators, namely You can look at the coefficient of determination (R2), predictive relevance (Q2), and adjustment index (GoF).

Coefficient of Determination (R2)

The coefficient of determination (R2) is the degree of variance explained by each endogenous structure and the predictive accuracy of the study model. Conventionally, the thresholds recommended by scientists are: R2 values ≥ 0.75 are significant, ≥ 0.50 are moderate, and ≥ 0.25 are weak models (Bari et al. 2019). Table 4 shows that the R-squared value for the innovation variable is 0.652. The R- squared value indicates that 65.2% of the innovation variable (Y1) is influenced by the entrepreneurship variable (X), while other variables outside the study. I am here. The Following variable is a competitive advantage (Y2). In this research, the competitive advantage variable (Y2) shows an R-squared value of 0.676. The R-Square value is 67.6% of the competitive advantage variable (Y2) is influenced by entrepreneurship (X) and innovation (Y1), and the remaining 32.4% is influenced by variables other than those surveyed. Indicates that the final variable is the company performance (Y3).in this research, the company performance variable (Y3) has an R-squared value of 0.602. The R- squared values show that 60.2% of the firm's performance variables (Y3) are influenced by entrepreneurship (X), innovation (Y1), and competitive advantage (Y2). Variables outside the study influence the remaining 39.8%. Thus, the results for the R-Square value are moderate.

Predictive Relevance (Q2)

Yusif et al. (2020) state values for f2 between 0.020, 0.150, and 0.350, namely small (0.02), medium (0.15), and large (0.35). The results of calculating the Q-Square value in this research are based on the R-Square value of each endogenous variable, with the following formula:

$$Q^2 = 1- (1-R^2) (1-R^2) (1-R^2)$$
$$= 1- (1- 0.652^2) (1- 0.676^2) (1- 0.602^2)$$
$$= 0.955$$

Description: Q^2 (predictive relevance); R^2 (innovation determination coefficient); R^2 (competitive advantage determination coefficient); R^3 (the coefficient of determinationof firm performance).

Table 3. Construct reliability and validity results (cross loading)

Variabel	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Entrepreneurial Orientation	0.832	0.882	0.600
Innovation	0.945	0.951	0.506
Competitive Advantage	0.931	0.946	0.746
Company Performance	0.956	0.964	0.792

Table 4. Determination Coefficient Value (R2)

Variable	R Square
Innovation (Y1)	0.652
Competitive Advantage (Y2)	0.676
Company Performance (Y3)	0.602

As a result, the Q-Square value is 0.955, so this research model is classified as an excellent model because it is close to the value 1. That is, the model of variability in this research is 95.5% remaining 4.5. % is explained by variables other than this research model. Based on the results of the Q^2 calculation, it is known that the structural model built by the research can be called very good because it is close to the value 1.

Structural Model Evaluation through Goodness of Fit (GoF)

The criteria for GoF values are 0.10, 0.25, and 0.36, indicating small, medium, and large categories, respectively (Urumsah et al. 2022). Below is Table 5 for assessing the goodness of fit in this research. The formulas to measure the strength and weakness of the model-based goodness of fit (GoF) are:

$$GoF = \sqrt{(AR^2 \times Acom)}$$
$$= \sqrt{(0.643 \times 0.661)}$$
$$= 0.651$$

Description: AR^2 (average R-Square); Acom (average communality.

Since the result of the GoF calculation above gives a value of 0.651, this model is classified as follows: Refers to standards. Powerful model.

Hypothesis Testing Results

In this research, the bootstrapping method was carried out on the sample. Testing with the bootstrapping process aims to minimize the problem of abnormalities in research data. The results of this bootstrapping test found the results of direct effects, and indirect effects. The following are the results of testing with bootstrapping from PLS analysis. The hypothesis test results in Table 6 explain that five hypotheses (H1, H2, H3, H4, H5) are significant and one hypothesis is not (H6).

