Development of the Business Model of Hyacinth Crafts Industry to Improve Competitive Advantage and Performance in a Wetland Environment

Nuril Huda[a], Siti Aliyati Albushairi[b], Ahmad Alim Bachri[c], [a,b,c]Faculty of Economics and Business, University of Lambung Mangkurat, Banjarmasin, Indonesia, [c]Professor of Economics, University of Lambung Mangkurat, Banjarmasin, Indonesia, Email: [a]nurilhuda@ulm.ac.id, [b]saabushairi@ulm.ac.id, [c]aalimbachri@ulm.ac.id

In the era of industrial revolution 4.0, the development of the water hyacinth handicrafts industry requires a new business model. This study investigates the influence of marketing strategies, market orientation, entrepreneurial orientation, government policies, competitive advantage and performance. This study was conducted in Hulu Sungai Utara district, South Kalimantan, a province in Indonesia that is a wetland area. Nearly 90 percent of the area is covered with water hyacinth plants. Water hyacinth handicrafts have the potential to develop in that area. The samples taken were as many as 158 respondents. Data collection technique was done through observation and interviews using questionnaires. Partial Least Square was used in this study. The results show marketing strategies, government policies, and competitive advantage influence performance. Market orientation influences competitive advantage. The indications are marketing strategies, government policy, and competitive advantage play a role in improving performance. Market orientation plays a role in improving competitive advantage. This study suggests the business model that needs to be developed in this industry are business models that are suited to the tastes of the customers, such as conducting digital promotion, market-oriented, positioning quality-based products (unique), adopting government policies, and encouraging the governments to establish a Special Vocational Training Centre for craftsmen.

Key words: *Business Model, Hyacinth Crafts Industry, Competitive Advantage, Performance*

Introduction

The handicraft industry in Indonesia can make a significant contribution to the national economy through the achievement of its export value. The export value of national handicraft products in 2019 was USD892 million, an increase of 2,6% compared to the 2018 figure of USD870 million. (Gati W. 2020). Handicraft made from water hyacinth is one of handicraft industries that can penetrate foreign markets. This handicraft is one product of high economic value and comes from water hyacinth plants (*Eichhornia crassipes*) which grow in wetlands and swamps.

Prospects of the handicraft industry in the province of South Kalimantan is quite good; this is supported with most of its territory being wetlands. And the mining sector industry in Kalimantan experienced sluggishness as the impact of Reference Coal Price (HBA) continued to decline even in October 2019 at its the lowest level in the last three years of 64.8 USD per ton for calorie of 6300 Kcal/kg. (Solihin, 2019). This results in many workers being unemployed; on the other hand, labour absorption is also small. Handicrafts made from water hyacinth could be one solution. During this time, the water hyacinth plants are considered as a weed. Along with the development of science, it apparently can be utilised as a handicraft product that has a high selling value. The products produced are bags, slippers, seats, guest table chairs, wallets, and other things.

The development of handicrafts in South Kalimantan experienced many obstacles especially related to the characteristics of businesses and business models that are not mature enough. Business models that can be developed are focused on marketing strategies, market orientation, adopting government policies, entrepreneurial orientation, competitive advantage, and organisational performance. Several studies have shown a relationship between marketing strategies, market orientation, government policies, entrepreneurial orientation, competitive advantage and performance. Marketing strategy has a significant effect on competitive advantage (Khalid, (2018) and corporate financial performance (Daniel (2018). Market orientation is said to play an important role in predicting competitive advantage (Marigere S, 2016:194). Entrepreneurial orientation influences business performance (Musthofa *et al.,* 2017), market orientation and performance (Maruta *et al.,* 2017). Entrepreneurial and market orientation are cultures and organisational capabilities which are important for company performance (Affendy *et al.,* 2015:260). Government policies have a positive and significant effect on performance (Huda, 2010, and Eniola, A. A, & Harry E, 2015) and competitive advantage (Afsharghasemi1, *et al.,* 2013). Competitive advantage directly and indirectly influences business performance through consumer behaviour. (Aprizal *et al.,* 2018).

South Kalimantan province has eleven districts and two cities including Tanah Laut districts, Kotabaru, Banjar, Barito Kuala, Tapin, Hulu Sungai Utara, Hulu Sungai Tengah, Tabalong, Tanah Bumbu, Balangan Banjarmasin and Banjarbaru cities (https://kalsel.bps.go.id, 2017

accessed 2019). Hulu Sungai Utara is one of the districts in South Kalimantan located in Amuntai. The total area of the Hulu Sungai Utara district is ± 892,7 km². (https://hulusungaiutarakab.bps.go.id, 2015). Most of it consists of lowlands which are inundated by swamps, and not have been utilised optimally, because they still rely on local potential and resources.

