THE EFFECT OF MARKET ORIENTATION, HR COMPETENCE, KNOWLEDGE MANAGEMENT ON COMPETITIVE ADVANTAGE, MEDIATED BY COMPANY PERFORMANCE

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ABSTRACT

Purpose: The condition of competition between coal mining contractors causes the company leaders to manage the company and try as optimally as possible to get a competitive advantage compared to other similar companies. This study discusses the relationship of Competitive Advantage built from Market Orientation variables, HR Competence, and Knowledge Management to the performance of coal mining contractors in a comprehensive manner. It explains the transformation process of Company Performance to Competitive Advantage.

Research implications: A research population is a number of 37 Coal mining contractors in Indonesia, including employees who are directly involved in strategic decision making in the company, namely the Project Head, Head Office Manager, and Director as respondents. Based on these data, Smart PLS 4 software processes structural parameter estimates according to the relational model described in the study's conceptual framework.

Results and conclusion: The results showed that Market Orientation, Knowledge Management and Company Performance have a significant effect on Competitive Advantage, Quality of Human Resources, Market Orientation and Knowledge Management also has a direct effect on Company Performance, but Quality of Human Resources has no significant effect on Competitive Advantage. While the Company's Performance is a Full Mediation of the Quality of Human Resources on Competitive Advantage.

Originality/value: This research contributes to the development of RBV theory, especially the study of company performance on competitive advantage in a resource-based view perspective through market orientation, HR competence, knowledge management, and the practice of applying SECI knowledge to this research object, which is proven to be able to increase competitive advantage.

Theoretical reference: The originality of the theoretical model in this study contributes to the development of the RBV theory, the implementation of the concept of Competitive Advantage regarding the integration of internal key resources between intangible and capability aspects of coal mining contractors.

Keywords: Market Orientation, Human Resource Competence, Knowledge Management, Company Performance, Competitive Advantage.

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O EFEITO DA ORIENTAÇÃO DE MERCADO, COMPETÊNCIA DE RH, GERENCIAMENTO DE CONHECIMENTO EM VANTAGEM COMPETITIVA, MEDIADO PELO DESEMPENHO DA EMPRESA

RESUMO

Objetivo: A condição de concorrência entre os fornecedores de minas de carvão faz com que os líderes da empresa administrem a empresa e tentem obter o máximo possível de vantagem competitiva em comparação com outras empresas semelhantes. Este estudo discute a relação da vantagem competitiva construída a partir de variáveis de orientação de mercado, competência de RH e gerenciamento de conhecimento para o desempenho de empreiteiros de mineração de carvão de forma abrangente. Explica o processo de transformação do Desempenho da Empresa em Vantagem Competitiva.

Implicações da investigação: Uma população de investigação é um número de 37 contratantes de mineração de carvão na Indonésia, incluindo funcionários que estão diretamente envolvidos na tomada de decisões estratégicas na empresa, nomeadamente o chefe do projeto, gerente da sede e diretor como respondentes. Com base nesses dados, o software Smart PLS 4 processa estimativas de parâmetros estruturais de acordo com o modelo relacional descrito na estrutura conceitual do estudo.

Resultados e conclusão: Os resultados mostraram que a orientação para o mercado, a gestão do conhecimento e o desempenho das empresas têm um efeito significativo sobre a vantagem competitiva, a qualidade dos recursos humanos, a orientação para o mercado e a gestão do conhecimento também têm um efeito direto sobre o desempenho das empresas, mas a qualidade dos recursos humanos não tem um efeito significativo sobre a vantagem competitiva. Enquanto o desempenho da empresa é uma mediação completa da qualidade dos recursos humanos em vantagem competitiva.

Originalidade/valor: Esta pesquisa contribui para o desenvolvimento da teoria RBV, especialmente o estudo do desempenho da empresa sobre vantagem competitiva em uma perspectiva de visão baseada em recursos através da orientação de mercado, competência de RH, gestão de conhecimento e a prática de aplicar o conhecimento SECI a este objeto de pesquisa, que é comprovado ser capaz de aumentar a vantagem competitiva.