Entrepreneurial Orientation has a positive and significant effect on innovation

Based on the test results of this research, entrepreneurial orientation has a positive and significant effect on innovation. The findings are consistent with the industry fact that shipping companies can produce significant innovations when they are entrepreneurial, competitive, and risk-taking. Increase your confidence to move forward, and continuously develop your services so that you can always have an excellennt competitive edge against your competitors. This encourages companies to innovate to provide the best service. The results of this test are consistent with the study of Genc et al. (2019).

Table 5. Evaluation of Goodness of Fit (GoF)

Variable	R-Square	Average Variance Extracted (AVE)
Entrepreneurial Orientation	-	0.600
Innovation	0.652	0.506
Competitive Advantage	0.676	0.746
Company Performance	0.602	0.792
Average	0.643	0.661

Table 6. Path coefficient

Variable	Path Coefficient	Standard Deviation	t Statistics	t Table	Description
Entrepreneurial Orientation → Innovation	0.807	0.066	12.116	1.978	significant
Entrepreneurial Orientation → Competitive Advantage	0.262	0.107	2.441	1.978	significant
Innovation → Competitive Advantage	0.595	0.104	5.708	1.978	significant
Innovation → Company Performance	0.454	0.168	2.704	1.978	significant
Competitive Advantage → Company Performance	0.446	0.140	3.179	1.978	significant
Entrepreneurial Orientation → Company Performance	-0.101	0.119	0.851	1.978	not significant

Entrepreneurial Orientation has a positive and significant effect on Competitive Advantage

Based on the analysis conducted in this research, entrepreneurial alignment has been shown to have a positive and significant impact on competitive advantage. Based on field research findings, it is important for shipping lines to have an edge/ attractiveness through better service, good corporate image, good management skills, and good creativity. For this reason, each shipping company provides its Own unique service based on its standards. The presence of invention in the services offered by companies creates consumer appeal. The results of this test are consistent with a study by Sadalia et al. (2020).

Innovation has a positive and significant effect on Competitive Advantage

This research shows that innovation has a significant positive impact on competitive advantage. It's based on the field's fact that, in running a business, the business must do creation. Consider that your competitors are now seeking more and more creativity to survive during the pandemic. Both in terms of service, excellence, pricing, and punctuality. This encourages shipping lines to be more creative, proactive, careful, and better at handling unwanted stuff. The results of this test are consistent with research by Aktharsha and Prabhu (2019).

Innovation has a positive and significant effect on company performance

This research shows that innovation has a significant positive impact on company performance. Based on research findings in this area, shipping companies must be innovative. When shipping companies implement innovations that add value to their business, they can improve business performance. A company is considered to perform well if it performs above average across various dimensions, including Market share and financial performance. Also, a long-lived company can survive for a long time. The results of this test are consistent with those of Sawlani et al. (2021).

Competitive Advantage has a positive and significant effect on Company Performance

The research results show that competitive advantage has a significant positive impact on company performance. Based on research in this area, shipping companies must have performance-enhancing benefits. These advantages attract consumers to see the company's value by offering a different service than its competitors. The results of this test are consistent with those of the study by Sawlani et al. (2021).

Entrepreneurial Orientation has a positive and insignificant effect on company performance

Based on the results of this study, it is shown that entrepreneurial orientation has a positive and negligible impact on firm performance. This means that entrepreneurial variables have indicators of competitiveness and risk-taking. Entrepreneurial orientation plays an important role as it can describe the purpose of entrepreneurs in pursuing entrepreneurial opportunities. This is in line with the survey results in which a survey was circulated against the existence of a company in which one entrepreneur "has a strong propensity for high-risk projects that have the potential to generate high returns during the pandemic. Business performance is optimal during the pandemic as companies focus less on business goals and performance and more on prioritizing safety, complying with government regulations, and minimizing spending was not, which is consistent with the work of Yaskun and Sudarmiatin (2021).

