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Market Orientation and Manufacturing Firm's Performance: The Mediating Effects of Competitive Advantage

Dula Kumera Wakweya*, Chalchissa Amentie Kero**, Neeraj Bali***

*PhD Candidate in Management, Wallaga University, Nekemte, Ethiopia
**PhD, Associate Professor of Management, Ethiopian Civil Service University, Addis Abeba, Ethiopia (Corresponding Author).

*** PhD, Associate Professor of Management, Wallaga University, Nekemte, Ethiopia

Abstract
This study analyzed the effect of market orientation on the performance of manufacturing firms operating in selected Ethiopian industrial parks, using competitive advantage as an intervening variable. The study adopted a pragmatic worldview. An explanatory research design was employed. A mixed-research approach was applied. Data for this study was collected both from primary and secondary sources. The target population of the study was employees of manufacturing firms operating in selected industrial parks in Ethiopia. To select the respondents for the study, a non-probability sampling technique was employed. The sample size was determined to be 382 respondents. The scales for data collection were purified and validated using Confirmatory Factor Analysis (CFA). Structural Equation Modeling (SEM) was used to test the study's hypothesis. The findings of the study revealed that market orientation has a positive and significant effect on both competitive advantage (β = 0737, p<0.001) and firm performance (β = 0.515, p<0.001), respectively. Moreover, competitive advantage is associated positively and significantly (β = 0.46, p<0.001) with firm performance. Consequently, market orientation has both a direct and indirect effect through competitive advantage on a firm's performance. This reveals that competitive advantage played a partial mediating role in the relationship between market orientation and firm performance. The finding corroborates that market orientation contributes to competitive advantage by providing relevant market information, which enables firms to create differentiated products, charge affordable prices due to low cost advantages, and increase firm responsiveness, which finally contributes to a firm's success. Therefore, it is possible to conclude that being market-oriented enables firms to better understand current and latent customer needs, which enables them to develop better solutions and gain a sustainable competitive advantage in a competitive market that enhances firm performance. Thus, this study suggested that to ensure the sustainability of the manufacturing firms operating in industrial parks they need to focus on proactive market information and place emphasis on areas where the country has a competitive advantage. This enhances their competitiveness by nurturing product differentiation or enhancing quality, attaining cost advantage, and being responsive to their customers.

Key Words: *Market Orientation, Competitive Advantage, Product Quality, Cost advantage, Responsiveness, Firm's Performance.*

1. Introduction

In this hyper-competitive business environment, firms yearn to differentiate themselves in an idiosyncratic way from competitors and strive to provide superior customer value (Abdelli et al., 2023). Hence, cognizance of market orientation coupled with competitive advantage competence enables firms to be abreast of the market environment and to be competent in the global market. Market orientation is the use of knowledge-based resources that emphasize effectively managing

and using information-connected market places among all business units (Lee et al., 2020). Further, it enables firms to gain in-depth knowledge about customers' latent and expressed needs, which supports businesses in launching products that fit the marketplace (Morgan et al., 2019). Thus, the company can be encouraged to create goods that are appropriate for the target market and meet client wants because of their access to market orientation information and viewpoints. Moreover, Tinoco et al. (2019) explained that market orientation requires an understanding of customer demand through market information analysis to gain a competitive advantage. Additionally, competitors' orientation, according to Bamfo and Kraa (2019), enables firms to outperform their rivals by altering what they are supplying to the market going forward, which aids in obtaining superior results. Furthermore, through inter-functional coordination, businesses can integrate and coordinate functional units to uphold their fundamental functional interests (Mubarak, 2019).

Besides, industrialization is considered one of the pillars of economic and structural transformation in many countries (Kebede & Heshmati, 2023). Similarly, manufacturing industries have been contributing to the economies of countries in ways like creating job opportunities, generating export earnings, and contributing to GDP (Mulat, 2015; Tenaw et al., 2022). However, the pace of manufacturing industries' development was not as expected, particularly in developing countries. Haraguchi et al. (2017) stated that the manufacturing sector in many developing countries is characterized by low value-added products, which is primarily caused by the failure to produce value-added products of superior quality in the global market. Similarly, Africa's manufacturing sectors have been characterized by low-value addition, which is linked to the failure of firms to generate competitive advantage and outperform their competitors, weak market linkage, and poor exploitation of market information (Abdi, 2020). This indicates that despite the availability of potential, firms in developing countries, including Africa, have failed to compete in the global market where stiff competition exists.

In Ethiopia, despite the government's efforts to create an attractive manufacturing environment, this sector is still at its infancy stage due to its low contribution to GDP, lacks global competitiveness, poor marketing mix strategy, weak market institutions, and limited promotions (Tekeba, 2018). Furthermore, as noted by Oqubay (2018), the industry is still a long way from becoming a catalyst for structural change and growth, and it only has a minor impact on output, exports, employment creation, and cross-sectoral connections. Besides, despite available potentials for manufacturing sectors, including those prioritized by the government (FAO, 2017; Zerabruk & Abdurazak, 2022), the manufacturing industry in Ethiopia has been relying on costly imported raw materials for its infant industries, even in the areas where the country was supposed to have a comparative advantage. Thus, despite these all-important opportunities, such as the availability of the consumer market in local markets (UNDP, 2019) and the availability of the government's support for priority manufacturing industries such as building specialized IPs that use a plug-and-play model (ADB, 2017; World Bank, 2018), the performance of the manufacturing industry has been facing challenges in terms of higher product value addition and competing on the global market.

Moreover, to improve the role of the manufacturing sector in economic contribution, different countries introduced and applied industrial park development policy. However, the successes of industrial parks differed from country to country. According to Farole (2011), China, South Korea, and Malaysia are among the top Asian nations for industrial park development and implementation. Mauritius is one of the few countries from Africa, and the others are from Latin America, including the Dominican Republic and Costa Rica. According to some research, the growth of industrial parks has a favorable and statistically significant effect on improving investment inflows, including foreign direct investment, generating employment, and increasing exports (Monge-Gonzalez et al., 2005; FIAS, 2008; Farole, 2011; Fuller & Romer, 2012). However, other research (Engman et al., 2007; Galrao-Carneio et al., 2015) showed that the economic impact of industrial park expansion is negligible and that it skews the distribution of resources. Furthermore, according to Newman and Page (2017), IP activities are limited by specific circumstances within a constrained time range. FIAS (2008) argued that in Africa, many industry zones were not successful. Similarly, Kihiko (2018) stated that in Sub-Saharan African countries, except Mauritius, the contribution of industrial parks towards the socio-economic development of the country is highly characterized as a failure.

