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The Effect of Entrepreneurial Competence Entrepreneurial Orientation and Information Technology Utilization on Business Performance through Competitive Advantage in Handicraft Businesses Assisted by the Medan City SME Cooperative Office

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A B S T R A C T

Micro, small, and medium enterprises are the main pillars of economic development. The existence of MSMEs in Medan City is still vulnerable to various factors that affect performance. MSMEs often need help with entrepreneurial competence, entrepreneurial orientation, and utilization of information technology, which impact low competitive advantage. This research aims to analyze entrepreneurial competence, entrepreneurial orientation, and utilization of information technology on business performance through competitive advantage in handicraft businesses assisted by the Office of SME Cooperatives, Industry and Trade of Medan City. This study uses a quantitative approach as a research method. The population in this study were handicraft business actors assisted by the Office of SME Cooperatives, Industry, and Trade of Medan City, totaling 95 respondents—data analysis using descriptive statistical analysis techniques and path analysis using Smart PLS. The results showed that Entrepreneurial Competence, Entrepreneurial Orientation, and Information Technology Utilization on Performance through Competitive Advantage in Handicraft Businesses Assisted by the Office of Cooperatives, SMEs, Industry, and Trade of Medan City all research variables have a positive and significant influence variables.

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INTRODUCTION

Unemployment is a condition in which a person feels difficult or unable to achieve their needs, whether materially, emotionally, or otherwise. Unemployment can be caused by various factors, such as uncertainty, economic hardship, job loss, or social discomfort (Mulyadi, 2017). In the context of society, unemployment can also be related to social welfare, such as decline, lack of resources, or social discomfort (Biroli, 2018). High unemployment rates can affect a country from various aspects of life. Unemployment can lead to reduced consumer spending, decreased tax revenues, and increased government spending on social benefits, thus impacting the overall economic growth and stability of a country (Bo et al., 2021). Addressing unemployment is therefore critical to a country's sustainable development, requiring a comprehensive strategy to create jobs and support those affected by unemployment.

One of the efforts that can be made to reduce unemployment is by developing the quality of human resources. developing the quality of human resources can be done by developing entrepreneurship at a young age (Tanjung, 2015). This effort is included in efforts to increase economic growth which has an impact on reducing unemployment in a country (Raysharie et al., 2023). Indonesia carried out a strategy to reduce unemployment by initiating Micro, Small, and Medium Enterprises (MSMEs). MSMEs have been implemented in various regions of Indonesia and have successfully achieved an increase in the number of workers and the value of exports (Putra, 2015).

Based on the data, MSMEs in Indonesia have an important role in reducing unemployment in Indonesia (Ministry of Cooperatives and SMEs Strategic Plan 2020-2024). MSMEs in Indonesia can create employment of 99.9%. In addition, data from the Ministry of Cooperatives and SMEs Strategic Plan 2020-2024 explains that MSMEs in Indonesia to date have provided 96.9% of the workforce. MSMEs have absorbed 97 percent of the workforce in Indonesia or as many as 138.22 million people (Ministry of Cooperatives and SMEs, 2021). In this study, researchers want to focus on one of the areas that attracts attention because of its enthusiasm for entrepreneurial interest to advance the economy, namely Medan City. It was noted that from 2018 to 2021 Medan City experienced a significant increase in people's interest in entrepreneurship. In 2021, the number of MSMEs in Medan City reached 6,875 businesses. This shows that the community in Medan City is one of the areas that is independent, so it is not too dependent on other employment opportunities.

The contribution of Micro, Small, and Medium Enterprises (MSMEs) to economic growth has been widely studied in the literature. MSMEs are considered the backbone of the economy as they contribute significantly to GDP, job creation, and economic growth in general (Srivastava, 2019). MSMEs have been proven to drive economic growth and reduce poverty (Srinita, 2022). Improving the quality of human resources is a major component of successful MSME development (Hakam et al., 2022). In addition, the success of MSMEs can be supported using the digitalization (Ratnasari & Wiranti, 2022). For MSME efforts to continue to be sustainable, government efforts are needed to

create various innovations that support MSME activities (Bachtiar & Noriska, 2023). Innovation and expertise in managing MSMEs are important to apply to improve the competitiveness of the MSMEs (Nurhayati & Khodijah, 2019). Government support can create a conducive business climate development for the community (Supriyatin, 2019). Government policies that support MSMEs include financing and digitalization (Wibowo, 2022).