Referência teórica: A originalidade do modelo teórico neste estudo contribui para o desenvolvimento da teoria RBV, a implementação do conceito de Vantagem Competitiva no que diz respeito à integração de recursos internos chave entre os aspectos intangíveis e de capacidade dos contratantes de mineração de carvão.

Palavras-chave: Orientação de Mercado, Competência em Recursos Humanos, Gestão do Conhecimento, Desempenho da Empresa, Vantagem Competitiva.

1 INTRODUCTION

Coal production in Indonesia is dominated by coal entrepreneurs holding Coal Mining Concession Work Agreements (PKP2B). From CNBC data, it is recorded that the top 10 coal companies with the most significant production in 2019 control nearly 60% of Indonesia's total coal production. The coal company, namely PT. Kalimantan Prima Coal (60 Million Tons), Adaro Indonesia (50 Million Tons), Berau Coal (33 Million Tons), Kideco Jaya Agung (32 Million Tons), Arutmin Indonesia (28.8 Million Tons), Bukit Asam (25.5 Million Tons), Borneo Indobara (17.3 million tons), Indominco Mandiri (13 million tons), Antang Gunung Meratus (7.7 million tons) and Indexim Coalindo (6 million tons). The exciting thing about coal mining activities in Indonesia is that almost all mining companies that own mining activities use the services of coal mining contractors to mine coal, where the number of coal mining contractors in Indonesia is vast. As an illustration, one mine owner can have 3-5 mining
contractors. The decrease in coal prices caused the mine owner to experience a decrease in profits. As an illustration for medium calorie coal at an expected price of 40 $ / MT with a fee for contractor services of 28 $ / MT, the mine owner gets a profit of 12 $ / MT of coal (30%). Currently the price down to 30$/MT so that to pay coal mining contractors 28$/MT, the mine owner's profit is only 2$/MT (6.67%). To return profits, the mine owner negotiates prices for contractor services of up to 20% of the previous price. To provide competitive prices compared to other contractors, mining contractors need to improve their company's performance to produce the lowest costs and have a competitive advantage.

Coal prices are predicted to decline for the next five years because China, a country that uses 45% of the world's total coal, is starting to limit coal imports. This resulted in an excess supply of Indonesian coal, the second largest coal exporting country in the world after Australia. The oversupply resulted in a decrease in Indonesian coal prices. What is needed by coal entrepreneurs in Indonesia when coal prices fall is to find coal mining contractors who can provide competitive prices for mining services. Mining contractors who do not have a Competitive Advantage in fulfilling Market Orientation will be displaced by other mining contractors.

Based on a literature study in enhancing Competitive Advantage conveyed by Mazaira et al. (2003) suggests that Market Orientation plays a more significant role in building Competitive advantage. Slater and Narver (1995) also argued that market orientation is a culture that places a high priority on creating and maintaining Superior Customer Value while taking into account the interests of Stakeholders so that excellence can be achieved. Narver et al. (1998) argued that the essence of market orientation is the commitment of all company members to always be superior to competitors by always creating added value for consumers.

In contrast to previous researchers, the supporting aspects of Competitive Advantage according to Wright et al. (1998) put forward the importance of human capabilities in achieving Competitive Advantage. Brewster et al. (2000) suggest that in order to have a long-term competitive advantage, it must have excess human resource capabilities. Aspects of HR Capability become very logical in creating competitive advantage. In another study, Kogut and Zander (1993) stated that in the strategic management literature, Knowledge Management is the most crucial thing in creating a Competitive Advantage.

Research on Market Orientation in creating Competitive Advantage yielded insignificant results (Slater and Narver, 1995; Narver et al., 1998). Other research groups argue the importance of Market Orientation in creating Competitive Advantage (Ferdinand, 2003; Mazaira et al., 2003). So there are still gaps that require further research regarding Market Orientation with Competitive Advantage. Research on Human Resource Competence with Competitive Advantage according to Lengnick-Hall., 1990 and Wright et al., 1998 found insignificant positive results, while other researchers Maybey et al., 1998; Ellinger et al., 2002; Brewster et al., 2000; Sharma, 2005, Peter and Ochieng 2017 stated significant results, so there are still gaps that require further research regarding HR Competence and Competitive Advantage. Research on Knowledge Management and Competitive Advantage according to Shu-Hsien Liao and Ta-Chien Hu, 2007 showed insignificant results. In contrast, according to Greiner and Krcmar, 2007 showed that Knowledge Management and Competitive Advantage had significant results so that there are still gaps that require further research regarding Knowledge Management and Competitive Advantage.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Researcher</th>
<th>Results</th>
<th>This research</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ferdinand(2003), Mazaira et al., (2003)</td>
<td>Significant</td>
<td></td>
</tr>
</tbody>
</table>
The Effect of Market Orientation, HR Competence, Knowledge Management on Competitive Advantage, Mediated by Company Performance