The abundance of water hyacinth plants is the reason for this research. And also as an effort to explore the economic potential of the region to improve the welfare of the community in the wetland environment. Besides that, various government policies that have been rolled out to encourage the growth of this industry have not yet been a concern of the craftsmen. Therefore, it is expected to pay attention to their business models to improve competitive advantage and performance.

Literature Review

Government Policy

Government policy is one element in shaping the company's external environmental factors; it can consist of small business regulations, small business development policies, capital assistance, and government stability. (Huda, 2010). The government has a very important role for the existence of small businesses in Indonesia because small and micro businesses have great potential in improving the welfare of the community. This thing is indicated by the existence of small and micro businesses which reflects the real form of the social and economic life in the largest part of the Indonesian people. The role of government in the SME's sector is in the form of providing various regulations on empowerment programs and a number of small credit schemes, then holding a national movement on the importance of business partnership patterns and various other government policies. All of that was intended by the government to show its support for the activities of this sector. The research result from Huda (2010) shows there is a causal relationship between external environmental factors including government policies on internal environmental factors, market orientation, and company performance which has a positive influence. Studies conducted by Huda (2010) and Eniola, A. A, & Harry (2015) show that there is a positive relationship and influence of government policies on performance.

H_1: Government policies affect performance.

Market Orientation

Market orientation encourages craftsmen to be creative, innovative, and original in producing a high-value product. Market orientation is a strategy for the company (Brettel *et al.,* 2006 in Huda, 2010) because, *first*, market orientation aims to improve the economic situation for the organisation being tested; *second*, the concept of market orientation connects the organisation

to the external environment with direct objectives to costumers and competitors; *third*, market orientation is important for internal processes (Internal Environment) when conceptualised with the information generation stage, information dissemination, and reaction; *fourth*, market orientation has a fundamental character, which is important for the company and cannot be limited to the marketing department.

Market orientation is very effective in obtaining and maintaining competitive advantage starting with planning and coordinating with all the parts in the organisation to meet the needs and desires of consumers. (Akmal *et al.,* 2017:21). Market orientation is formed by three dimensions, namely customer orientation, competitors, and resource orientation. Companies with a high level of market orientation can improve their performance by understanding and satisfying customer needs and understanding market conditions through gathering information about competitors' actions. (Affendy, *et al.,* 2015:3). The results of research from Affendy *et al.,* (2015:1) show that entrepreneurial orientation and market have a positive effect on the company's business performance. Studies conducted by Afsharghasemi *et al.,* (2013), and Yuniari *et al.,* (2018), found there is an influence market orientation on competitive advantage. Several studies have shown that there is an influence between market orientation, innovation, and performance in small industries (Chan Arianis, 2016, Rosmayani *et al*., 2016; Leal, Antonio-Redriquez & Gema A-Morat, 2016).

H_2: Market orientation affects competitive advantage

Marketing strategy

A Marketing strategy is an action plan designed to influence exchange in achieving organisational goals in conditions of ever-changing competition. (Aliyati *et al*., 2018). Companies must adjust marketing strategies that are arranged to the the needs and desires of consumers and be able to change what consumers think and feel. Marketing strategies include product, price, distribution and promotion. Khalid (2018:3) explains that to build a profitable relationship with customers, companies must provide products of good quality and high performance that are consistent with the needs and desires of customers in such a way as to produce customer satisfaction and create competitive advantage. A successful marketing strategy must tell the organisation where they want to be in the long term. Marketing strategy is related to performance and competitive advantage. Marketing strategy has a significant effect on competitive advantage (Khalid, 2018), and business performance (Adewale, *et al.,* 2013, and Daniel, 2018).

H_3: Marketing strategy affects competitive advantage.

H_4: Marketing strategy affects performance.

Enterprenurial Orientation

The ability of entrepreneurial orientation skills involve three main aspects - proactive, risk-taking, and innovative (Affendy, 2015; and Musthofa, 2017). Innovative is the ability to create new ideas. Proactive is a leader who has broad insights and forward-thinking. Risk-taking refers to the leader who can make decisions and take action as needed for various possible outcomes obtained. Previous studies have shown there is an influence between entrepreneurial orientation on business performance (Musthofa et al., 2017), market orientation and competitive advantage (Maruta *et al.,* 2017). Entrepreneurial orientation has a positive influence on business performance (Arroyeun, *et al.,* 2019:1, Inayah, *et al.,* 2019::1, & Hossain, *et al.,* 2019:1) and competitive advantage. (Thongvanh Sirivanh *et al.,* 2014:189).

H_5: Entrepreneurial orientation affects competitiveness.
H_6: Entrepreneurial affects performance.