Through the previous explanation, researchers want to conduct research on Handicraft Businesses Assisted by the Office of SME Cooperatives, Industry and Trade of Medan City. The reason why the researcher conducted this study is because MSMEs have become the driving force of the economy in Medan City. This significant function is mostly seen in areas such as equitable distribution of community economic development and expansion of employment opportunities. However, the MSME sector remains vulnerable to the progress and development of the times, as well as low entrepreneurial orientation, mastery of technology, and preparation of human resources. These factors combine to produce unstable MSME performance. This has an impact on the low competitiveness of business actors.

THEORETICAL REVIEW

A literature study of the results of research on Entrepreneurial Competence, Entrepreneurial Orientation, and Information Technology Utilization on Business Performance through Competitive Advantage in MSME Craft Businesses revealed several findings. Research conducted on small craft industry artisans in West Java found that entrepreneurial competence and innovation have a significant effect on the performance of small craft businesses. The study also revealed that craftsmen have a good conceptual understanding of how to start, run, and develop a craft business, can continue to innovate, and run a business professionally, with strong beliefs to achieve goals, and an unyielding mental attitude in building a business (Trismiyanto & Sule, 2018). A study on the impact of the COVID-19 pandemic on MSMEs, particularly the handicraft sector in India, found that most micro-enterprises are one-person businesses and have been running for three and six months or more. The study also highlighted the importance of exit strategies and determinants for the survival of these enterprises during and after the pandemic (Yadav et al., 2023).

A study on MSMEs in Cambodia identified challenges such as informality, limited access to business development support, and lack of awareness of the feasibility of business development programs. These challenges hinder the growth and development of MSMEs, especially in rural areas 3. A study on MSMEs in Indonesia found that the country has implemented various programs and schemes to empower MSMEs, such as the Entrepreneurship Development Fund (EDF) and Skills Development Fund (SDF). However, these programs tend to be concentrated in the capital region of Phnom Penh, leaving few informal MSMEs in rural areas with access to business development support services (Sdgs.un.org, 2020).

A study of MSME schemes in India lists various initiatives aimed at improving MSME competencies in business and technology, such as the ISO 9000/ISO 14001 Certification Fee Reimbursement Scheme, Micro and Small Enterprise Cluster Development Program, Microfinance Program, MSME Market Development Assistance (MDA), and National Awards (for individual MSEs) (Maksum et al., 2020). In conclusion, the literature suggests that entrepreneurial competence, innovation, and information technology utilization play a critical role in the business performance of craft MSMEs. The COVID-19 pandemic has further highlighted the need for exit strategies and support programs to help these businesses survive and thrive. Challenges such as informality, limited access to business development support, and lack of awareness of the viability of business development programs need to be addressed to empower MSMEs and increase their competitive advantage.

Hypothesis

According to Sugiyono (2013) a hypothesis is a temporary solution derived from empirical facts collected during data collection to overcome research difficulties. Based on the conceptual framework, the hypothesis that can be put forward in connection with these problems:

1. H1 Entrepreneurial Competence has a positive and significant effect on Performance in Handicraft Businesses Assisted by the Office of SME Cooperatives, Industry and Trade of Medan City.
2. H2. Entrepreneurial orientation has a positive and significant effect on performance in handicraft businesses assisted by the Office of Cooperatives, SMEs, Industry and Trade of Medan City.
3. H3. Information Technology Utilization has a positive and significant effect on Performance in Handicraft Businesses Assisted by the Office of Cooperatives, SMEs, Industry and Trade of Medan City.
4. H4. Entrepreneurial Competence has a positive and significant effect on Competitive Advantage in Handicraft Businesses Assisted by the Office of Cooperatives, SMEs, Industry and Trade of Medan City.
5. H5. Entrepreneurial Orientation has a positive and significant effect on Competitive Advantage in Handicraft Businesses Assisted by the Office of Cooperatives, SMEs, Industry and Trade of Medan City.
6. H6. Information Technology Utilization has a positive effect on Competitive Advantage in Handicraft Businesses Assisted by the Office of Cooperatives, SMEs, Industry and Trade of Medan City.
7. H7. Entrepreneurial Competence has a positive and significant effect on Performance through Competitive Advantage in Handicraft Businesses Assisted by the Office of Cooperatives, SMEs, Industry and Trade of Medan City.
8. H8. Entrepreneurial Orientation has a positive and significant effect on Performance through Competitive Advantage in Handicraft Businesses Assisted by the Office of Cooperatives, SMEs, Industry and Trade of Medan City.

9. H9. Information Technology Utilization has a positive and significant effect on Performance through Competitive Advantage in Handicraft Businesses Assisted by the Office of Cooperatives, SMEs, Industry and Trade of Medan City.
10. H10. Competitive Advantage has a positive and significant effect on Performance in Handicraft Businesses Assisted by the Office of Cooperatives, SMEs, Industry and Trade of Medan City.

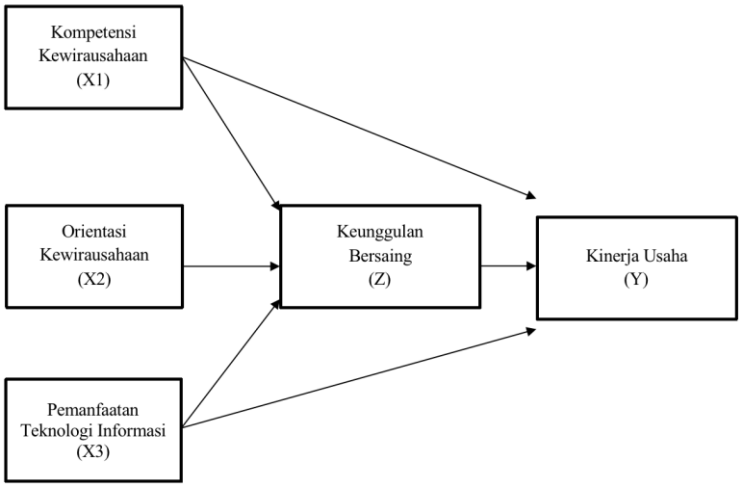

Figure 1. Conceptual Framework

METHODOLOGY

The research approach used is quantitative. The nature of this research is associative research with a form of causal relationship, which means that a research question asks about the relationship between two or more variables. Associative research is research that aims to determine the relationship between two or more variables by looking for roles, influences, and causal relationships, namely between independent variables and related variables (Nurdin & Hartati, 2019). This research will be conducted at Micro, Small, and Medium Enterprises (MSMEs) assisted by the Office of SME Cooperatives, Industry, and Trade of Medan City, especially in the Handicraft Business. The research time will be from February to May 2023.

The data measurement scale used in this study is to use an interval scale.

using the Interval Scale. The research instrument measurement scale used in this study to measure variables is the Differential Semantic Scale. Respondents can give answers, in the range of positive to negative answers. This depends on the respondent's perception of what is being assessed. Respondents who assessed with a number 5, meant that the respondent's perception was very positive, while if they gave an answer at number 3, it meant neutral, and if they gave an answer at number 1, the respondent's perception was very negative. The population in this study is the Handicraft Business Assisted by the Office of SME Cooperatives, Industry and Trade of Medan City which totals 95 businesses spread across the sub-districts of Medan City. Because the population is $\leqslant$ 100, the sampling technique used is total sampling or saturated sampling

Primary data in this study using questionnaires distributed directly to respondents. Secondary data in this study secondary data is literature such as journals, books, and other sources that support it. The validity test is carried out to see the extent to which a measuring instrument used measures what you want to measure (Ajayi, 2017). This study shows that with a significance level of 5% and a sample of 30 people, the Corrected Item-Total Correlation value of each question is greater than the r-table value of 0.361 (r-count> r-table). It can be concluded that each question item from each variable is declared valid and can be used in this study. The reliability test in this study uses Cronbach's Alpha with decision-making criteria if Cronbach's Alpha> 0.7 then the statement can be declared to meet the reliability requirements based on Cronbach's Alpha. In addition, data analysis techniques through Partial Least Squares (PLS) Analysis is a multivariate statistical technique that compares multiple dependent variables and multiple independent variables (Ghozali & Latan, 2015).