When it comes to carrying out the policy for industrial park development, Ethiopia is not unique. Ethiopia recently unveiled an industrial park development policy in the hopes of expediting economic change and facilitating a performance boost for the manufacturing sector (Azmach, 2019). Data from the World Bank (2022) indicates that a large number of IP-related businesses heavily rely on input imports and only purchase less than 5% of all intermediate inputs locally. They mostly focus on exports and disregard local customers and inputs. This export orientation can be influenced by the availability of customers, potential and current competitors, and inter-functional coordination. Thus, problems related to competitive advantage and market orientation are actually present in these industrial parks.

Moreover, few empirical studies were conducted on market orientation in the Ethiopian context. Robson (2015), Dawit et al. (2017), Yissa & Singh (2020), and Endeshaw et al. (2020); Wakjira and Kant (2023); and Wakjira & Amante (2023) investigated the relation between market orientation and business performance mainly in SMEs, banks, and in the context of coffee trading. The context of these studies is different from the large export-oriented manufacturing firms' situations. A study conducted by Abebe (2019) and Aschalew (2018) indicates that the underperforming operational performance of firms was affected by the absence of a market-oriented practice. This made the manufacturing industry less competitive in both domestic and international markets. Furthermore, as Tekeba (2018) and the IMF (2020) have shown, manufacturing sectors focused on export markets, especially industrial parks in Ethiopia, have access to a broad range of markets, including a sizable domestic market, opportunities through COMESA, AGOA, and EBA, as well as the China market. Despite these prospects, the research showed that the main problems still exist. These include the high cost of imported raw materials, limited product compliance with global standards and markets, weak market institutions, subpar market information systems, and insufficient promotion of the available resources.

Specifically, few studies were conducted in an industrial park context. Bezawit and Kenenisa (2019) revealed that employee turnover and a lack of a sufficiently trained labor force are among the short term main problems in IPs. Despite bringing in hard currency profits, Fesseha and Bizuayehu (2019) discovered that IP parks face a number of issues that affect their performance, including a lack of suitable domestic raw or semi-finished supplies, ineffective port operations, and costly shipping services. Whitfield et al. (2020) discovered that Ethiopia's industrial policy has not been successful in developing competent local enterprises due to a deficient local manufacturing culture combined with an international environment that has resulted in a supplier squeeze. Also recently, Worku et al. (2023) found that marketing strategy has both an unmediated and mediated influence on a firm's performance. Other studies for example (Azmach, 2019; Meyer et al., 2021; Solomon, 2022; Desta, 2023; Gemechis & Hailu, 2023; Kebede & Heshmati, 2023) were conducted in the context of industrial parks. None of them, nevertheless, examined the impact market orientation has on manufacturing firm performance in industrial parks. Moreover, it was contended that the examination of mediating factors between market orientation and firm performance was disregarded (Wilden et al., 2016; Cadogan, 2012).

These empirical evidences show that in spite of government measures and a rise in the number of businesses, there is still debate about the discrepancy between the efforts made and the actual slow growth that resulted in sluggish performance. Further, industrial parks have been recently introduced and there is often little research on the subject, and less knowledge is available on the topic in an industrial park context. Above all, as per the knowledge of the researcher, no research has been done on this topic in the context of Ethiopian industrial parks. Thus, there is a research gap that has to be filled or addressed by this study. This motivated the researcher to conduct a study on this topic. Thus, the primary goal of this study is to investigate the role that competitive advantage plays as a mediator in the relationship between market orientations.

1.2 Objectives of the study

This study is primarily guided by the following particular objectives:

- To investigate the effect of market orientation on a firm's performance
- To examine how market orientation affects competitive advantage.
- To investigate how competitive advantage affects a firm's performance
- To look into how competitive advantage mediates the relationship between a firm's performance and its market orientation.

2. Literature Review

2.1 Theoretical Review of Competitive advantage

Competitive advantage explores unique firm competencies related to improving business performance (Niyi et al., 2022). As stated by Barney (1991), if firms are to create a sustained competitive advantage, their strategy must be difficult to imitate. Hence, causal ambiguity asserts that resources whose content and essential ingredients are so subtle and difficult to imitate (not reproduced) by competitors' or observers outside of the organization are sources of competitive advantage for organizations (Sagwal & Kembu, 2016). This causal ambiguity secret is what enables organizations to create competitive advantages through their unique competitive strategies.

Literature offers various frameworks to classify components of competitive advantage. Koufteros et al. (1997) proposed competitive pricing, value to customer quality, trustworthy delivery, and product advances as ways to quantify competitive advantage. Further, cost leadership and product differentiation were suggested by Porter (1985). Also, Li et al. (2006) identified price, quality, dependability of delivery, time to market, and the company's product innovation as dimensions. Furthermore, Talaja et al. (2017) employed metrics like pricing, production cost, customer happiness, durability of gained advantages, overall advantages over rivals, and image quality of the product. According to earlier research (Daengs et al., 2019; Alawadi et al., 2019), a company's services to clients may generate sources of competitive advantage based on factors like cost or price, quality, delivery reliability, time to market, and product innovation.