Performance and Competitive Advantage

The success of a company in achieving its goals equated with its performance and corporate strategy, is always directed to produce performance. Performance is defined as a measure of how well the mechanism or process achieved its objectives. (Arroyeun, 2019:20). Performance is the final result of activities. (Wheelen & David H 2004:243). Performance is defined as a level of work (achievement) achieved by the company in a certain period because it has done business. An assessment of the performance of the organisation needs to be done to measure the level of efficiency and productivity and to know the extent of business development.

Which measure is chosen to asses performance depends on the organisational unit to be assessed and the objectives to be achieved. (Wheelen & J.David, 2004:243). The goals set earlier in the formulation section of the strategic management process (related to profitability, market share, and cost reduction) must be used to measure company performance after the strategy has been implemented. Performance is related to competitive advantage The definition of competitive advantage according to Geoffrey (2015: 246) is position superiority based on providing superior customer value or achieving lower cost relatives. Competitive advantage is defined as the advantages possessed by a company in dealing with competitors in the industrial market and must be achieved continuously. (Zainul *et al.,* 2016). Competitive advantage is an important requirement for long-term success and survival of the company. Competitive advantage has a direct positive effect on the performance (Pothanajaruwit P, 2018, & Aprizal *et al.,* 2016), and indirectly, influences business performance through consumer behaviour. (Aprizal *et al.,* 2016).

H_7: competitive advantage affects performance.

Framework

The development of the business model of the water hyacinth handicraft industry is shown in figure 1. The intended model is formed from the influence of government policies, market orientation, marketing strategy, entrepreneurial orientation on competitive advantage, and business performance.
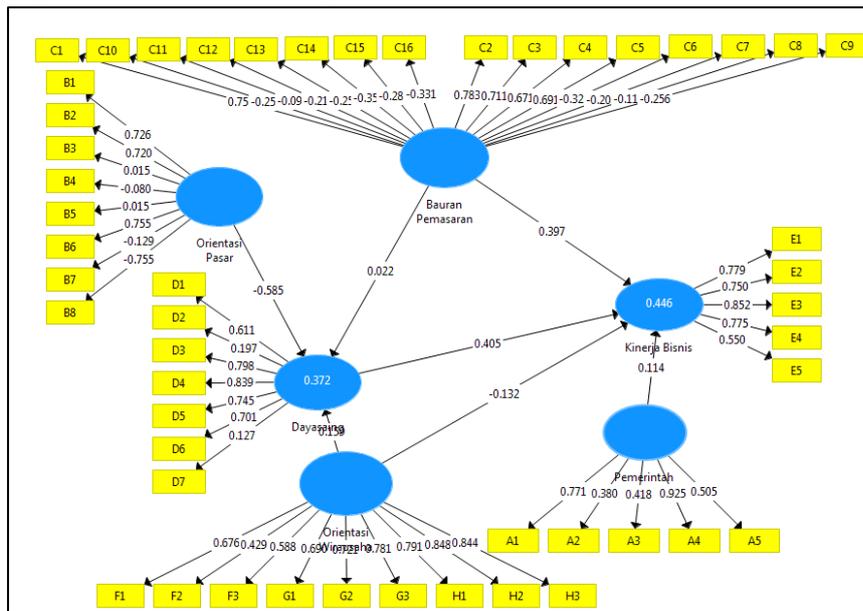
Figure 1. Research Proposed Model

Figure 1 above shows the relationship between latent constructs. The direction of the arrow between the indicator and the latent construct shows that this study uses reflective indicators that are relatively suitable for measuring perception. The relationship to be examined (hypothesis) is symbolised by arrows between constructs.

Research Method

This study uses a quantitative research method with explanatory research design and cross-sectional research design to evaluate the mindset that has been made. The cross-sectional design involves collecting data about a predetermined sample of the population elements only once. (Malhotra, 2004):95). The e*xplanatory survey* is taking a sample from the population and using the questionnaire as a main collection data tool. The preparation of the questionnaire is the translation of marketing strategies, government policies, market orientation, entrepreneurial orientation, competitive advantage, and performance. The rating of each item is given a score value using Likert 1 to 5 points. Likert scale formulation is designed to enable respondents to answer with various levels of questions or statements that are more flexible.

Primary data was collected in all research areas by involving the business group and craftsmen. While supporting secondary data was obtained from the North Hulu Sungai statistic bureau. This research was conducted in the North Hulu Sungai district. Non-probability sampling was used with a purposive sampling technique. This technique is based on the following criteria: first, craftsmen who carry out production and marketing activities; second, craftsmen who have creativity and innovation; third, craftsmen who live in the North Hulu Sungai district. This study focused on 158 people which is considered quite representative enough for this study. While the sample size is determined based on the analysis tool used in this study, is Structural Equation Modelling (SEM) which is 100-200, and if the number of the samples is too large it tends to be normal (Hair *et al*, 1995) in Ferdinand (2000).