Managerial Implication

The object of this research is shipping companies because shipping companies are the lifeblood of the economy in Indonesia. After all, Indonesia is an island nation. Moreover, by INSA's statement, performance has decreased to minus 21 percent in difficult times such as a pandemic.The results of this research indicate that even in the shock of the Covid 19 pandemic, if the shipping industry maximizes the application of good entrepreneurial orientation, it can increase the innovation and competitive advantage of a company during a pandemic so that it can maintain business quite firmly.

This study shows that companies' competitive advantage and performance in the shipping sector increase as innovation increases. The company will survive if the innovation factor is considered because the level of competition continues to grow in difficult times and the conditions of the Covid pandemic. One of them is by creating a safe and comfortable work

environment so that workers can think optimally and come up with many creative ideas that can add value to the services they produce so that the company has an advantage over its competitors. This research shows that the relationship between entrepreneurial orientation variables has a positive and insignificant effect on company performance. This research shows that the relationship between entrepreneurial orientation variables has a positive and insignificant effect on company performance. It means that the entrepreneurial orientation variable indicates competitive aggressiveness and taking.

Entrepreneurial orientation plays a vital role because it can describe an entrepreneur's goals to take advantage of opportunities in entrepreneurship. It is to the results of distributing questionnaires where an entrepreneur during the difficult times of the Covid-19 pandemic disagrees with the existence of "companies tend to be strong to take on high-risk projects with a chance of getting high returns during the pandemic." It is because companies during the covid-19 pandemic have not concentrated on company goals to company performance and are more focused on prioritizing safety and maintaining the company, and complying with government regulations to minimize expenses so that the company's performance is not run optimally.

CONCLUSION AND RECOMMENDATIONS

Conclusions

Entrepreneurial Orientation have a positive and significant effect on innovation, Entrepreneurial Orientation has a positive and significant effect on Competitive Advantage, Innovation have a positive and significant effect on Competitive Advantage, Innovation have a positive and significant effect on company performance, Competitive Advantage have a positive and significant effect on Company Performance, Entrepreneurial Orientation has a positive and insignificant effect on company performance.

Recommendations

In this study, a few matters can be improved. These limitations and deficiencies will likely be an improvement in future research. First, this research still uses questionnaires. Second, using only one independent variable, and third, the scope used is only shipping companies registered with INSA. This study has theoretical suggestions and practical suggestions. The first theoretical suggestion is that the strategic management model consists of environmental scanning, strategy formulation, implementation, evaluation, and control. Only the internal environment (EO) is an independent variable in this study. It is hoped that further research can utilize other variables involving organizational culture and chain of command to analyze the antecedents of company performance. Second, in this study, the risk-taking indicator listed on the entrepreneurial orientation variable with company performance is of low value. It is because the ability to take risks is a subjective ability that is only owned by a specific group of people/respondents so that in the future if there is research that tries to use the entrepreneurial orientation variable with the same indicator (risk-taking), it is expected to use other alternative indicators.

The first practical suggestion is to improve the performance of shipping companies, can apply entrepreneurial orientation variables for entrepreneurs. The Competitive Aggressiveness indicator and the ability to take risks can be an asset for the company to achieve the goals set by the company. Second, improving the performance of shipping companies requires the ability to innovate. Companies today (especially in the post-recovery period of the co-19 pandemic) must differentiate products and services to survive in the face of similar competitors. Third, it is expected to use competitive advantage variables to improve the performance of shipping companies. Improving services, research and development improvement, improving managerial skills and improving the perception of the image of a business entity among the wider community can have an impact on increasing profits so that it can trigger better performance of shipping companies, especially during a pandemic.

FUNDING STATEMENT: This research did not receive any specific grant from public, commercial, or not-for-profit funding agencies.

CONFLICTS OF INTEREST: The authors declare no conflict of interest.