2.2 The Relationship between Market Orientation, Competitive advantage and Firm performance

Market-oriented businesses are able to satisfy consumers by monitoring and attending to their requirements and wants, which leads to superior firm performance (Jaworski & Kohli, 1993). Because it creates an organizational culture that aids in providing customers with superior value, a market-oriented business outperforms its competitors in the marketplace (Narver & Slater, 1990; Slater & Narver, 1994b). According to Morgan et al. (2019) and Dogbe et al. (2020), MO is a knowledge-based resource that supports new product development processes and produces superior new product performance results that are directly tied to firm performance. Therefore, MO takes the form of producing and sharing market intelligence throughout all business functions. As a result, it is essential to provide customers with a better experience by consistently producing a better product, which enhances the performance of businesses (Lee et al., 2020; Fakhreddin & Foroudi, 2022). Hence, some prior studies have revealed market orientation influences firm's performance (Jiang et al., 2020; Jancenelle et al., 2020; Dogbe et al., 2020; Morgan & Anokhin, 2020). Based on the earlier literature,

*H1: **Market orientation affects manufacturing firm's performance***

Further, according to Hooley and Fahy (2009), businesses can effectively manage their marketing activities if they look for and use up-to-date market data related to their clients and rivals. Firms can win the hearts of their product seekers by creating unique competitive advantages (Puspaningrum, 2020). Moreover, some prior empirical evidence shows that there are relationships between market orientations and competitive advantages (Udriyah et al., 2019; Muhajirin & Kamaluddin, 2019; Arifiani et al., 2021). Accordingly:

H2: Market orientation affects competitive advantage of manufacturing firms

It was suggested that competitive advantage lowers manufacturing costs, finds and uses market knowledge, and lessens threats from competitors, all of which contribute to improved performance because it employs distinctive techniques that rivals do not frequently employ (Newbert, 2008; Barney, 1991). Further, CA fortifies the firm's resources and competencies to enhance performance (Stutz & Warf, 2009). Studies considered CA as a precursor to higher achievement (Navarro et al., 2010). Further, Rahman and Ramli (2014) confirmed the interdependence among CA and FP, which indicates that improvement in CA dimensions leads to improvement in a firm's performance. Further, Ploenhad et al. (2019) found that CA could be the main reason that directs the business towards high performance. From the above reviews, competitive advantage has an influence on business performance. Generally, studies such as Wanjiru et al. (2019), Falahat et al. (2020), and

Miziriri (2020) confirmed that CA positively affects firms' performance. Hence, a stronger company's CA leads to better performance.

H3: Competitive advantage affects performance of manufacturing firms

Furthermore, a number of studies (Mulyana et al., 2020; Muis, 2020; Aqmala & Putra, 2021; Muis & Isyanto, 2021; Wuen et al., 2021; Niyi et al., 2022) proposed competitive advantage as an intervening variable. Competitive advantage was therefore included in this study as a mediating variable between these constructs.

H4: A competitive advantage mediates the link between market orientation and firm's performance.

3. Research Design and Methods

3.1 Population, sampling design and data collection

Manufacturing companies in Ethiopian public industrial parks are included in this study. Accordingly, the researcher purposefully selected Oromia Region, Addis Abeba City Administration, and Sidama Region, which have more experienced manufacturing industrial parks. Consequently, Adama IPs, Bole Lemi-1, and Hawassa were purposefully selected. Industrial parks were chosen depending on different rationalities. In terms of ownership, they are all publicly developed and administered parks. Second, all of them have at least more than five years of manufacturing experience. Third, they are found among the top-performing publicly owned IPs (e.g., Hawassa IP and Bole Lemi-1). Fourth, in terms of types of products, they are mainly engaged in textiles, apparel, garments, and leather products. Fifth, from a marketing strategy perspective, they are mainly export-oriented. Thus, from ownership (management of IPs), operating experience, actual performance, types of products, and the market strategy they follow, they are similar. Thus, the success of a publicly owned light manufacturing company in industrial parks can be used to draw conclusions. Further, the selection of firms from each IP was based on their operating experience.

According to data obtained from selected industrial parks, at the time of data collection, there were 11 firms in Bole Lemi-1 IP, 10 firms in Adama IP, and 20 firms in Hawassa IP. These firms comprise both those currently operational and those recently registered or not operational. Accordingly, 9 firms from Bole Lemi-1, 15 firms from Hawassa IP, and 4 firms from Adama IP were selected. Hence, of the three IPs, 28 firms participated, excluding those with less than five years of operating experience. Further, at the time of data collection for this study, the numbers of employees from Bole Lemi-1 IP, Adama IP, and Hawassa IP were 20, 319; 5, 027; and 29, 908, respectively. Totally, 55, 254 employees were on duty. Hence, employees of firms operating in three selected industrial parks were considered the target population of the study. Further, the sample size was determined using the statistical approach proposed by Krejcie and Morgan (1970) for a finite target population.

$$S = \frac{X^2NP(1-P)}{d^2(N-1)+X^2P(1-P)}$$

Thus, the sample size was determined as follows:

S = Sample size;

X = Z value (e.g. 1.96 for 95% confidence level)

N = Population Size

P = Population proportion (expressed as decimal) (assumed to be 0.5 (50%) – this provides the maximum sample size).

d = Degree of accuracy (5%), expressed as a proportion (.05); It is margin of error
As a result, 382 sample sizes were determined. After determining the number of samples, the researcher has chosen non-probability sampling and purposive sampling techniques. The rationale behind selecting purposive sampling is that to know the current practices of market orientation and to evaluate firm performance, all employees may not give adequate information concerning the industrial parks. Thus, in order to enhance the richness of information and illuminate the phenomenon being studied, this study focused on individuals who could provide adequate data by using the non-probability or purposive sampling technique. Hence, firm managers, assistant managers, marketing managers, operation managers, logistics managers, research and development managers, human resource managers, finance managers, quality assurance managers, warehouse and inventory control departments, team leaders, and other supervisors participated in the survey from each firm based on the proportion. Thus, the sample size share of each industrial park is determined based on the number of employees working in each firm operating in the industrial parks. Hence, from Bole Lemi-I, Adama IP, and Hawassa IP, 141, 35, and 206 respondents in total, or 382 respondents, were proportionally selected from 28 firms. So, surveys were administered to a non-random or purposeful sample of 382 senior managers and middle managers found at different positions. The researcher believed that these respondents were most knowledgeable and provided in-depth information about the study.