### Variable | Researcher | Results | This research
--- | --- | --- | ---
HR Competence with Competitive Advantage | Lengnick-Hall (1990), Wright et al. (1998) | Not significant | Competence, Knowledge Management with Competitive Advantage
Mabey et al., (1998); Ellinger et al., (2002); Brewster et al., (2000); Sharma, (2005); Peter dan Ochieng (2017) | Significant |
Knowledge Management with Competitive Advantage | Shu-Hsien Liao and Ta-Chien Hu (2007) | Not significant |
Greiner dan Krcmar (2007) | Significant |

Source: Taken from various research journals, processed by author (2023)

Departing from the principles of Strategic Management in many works of literature, that in order to gain Competitive Advantage, from the aspect of Market Orientation, HR Competence and Knowledge Management need strategic actions and decisions on Key Resource Factors, which Barney (1991) categorized into tangible, intangible, and capability elements. As for the Key Resource factors that are used as variables in this study, namely HR Competence, and Market Orientation to what extent can improve Company Performance in order to achieve Competitive Advantage for coal mining contractors in Indonesia.

### 2 THEORETICAL FRAMEWORK

In this study, Market Orientation is defined as the corporate culture that is deemed the most effective and efficient in promoting the behaviors necessary to generate "superior value" (Narver & Slater, 1990) for coal mining contractors in Indonesia.

HR Competence refers to an individual's capacity to perform work effectively and achieve favorable outcomes. Competence encompasses various aspects such as knowledge, skills, attitudes, values, or personal characteristics that form the foundation of an individual and influence their effectiveness in job performance (Weatherly, 2003). Knowledge Management (according to Nonaka I, Takeuchi, 1995) referred to in this study is the conversion process between tacit knowledge and explicit knowledge in developing corporate knowledge to create corporate competitiveness in accordance with the SECI Radar. Chuang (2004) states that SECI is a suitable model and plays a role in the SECI corporate strategy management for society. Company performance is the result obtained by the company as a result of implementing the strategy, which is expected to be used as input for improving the implementation and management of the company's strategy. Competitive advantage is the ability to produce products/services effectively and efficiently that are the same or better than its competitors and can face threats from potential competitors in the industry (Porter, 1980).

#### 2.1 Relationship of Market Orientation to Competitive Advantage

According to Mazaira et al. (2003), market orientation plays a crucial role in establishing a company's competitive advantage. Differentiating a company's marketing strategy from its competitors can lead to gaining a competitive edge.

H1: Market Orientation has a significant effect on the creation of Competitive Advantage.

#### 2.2 Relationship between HR Competence and Competitive Advantage

The process of economic liberalization and the opening of global markets has compelled numerous companies to reassess their management policies and human resources practices.
There is a prevailing notion that for companies to thrive in the global economy, they must be supported by proficient human resources—those that are world-class. Cultivating a workforce with high levels of expertise and abilities in the realm of technology can serve as a pivotal driver of competitive advantage for companies (Khandekar and Sharma, 2005). In recent years, several scholars have recognized the significance of human resource competence, capabilities, and skills as the primary wellspring of competitive advantage for organizations (Mabey et al., 1998; Ellinger et al., 2002). In their scholarly contributions, Wright et al. (1998) emphasize the importance of human resource capacity, which represents the collective knowledge held by company members, possesses a certain degree of rarity, and is challenging to replicate. This capacity is deemed highly valuable due to the company's established practices in effectively managing its employees. It ultimately shapes the attitudes and talents of the workforce, aligning them with the organization's values and goals to achieve competitive advantage. Brewster et al. (2000) propose that to establish a solid and enduring competitive advantage, a company must possess a distinctive edge in the skills and capabilities of its employees.