REFERENCES

Adistia M, Sanaji S. 2022. Influence of social media marketing, e-commerce, and product innovation on marketing performance. *Journal of Business and Management Review* 3(7): 453–469. https://doi.org/10.47153/jbmr37.4272022

Aktharsha S, Prabhu P. 2019. The effect of inovation on competitive advantage in it companies: an empirical investigation. *Composition Theory*. 12(9): 1013–1025.

Arsawan IWE, et al. 2021 The impact of green innovation on environmental performance of SMEs in an emerging economy. *International Conference on Sustainable, Circular Management and Environmental Engineering* (225): 1-8.

Bari MW et al. 2019. Soft issues during cross-border mergers and acquisitions and industry performance, china–pakistan economic corridor based view. *Sage Open* 9(2): 01-16. https://doi.org/10.1177/2158244019845180

Cho YH, Lee JH. 2020. A study on the effects of entrepreneurial orientation and learning orientation on financial performance: focusing on mediating effects of market orientation. *Sustainability* (12):1-19. https://doi.org/10.3390/su12114594

Farkhod M. 2020. Econometric modelling of the innovation process in Uzbekistan. *International Journal of Psychosocial Rehabilitation* 24(2): 359-367. https://doi.org/10.37200/IJPR/V24I2/PR200343

Genc E, Dayan M, Genc OF. 2019. The impact of SME internationalization on innovation: The mediating role of market and entrepreneurial orientation. *Industrial Marketing Management* 3(2): 01-12.

Gerakoudi K, Ventouri. 2022. Review of studies of blockchain technology efects on the shipping industry. *Journal of Shipping and Trade* 7(2): 01-18. https://doi.org/10.1016/j.indmarman.2019.01.008

Jajja, MSS, Kannan VR, Brah SA, Hassan SZ. 2017. Linkages between firm innovation strategy, suppliers, product innovation, and business performance: Insights from resource dependence theory. *International Journal of Operations and Production Management* 37(8): 1054-1075. https://doi.org/10.1108/IJOPM-09-2014-0424

Kafetzopoulos D, Psomas E, Skalkos D. 2019. Innovation dimensions and business performance under environmental uncertainty. *European Journal of Innovation Management* 23(5): 856–876. https://doi.org/10.1108/EJIM-07-2019-0197

Karnowati NB, Handayani E. 2022. Mediation role of business performance on entrepreneurship orientation and market orientation to create MSME competitiveness in pandemic times. *International Journal of Research in Business & Social Science* 11(6): 138-147. https://doi.org/10.20525/ijrbs.v11i6.1980

Le PB, Lei H. 2018. The Effects of Innovation Speed and Quality on Differentiation and Low-Cost Competitive Advantage: The Case of Chinese Firms. *Chinese Management Studies 12*(2): 305-322. https://doi.org/10.1108/CMS-10-2016-0195

Liu H, Ding X, Guo H, Luo J. 2012. How does slack affect product innovation in high-tech chinese firms: the contingent value of entrepreneurial orientation. *Asia Pacific Journal of Management*. 31(1): 47–69. https://doi.org/10.1007/s10490-012-9309-5

Nasution MI et al. 2020. The quality of small and medium enterprises performance using the structural equation model-part least square (SEM-PLS*)*. *Journal of Physics* 1477(5): 01-07. https://doi.org/10.1088/1742-6596/1477/5/052052

Patrisia D, Linda MR, Abror. 2022 creation of competitive advantage in improving the business performance of banking companies. *Jurnal Siasat Bisnis* 26 (2):121-137. https://doi.org/10.20885/jsb.vol26.iss2.art1

Paulus AL. 2018. Entrepreneurship orientation and innovation capability: the role of intellectual resources as mediation (a case study of smes furniture in Madiun East Java). *Indonesian Journal of Business and Entrepreneurship* 4 (2): 151-161. https://doi.org/10.17358/ijbe.4.2.151

Putra IA, Malau M. 2023. The effect real earning management, earning quality, and leverage on company performance with company age as a moderation variable. *Journal Of Social Science*. 2(1): 234-243. https://doi.org/10.57185/joss.v2i01.47