3.2 Data collection procedures

First, a questionnaire that can be administered by respondents was designed. Consequently, an assessment of the tools (pre-test) was conducted with professional experts. Then, after incorporating their comments, pre-tests were also carried out with manufacturing experts to make sure that all the questionnaires were relevant. Based on their feedback, the items were modified. Finally, the researcher disseminated the questionnaires to the concerned respondents. Totally, 382 questionnaires were distributed, and 339 of them were collected, yielding a response rate of 88.74%. However, during the cleaning of the returned items, 13 of them were considered unqualified for the study and excluded. As a result, the study's analysis of the remaining 326 questionnaires revealed an actual response rate of 85.34%. The remaining items are either unreturned or rejected owing to incomplete responses.

3.3 Measurement Model Assessment and Construction

3.3.1. Confirmatory Factor Analysis (CFA) for Market Orientation

During the assessment of psychometric properties, data purification and validation were conducted using CFA. Thus, the study used a “two-stage approach” or two-level consecutive CFA to examine the relationship between the constructs. Thus, a lower-order measurement model was assessed or constructed using CFA. At this stage, reliability and validity tests were conducted. Accordingly, the observed indicators were identified. The subsequent assessment examines the loading of three lower-order constructs onto the second-order construct (market orientation). This indicates that in order to evaluate the study's hypothesis, markers for second-order constructs that were found in the first phase must be added to SEM (Sarstedt et al., 2019).

3.3.1.1 First order CFA for Market orientation

In this model, CFA evaluates 14 observable measurement elements under three sub-dimensions of market orientation. Accordingly, the factor loadings of CUSTOMER are Cust1 (0.75), Cust2

(0.76), Cust3 (0.72), Cust4 (0.73), and Cust5 (0.83). Further, the factor loadings of COMPETITOROR are Comp1 (0.78), Comp2 (0.77), Comp3 (0.84), and Comp4 (0.79). Moreover, the standardized regression weights of INTERFC are Int1 (0.82), Int2 (0.84), Int3 (0.83), Int4 (0.73), and Int1 (0.79). As a result, either most of the factor loadings exceed the optimal 0.7 threshold (Hair et al., 2010) or higher than the minimal criterion of 0.5. Further, the assessments of covariance between CUSTOMER and COMPETETOR, CUSTOMER and INTERFC, and CUSTOMEROR and INTERFC are 0.58, 0.60, and 0.44, respectively. After looking at the loadings of items to their respective constructs, model fit evaluation was conducted using the suggested model fit indices criteria. The model evaluation and re-specification were conducted. Accordingly, the first assessments of factor loading with lower than 0.5 values were considered, and all items fulfilled the minimum criterion. Moreover, to improve the model, re-specifications were made, and the final Figure 1 was developed.

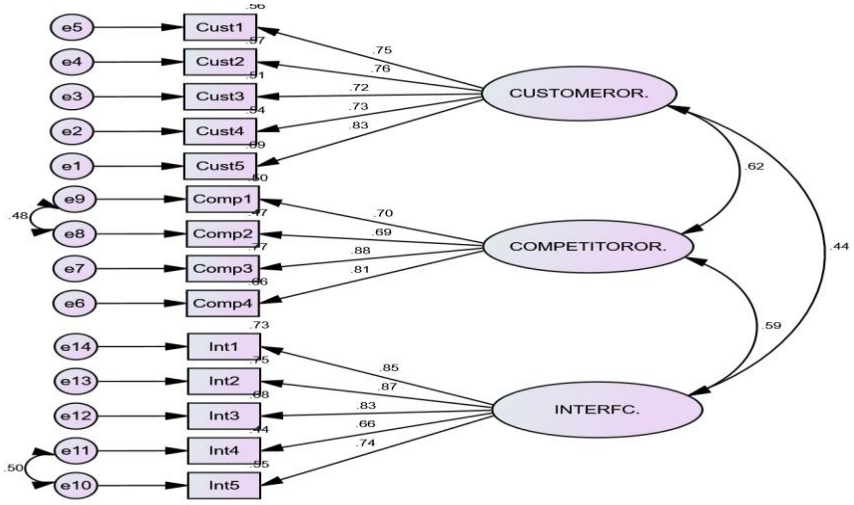

Figure 1: Re-specified Measurement Model for Market Orientation (First order CFA).

After re-specification of the model, model fit indices are evaluated and fit well. Accordingly, this final CFA model shows χ^2 = 58.755; DF=53; CMIN/DF=1.109; P-value = 0.273; RMR = 0.490; GFI = 0.974; NFI = 0.980; RFI = 0.966; IFI = 0.998; TLI = 0.997; CFI = 0.998; RMSEA = 0.018 with a PCLOSE value of 0.998, which is greater than 0.05. The result shows that all the indices are within the specified standard.

3.3.1.2 Second order CFA for Market Orientation

The second-order CFA measures or tests how much the lower-order constructs (customer orientation, competitor orientation, and inter-function coordination) were loaded into the main construct. Figure 2 shows the link between lower and higher-order constructs by using a path diagram.

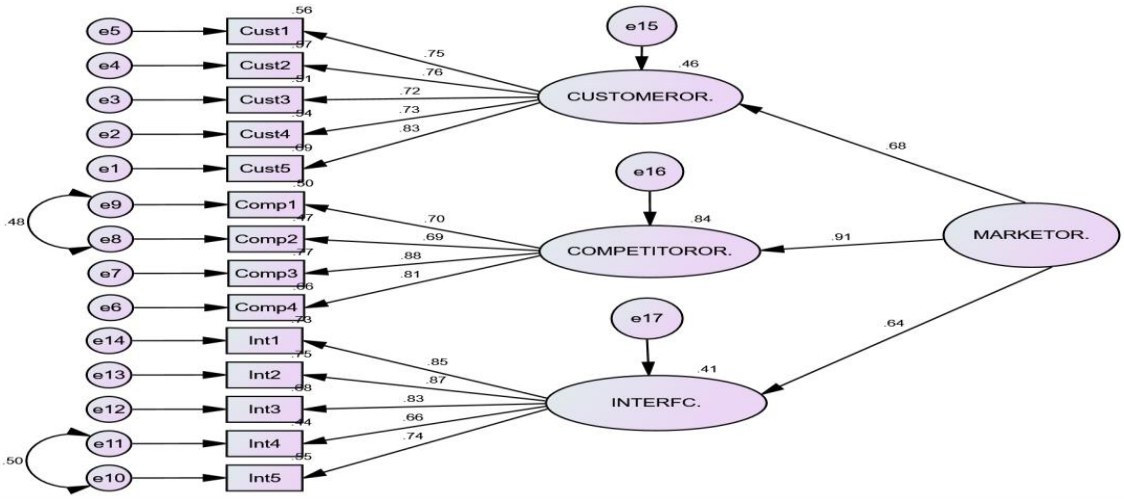

Figure 2: Measurement Model for Market Orientation (Second order CFA)

