

SUCCESS FACTORS OF TOURISM MSMEs IN KAMPAR DISTRICT: THE MEDIATING ROLE OF SUSTAINABLE COMPETITIVE ADVANTAGE

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Abstract

Tourism MSMEs make a large contribution to economic growth, but in fact, some tourism MSMEs have problems that they are unable to be consistent or even unable to maintain their business continuity. This study aims to determine and examine the effect of entrepreneurial orientation and social capital on the performance of tourism MSMEs with sustainable competitive advantage as mediation. The population of this research is tourism MSMEs in Kampar Regency, Riau Province. The sampling technique used was purposive sampling. Data were collected through questionnaires with 133 respondents who were managers of tourism MSMEs. Data analysis was conducted using the SEM-PLS approach using SmartPLS4 software. The results showed that entrepreneurial orientation and social capital affect tourism MSMEs, both directly and indirectly through sustainable competitive advantage as a mediator. This research realizes that entrepreneurial orientation and social capital are factors that

contribute to the success of tourism MSMEs and sustainable competitive advantage plays an important role in creating opportunities that can improve performance.

Keywords: Entrepreneurial orientation, Social capital, Sustainable competitive advantage, MSME performance and Tourism MSMEs

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1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have always been the focus of attention due to their large contribution to economic development, economic growth, and job creation. Indonesia has 65.5 million MSMEs with a GDP contribution of 61.97%, or IDR 8,573.89 trillion, as well as absorbing 97% of the total workforce and obtaining up to 60.4% of total investment.

MSMEs have many types that are tailored to the vision, mission, or capital availability of the owner. One of the growing MSMEs is tourism MSMEs, which contributed Rp6,848,713 billion to GDP from 2011 to 2022. Therefore, the Central Government and Regional Governments including the Riau Provincial Government are currently aggressively promoting the development of tourism MSMEs to increase regional income. But in fact, many tourism MSMEs have problems so that they are unable to be consistent or even unable to maintain their business continuity.

BPS data in 2022, there were 529 tourism MSMEs in Riau Province, but this number decreased to 363 tourism MSMEs in 2023, with Kampar Regency showing the most significant decline, namely in 2022, there were 75 tourisms, decreasing to 51 tourisms in 2023. This decline reflects the various performance challenges faced by tourism MSMEs, such as finance, quality of human resources, and tourist attractions. One of the main factors is the weak entrepreneurial orientation in managing a business in a rapidly changing business environment (Feriyansyah & Febriansyah, 2023).

Entrepreneurial orientation is a strategy that refers to the processes, practices, and decision-making activities that lead to new entrants entering both new and existing markets (Kiyabo & Isaga, 2020). Entrepreneurially oriented companies will always strive to produce innovative new products/services, so entrepreneurial orientation is seen as having the ability to improve the performance of a company Feriyansyah & Febriansyah, (2023), Yaskun et al., (2023), Mashuri & Moko, (2024). However, research by Wijaya & Widjaja, (2023), Ahmatang & Sari, (2022), and Sari & Farida, (2020) shows that entrepreneurial orientation does not affect MSME performance.

In addition, the success factor of tourism MSMEs is also influenced by the social capital owned by MSME actors in business activities to manage the resources they have (Akintimehin et al., 2019). Social capital is a company's capital related to its social relations with the company's internal and external environment (Azis et al., 2022). Social capital is believed to be one of the components in mobilizing togetherness,

exchange of ideas, mutual trust, and mutual benefit to achieve common goals (Zulpahmi et al., 2020). Some studies suggest that social capital affects the performance of MSMEs Chandra et al., (2022), Kamewor et al., (2021), and Wusko & Alfianto, (2022), while other studies have contradictory results that social capital does not affect MSME performance Suriyanti et al., (2023) and Azis et al., (2022).

Furthermore, this research develops a model that tests sustainable competitive advantage as a mediator. Sustainable competitive advantage is the ability of an organization to produce superior performance and be able to survive in the long term. It is important to emphasize that the competitive advantage strategy implemented must be sustainable. This means that the implementation of these strategies not only produces excellence in the short term but must also be designed to last in the long term. Sustainable competitive advantage has been proven to affect the performance of Chandra et al., (2022), Dahana et al., (2021), and Kiyabo & Isaga, (2020). However, research by Ahmatang & Sari, (2022) and Qamariah & Muchtar, (2019) has the result that competitive advantage cannot mediate the effect of social capital on performance. Thus, previous studies still show inconsistent results.