**H2:** Human Resource Competence has a significant effect on the creation of Competitive Advantage.

### 2.3 Relationship of Knowledge Management to Competitive Advantage

In a study conducted by Remmy Magnier Watanabe (2008) titled "Knowledge transfer and competitive advantage on environmental for an empirical study of the Taiwan semiconductor industry," the results, as well as the structural equation model, demonstrate a significant positive relationship between knowledge transfer and competitive advantage.

**H3:** Knowledge Management has a significant effect on the creation of Competitive Advantage

### 2.4 Relationship of Market Orientation to Company Performance

The study conducted by Baker & Sinkula (1999) demonstrates a significant relationship between market orientation and company performance. Conversely, Han et al. (1998) posit that market orientation has a positive but insignificant impact on company performance. However, Han's research highlights that market orientation does have a significant effect on company performance when mediated by innovation. Building upon the research by Jaworski & Kohli (1993) and Slater & Narver (1994), which assert a positive influence of market orientation on company performance, the following hypothesis is proposed:

**H4:** Market Orientation has a Significant Effect on Company Performance.
2.5 Relationship between HR Competence and Company Performance

Perry-Smith and Blum (2000) underscored the concept of horizontal fit, also known as internal fit, which refers to the alignment of relationships among a group of HRM practices or systems, as well as vertical fit, which pertains to the alignment between HRM strategies or practices and the company's overall strategy. When there is a strong and consistent alignment within the internal system, it is referred to as a high-performance work system (HPWS) (Becker et al., 2001). Therefore, the following hypothesis is proposed:

H5: HR Competence has a Significant Effect on Company Performance.

2.6 Relationship of Knowledge Management to Company Performance

Drawing from the research conducted by Martina E. Greiner, Tilo Bohmann, and Helmut Krcmar (2007), which establishes a correlation between Knowledge Management and Company performance, the following hypothesis is proposed:

H6: Knowledge Management has a Significant Effect on Company Performance.

2.7 Relationship between Company Performance and Competitive Advantage

Porter (1980) introduced the notion of competitive advantage, which lies at the core of business performance in the face of market competition. Competitive advantage is derived from the value or advantages that a company generates for its customers. It is this value or advantages that customers are willing to pay for. Superior value is achieved by either offering a lower price compared to competitors for equivalent benefits or providing unique benefits that go beyond the offered price

H7: Company Performance has a Significant Effect on Competitive Advantage

In line with the H1-H7 hypotheses, which examine the significant effects of Market Orientation, HR Competence, and Knowledge Management on Competitive Advantage, mediated by Company Performance, the following H8-H10 hypotheses are proposed:

H8: Market Orientation has a significant impact on Competitive Advantage, mediated by Company Performance.

According to Mazaira et al. (2003), market orientation plays a crucial role in developing a company's competitive advantage. Additionally, Porter (1980) suggests that a company can achieve competitive advantage through strong corporate performance. Theoretical reasoning and empirical evidence support the notion that Market Orientation positively influences Company Performance. Furthermore, positive Company Performance enhances a company's competitive advantage. Therefore, the hypothesis positing the mediating role of Company Performance can be synthesized as follows.

H8: Company Performance mediates the effect of Market Orientation on Competitive Advantage.

2.8 Relationship between HR Competence and Competitive Advantage mediated by Company Performance

Building on the perspectives of Perry-Smith and Blum (2000), it is argued that HR competence plays a crucial role in establishing a company's competitive advantage. Additionally, Porter (1980) suggests that competitive advantage can be achieved through strong corporate performance. Theoretical analysis and empirical findings support the notion that HR competence has a positive impact on company performance. Furthermore, positive company performance contributes to the enhancement of a company's competitive advantage. Therefore,
the hypothesis positing the mediating role of company performance can be formulated as follows.

H9: Company Performance mediates the effect of HR Competence on Competitive Advantage.