The result of the second-order measurement model was fitted with the standard: $\chi 2$ value = 65.024, DF = 57, p value = 0.273,

CMIND/DF = 1.109, RMR = 0.390, GFI = 0.971, NFI = 0.978; RFI = 0.965; IFI = 0.997; TLI = 0.997; CFI = 0.998; RMSEA = 0.018, and PCLOSE = 0.994. Thus, all the indices satisfied the model fit criteria. Consequently, the three first-order factors explained the higher order with an estimate of 0.68, 0.91, and 0.64, respectively. Further, from the second-order result, composite average scores of variables were developed as presented in the below path diagram.

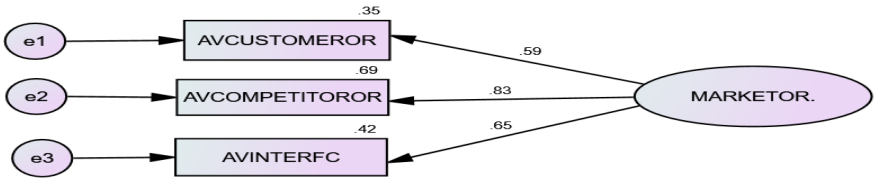

Figure 3: Measurement Model of Market Orientation (Composite Scale)

3.3.2 Measurement Model for Competitive Advantage

3.3.2.1 First order Measurement Model for Competitive Advantage

In this study, product quality, cost advantage, and the firm's responsiveness were used to measure competitive advantage. The standardized regression weights of indicator variables (CA1, CA2, CA3, and CA4) are 0.93, 0.95, 68, and 65, respectively. The all factor loadings satisfy the minimum 0.5 threshold value. Further, the assessments of covariance between quality and cost,

quality and responsiveness, and cost and responsiveness are 0.42, 0.33, and 0.58, respectively. Further, to improve the model, re-specifications were made. After re-specification, figure 4 presented the AMOS graphics.

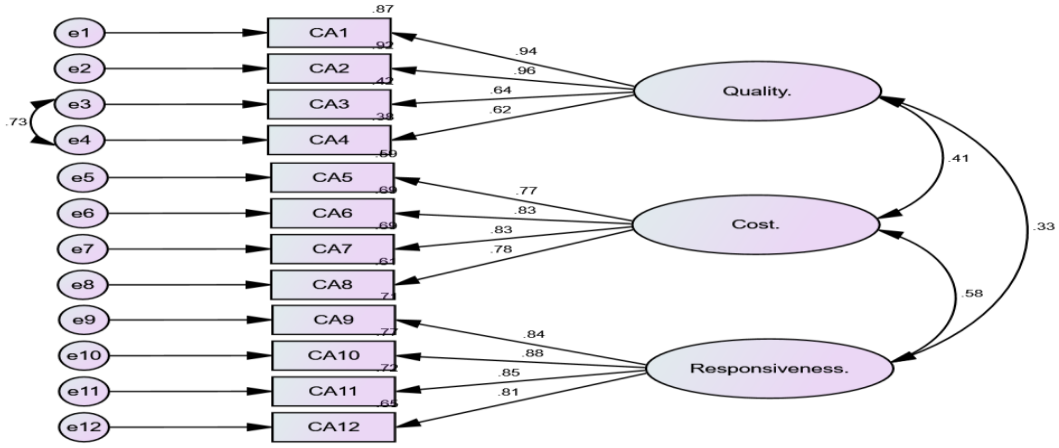

Figure 4: Re-specified Measurement Model for Competitive Advantage (First order CFA).

Model fit evaluation was conducted using suggested model fit indices, cutoff values, and criteria. The measurement model fitted well to the standard. Accordingly, χ^2 value = 32.446; P-value = 0.544, which is insignificant; CMIN/DF = 0.954; RMR = 0.024; GFI = 0.983; NFI = 0.981; TLI = 1; CFI = 1; and RMSEA = 0.000; with PCLOSE 0.995. Consequently, the first-order CFA of competitive advantage met the required standard.

3.3.2.2 Second Oerder Model for Competitive Advantage

This second-order model development was conducted to see how much quality, cost, and responsiveness contribute to or explain competitive advantage.

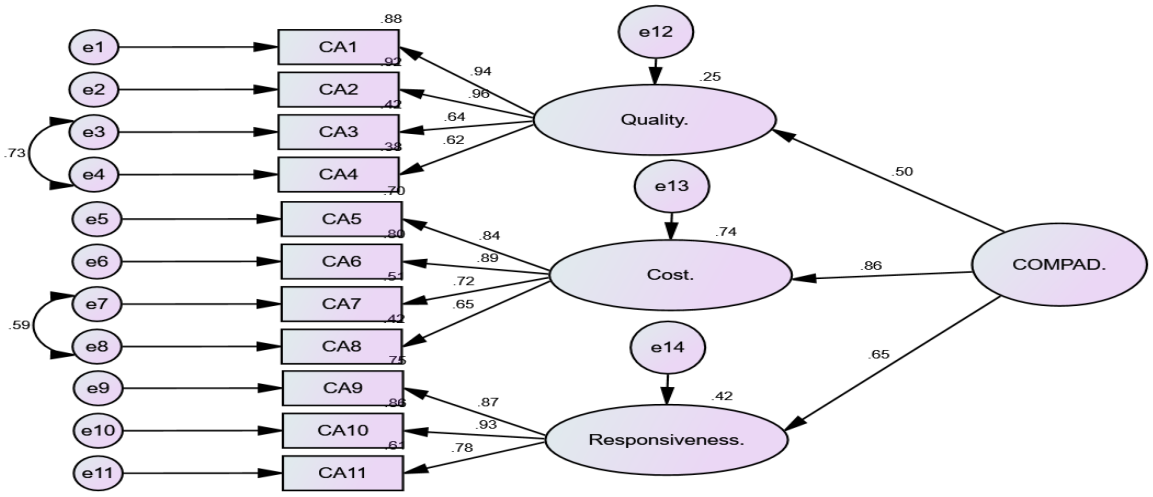

Figure 5: Measurement Model for Competitive Advantage (Second Order CFA).