Although there have been several studies on entrepreneurial orientation and social capital in the performance of MSMEs, so far there are still few studies in tourism MSMEs and the results of previous studies show uncertainty, so this needs to be analyzed more deeply. Based on the summary above, this study aims to determine and test whether entrepreneurial orientation and social capital affect the performance of MSMEs, especially tourism MSMEs. In addition, sustainable competitive advantage is also examined in this study as mediation.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

The foundation of this research is the Resource Based View (RBV) theory by Wernerfelt, (1984) which states that resources and capabilities are very important for companies, because they are the basis of the company's competitiveness and performance. In this theory, it is stated that a company can achieve a performance advantage and sustainable competitive advantage if it obtains valuable resources, has valuable capabilities that have no substance and cannot be imitated, and the company must have the ability to absorb and apply them (Wernerfelt, 1984). This RBV theory is the basis for explaining that entrepreneurial orientation and social capital are company resources in managing a company that has value and potential and can support the running of a business to achieve sustainable competitive advantage and company performance growth.

2.1 Effect of entrepreneurial orientation on MSME performance

Entrepreneurial orientation plays an important role in improving the efficiency of MSMEs because it requires innovation, proactivity, and courage to take risks. Businesses with a strong entrepreneurial orientation are more capable of creating new ideas to improve customer service and satisfaction (Basri, Br Pinem, et al., 2021). Following RBV theory, which emphasizes the importance of unique and valuable internal resources for the success of the firm (Wernerfelt, 1984), entrepreneurial orientation can be considered a valuable asset for tourism MSMEs in improving their performance. Previous research has proven the effect of entrepreneurial orientation on MSME performance Mashuri & Moko, (2024), Yaskun et al., (2023), and Dahana et al., (2021). Thus, the hypotheses formulated are:

H1: Entrepreneurial orientation affects the performance of MSMEs.

2.2 Effect of social capital on MSME performance

Social capital is a person's ability to benefit or benefit through investment strategies in social networks (Basri, Yasni, et al., 2021). Social capital as measured by the ability to build cooperation, trust, and participation in the local community allows MSME managers to share information and resources to support business success (Muchtar, 2009). Following the RBV theory, which emphasizes the importance of the company's resources and capabilities in improving competitiveness and performance (Wernerfelt, 1984), social capital is the main capital for MSME actors. In addition, social capital also strengthens the entrepreneurial spirit, which in turn contributes to improving MSME performance. Several studies have proven the effect of social capital on MSME performance Chandra et al., (2022), Yuliarmi et al., (2021) and Kamewor et al., (2021). Thus, the hypothesis formulated is:

H2: Social capital affects the performance of MSMEs.

2.3 Effect of entrepreneurial orientation on sustainable competitive advantage

Entrepreneurial orientation shows the company's strategy to achieve sustainable competitive advantage (Yaskun et al., 2023). By having an attitude of innovating to create attractive products/services, taking risks, and proactively responding quickly to market changes and customer/tourist needs, these tourism MSMEs have a positive image or reputation, this increases customer attractiveness, drives sales, and provides a sustainable competitive advantage over competitors. Following RBV theory, businesses that have intangible capital in the form of attitudes can achieve competitive advantage in competition (Wernerfelt, 1984). Several studies have proven that entrepreneurial orientation affects sustainable competitive advantage, namely research by Kiyabo & Isaga, (2020), Yaskun et al., (2023), Tirtayasa, (2022), and Dahana et al., (2021). Thus, the hypothesis formulated is as follows:

H3: Entrepreneurial orientation affects sustainable competitive advantage

2.4 Effect of social capital on sustainable competitive advantage

Social capital is a source of information such as ideas, business opportunities, financial capital, emotional support from goodwill, trust, and cooperation provided by individuals and business networks (Widiyati & Hasanah, 2022). Tourism MSME managers who build and utilize social networks to share information and resources can increase their business success. Following RBV theory, competitive advantage can only be achieved if the company is able to use and maximize its resources (Wernerfelt, 1984). In line with research by Chandra et al., (2022), Qamariah & Muchtar, (2019), and Widiyati & Hasanah, (2022) social capital contributes to the success and sustainable competitive advantage of businesses in the long term. Therefore, based on the explanation above, the following hypothesis can be formulated:

H4: Social capital affects sustainable competitive advantage.