The analytical tool used to test the hypothesis is the SEM Partial Leastsquare (PLS) method with the Smart PLS program. This study uses SEM PLS to (1) develop theories or build theories (predictive orientation), variance approaches, (2) least square estimation methods, (3) model specifications and model parameters are two leadings components, path coefficients and component weight, (4) structural models with great complexity with many constructs and many indicators (only in the form of recursive), (5) does not require normal distribution of data and parameter estimation and can be directly carried out without the requirement for the goodness of fit criteria. (6) cannot be tested and falsified (must go through bootstrap and jackknife procedures), (Ghozali,& Hengky, 2015:20-21).

Table 1. Summary of the variables studied and their size

Variables/ Concept Variables	Indicator	Scale	Source
A. Government Policy	• Regulation Support • Regulations for the development of small industries. • Capital assistance. • A conducive political situation. • Governance goes well.	Interval	Adaptation of Huda (2010)
B. Market Orientation (company response to customer needs and tastes)	• Pay attention to customer needs. • Focus on serving customers. • Understand customer needs. • Record customer needs regularly. • Understand competitors. • Good coordination between departments. • Dissemination of information about the market.	Interval	Adaptation of Leal, Antonio-Redriguez & Gema Albort-Morant (2016)

	• Dissemination of information about competitors.		
C. Marketing Strategy	**Products:** • Product quality is good. • Product Service. • Product competitive advantage. • Product Diversification. • Product design. **Prices:** • Affordable price. • Competitive price. • Flexible payment method. **Distributions:** • Product availability in the market. • Detailed product information is available. • Effective distribution system. **Promotions:** • Clear product promotion. • Promotion is made interesting. • Product samples available. • Availability of product classification information • Regular promotional campaigns.	Interval	Adaptation of Khalid (2018)
D. Competitive Advantage	• Competitive advantage through product quality. • Product quality for competitive advantage. • Good product reputation. • Creating a relationship with customers. • A distribution system for competitive advantage. • Pricing strategy for competitive advantage. • Promotion for a good image for customers.	Interval	Adaptation of Khalid (2018)
E. Business Performance	• Better business performance than competitors.	Interval	Adaptation of Leal, Antonio-Redriguez &

(Entrepreneurs' responses and perceptions of their assessment to business goals)	• A business that is more creative than competitors. • A business that is more innovative than competitors. • Faster business growth. • Greater market share.		Gema Albort-Morant (2016)
F. Entrepreneurial Orientation i :	**Innovative Entrepreneurial Orientation** • Product design innovation. • Excellence in innovation motives/ style. • As a business risk-taker. **Proactive Entrepreneurial Orientation** • Manages risk well. • As a person who likes to be proactive. • Likes business challenges. **Risk-Taking Entrepreneurial Orientation** • Able to win the competition. • Enjoy competition in running a business. • Initiative in business decisions.	Interval	Adaptation of Affendy (2015)

Results and Discussion
Results

Assessing the Outer Model or Measurement Model

Data analysis technique with Smart PLS used to assess the outer model. The criteria used are *Convergent Validity, Discriminant Validity*, dan *Composite Reliability. Convergent Validity* with indicator reflection and is assessed based on the correlation between item component scores and construct scores calculated by PLS. According to Ghozali, (2008), a loading value of 0.5 to 0.6 is considered sufficient, for the number of indicators of latent variables ranging from 3 to 7. Table 2 below shows the outer loading with the convergent validity method.

Tabel 2. Outer Loading

	Marketing Strategies	Competitive Advantage	Performance	Market Orientation	Entrepreneurial Orientation	Government
A1						0.771
A2						0.380
A3						0.418
A4						0.925
A5						0.505
B1				0.726		
B2				0.720		
B3				0.015		
B4				-0.080		
B5				0.015		
B6				0.755		
B7				-0.129		
B8				-0.755		
C1	0.750					
C10	-0.252					
C11	-0.095					
C12	-0.215					
C13	-0.252					
C14	-0.350					
C15	-0.283					
C16	-0.331					
C2	0.783					
C3	0.711					
C4	0.671					
C5	0.691					
C6	-0.328					
C7	-0.206					
C8	-0.144					
C9	-0.256					
D1		0.611				
D2		0.197				
D3		0.798				
D4		0.839				
D5		0.745				
D6		0.701				
D7		0.127				
E1			0.779			

E2			0.750		
E3			0.852		
E4			0.775		
E5			0.550		
F1					0.676
F2					0.429
F3					0.588
F4					0.690
F5					0.721
F6					0.781
F7					0.791
F8					0.848
F9					0.844