The final model shows χ^2 = 32.446; P-value = 0.544; CMIN/DF = 0.954; RMR = 0.024; GFI = 0.983; NFI = 0.988; TLI = 1; CFI = RMSEA = 0.000 with PCLOSE 0.995. So, the model is well fitted to the standard.

3.3.3 Measurement Model for Firm Performance

Current research measures performance from financial and marketing perspectives. From a financial perspective, financial profit, sales revenue growth, and sales volume were considered. In addition, from marketing perspectives, market share, customer satisfaction, and export growth were considered. The standardized regression weights of FP1 (80), FP2 (84), FP3 (77), FP4 (72), MP1 (91), MP2 (97), and MP3 (94) were, respectively. Thus, they were satisfied with the ideal factor loading of 0.7. Figure 6 presents the standardized factor loadings of items with their factors. Accordingly, since the first model marginally fit with the standard, to improve the model, re-specification was made. Thus, Figure 6 compares the fitted model to the

standard.

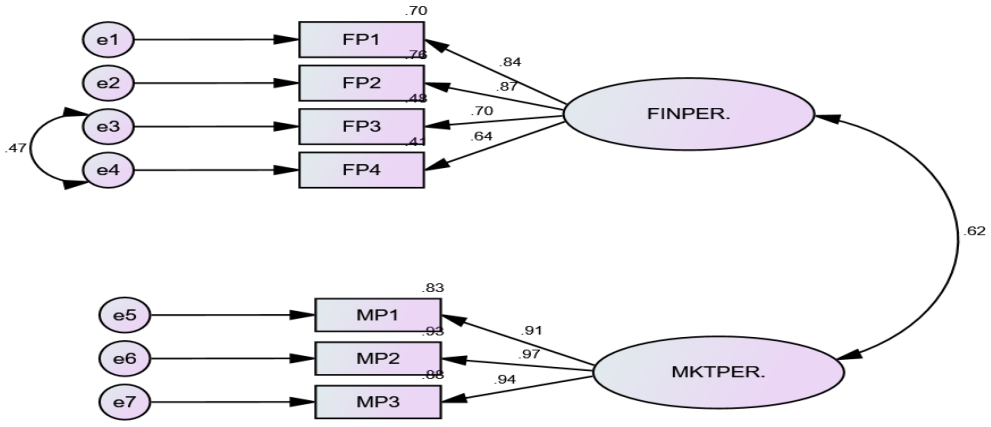

Figure 6: Re-specified Measurement Model for Firm Performance

The final model shows χ^2 = 18.911; P-value 0.091; CMIN/DF = 1.576; DF = 12; RMR = 0.011; GFI = 0.984; NFI = 0.990; TLI = 0.994; CFI = 0.996; and RMSEA = 0.042 with PCLOSE = 0.602. Thus, the model fit indicators confirmed that they are within the prescribed limit (well fitted to the standard) and can be used for further analysis.

4. Data analysis and results

4.1 Reliability test

Cronbach's Alpha was used in this study's reliability test evaluation (Hair et al., 2010). From the finding, it is confirmed that the alpha values of market orientation, competitive advantage, and performance are 0.931, 0.921, and 0.934 consecutively. Thus, the reliability test result confirmed that, instruments have internal consistency.

Composite reliability

A CR score between 0.60 and 0.70 is considered acceptable, according to Hair et al. (2014), and if the value is lower than 0.6, it indicates a lack of internal consistency. Table 1 shows that the results of composite reliability for a MO, CA, and FP are 0.793, 0.722, and 0.769 consecutively. It is confirmed that the composite reliability of the constructs fits with the required threshold or passed the reliability test. Hence, this data is appropriate for further data analysis.

Table 1: Composite Reliability Test

Relationship between the constructs	Standardized	Square of standardize		The sum of measure	Sum of Standa	Square of Standardized	SME+Y	Composite reliability	Cronbach alpha

Indicator Variables		LV	loading	d loading (X)	Measurement error(1-X)	ment error	rdized loading	loading sum (Y)		Y/SME+Y	reliability
CUSTOMEOR R	<--	MARKETO R.	0.68	0.4624	0.5376	1.2999	2.23	4.9729	6.2728	0.793	0.931
COMPETITO ROR	<--	MARKETO R.	0.91	0.8281	0.1719						
INTERFC	<-	MARKETO R	0.64	0.4096	0.5904						
QUALITY		CA	0.49	0.2408	0.7592	1.5707	2.02	4.0804	5.6511	0.722	0.921
COST		CA	0.86	0.7396	0.2604						
RESPONSIVEN ESS		CA	0.67	0.4489	0.5511						
FINPER	<-	FIRMPER.	0.75	0.563	0.437	0.748	1.58	2.4964	3.2444	0.769	0.934
MKTPER	<-	FIRMPER.	0.83	0.689	0.311						

4.2 Construct Validity Test

To evaluate the construct validity, in this study both convergent and discriminant validity were used. Specifically, convergent validity was evaluated with factor loadings and AVE. The standardized factor loadings of 0.5 or ideal 0.7 values indicate the existence of convergence (Field, 2013; Fornell & Larcker, 1981). The findings demonstrate that the loadings were greater than 0.5, indicating that there is a relationship between the latent components and the indicators. Hence, convergent validity was established. Furthermore, it is anticipated that the average extracted variance will be at least 0.5 (Fornell & Larcker, 1981). The outcome shows that the constructs' AVE was almost 0.5 and above, indicating that convergent validity has been proven.