In this study, the variables studied were Entrepreneurial Competence (X1), Entrepreneurial Orientation (X2), Information Technology (X3), Competitive Advantage (z) and Performance (Y). Model analysis in seeing the relationship between latent variables is based on the first-order construct. The validity test was conducted to determine the ability of the research instrument to measure what should be measured. According to Ghozali (2015), the initial stage of the measurement scale loading value of 0.5 to 0.6 is considered sufficient. Convergent validity can also be known through Average Variance Extracted (AVE). An instrument is said to meet convergent validity testing. if it has an Average Variance Extracted (AVE) of more than 0.500. The path coefficient (β) or inner model value shows the level of significance in hypothesis testing. The path coefficient (β) or inner model score, which is indicated by the t-statistic value, must be above 1.96 for a two-tailed hypothesis and above 1.64 for a one-tailed hypothesis for hypothesis testing at 5% alpha.

RESULTS

Outer Model (Measurement Model)

To evaluate the validity and reliability of the construct model, the measurement model, also known as the outer model, is evaluated. The reflexive outer model is assessed using Cronbach alpha for indicator blocks as well as convergent, discriminant, and composite reliabilities (Ghozali, 2014). Factor loading is used in testing indicators in a reflective structure. If the loading factor value on the proposed construct is greater than 0.7 (loading factor > 0.7), then the indicator is considered valid. However, in exploratory studies, a number greater than 0.5 is considered sufficient (Ghozali, 2014).

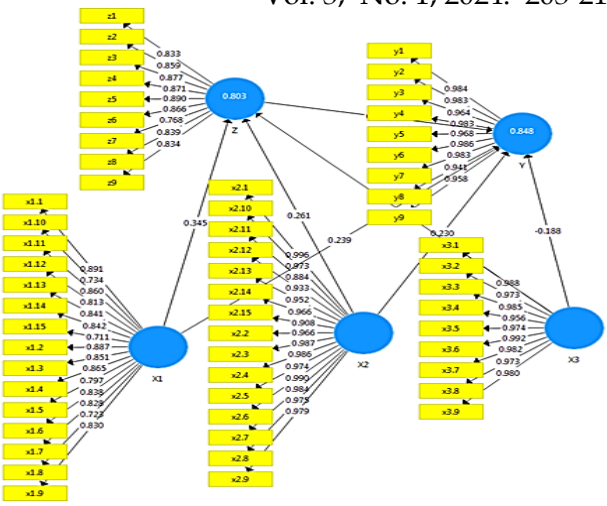

Figure 2. displays the results of path analysis using PLS

Furthermore, SmartPLS output is displayed which comes from the loading factor results of each indicator. Each indicator of the research variable is said to represent the variables of Business Performance (Y), Competitive Advantage (Z), Information Technology Utilization (X3), Entrepreneurial Competence (X1), and Entrepreneurial Orientation (X2). It is concluded that each indicator meets the requirements of the validity of the indicators of each construct. Based on this, the internal consistency of each construct is examined to continue the outer model examination.

Each concept conducts an internal consistency reliability assessment. It is expected that the composite reliability value of each construct is at least 0.7. However, a composite reliability value of $\geqslant$0.6 is appropriate for exploratory research (Musyaffi et al., 2022). The results show the results of the Smart PLS algorithm on the composite reliability of each construct.