2.9 Relationship of Knowledge Management to Competitive Advantage Mediated by Company Performance

Based on the research conducted by Martina E. Greiner, Tilo Bohmann, and Helmut Krcmar (2007), which establishes a relationship between Knowledge Management and Company performance, and the insights of Porter (1980) regarding the formation of competitive advantage through good corporate performance, it can be inferred that Knowledge Management has a positive impact on Company Performance. Theoretical analysis and empirical evidence support this claim. Furthermore, positive company performance contributes to the enhancement of a company's competitive advantage. Therefore, the hypothesis proposing the mediating role of company performance can be synthesized as follows.

H10: Company Performance mediates the effect of Knowledge Management on Competitive Advantage

3 METHODOLOGY

This research is categorized as explanatory research, specifically focused on examining the causal relationships between variables through hypothesis testing in the quantitative dimension. It aims to explore the influence of market orientation, HR competence, and knowledge management on competitive advantage, with the mediation of company performance. The research adopts a quantitative approach and employs survey methods by distributing questionnaires to potential respondents. This approach ensures the collection of valid data and facilitates the derivation of statistically significant results.

The population for this study consists of 37 coal mining contractor companies, with representation from four key personnel involved in making strategic decisions within the company. These personnel include the Project Head, Head Office Manager, Division Manager, and Director. The sample selection in this study follows the census method, as per the guidelines provided by Sugiyono (2002: 61-63). The census method involves including the entire population as the sample, leaving no members of the population unsampled. In this case, the census covers all 37 coal mining contractors in Indonesia.

4 RESULTS AND DISCUSSIONS

4.1 Results

Hypothesis testing is done by comparing the t-statistic and t-table values obtained from the relationship between variables in the hypothesized conceptual model. In this study the level of confidence in the processed data is 95%, thus the critical r or alpha value is 5%. As mentioned in chapter three that in this study there are 10 hypotheses. Based on the analysis of Path Coefficients, the hypothesis testing results are described as follows:
4.2 Testing the Direct Effect

The acceptance of the direct effect hypothesis is determined based on the significance criteria, where a p-value of less than 0.05 indicates acceptance (H0 is significant), while a p-value greater than 0.05 indicates rejection (H0 is insignificant). The analysis of hypothesis testing using the SmartPLS4 software application has yielded the following results:

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Proposed Hypothesis</th>
<th>Estimate</th>
<th>P-Value</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Market Orientation  → Competitive Advantage</td>
<td>0.34</td>
<td>0.01</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>HR Competence → Competitive Advantage</td>
<td>-0.07</td>
<td>0.20</td>
<td>Rejected</td>
</tr>
<tr>
<td>H3</td>
<td>Knowledge Management → Competitive Advantage</td>
<td>0.17</td>
<td>0.01</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4</td>
<td>Market Orientation → Company Performance</td>
<td>0.32</td>
<td>0.01</td>
<td>Accepted</td>
</tr>
<tr>
<td>H5</td>
<td>HR Competence → Company Performance</td>
<td>0.43</td>
<td>0.01</td>
<td>Accepted</td>
</tr>
<tr>
<td>H6</td>
<td>Knowledge Management → Company Performance</td>
<td>0.16</td>
<td>0.03</td>
<td>Accepted</td>
</tr>
<tr>
<td>H7</td>
<td>Company Performance → Competitive Advantage</td>
<td>0.41</td>
<td>0.01</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Source: SmartPLS4 output results (2022)

Based on the results of the hypothesis testing using the SmartPLS4 software application, the direct influence hypotheses can be summarized as follows:
Hypothesis 1: Market Orientation has a significant effect on Competitive Advantage. The analysis reveals a p-value of 0.01, indicating a significant influence between Market Orientation and Competitive Advantage. Therefore, Hypothesis 1 is accepted.

Hypothesis 2: HR Competence has a significant effect on Competitive Advantage. The analysis shows a p-value of 0.20, indicating no significant influence between HR Competence and Competitive Advantage. Hence, Hypothesis 2 is rejected.

Hypothesis 3: Knowledge Management has a significant effect on Competitive Advantage. The analysis yields a p-value of 0.01, indicating a significant influence between Knowledge Management and Competitive Advantage. Therefore, Hypothesis 3 is accepted.