2.5 Effect of sustainable competitive advantage on MSME performance

According to J. Barney (1991) in Susanti et al. (2023), companies can achieve or create improved performance through increased competitive advantage. Afyati et al., (2019) state that companies that adopt competitive advantage strategies can offer unique products/services as a characteristic in the market. In line with RBV theory which states that resources that are rare, valuable, difficult to imitate, and cannot be replaced will be a source of sustainable competitive advantage Wernerfelt, (1984). Resources that meet these criteria can provide a sustainable competitive advantage for tourism MSMEs and improve their performance. Researchers generally agree that competitive advantage affects the performance of MSMEs, Ahmatang & Sari, (2022) Tirtayasa, (2022), and Yaskun et al., (2023). Therefore, based on the explanation above, the following hypothesis can be formulated:

H5: Sustainable competitive advantage affects the performance of MSMEs.

2.6 Effect of entrepreneurial orientation on MSME performance mediated by sustainable competitive advantage

Entrepreneurial orientation reflects the company's ability to seek new business opportunities to grow (Basri et al., 2024). Business owners will be more aware of opportunities to innovate and create new products/services that can better meet the needs and desires of their customers while balancing changing consumer preferences (Sefanya & Ie, 2024). So that in the end it will increase profits and improve their business performance. This is in line with RBV theory, which explains that sustainable competitive advantage can improve performance and can be achieved with intangible resources that are valuable,

rare, unique, not easily imitated and there is no substitute (Wernerfelt, 1984). In Tirtayasa's research, (2022), Kiyabo & Isaga, (2020) and Dahana et al., (2021) found that competitive advantage plays a role in mediating entrepreneurial orientation on MSME performance. To test this, the following hypothesis is formulated:

H6: Entrepreneurial orientation affects MSME performance mediated by sustainable competitive advantage.

2.7 Effect of social capital on MSME performance mediated by sustainable competitive advantage

Social capital is the trust and social network owned by the company. This trust can create an environment that encourages involvement in the exchange of knowledge and information (Basri, Yasni, et al., 2021). The exchange of information can be such as information about strategies that companies can use to achieve sustainable competitive advantage, product/service innovation, and the latest market trends. In line with RBV theory, the organization's ability to cooperate and network with other organizations is a unique resource and is not owned by every other organization (Wernerfelt, 1984). Strong social networks provide access to information, resources, and opportunities that may not be directly available. This creates a competitive advantage that is difficult for competitors to replicate. A number of studies prove that competitive advantage has an effect in mediating social capital on MSME performance, namely research conducted by Chandra et al., (2022), and Qamariah & Muchtar, (2019). To test this, the following hypothesis is formulated:

H7: Social capital affects MSME performance mediated by sustainable competitive advantage.

Based on the development of these hypotheses, this research is built on the research model depicted in Figure 1.

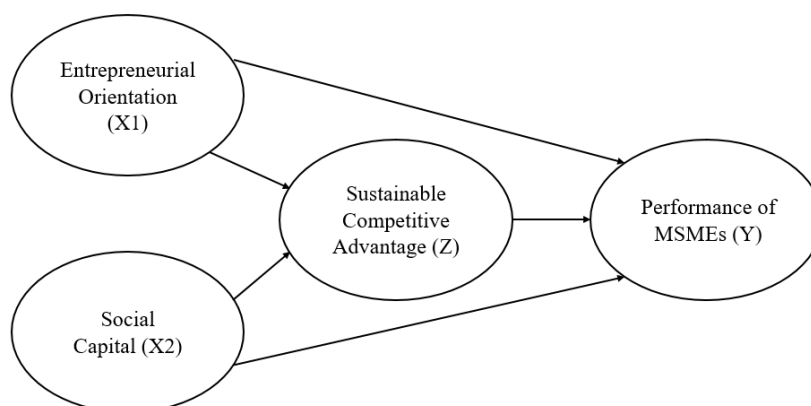


FIGURE 1. RESEARCH MODEL
Source: Authors' research

3. RESEARCH METHOD

This research is quantitative research using primary data. The population in this study were all tourism MSMEs in Kampar Regency, namely 51 tourism MSMEs. The sample was selected using a purposive sampling technique with the criteria of tourism MSMEs that are still active, community-managed tourism MSMEs, only tourism MSME managers. Data collection was done by distributing questionnaires directly and digitally through Google Forms. Respondents consisted of individuals who held positions in tourism MSMEs, namely Owner/Leader, Secretary, and Treasurer. The selection of respondents is based on the reason that these parties are involved in the management of tourism MSMEs. Primary data collected through the distribution of questionnaires is formed on a measurement scale, namely a 5-point Likert scale.