With a composite reliability value of >0.7, the results show that each construct with a good enough category has met the requirements for the outer model reliability assessment. As a result, the outer model validity stage of the outer model analysis was achieved. Convergent and discriminant validity were used to assess outer model validity. The average variance extracted (AVE) value for each construct was examined to evaluate convergent validity. According to Hair et al. (2011), every good construct has a minimum AVE value of >0.5. Each construct in the final model has an AVE value greater than 0.5, according to the Smart PLS Algorithm AVE value data summary. Therefore, the convergent validity requirement has been met by the suggested structural equation model.

Inner Model (Structural Model)

Further measurements are carried out by testing the structural model (Inner Model) by looking at the R-Square (R2) value on the variables after the estimated model meets the Outer Model criteria. The R-square value of the Performance variable is 0.848, while the R-square value of the Competitive Advantage variable is 0.803, according to the results of the analysis of the R-Square (R2) value. Based on these findings, the factors of entrepreneurial competence, entrepreneurial orientation, information technology utilization,

and competitive advantage accounted for 84.8% of the performance variable, with variables not included in this study accounting for the remaining 15.2%. For the Competitive Advantage variable, the R square value is 0.803. This shows that the utilization of information technology, entrepreneurial competence, and entrepreneurial orientation accounts for 80.3% of the explanation of the Competitive Advantage variable, with other variables not included in this study accounting for the remaining 19.7%.

Direct Effect Test (Direct Effect)

The T-statistic test (t-test), with a significance level of 5%, was used for hypothesis testing. A reading of 1.96 or higher on the T-statistic indicates significance. If the test results in a p-value of less than 0.05 (±5%), it can be considered significant; conversely, if the p-value is more than 0.05 (±5%), it cannot be considered significant. The findings of the direct effect test for each variable that:

a. Performance (Y) is positively influenced by entrepreneurial competence (X1), with a path coefficient value (original sample) of 0.239 and a significant relationship (P-Values = 0.004 < 0.05; hypothesis accepted).

b. Competitive Advantage (Z) is positively influenced by entrepreneurial competence (X1), with a path coefficient value (original sample) of 0.345 and a significant relationship (P-Values = 0.000 <0.05; hypothesis accepted).

c. Performance (Y) is positively influenced by entrepreneurial orientation (X2), with a path coefficient value (original sample) of 0.230 and a significant effect (P-Values = 0.049 <0.05; hypothesis accepted).

d. Competitive Advantage (Z) is positively influenced by Entrepreneurial Orientation (X2), as indicated by the path coefficient value (original sample) of 0.261 and a significant value of P-Values = 0.038 <0.05 (Hypothesis Accepted).

e. Performance (Y) is positively influenced by Information Technology Utilization (X3), with a path coefficient value (original sample) of 0.188 and a significant effect (P-Values = 0.023 <0.05; hypothesis accepted).

f. Competitive Advantage (Z) is positively influenced by Information Technology Utilization (X3), with a path coefficient value (original sample) of 0.400 and a significant value of P-Values = 0.000 <0.05 (Hypothesis Accepted).

g. The path coefficient value (original sample) of 0.655 indicates that Competitive Advantage (Z) has a positive effect on Performance (Y). This effect is significant, with a P-Values value of 0.000 <0.05 (Hypothesis Accepted).

Indirect Effect Test (Indirect Effect)

The indirect effect was also tested using the T-statistic test (t-test), specifically at the 5% significance level. If the test results in a p-value <0.05 (α 5%) and the T-statistic value is greater than 1.96, then the test is considered significant; if the p-value is greater than 0.05 (α 5%), then the test is not significant. The following are the test findings for the indirect effect of latent variables, namely:

a. Competitive advantage (Z) (X1 -> Z -> Y) is the indirect way in which entrepreneurial competence (X1) affects performance (Y). The path coefficient is positive, the static T value is 2.607, and the p value is 0.009. The conclusion that

Entrepreneurial Competence (X1) on Performance (Y) through Competitive Advantage (Z) can be drawn because the P-value is less than 0.05, the T statistic is greater than 1.96, and the path coefficient is positive.