From the result, standardized estimates for CUSTOMEROR, COMPETITOROR, and INTERFC are 0.68, 0.91, and 0.64 consecutively, which are greater than 0.5 and fit with the threshold point. Factor loadings of quality, cost, and responsiveness are 49, 86, and 67, respectively. And the factor loadings of FIRMPER and MKTPER are 0.75 and 0.83, respectively. Consequently, the AVE for MO and FP for the second order is 57% and 62.5%, which is higher than 50 percent (Hair et al., 2010). However, in cases of competitive advantage, the percentage of AVE is expected to be 0.5 and above, but the result is 0.48, which is close to 0.5 but less than 0.5. In the case of CA, all other values, like factor loadings and CR, are within the acceptable limit. In this instance, the construct's convergent validity is acceptable when AVE is less than 0.5 and CR is more than 0.6 (Fornell & Larcker, 1981). Thus, since the CR of CA is 0.722, the AVE is acceptable. Thus, the construct fits with convergent validity, and it is considered appropriate for further analysis.

Table 2: Convergent validity by AVE (using AMOS)

Relationship between the constructs			Standardized loading	Square of standardized loading	The sum of squared loading	Number of indicators	Average variance extracted	Square root of AVE.
Indicator Variables		LV						
CUSTOMEROR	<---	MARKETOR	0.68	0.4624	1.7001	3	0.5667	

Relationship between the constructs			Standardized loading	Square of standardized loading	The sum of squared loading	Number of indicators	Average variance extracted	Square root of AVE.
Indicator Variables		LV						
COMPETITOROR	<---	MARKETOR	0.91	0.8281				0.7527
INTERFC	<---	MARKETOR	0.64	0.4096				
Quality	<---	COMPAD	0.49	0.2401	1.4286	3	0.4762	0.6900
Cost	<---	COMPAD	0.86	0.7396				
Responsiveness	<---	COMPAD	0.67	0.4489				
FINPER	<---	FIRMPER.	0.75	0.5625	1.2514	2	0.6257	0.791
MKTPER	<---	MKTPER	0.83	0.6889				

Discriminant Validity

This investigation's square root of the AVE of MO, CA, and FP is greater than the squared inter-correlations among the scales; thus, there is no discriminant validity problem. In general, the outer model assessment shows that the Cronbach's alpha value, the C.R. scores, standardized loadings estimates, and AVE, discriminant validity, have no violation of validity and reliability. Thus, the outer model measurement model assessments of this study are reliable and valid, which allows for evaluating the inner path estimates of the model.

Table 3: Discriminant Validity

Correlations			
	Market Orientation	Competitive Advantage	Firm Performance
Market Orientation	**0.7527**		
Competitive Advantage	.566**	**0.6900**	.
Firm Performance	.565**	.533**	**0.791**
**. Correlation is significant at the 0.01 level (2-tailed).			

4.3 Analysis of the structural model and hypothesis test

The process of categorizing the relationships between the variables' direct and indirect effects is known as mediation analysis, according to Edelman et al. (2005). In the current study, to test the mediation effect (Baron & Kenny, 1986), steps were followed by the researcher. In the mediation model, market orientation (MO) is the IV (X), competitive advantage (CA) is mediating (M), and firm performance (FP) is the dependent variable (Y). Accordingly, the first MO (X) should significantly influence firm performance. Next, the variance in MO should influence competitive advantage, the mediating variable (M). Third, competitive advantage (M) must influence firm performance (Y). Fourth, the indirect effect of MO on FP must be estimated by multiplying the two coefficients of the two paths (paths from IV to M and from M to DV). Lastly, the direct and indirect impacts must be included to determine the overall effect variation of MO in performance. Therefore, standardized regression weights computed from AMOS were employed to investigate the overall effect. The beta coefficient (0.85) for MO's direct impact on FP is shown in Table 4.

Table 4: Standardized Regression Weight of Market Orientation

Path			Total effect	P	Result
FIRMPER.	<---	MARKETOR.	0.85	***	Significant

Further, AMOS graphics output illustrates the modeling path of the direct effect of MO on FP. The results demonstrate that market orientation directly, favorably, and significantly affects the firm's performance. Accordingly, Figure 7 presents the AMOS Graphics output.

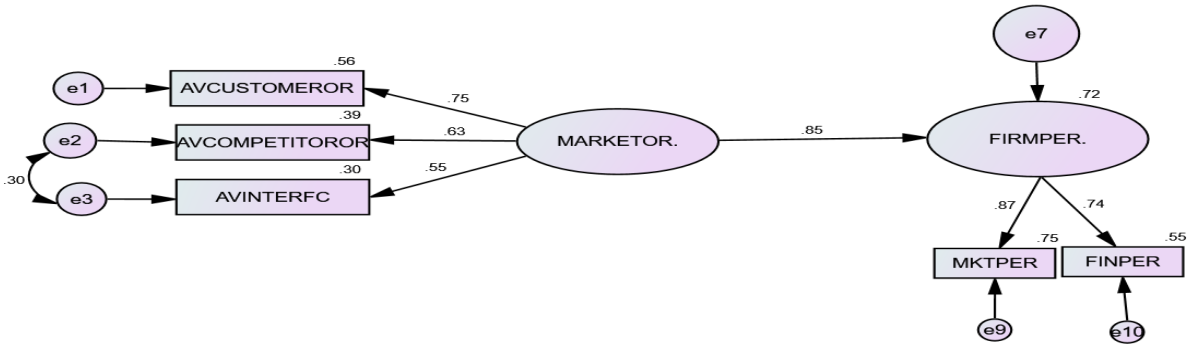

Figure 7: Total effect of market orientation on firm's performance

Model fit result: CMIN = 6.885; DF = 3; P = 0.076; CMIN/DF = 2.295; RMR = 0.012; GFI = 0.992; NFI = 0.988; TLI = 0.977; CFI = 0.993; RMSEA = 0.063

Accordingly, the fit indices' result revealed that all evaluation indices are within the prescribed standard. Further, the result indicates that, as competitive advantage is controlled as an intervening variable, according to Hair et al. (2014), there is a noteworthy impact of market orientation on performance, meeting the first requirement of mediation analysis.