The data analysis method in this study uses SmartPLS software. Research hypothesis testing was carried out using a Structural Equation Modeling (SEM) approach based on Partial Least Square (PLS). Research variables will be described or explained using descriptive statistics. Furthermore, hypothesis testing is carried out to explain whether there is a relationship between latent variables by looking at t-statistics and p-values. The minimum sample size is determined using G power analysis with a significance level of 0.05, statistical power of 0.8, and effect size of 0.35. Based on this analysis, a minimum sample size of 36 tourism MSMEs was obtained. Where each tourism MSME will be sent 1-3 questionnaires with respondents of the owner/leader, treasurer, and secretary of the tourism MSME.

4. RESEARCH RESULTS AND DISCUSSION

The total number of questionnaires distributed to managers of Tourism MSMEs in Kampar Regency directly and via Google form was 179 questionnaires. Of these, 133 questionnaires were returned (74%). The characteristics of the respondents are presented in Table 1.

TABLE 1. CHARACTERISTICS OF RESPONDENTS

Description	Total	%
Gender	83	62%
Male	50	38%
Female		
Age	36	27%
20-30 years	41	31%
31-40 years	31	23%
41-50 years	25	19%
> 50 years		
Education Level		
Junior High School	1	0,8%
Senior High School	56	42,1%
Diploma	8	6%
Bachelor degree	66	49,6%
Master	2	1,5%

Length of Service		
< 1 year	4	3%
1-3 years	37	27,8%
3-5 years	35	26,3%
> 5 years	57	42,9%
Position		
Owner/Leader	41	30,8%
Secretary	45	33,8%
Treasurer	47	35,4%

Source: Authors' research

Descriptive statistics is a statistical analysis method that aims to provide an overview of the characteristics of each variable in the study such as the mean, maximum, and minimum values and standard deviation (Putri et al., 2020). Table 2 displays the results of descriptive statistical analysis of the research variables.

TABLE 2. DESCRIPTIVE STATISTICS

	N	Minimum	Maximum	Mean	Std. Deviation
EO	133	8.00	30.00	25.180	3.829
SC	133	8.00	30.00	23.917	5.115
PM	133	15.00	50.00	39.895	6.985
SCA	133	8.00	25.00	20.617	3.200

Source: Authors' research

From the data, the average value (mean) is greater than the standard deviation, which indicates that the distribution of respondents' answers tends to be evenly distributed. This also implies that the range between the highest and lowest numbers is not too varied and stable.

4.1 Measurement model testing results (Outer model)

Outer model measurement is used to test the validity and reliability of the research constructs. The test results are shown in Table 3.

TABLE 3. VALIDITY AND RELIABILITY TEST RESULTS

	Loading Factor	Cronbach's Alpha	Composite Reliability	AVE
Performance of MSMEs				
PM1	0.780	0.924	0.936	0.596
PM2	0.711			
PM3	0.805			
PM4	0.740			
PM5	0.782			
PM6	0.784			
PM7	0.770			
PM8	0.800			
PM9	0.818			
PM10	0.758			
Entrepreneurial Orientation				
EO1	0.809	0.881	0.910	0.628
EO2	0.819			
EO3	0.781			
EO4	0.771			
EO5	0.747			

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EO6	0.823			
Social Capital				
SC1	0.872	0.928	0.944	0.736
SC2	0.849			
SC3	0.858			
SC4	0.859			
SC5	0.837			
SC6	0.873			
Sustainable Competitive Advantage				
SCA1	0.821	0.871	0.906	0.660
SCA2	0.741			
SCA3	0.836			
SCA4	0.843			
SCA5	0.817			

Source: Data analysis using SmartPLS 4

All indicators on each variable have a loading factor value greater than 0.70, an AVE value greater than 0.50, so it is said to be valid (Sholihin & Ratmono, 2021). And the Cronbach's alpha value and composite reliability of each variable are > 0.70, which can be concluded to have met the reliability criteria (Umar & Norawati, 2022). After that, testing is carried out using the Fornell-Larcker criterion, which involves the correlation between latent variables, as shown in Table 4.