Hypothesis 4: Market Orientation has a significant effect on Company Performance. The analysis shows a p-value of 0.01, indicating a significant influence between Market Orientation and Company Performance. Hence, Hypothesis 4 is accepted.

Hypothesis 5: HR Competence has a significant effect on Company Performance. The analysis reveals a p-value of 0.01, indicating a significant influence between HR Competence and Company Performance. Therefore, Hypothesis 5 is accepted.

Hypothesis 6: Knowledge Management has a significant effect on Company Performance. The analysis yields a p-value of 0.03, indicating a significant influence between Knowledge Management and Company Performance. Hence, Hypothesis 6 is accepted.

Hypothesis 7: Company Performance has a significant effect on Competitive Advantage. The analysis shows a p-value of 0.01, indicating a significant influence between Company Performance and Competitive Advantage. Therefore, Hypothesis 7 is accepted.

### 4.3 Testing the Effect of Mediation

<table>
<thead>
<tr>
<th>Proposed Hypothesis</th>
<th>Hypothesis</th>
<th>Estimate</th>
<th>P-Value</th>
<th>Keputusan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Orientation → Company Performance → Competitive Advantage</td>
<td>H8</td>
<td>3.308</td>
<td>0.001</td>
<td>Accepted</td>
</tr>
<tr>
<td>HR Competence → Company Performance → Competitive Advantage</td>
<td>H9</td>
<td>3.956</td>
<td>0.001</td>
<td>Accepted</td>
</tr>
<tr>
<td>Knowledge Management → Company Performance → Competitive Advantage</td>
<td>H10</td>
<td>1.899</td>
<td>0.028</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

**Source:** Sobel Test Calculator Results (2022)

Based on the analysis using the Sobel Test Calculator, the results of testing the mediating effect hypotheses are as follows:

Hypothesis 8: Company Performance mediates the effect of Market Orientation on Competitive Advantage. The analysis yields a p-value of 0.001, indicating a significant mediating effect of Company Performance between Market Orientation and Competitive Advantage. Therefore, Hypothesis 8 is accepted.

Hypothesis 9: Company Performance mediates the effect of HR Competence on Competitive Advantage. The analysis reveals a p-value of 0.001, indicating no
significant mediating effect of Company Performance between HR Competence and Competitive Advantage. Hence, Hypothesis 9 is rejected.

Hypothesis 10: Company Performance mediates the effect of Knowledge Management on Competitive Advantage. The analysis shows a p-value of 0.028, indicating a significant mediating effect of Company Performance between Knowledge Management and Competitive Advantage. Therefore, Hypothesis 10 is accepted.

5 DISCUSSIONS

The research hypothesis contains an explanation of the direct and indirect effects that refer to the previous hypothesis submission. This study aims to provide a causal explanation or relationship between variables through direct hypothesis testing, namely market orientation (X1), HR competency (X2) and knowledge management (X3) on competitive advantage variables (Y), as well as indirect testing mediated by company performance (Z). The discussion of the results of this study is explained as follows:

The Relationship between Market Orientation and Competitive Advantage Increasing Market Orientation can increase Competitive Advantage. The statistical test results for the first hypothesis indicate that Market Orientation has a significant influence on competitive advantage. The indicators of customer orientation, competitor orientation, and intra-group orientation play a significant role in enhancing Market Orientation, which in turn positively affects competitive advantage. These findings align with previous research by Mazaira et al. (2003), even though their study focused on the textile industry in Spain. The results of this current study provide further support and strengthen the findings of Farrell et al. (2008), Pratono and Darmasetiawan et al. (2019), and Talaja et al. (2017). These studies also found significant relationships between Market Orientation and competitive advantage in different industries and contexts.

Relationship between HR Competence and Competitive Advantage Increasing HR Competence has no effect on increasing Competitive Advantage. The statistical test results for the second hypothesis indicate that HR Competence does not have a significant effect on competitive advantage. This means that changes in HR Competence, such as improvements in abilities, knowledge, and personal attributes, do not lead to a significant increase in competitive advantage. Analyzing the indicators used to measure HR Competence, it is observed that the Capability indicator plays a dominant role in enhancing HR Competence. However, the Knowledge and Personal Attribute indicators do not show a consistent direction in increasing HR Competence. These findings align with previous research by Wright et al. (1998) and Khandekar and Sharma (2005), who also investigated the relationship between HR Competence and competitive advantage in the context of mining exploration and found insignificant results. Therefore, this current study provides further support and strengthens their findings.