From Table 2 above it appears that the results do not meet convergent validity because there is still a factor loading value below 0.5. Thus, further testing cannot be continued. In such conditions, the researcher must eliminate indicators from variables that do not meet the requirement. Outer loading after bootstrap can be seen in the following Table 3:

Table 3. *Outer Loading (Measurement Model)*

	Marketing Strategies	Competitive Advantage	Performan-ce	Market Orientati-on	Entrepreneur-ial Orientation	Government
A1						0.802
A4						0.920
B1				0.756		
B2				0.740		
B6				0.843		
C1	0.792					
C2	0.807					
C3	0.777					
C4	0.711					
C5	0.707					
D3		0.802				
D4		0.854				
D5		0.792				
D6		0.706				
E1			0.790			
E2			0.740			
E3			0.851			

E4			0.787			
F5					0.753	
F6					0.816	
F7					0.817	
F8					0.901	
F9					0.903	

Table 3 above shows the results that have met the convergent validity because all loading factors are above 0.5. Thus reflexive indicators that have a loading factor above 0.50 will be able to do further testing, which needs to be studied with discriminatory validity with cross leading as follows:

Table 4. *discriminate validity* (*cross-loading*)

	Marketing Strategies	Competitive Advantage	Performance	Market Orientation	Entrepreneurial Orientation	Government
A1	-0.055	0.283	0.190	-0.207	0.102	0.802
A4	0.080	0.404	0.290	-0.314	-0.007	0.920
B1	-0.107	-0.385	-0.175	0.756	0.076	-0.225
B2	-0.191	-0.401	-0.209	0.740	-0.129	-0.181
B6	-0.165	-0.454	-0.314	0.843	0.055	-0.314
C1	0.792	-0.064	0.354	-0.016	-0.280	-0.042
C2	0.807	0.096	0.450	-0.235	-0.175	-0.017
C3	0.777	0.073	0.385	-0.138	-0.139	0.025
C4	0.711	0.070	0.351	-0.168	-0.172	0.034
C5	0.707	0.142	0.361	-0.169	-0.179	0.118
D3	0.092	0.802	0.397	-0.453	0.038	0.328
D4	0.029	0.854	0.364	-0.473	0.066	0.402
D5	0.106	0.792	0.389	-0.413	0.110	0.322
D6	0.052	0.706	0.273	-0.320	0,140	0.214
E1	0.446	0.408	0.790	-0.260	-0.189	0.230
E2	0.190	0.443	0.740	-0.263	0.009	0.296
E3	0.528	0.286	0.851	-0.294	-0.187	0.222
E4	0.384	0.324	0.787	-0.135	-0.118	0.173
F5	-0.200	0.016	-0.054	0.102	0.753	-0.070
F6	-0.141	0.075	-0.118	0.041	0.816	-0.019
F7	-0.105	0.090	-0.086	0.003	0.817	0.037
F8	-0.227	0.112	-0.106	-0.062	0.901	0.106
F9	-0.294	0.105	-0.224	-0.003	0.903	0.046

The loading factor value for the construct of government policy with the highest conducive political situation indicator compares to other constructs. Furthermore, the validity and reliability criteria can also be seen from the composite reliability value of the construct and the value of *Average Variance Extracted* (AVE) of each construct as follows:

Table 5. *Composite Reliability* dan *Average Variance Extracted*

Construct	Average Variance Extracted (AVE)	Composite Reliability
Marketing Strategy	0.663	0.908
Competitive Advantage	0.703	0.922
Performance	0.604	0.924
Market Orientation	0.640	0.877
Entrepreneurial Orientation	0.621	0.868
Government	0.628	0.894

Based on Table 5 above, it can be concluded that all constructs meet reliable criteria. This is indicated by the value of composite reliability above 0.70 and AVE above 0.50 as recommended criteria (Ghozali, 2008).

Structural Model Setting (Inner Model)

After the estimated model meets the outer model criteria, the structural model (inner model) is then tested. Inner model testing is done to see the relationship between construct, significance value, and R-square of the research model. Here are the R-square values for each construct:

Table 6. *R- Square Value*

Construct	R-Square	R Adjusted
Competitive Advantage	0.293	0.280
Business Performance	0.447	0.432

Table 6 shows the R-square value for the competitive advantage construct obtained by 0.293 which means that the marketing strategy, market orientation, entrepreneurial orientation explain the competitive advantage of 29.3%. The R-square value is also found in the business performance construct 0.447, which means competitive advantage, marketing strategy, entrepreneurial orientation and government policies can explain the performance of 44.7%.

Hypothesis Test

In PLS, the result for inner weight is an output that informs the significance of the relationship between construct and that value is used as the basis for whether the hypothesis is rejected or accepted.