Rochwulaningsih Y et al. 2019. Marine policy basis of Indonesia as a maritime state: the importance of integrated economy. *Marine Policy* 108(2): 01-08. https://doi.org/10.1016/j.marpol.2019.103602

Rofiaty S et al. 2022. The effect of entrepreneurship

orientation and flexibility toward adaptive innovation and improved firm performance. *Bisnis dan Manajemen* 15 (1): 96–118. https://doi.org/10.26740/bisma.v15n1.p96-118

Sadalia I et al. 2020. Entrepreneurial orientation and innovation to competitive advantage of smes in north sumatera mediated with business financing factor. *Journal of Critical Reviews* 7(1). 236-240. https://doi.org/10.31838/jcr.07.01.42

Sawlani et al. 2021. The effect of competitive advantage on company performance in the construction industry sector in Indonesia. *Psychology and Education 58*(5): 4904–4916.

Savitri E, DP EN, Syahza A. 2021. Can Innovation Mediate The Effect of Adaptability, Entrepreneurial Orientation on Business Performance?. *Management Science Letters* 11(8): 2301–2312. https://doi.org/10.5267/j.msl.2021.3.014

Singh SK et al. 2019. Environmental ethics, environmental performance, and competitive advantage: role of environmental training. *Technological Forecasting and Social Change* 146: 203-211. https://doi.org/10.1016/j.techfore.2019.05.032

Soekirman M. Suryani FA. 2020. Efforts to increase marketing performance of small and medium enterprises in Central Java, Indonesia. *Jurnal Inovasi Bisnis dan Manajemen Indonesia*. 04(01): 11-19. https://doi.org/10.31842/jurnalinobis.v4i1.162

Sun Z, Yan Z. 2022. Strategic crisis response of shipping industry in the post covid-19 era: a case of the top 10 shipping lines. *Journal of Marine Science and Engineering* 10(5): 01-19. https://doi.org/10.3390/jmse10050635

Tegowati, Palupi D, Rochdianingrum WA. 2019. Student's entrepreneurship interest in terms of contextual and personal factor. *Indonesian Journal of Business and Entrepreneurship* 5(2): 129-137. https://doi.org/10.17358/ijbe.5.2.129

Tijan E et al. 2021. Digital transformation in the maritime transport sector. *Technological Forecasting and Social Change* 170(1): 01-15. https://doi.org/10.1016/j.techfore.2021.120879

Urumsah D et al. 2022. Fintech adoption: Its determinants and organizational benefits in Indonesia. *Jurnal Akuntansi dan Auditing Indonesia* 26(1): 88-101. https://doi.org/10.20885/jaai.vol26.iss1.art9

Wheelen TL, Hunger JD. 2018. *Strategic Management and Business Policy, Fifteenth Edition*. *United Kingdom*: PEARSON.

Wowiling PG, Lapian JS and Tielung MV. 2021. The influence of knowledge management and talent management on organizational effectiveness in radio stations Manado. *Jurnal Ekonomi dan Pembangunan* 9 (1): 1272-1281.

Yadewani D, Wijaya R, Mursalini WI, Almasdi. 2023. The Effect of Skills and Experience on The Performance of Small and Medium Enterprises with Innovation as Mediation Variable. *Indonesian Journal of Business and Entrepreneurshi* 9(1): 12-24. https://doi.org/10.17358/ijbe.9.1.12

Yaskun M, Sudarmiatin. 2021. The Role of Entrepreneurship Orientation and Market Orientation on Product Innovation and Business Performance at SMEs Restaurants in Lamongan. *Jurnal of Management 11*(2): 360-365.

Yusif S et al. 2020. PLS-SEM path analysis to determine the predictive relevance of e-Health readiness assessment model. *Health and Technology 10*(2): 1497-1513. https://doi.org/10.1007/s12553-020-00484-9