The Relationship between Knowledge Management and Competitive Advantage Increasing Knowledge Management can increase Competitive Advantage. The statistical test results for the third hypothesis indicate that Knowledge Management has a significant influence on competitive advantage. This means that an increase in Knowledge Management, as measured by factors such as socialization, externalization, combination, and internalization, leads to a corresponding increase in competitive advantage. Analyzing the indicators used to measure Knowledge Management, it is observed that the socialization and combination indicators are aligned with the increase in Knowledge Management, which in turn enhances competitive advantage. On the other hand, the externalization and internalization indicators do not show a consistent relationship with Knowledge Management. These findings support and strengthen the research conducted by Alfawaire and Tarik Atan (2021), despite the different research contexts, as both studies report
significant positive results. However, these findings differ from the research conducted by Shu-Hsien Liao and Ta-Chien Hu (2007), suggesting that the relationship between Knowledge Management and competitive advantage may vary across different contexts or industries. The Effect of Market Orientation on Company Performance. Increasing Market Orientation can improve Company Performance. The statistical test results for the fourth hypothesis indicate that Market Orientation has a significant influence on company performance. This implies that an increase in Market Orientation, as measured by factors such as customer orientation, competitor orientation, and intra-group orientation, leads to an improvement in company performance. Analyzing the indicators used to measure Market Orientation, it is observed that the indicators of customer orientation, competitor orientation, and intra-group orientation play a significant role in increasing Market Orientation, which in turn has a positive impact on company performance. These findings support and expand upon previous research conducted by Mavondo and Farrell (2003) in the food manufacturing industry in Zimbabwe, which found a significant effect of market orientation on financial performance. The results are also consistent with the studies by Talaja et al. (2017), Ullah et al. (2019), Khan et al. (2020), and Farrell et al. (2008), all of which reported significant positive results regarding the relationship between market orientation and company performance.

**Relationship between HR Competence and Company Performance**

Increasing HR competence can improve company performance. The statistical test results for the fifth hypothesis indicate that HR competence has a significant influence on company performance. This implies that an increase in HR competence, as measured by factors such as abilities, knowledge, and personal attributes, leads to an improvement in company performance. Analyzing the indicators used to measure HR competence, it is observed that the capability indicator plays a dominant role in increasing HR competence, while the knowledge and personal attribute indicators are not in the same direction in increasing HR competence.

These findings support and strengthen previous research conducted by Khandekar and Sharma (2005) in nine Indian global organizations in New Delhi, where 300 HR managers participated as respondents. The results of their study also demonstrated a significant positive relationship between HR competence and company performance. Additionally, the results align with the research conducted by Mavondo and Farrell (2003), which also found a significant positive relationship between HR competence and performance.

**The Relationship between Knowledge Management and Company Performance**

Increased Knowledge Management can improve Company Performance. The statistical test results for the sixth hypothesis indicate that Knowledge Management has a significant influence on company performance. This means that an increase in Knowledge Management, as measured by factors such as socialization, externalization, combination, and internalization, leads to an improvement in company performance. Analyzing the indicators used to measure Knowledge Management, it is observed that the socialization and combination indicators are considered to be in the same direction in increasing Knowledge Management, thereby enhancing company performance. On the other hand, the externalization and internalization indicators are not in the same direction when it comes to increasing HR competence.

These findings support and strengthen the research conducted by Gurlek et al. (2020), who collected data from 502 companies operating in technology development zones in Turkey. Their research revealed that companies led by knowledge-oriented leaders exhibited higher levels of Knowledge Management Capacity, innovation performance, and overall company performance. The results of this study also align with the research conducted by Ullah et al.
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(2019) and Cardoni et al. (2020), both of which demonstrated significant positive relationships between Knowledge Management and company performance.