b. Entrepreneurial Orientation (X2) has an indirect effect on Performance (Y) through Competitive Advantage (Z) (X2 -> Z -> Y), with a P-value of 0.035, a T statistic value of 2.117, and a path coefficient that is positive. Entrepreneurial Orientation (X2) on Performance (Y) through Competitive Advantage (Z) can be concluded because the P-value is less than 0.05, the statistical T-value is greater than 1.96, and the path coefficient is positive.

c. Information Technology Utilization (X3) has an indirect effect on Performance (Y) through Competitive Advantage (Z) (X2 -> Z -> Y), with a P-value of 0.002, a statistical T value of 3.170, and a positive path coefficient. Information Technology Utilization (X3) on Performance (Y) through Competitive Advantage (Z) can be concluded because the P-value is less than 0.05, the T statistic is greater than 1.96, and the path coefficient is positive.

Hypothesis Testing

The inner weight value (path coefficient) in the output serves as the basis for testing the hypothesis. A bootstrap approach is used in PLS to statistically test each proposed association on the sample.

No	Hypothesis	Coefficient Path	P-Values	Description
H1	Entrepreneurial Competence has a positive and significant effect on the performance of Handicraft businesses assisted by DKUKM, Industry and Trade of Medan City.	0,239	0,004	Accepted
H2	Entrepreneurial Orientation has a positive and significant effect on the performance of Handicraft businesses assisted by DKUKM, Industry and Trade of Medan City.	0,230	0,049	Accepted
H3	Information Technology has a positive and significant effect on the performance of Handicraft businesses assisted by DKUKM, Industry and Trade in Medan City.	0.188	0.023	Accepted
H4	Entrepreneurial Competence has a positive and significant effect on Competitive Advantage in Handicraft businesses assisted by DKUKM, Industry and Trade in Medan City.	0,345	0,000	Accepted
H5	Entrepreneurial Orientation has a positive and significant effect on Competitive Advantage in Handicraft businesses assisted by DKUKM, Industry and Trade in Medan City.	0,261	0,038	Accepted
H6	Utilization of Information Technology has a positive effect on Competitive Advantage in Handicraft businesses assisted by DKUKM, Industry and Trade in Medan City.	0,400	0,000	Accepted
H7	Entrepreneurial Competence has a positive and significant effect on the performance of Handicraft businesses assisted by DKUKM, Industry and	0,655	0,000	Accepted

	Trade of Medan City through Competitive Advantage.			
H8	Entrepreneurial Orientation has a positive and significant effect on the performance of Handicraft businesses assisted by DKUKM, Industry and Trade of Medan City through Competitive Advantage.	0,226	0,009	Accepted
H9	Utilization of Information Technology has a positive and significant effect on the performance of Handicraft businesses assisted by DKUKM, Industry and Trade of Medan City through Competitive Advantage.	0,171	0,035	Accepted
H10	Competitive Advantage has a positive and significant effect on the performance of Handicraft businesses assisted by DKUKM, Industry and Trade in Medan City.	0,262	0,002	Accepted

DISCUSSION

Entrepreneurial Competencies Positively and Significantly Affect Performance

The path coefficient shows that entrepreneurial competence has a positive effect on the performance of handicraft business actors, which indicates that higher competence leads to improved business performance and productivity, which in turn increases income. Entrepreneurial competence has a significant effect on the performance of handicraft businesses assisted by the Office of SME Cooperatives Industry and Trade of Medan City. Business actors have competent knowledge, skills and attitudes in running a business. The attitude aspect is very dominant, with the aim of seeking profit and business development. Profits are used for operations, expansion, and company survival.

The SME Cooperative, Industry and Trade Office of Medan City supports craft businesses despite challenges such as Covid-19. They demonstrate entrepreneurial competence by using the internet to obtain information, market trends and new business ideas. The handicraft entrepreneurs, who are supported by Medan City SME Cooperatives, have product knowledge, marketing skills and personal attributes, making them competent entrepreneurs who effectively communicate and share information with consumers.

Entrepreneurial Orientation has a Positive and Significant Effect on Performance

The Path Coefficient shows that Entrepreneurial Orientation has a positive impact on Handicraft business performance, with higher Orientation leading to increased productivity and revenue. Entrepreneurial orientation has a significant effect on the performance of handicraft businesses assisted by the Office of SME Cooperatives, Industry and Trade of Medan City. The high category indicates a focus on achievement, with realistic sales targets and the use of technology to maximize sales and build relationships with consumers as key factors.