Tabel 7. Result for inner weights

	Original Sample (O)	Sample Mean (M)	Standard Deviasi (STDEV)	T statistic (O/STDEV)	P values
Marketing Strategy → Competitive Advantage	0.010	0.009	0.066	0.159	0.873
MarketingStrategy → Performance	0.443	0.446	0.067	6.594	0.000
C. Advantage → Performance	0.376	0.375	0.072	5.236	0.000
Market Orientation → Competitive Advantage	-0.529	-0.536	0.052	10.163	0.000
Enterpreneurial Orientation → Competitive Advantage	0.110	0.111	0.070	1.565	0.118
Enterpreneurial → Orientation Performance	-0.102	-0.108	0.064	1.588	0.113
Government → Policies Performance	0.124	0.129	0.058	2.140	0.033

Table 7 summarises the results of the proposed hypothesis testing. From 7 hypotheses proposed, there are four accepted hypotheses which are H1, H2, H4, and H7, while H3, H5, and H6 are rejected. The effect of government policy on performance is significant, t = 2.140(> 1.96). The original sample estimate value is 0.124 which indicates the direction of the relationship between government policy and performance is positive and significant. Government policies significantly influence business performance at α = 5%. Thus the H1 hypothesis is accepted. The indications are that government policies affect performance.

The effect of market orientation on competitive advantage is significant, t= 10.163(> 1.96). The original sample estimate value is -0.529, which indicates the direction of the relationship between market orientation and competitive advantage is negative but significant. Thus the H2 hypothesis is accepted. The indications are market orientation affects competitive advantage.

The effect of marketing strategy on performance is significant t = 6.594 (> 1.96). The original sample estimate value is 0.443 which shows that the direction of the relationship marketing strategy and performance is positive and significant. Thus the H4 hypothesis is accepted. The indications are that marketing strategies affect performance.

The effect of competitive advantage and performance is significant, t = 5.236 (> 1.96). The original sample estimate value is 0.376 which indicates the direction of the relationship between competitive advantage and performance is positive and significant. Thus the hypothesis H7 is accepted. The indication of competitive advantage affects performance.

Discussion

The handicraft industry is developing in Indonesia and contributing to the gross domestic product, creating new jobs so that it can improve the welfare of the community. The handicraft industry, especially those made from water hyacinth, requires human creativity as the main economic resource and in the future will depend on the production of knowledge through creativity and innovation. This study aims to investigate the effect of government policies, market orientation, marketing strategies, entrepreneurial orientation on competitive advantage and performance and determine the strategies for developing an effective business model to win the competition. This study focuses on the handicraft industry made from water hyacinth in the wetland area. The products produced are unique and have the potential to attract local and foreign markets to buy them.

To answer the purpose of this study, a hypothesis test was conducted. If the t arithmetic is greater than the t table then the hypothesis is accepted and the opposite if the t arithmetic is smaller than the t table then the hypothesis is rejected. This study developed seven hypotheses, but only four hypotheses were accepted. The first hypothesis (H1) is accepted. This means that there is a significant influence of government policies on performance. especially those relating to regulations and a conducive political situation. This study supports research from Huda (2010) and Eniola, A. A, & Harry E, (2015). Regulation and conducive political situations are determinants that influence the performance of this industry in the wetland environment.

Market orientation is an act to understand target customers by creating superior value for customers through customer analysis. The results of this study show that market orientation has an effect on competitive advantage but the relationship is negative. This study does not support research from Afsharghasemi *et al.,* (2013), and Yuniari *et al.,* (2018). This is caused by the characteristics of the industry in the form of groups. The craftsmen do not have independence in being creative. They make a product based on orders or wishes from the group leader.

In this study, marketing strategies affect business performance. The fourth hypothesis (H4) is accepted. These results support research of Daniel (2018), Asaad A. K, *et al.,* (2018), and Adewale, *et al.,* (2013). Marketing strategy plays a role in improving performance related to product quality, service, product competitive advantage, diversification, and product design.

This research also shows that competitive advantage influences performance. The seventh hypothesis (H7) is accepted. This study supports research of Aprizal *et al.,* (2016) and Pothanajaruwit P, (2018). Competitive advantage plays a role in improving company performance, especially in terms of good product reputation, creating good relationships with customers, a good distribution system, and competitive pricing strategies.

Conclusion and Recommendations

Based on the model developed in this study, it has theoretical and managerial implications. Theoretical implications can strengthen theoretical concepts and provide empirical data as a support to previous research, especially deepening the understanding of the competitive advantage and performance of the handicraft industry in the wetland environment. This study indicates that the handicraft industry needs to adjust its policy direction in developing its business, through the adoption of government policies to improve performance. In practice, the government has a role in spurring productivity, product competitiveness, and strengthening the manufacturing structure. Small and medium industries (SME's) can encourage the government to issue regulations (licensing, taxation, funding, partnerships) that are pro- SME's to protect and make this sector more organised. SME's can encourage the government to create a conducive political situation. And SME's can encourage the government to establish a Special Vocational Training Centre.