Correlation between Company Performance and Competitive Advantage Increased Company Performance can increase Competitive Advantage.

The statistical test results for the seventh hypothesis indicate that Company Performance has a significant influence on Competitive Advantage. This means that an improvement in Company Performance, as measured by factors such as financial perspective, customer perspective, internal business processes, learning, and growth, leads to an increase in Competitive Advantage.

These findings support and strengthen the research conducted by Ferdousi et al. (2008), who collected data from 179 garment organizations in Bangladesh, a developing country. Their research revealed that performance quality mediates the relationship between specific organizational factors (top management support, employee engagement, and rewards and recognition) and competitive advantage. It also demonstrated a significant positive relationship between performance and competitive advantage. The results of this study align with the research conducted by Binh Do et al. (2020) and Kiyabo et al. (2020), both of which also found significant positive relationships between company performance and competitive advantage.

The Relationship between Market Orientation and Competitive Advantage, with Company Performance as a Mediator Increasing Market Orientation, can increase Competitive Advantage through mediation of Company Performance.

The statistical analysis for the eighth hypothesis reveals that Market Orientation has a significant impact on competitive advantage, and this impact is fully mediated by Company Performance. This implies that the relationship between Market Orientation and Competitive Advantage is entirely explained by the mediating role of Company Performance.

Relationship between HR Competence and Competitive Advantage, with Company Performance as Mediator Increasing HR Competence can increase Competitive Advantage through mediation of Company Performance.

The results of the statistical test for the ninth hypothesis indicate that HR Competence has a significant impact on competitive advantage, and this impact is fully mediated by Company Performance. In other words, the influence of HR Competence on Competitive Advantage is completely explained by the role of Company Performance as a mediating variable.

The Relationship between Knowledge Management and Competitive Advantage, with Company Performance as a Mediator Increasing Market Orientation, can increase Competitive Advantage through mediation of Company Performance.

The statistical analysis for the tenth hypothesis indicates that Knowledge Management has a significant influence on competitive advantage, and this influence is fully mediated by Company Performance. In other words, the impact of Knowledge Management on Competitive Advantage is completely explained by the mediating role of Company Performance.

6 CONCLUSION

This study examines the relationship between market orientation, human resource competence, knowledge management, company performance, and competitive advantage. The findings reveal the following:

1. Market orientation positively influences competitive advantage. Specifically, focusing on customer orientation, competitor orientation, and intra-group orientation enhances competitive advantage.

2. Human resource competence does not have a direct impact on competitive advantage. Improving HR competence, including abilities, knowledge, and personal attributes, does
not lead to a significant increase in competitive advantage. The emphasis on HR competence lies more on externalization, encouraging employees to express and share their knowledge effectively.

3. Knowledge management has a positive effect on competitive advantage. By facilitating socialization and combinations of knowledge among employees, such as sharing experiences and combining existing knowledge, competitive advantage can be improved.

4. Market orientation positively affects company performance. Strengthening market orientation through customer, competitor, and intra-group orientations contributes to improved company performance. The emphasis on competitor orientation involves gathering data, conducting studies, and sharing competitor strategies within the organization.

5. Human resource competence positively influences company performance. Enhancing HR competence, particularly through knowledge application and appreciation for achievement, dedication, loyalty, and honesty, leads to improved company performance. Skills and capabilities of leaders and employees are vital in achieving this improvement.

6. Knowledge management positively impacts company performance. By promoting socialization, externalization, combination, and internalization of knowledge, companies can enhance their overall performance.

7. Company performance positively influences competitive advantage. Through financial perspectives, customer perspectives, internal business processes, and learning and growth, improved company performance leads to an increase in competitive advantage. Key financial indicators, such as revenue, gross profit margin, net profit margin, return on assets (ROA), return on investment (ROI), and return on equity (ROE), align with company targets.


9. Human resource competence indirectly impacts competitive advantage through company performance. The effect of HR competence on competitive advantage is fully mediated by company performance. Changes in company performance play a mediating role in the relationship between HR competence and competitive advantage.


REFERENCES


The Effect of Market Orientation, HR Competence, Knowledge Management on Competitive Advantage, Mediated by Company Performance