TABLE 4. FORNELL-LARCKER CRITERION TEST RESULTS

	SP	EO	SC	SCA
PM	0.772			
EO	0.572	0.792		
SC	0.557	0.608	0.858	
SCA	0.597	0.599	0.544	0.812

Source: Data analysis using SmartPLS 4

The results of testing the discriminant validity of the Fornell-Larcker criterion also show that the correlation between indicators and their constructs is higher than the correlation with other block constructs, which means that discriminant validity is met (Umar & Norawati, 2022).

4.2 Structural model measurement results (Inner model)

Testing the structural model (inner model) aims to determine the suitability of the model with the original data so that it can determine the quality of the model, which can be evaluated by looking at the r-square and adjusted r-square values. Table 5 displays the test results for r-square and adjusted r-square.

TABLE 5. R-SQUARE AND ADJUSTED R-SQUARE TEST RESULT

	R-Square	Adjusted R-Square
SCA	0.461	0.448
PM	0.410	0.401

Source: Data analysis using SmartPLS 4

The r-square value shows that the entrepreneurial orientation and social capital variables contribute 0.461 or 46.1% to the sustainable competitive advantage, while the remaining 53.9% is likely to be influenced by other variables not observed in this study. The r-square value shows that the variables of entrepreneurial

orientation, social capital and sustainable competitive advantage contribute 0.410 or 41%, while the remaining 59% is likely to be influenced by other variables not observed in this study. The Adjusted R-Square value for the sustainable competitive advantage variable is 0.448 or 44.8%. In addition, the performance of MSMEs is 0.401 or 40.1%. This indicates a moderate influence (Hair et al., 2021). Furthermore, evaluating model fit in testing the inner model involves the use of SRMR and NFI. Table 6 presents the values for SRMR and NFI.

TABLE 6. SRMR AND NFI TEST RESULT

	Model Estimation	Criteria	Decision
SRMR	0,063	< 0,08	Suitable
NFI	0,794	0-1	Good

Source: Data analysis using SmartPLS 4

The SRMR value in this study shows <0.08 so that the model from SRMR is said to be suitable (Hair et al., 2021). And the NFI value of 0.794 means that the model in the study is declared good (Ghozali, 2018).

4.3 Hypothesis testing results and discussion

To see the results of hypothesis testing, it can be seen through the t-statistic value and p-values. If the t-statistic value > 1.96 and the p-value < 0.05, then the hypothesis is accepted (Umar & Norawati, 2022).

Figure 2 shows the structural model and Table 7 shows the results of hypothesis testing.