Related to marketing strategies, Small and Medium Industries (SME's) need to combine their products with sasirangan fabrics typical of South Kalimantan, diversify products, and market products digitally. to reach a wider market.

Market orientation plays a role in increasing competitive advantage. SME's needs to have independence related to market analysis. With market analysis, SME's can be customer and competitor oriented. Craftsmen will know how to satisfy customers and the strengths and weaknesses of competitors. Thus the craftsmen need to conduct training continuously.

Competitive advantage plays an important role in improving performance. SME's need to improve performance focused on strategies to create positions in the minds of customers. SME's needs to position its products based on quality values.

Acknowledgment

REFERENCES

Adewale G, Adesola M.A, Oyewale I.O , (2013), Impact of Marketing Strategy on Business Performance A Study of Selected Small and Medium Enterprises (SMEs) In Oluyole Local Government, Ibadan, Nigeria, *IOSR Journal of Business and Management,* e-ISSN: 2278-487X, p-ISSN: 2319-7668. Vol. 11, Issue 4, 59-66.

Affendy A.H, Asmat-Nizam, Abdul-Thalib, Farid M.S, (2015), Entrepreneurial Orientation Effect of Market Orientation and SME's Business Performance-A SEM Approach, *Review of Integrative Business & Economics Research*, 4(3), 259-271.

Afsharghasemi, A, Mohamed Zain, Murali S, Serene Ng Siew Imm, (2013), Market Orientation, Government Regulation, Competitive Advantage and Internationalization of SMEs: A Study in Malaysia. *Journal of Business Administration Research,* 2(2), 13-22.

Akmal A, Salim B, Jeni K, Ibrahim D, (2017). Market Orientation and Entrepreneurial Competence towards Competitive Advantage and Marketing Performance on Micro Small and Medium Enterprises (MSMEs) On Seaweed Processing, *Quest JournalsJournal of Research in Business and Management* Vol. 4, Issue 12, 20-27, *ISSN(Online): 2347-3002*

Aliyati, S.A, Nuril, H, & Ahmad R, (2018). *Perilaku Konsumen: Teori dan Aplikasi Pada Riset Pemasaran,* cetakan 1, PT. RajaGrafindo Persada, Depok ISBN. 978-602-425-555-8.

Aprizal, Rilfan Kasi' Ranteta'dung, Kristison T, Yohanis. (2018). The Effect of Market Orientation and Competitive Advantage on Business Performance Through Consumers' Behavior of Computer Sales in Makassar City, Indonesia, https://www.researchgate.net/publication/324686164.pp.1-15.

Aroyeun, Taiwo F, & Dr.Adefulu, Adesoga D dan Prof. Asikhia, Olalekan U, (2019). Effect of Entrepreneurial Orientation on Performnace of Selected Small and Medium Scale Enterprises in Ogun State Nigeria. *International Journal of Business and Management Invention, ISSN (Online): 2319 – 8028, ISSN (Print): 2319 – 801X*

Asaad A. K, Ramadan H. H, Hakar M. R, Daleen A.J, Cihan S. M, Shamal H. O, (2018). The Effect of Marketing Strategy Implementation on Organisation Performance as a Private Business: Case of Cihan University Duhok Camps KRG-Iraq, *International Journal of Business Management and Economic Research,* Vol 9(3),2018, 1281-1295.

Chan, A, (2016). The Influence of Market Orientation Towards Innovation and Business PerformanceAt Companies in The Creative Industries in the Bandung City, *Review of Integrative Business & Economics Research*, 5(2), 186-195.

Daniel, C. O, (2018). Effects of Marketing Strategies on Organisational Performance *International Journal of Business Marketing and Management,* Vol. 3 Issue 9, *01-09 ISSN: 2456-4559.*

Eniola, A. A, & Harry E, (2015). Government Policy and Performance of Small and Medium Business Management International *Journal of Academic Research in Business and Social Sciences,* Vol. 5, No. 2 ISSN: 2222-6990

Ferdinand, A, (2000). *Structural Equation Modelling dalam Penelitian Manajemen*, Semarang, Badan Penerbit Universitas Diponegoro,.

Gati, W, (2020). Kemenperin Fasilitasi Delapan IKM Kerajinan Tembus Pasar Eropa. https://pressrelease.kontan.com

Geoffrey G, Elegwa Mukulu, & John Kihoro, (2015). Influence of Entrepreneurial Orientation on Competitive Advantage among Mobile Service Providers in Kenya, *International Journal of Management and Commerce Innovations* ISSN 2348-7585 (Online) Vol. 3, Issue 2, 245-251.