The handicraft businesses, supported by the SME Cooperative, Industry and Trade Office of Medan City, demonstrated strong leadership skills, influencing others through direction and motivational meetings to boost

employee enthusiasm. The Office of SME Cooperatives, Industry and Trade of Medan City assists entrepreneurs who have high self-confidence, good knowledge, and the ability to compete. They improve their skills through government training and technology, with the belief that they have a competitive advantage in the market. In the era of globalization, businesses need a strong entrepreneurial orientation to maintain and grow their business.

Information Technology Utilization Has a Positive and Significant Effect on Performance

Information technology utilization has a significant impact on the performance of handicraft business actors assisted by the Office of SME Cooperatives Industry and Trade of Medan City. High technology utilization increases productivity and business income. The majority of business actors utilize information technology, especially in marketing and selling products. Online platforms such as Shopee and Lazada are used by these businesses to facilitate sales and product updates.

The Office of SME Cooperatives, Industry and Trade of Medan City supports handicraft businesses by utilizing information technology and WhatsApp for communication, fostering creativity and efficiency. This not only optimizes operations but also provides entertainment. This application makes it possible to share product information with consumers, suppliers and stakeholders so as to improve business performance.

Entrepreneurial Competence Has a Positive and Significant Effect on Competitive Advantage

The path coefficient shows that entrepreneurial competence has a significant effect on the competitive advantage of handicraft business actors assisted by the Office of SME Cooperatives Industry and Trade of Medan City. Higher entrepreneurial competence leads to increased business productivity and competitive advantage. Businesses excel in producing quality products, ensuring durability and appeal to potential buyers, thus improving their performance.

Craft business owners, assisted by the SME Cooperative, Industry and Trade Office of Medan City, are skilled in maintaining good relationships with stakeholders, fostering a supportive atmosphere, and building cooperation networks. They communicate with suppliers, government agencies and other business communities to stay competitive. They are proactive in seeking opportunities, using technology to gather data and information. They monitor market conditions, trends, and competitors' prices to create strategies and achieve competitive advantage. Entrepreneurial competence is a key factor in achieving sustainable competitive advantage.

Entrepreneurial Orientation Has a Positive and Significant Effect on Competitive Advantage

The path coefficient shows that entrepreneurial orientation has a significant effect on the competitive advantage of handicraft business actors assisted by the Office of SME Cooperatives, Industry and Trade of Medan City. Higher entrepreneurial orientation leads to increased business productivity and

competitive advantage. Handicraft business actors prioritize product quality, seek data and information to improve knowledge and skills. They attend training to improve product quality.

Handicraft business owners, assisted by the SME Cooperative, Industry and Trade Office of Medan City, aim to increase business stability by adding employees and locations. They believe they can expand their business to improve competitiveness and productivity in marketing their products. They plan to collaborate with various parties for product development by global market demands. They provide good direction to employees, and encourage creativity, discipline and communication. Entrepreneurial orientation is essential to achieve competitive advantage in tight and complex business conditions.

Information Technology Utilization Has a Positive and Significant Effect on the Competitive Advantage of Handicraft MSMEs in Medan City

The path coefficient shows that the utilization of information technology has a positive effect on the competitive advantage of handicraft business actors assisted by the Office of SME Cooperatives Industry and Trade of Medan City. High utilization of information technology increases business productivity and competitive advantage. Businesses use the internet to develop skills and are committed to using it to improve competitiveness.

The handicraft businesses in Medan City, assisted by the Office of SME Cooperatives, Industry, and Trade, utilize online communication platforms such as WhatsApp, Messenger, and Instagram to build business networks and communicate with consumers. They join WhatsApp groups to improve their competitiveness and access information. They also use new media such as Instagram and the WhatsApp Story feature to market their products, reach various elements of society, and gain a competitive advantage in this era of development.