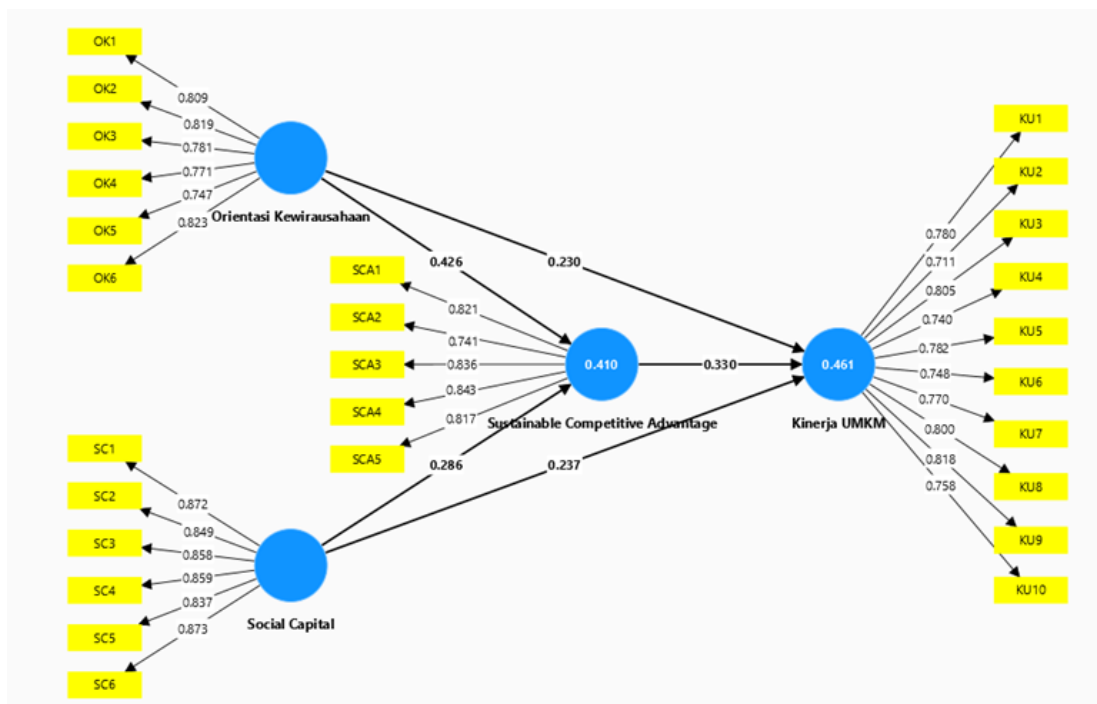


FIGURE 2. STRUCTURAL MODEL
 Source: Smart PLS 4, 2024

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TABLE 7. HYPOTHESIS TESTING RESULTS

		Original Sample (O)	Mean (M)	Standard Deviation (STDEV)	T Statistic (O/STDEV)	P-values	Desc
H1	EO → PM	0.230	0.232	0.086	2.685	0.007	Accepted
H2	EO → SCA	0.426	0.419	0.110	3.879	0.000	Accepted
H3	SC → PM	0.237	0.243	0.091	2.605	0.009	Accepted
H4	SC → SCA	0.286	0.291	0.097	2.934	0.003	Accepted
H5	SCA → PM	0.330	0.327	0.097	3.413	0.001	Accepted
H6	EO → SCA → PM	0.141	0.137	0.055	2.545	0.011	Accepted
H7	SC → SCA → PM	0.094	0.094	0.042	2.234	0.026	Accepted

Source: Data analysis using SmartPLS 4

The results of testing H1, it can be concluded that entrepreneurial orientation affects the performance of MSMEs, with a statistical t-value of 2.685 (>1.96) and a p-value of 0.007 (<0.05). This shows that H1 can be accepted. The results of this study support RBV theory, which states that performance excellence can be achieved through valuable, unique, and difficult-to-imitate resources (Wernerfelt, 1984). This innovative, proactive attitude and the courage to take risks in entrepreneurial orientation can form valuable and unique resources in organizations that are difficult for competitors to imitate, allowing MSME managers to be more responsive to business opportunities and challenges, as well as creating new solutions that are relevant to market needs, to create quality products and provide the best service, which ultimately contributes directly to improving business performance (Yaskun et al., 2023). This result is in line with the research of Mashuri & Moko, (2024), Yaskun et al., (2023), and Dahana et al., (2021) which shows that entrepreneurial orientation affects the performance of MSMEs.

The results of testing H2 reveal that social capital affects the performance of MSMEs, with a statistical t-value of 2.605 (>1.96) and a p-value of 0.009 (<0.05) so that H2 can be accepted. According to Nahapiet & Ghoshal, (1998), social capital is a resource available through social relationships. Social capital can strengthen the relationship between MSME actors and the surrounding community, making it easier to build good social interactions (Yuliarmi et al., 2021). The application of social capital is supported by RBV theory, according to Wernerfelt, (1984) which states the importance of unique resources and capabilities in creating competitive advantage and improving performance. MSME managers who can utilize social capital effectively will have a greater opportunity to optimize their resources, which in turn contributes to improving financial and non-financial performance. This study supports the research of Chandra et al., (2022), Yuliarmi et al., (2021) and Kamewor et al., (2021) which state that social capital affects the performance of MSMEs.

The results of the H3 test show that entrepreneurial orientation affects sustainable competitive advantage, with a t-statistic value of 3.879 (>1.96) and a p-value of 0.000 (<0.05), so the hypothesis can be accepted. This research supports the RBV theory, which states that an organization's sustainable competitive advantage comes from resources that are valuable, unique, difficult to imitate, and cannot be easily

replaced (Wernerfelt, 1984). Entrepreneurial-oriented MSME actors create different and superior products or services that are difficult for competitors to imitate, dare to take the risk of opening new strategic market opportunities that competitors have not yet reached, and can seize opportunities quickly to strengthen their position and maintain their business success. This study supports previous research which states that entrepreneurial orientation affects sustainable competitive advantage, namely research by Dahana et al., (2021), and Tirtayasa, (2022).