Ghozali, I, (2008), *Structural Equation Model: Alternatif dengan Partial Least Square*, Semarang, Badan Penerbit Universitas Diponegoro.

Ghozali, & Hengky, (2015). *Partial Least Squares Konsep, TeknikDan Aplikasi Menggunakan Program SmartPLS 3.0 Untuk Penelitian Empiris,* edisi 2, Undip. ISBN: 9797043002

https://kalsel.bps.go.id, (2017) diakses 2019

  https://hulusungaiutarakab.bps.go.id, (2015) diakses 2019.

Huda, N, (2010), Pengaruh Faktor Eksternal terhadap Faktor Internal, Orientasi Pasar dan Kinerja Usaha Kecil di Kalimantan Selatan, *Disertasi Program Pascasarjana Universitas Hasanuddin,* Makassar.

Hussain J, M. Asad K, Qamar, A, (2017). Entrepreneurial Orientation and Performance: The Moderating Effect of Market Orientation, *GMJACS* Vol. 7 No. 1. at: https://www.researchgate.net/publication/327987574.

Inayah Nadzillah Mohammad1, James D. D. Massie dan Ferdinand J. Tumewu, (2019). The Effect of Entrepreneurial Orientation and Innovation Capability towards Firm Performance in Small and Medium Enterprises, (Case Study: Grilled Restaurants in Manado), *Jurnal EMBA*, Vol.7 No.1, 1 – 10.

Khalid S. A. B, (2018). The Impact of Marketing Mix on The Competitive Advantage of the SME Sector in the Al Buraimi Governorate inOman, *Sage Open- Research Paper,* 1-10**.** DOI: 10.1177/2158244018800838

Leal, Antonio L-Rodriguez, & Gema A-Morant, (2016), Lingking Market Orientation, Innovation and Performance: An Empirical Study On small Industrial Enterprises in Spain, *Journal of Small Business Strategy*, 26(1), 37-50.

Malhotra, Naresh, (2004). *Marketing Research: An Applied Orientation*, fourth edition, Pearson Education, Inc Upper Saddle River, New Jersey.

Musigire, S, (2016). Market Orientation and Competitive Advantage: Mediating Role of Strategic Ambidexterity. *ORSEA Journal ,* Vol. 6 Issue No. 1, 190- 219.

Maruta, I.G.N. Anom, & R Andi S, Nanis S, (2017). The Effect of Market Orientation, Entrepreneurship Orientation and Imitation Strategy on Competitive Advantage (Study on SME of Leather Bag and Suitcase in East Java), *International Journal of Business and Management Invention*, 6(7), 24-35.

Musthofa, & Sugeng W, Naili F, Ngatno, (2017). Effect of Entrepreneurial Orientation on Business Performance, *International Journal of Civil Engineering and Technology,* 8(9), 82-90.

Pothanajaruwit P, (2018). Competitive Advantage Effects of Firm Performance: A case Study of Startups in Thailand, Journal of International Studies, 10(1), 104-111, doi:10.14254/2071-8330.2018/11-3/9.

Rosmayani, Yuyus Suryana, Surachman Suwawihardja, R. Arief Helmi, (2016), Influence of market Orientation and Innovation on Marketing Performance in Small Industry of Malay Women Textile Riau Province Indonesia, *International Journal of Economics, Commerce and Management United Kingdom* Vol. IV, Issue 2, 521-536

Solihin, (2019). *Sempat Merosot Tajam per November 2019 HBA naik 2,27%. Aspektan: Bisnis Batu Bara Kalsel Lesu,* www.tribunbanjarmasin.com

Thongvanh S, Sasiwemon Sukkabot, Meta Sateeraroj, 2014. The Effect of Entrepreneurial Orientation and Competitive Advantage on SMEs' Growth: A Structural Equation Modelling Study, *International Journal of Business and Social Science* Vol. 5, No. 6(1).

Wheelen, T.L, & J. David Hunger, (2004), *Strategic Management and Business Policy*, ninth edition, Pearson-Prentice Hall.

Yuniari, W, Ni Nyoman Kerti Yasa, I.G.A. Kt. Giantari, (2018). The Role of Competitive Advantage in Mediating The Influence of Market Orientation on Internationalization and Marketing Performance: A Study on Silver Craft SMEs in . Celuk Village, Bali Province. *Singaporean Journal of Business Economics and Management Studies,* Vol.6, No.5. DOI.10.12816/0046860.

Zainul, M, Endang S. A, Zainul A, Hamiday N. U. (2016). The Effect of Market Orientation toward Organisational Learning, Innovation, Competitive Advantage, and Corporate Performance (A Study at SME Sasirangan in South Kalimantan), *Journal of Administrative Sciences and Policy Studies*, 4(1), 1-19.