Effect of Competitive Advantage on Performance

The path coefficient shows that competitive advantage has a positive effect on the performance of handicraft business actors assisted by the Office of Cooperatives SMEs Industry and Trade of Medan City. Higher competitive advantage leads to increased business productivity. Handicraft business actors maintain competitive prices, ensuring products are sold at market prices to attract potential buyers. Maintaining product quality, such as raw materials and production processes, is critical to business success.

In today's competitive market, durability is also a key factor in achieving business performance. Businesses prioritize durability, ensuring products last long and maintaining quality. Durability is critical to competition and consumer satisfaction, as consumers value quality products at a reasonable price. Therefore, product quality is very important to improve performance.

The Effect of Entrepreneurial Competence on Performance Through Competitive Advantage

Entrepreneurial competence has a significant effect on the performance and competitive advantage of handicraft business actors assisted by the Office of

SME Cooperatives Industry and Trade of Medan City. Higher entrepreneurial competence leads to improved performance and competitive advantage. Handicraft business actors have knowledge in running a business, product types, raw materials, and marketing strategies. This knowledge improves performance and competitiveness by enabling them to produce quality products and market their products effectively.

Entrepreneurial competencies are essential for entrepreneurs to succeed in a competitive business environment. The handicraft businesses, assisted by the SME Cooperative, Industry and Trade Office of Medan City, utilize the internet to search for market trends, read data, and find new ideas. These skills improve performance and competitive advantage, in line with government programs to scale up and go digital for MSMEs.

Effect of Entrepreneurial Orientation on Performance Through Competitive Advantage

The path coefficient shows that entrepreneurial orientation has a positive effect on the performance and competitive advantage of handicraft business actors assisted by the Office of SME Cooperatives Industry and Trade of Medan City. Higher entrepreneurial orientation leads to improved performance and competitive advantage. However, these businesses may not realize the importance of creating a competitive advantage to outperform competitors. To improve their performance, they should focus on improving entrepreneurial orientation through processes, practices and decision-making.

Entrepreneurs have a strong entrepreneurial orientation, driven by the desire to achieve sales targets, grow the business and improve product quality. They have the experience and confidence in their abilities to take risks and get things done. Their enthusiasm and initiative to learn new ideas and move the business forward further contribute to their success. A good entrepreneurial orientation improves performance, as well as their leadership spirit, which provides direction and motivation to employees to excel in business competition.

The Effect of Information Technology Utilization on Performance Through Competitive Advantage

The path coefficient shows that the utilization of information technology has a positive effect on performance and competitive advantage in handicraft business actors assisted by the Office of SME Cooperatives Industry and Trade of Medan City. Higher utilization leads to increased business productivity and competitive advantage. Social media platforms such as Instagram can help entrepreneurs market products and promote discounts or promos.

Technology can increase an organization's competitive advantage and improve business performance. Handicraft business actors assisted by the Office of SME Cooperatives, Industry and Trade of Medan City use information technology such as mobile phones, laptops, social media, e-commerce platforms such as Tokopedia and Shopee, and financial applications such as Mobile Banking, LinkAja, OVO, and GoPay to maximize performance. Traditional business strategies and manual activities can hinder the improvement of information technology in the era of globalization.

CONCLUSIONS AND RECOMMENDATIONS

Researchers concluded that Entrepreneurial Competence, Entrepreneurial Orientation and Information Technology Utilization on Performance Through Competitive Advantage in Handicraft Businesses Assisted by the Office of SME Cooperatives, Industry and Trade in Medan City that all research variables have a positive and significant influence on other variables. The advice given to MSMEs in Medan City is to increase entrepreneurial competence in the knowledge aspect to adapt to the times.

Entrepreneurial orientation should have the characteristics and courage to try new things and take risks to increase innovations. This can create a competitive advantage with the uniqueness of each product. In addition, it is important to use digitalization to facilitate workloads such as product marketing and financial records.

FURTHER STUDY

Further research is recommended to explore how entrepreneurial competencies contribute to business performance. Review key aspects such as entrepreneurial knowledge, skills and attitudes possessed by handicraft business owners.

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