The results of testing H4 show that social capital affects sustainable competitive advantage with a statistical t-value of 2.934 (>1.96) and a p-value of 0.003 (<0.05), so this hypothesis is accepted. Social capital formed through social networks by MSME managers will provide access to resources that are important for business growth and success (Walenta, 2019). In line with RBV theory, Wernerfelt, (1984) states the importance of an organization's unique resources and capabilities in creating sustainable competitive advantage. In this case, social capital is considered one of these strategic resources. The ability to work well together can help MSMEs improve operational effectiveness, while the ability to build strong trust with business partners and customers creates stable and sustainable relationships. Participation in the local community also provides access to relevant information and resources. By utilizing social capital, MSMEs can build sustainable competitive advantage. The results of this study are in line with the research of Widiyati & Hasanah, (2022) and Qamariah & Muchtar, (2019).

The results of testing H5, show that sustainable competitive advantage affects the performance of MSMEs with a statistical t-value of 3.413 (>1.96) and a p-value of 0.001 (<0.05), so this hypothesis is accepted. By having a sustainable competitive advantage, MSMEs can maintain customer satisfaction and loyalty, thereby obtaining recurring income that can improve MSME performance. In line with the RBV theory which explains that business performance excellence can be achieved through the ability to utilize resources that are unique, valuable, rare, difficult to imitate, and cannot be replaced (Wernerfelt, 1984). In MSMEs, sustainable competitive advantage can be measured through competitive prices, product/service quality, and product/service uniqueness, which are strategic resources. The results of this study are supported by Ahmatang & Sari, (2022), and Dahana et al.'s research (2021) which states that competitive advantage has a positive and significant effect on performance.

The results of testing H6, show that sustainable competitive advantage mediates the effect of entrepreneurial orientation on MSME performance with a statistical t-value of 2.545 (>1.96) and a p-value of 0.011 (<0.05), so this hypothesis is accepted. In line with RBV theory, which emphasizes the importance of unique and rare resources and capabilities in creating competitive advantages (Wernerfelt, 1984). Entrepreneurial orientation encourages innovation and courage of MSMEs in the face of change, resulting in unique resources that become sustainable competitive advantages. This advantage helps MSMEs

attract customers, maintain market share, and improve MSME performance over time. The results of this study are supported by the research of Dahana et al., (2021), and Kiyabo & Isaga, (2020).

The results of testing H7, show that sustainable competitive advantage mediates the effect of social capital on MSME performance with a statistical t-value of 2.234 (>1.96) and a p-value of 0.026 (<0.05), so the hypothesis is accepted. This means that the higher the social capital owned by MSMEs, it will be able to encourage sustainable competitive advantages generated by MSMEs, thereby improving MSME performance. In line with RBV theory, which emphasizes the importance of unique and rare resources and capabilities in creating competitive advantages (Wernerfelt, 1984). Social capital, which includes the ability to work together, the ability to build trust, and the participation of local communities, acts as a resource that helps MSMEs access information, resources, and support for growth, innovation, and creating a strong sustainable competitive advantage, this allows MSMEs to differentiate themselves from competitors, maintain market share, and increase profitability. This research is in line with Chandra et al., (2022), and Qamariah & Muchtar, (2019) which state that competitive advantage can mediate the relationship between social capital and business performance.

5. CONCLUSION

The results of this study indicate a statistically significant and positive influence between entrepreneurial orientation and social capital on MSME performance. In addition, this study also revealed that sustainable competitive advantage is an important mediator of the relationship. These findings strengthen the argument that entrepreneurial orientation and social capital are factors that contribute to the success of tourism MSMEs, and sustainable competitive advantage plays an important role in bridging them.

The practical implications of this study emphasize the importance of strengthening the attitudes of entrepreneurial orientation and social capital for the success of tourism MSMEs. The government, especially the local government of Kampar Regency, is expected to support the improvement of the performance of tourism MSMEs through the provision of entrepreneurship training programs and facilitate collaboration between tourism MSMEs and various parties to strengthen their social capital. Despite making a significant contribution, this research has limitations, namely that it was only conducted on tourism MSMEs in the Kampar Regency. Therefore, to provide a more comprehensive generalization, future research can expand the research focus.

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