This indicates that when market orientation increases by 1 standardized deviation, a firm's performance increases by 0.85 standard deviations. Therefore, this result supports hypothesis 1 that market orientation has an effect on a firm's performance. In this study context, as selected industrial parks improve their market orientation by one unit, they can improve their performance by 85%. This study ensures that effectively practicing market orientation activities increases a firm's performance.

Indirect Effect Analysis

When CA entered the model as an intervening variable, the value of the beta coefficient for market orientation was expected to decrease. Figure 8 depicts when the mediating variable CA entered as a mediator.

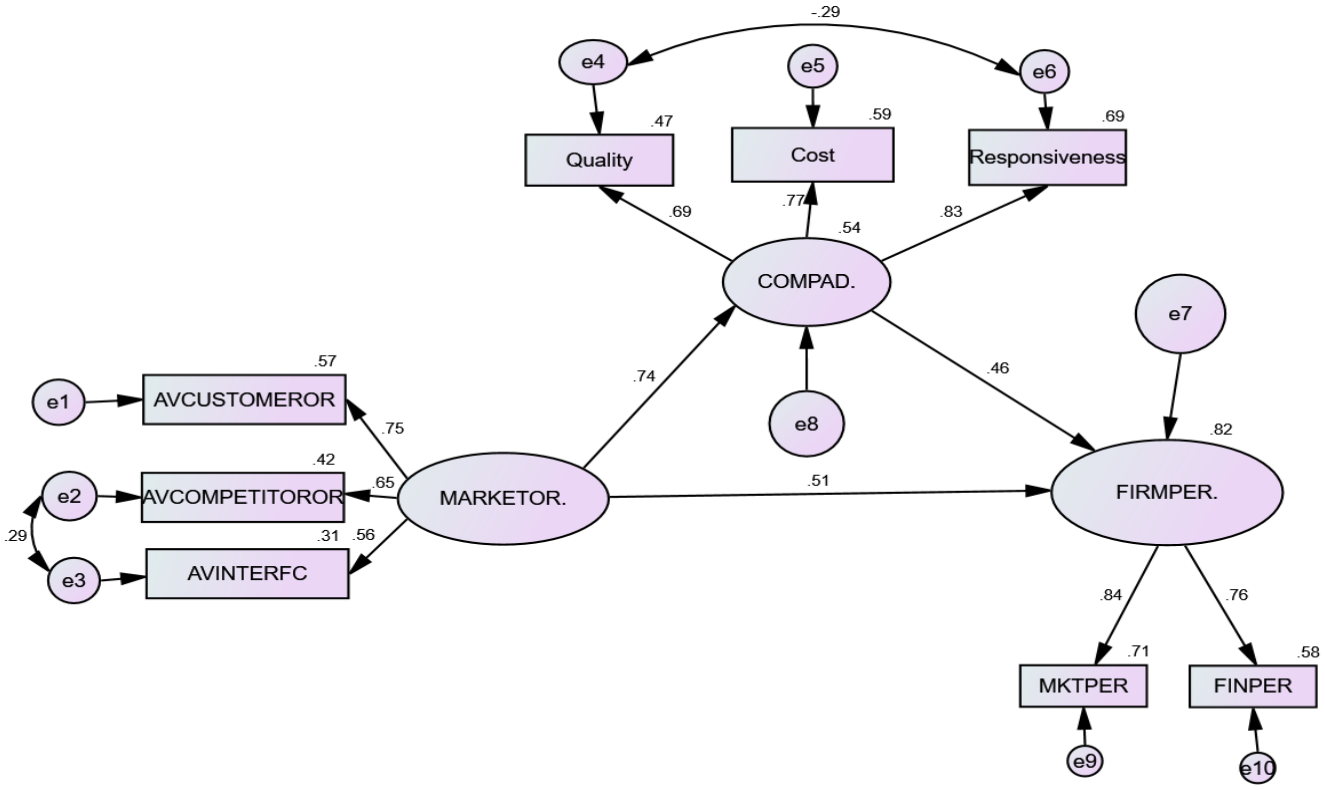

Figure 8: Structural Regression Model by AMOS

The result shows the beta coefficient linking MO with FP is reduced from 0.85 to 0.51. However, the beta coefficient is significant.

Table 5: Regression Weights (Effect of MO on FP with Mediator CA).

			Estimate	P-value	Result
COMPAD.	**<---**	**MARKETOR.**	**.737**	***	**Significant**
FIRMPER.	**<---**	**MARKETOR.**	**.515**	***	**Significant**
FIRMPER.	**<---**	**COMPAD.**	**.460**	***	**Significant**
AVINTERFC	<---	MARKETOR.	.561		
AVCUSTOMEROR	<---	MARKETOR.	.752		
AVCOMPETITOROR	<---	MARKETOR.	.651		
Quality	<---	COMPAD.	.687		
Cost	<---	COMPAD.	.771		
Responsiveness	<---	COMPAD.	.830		
MKTPER	<---	FIRMPER.	.845		
FINPER	<---	FIRMPER.	.764		

From table 5, the result indicates that MO positively and significantly affected (β = 0.737, p<0.001) competitive advantage. This implies that when market orientation increases by 1 unit, competitive advantage increases by 0.737 units. Furthermore, market orientation is positively and significantly associated (β = 0.515, p<0.001) with firm performance. This result confirms that as market orientation increases by 1 unit, a firm's performance increases by 0.515 units. Moreover, competitive advantage is associated positively and significantly (β = 0.46, p<0.001) with a firm's performance. Consequently, when competitive advantages increase by 1 unit, performance also increases by 0.46 units. As observed from the above result, it can be assumed that market orientation can influence performance either directly or indirectly through competitive advantage. The researcher came to the conclusion that competitive advantage partially mediates the association between market orientation practices and a firm's performance because the direct effect of MO on FP was substantial even after including CA as an intervening variable.

Mediation analysis using AMOS

The standardized indirect impact of market orientation on a firm's performance, as indicated by AMOS output, is 0.339.

The bootstrap result using the 95% confidence interval using two-tailed significance (BC) is significant (b = 0.339, p<0.001). Further, the upper and lower bounds of the confidence interval were examined using standardized indirect effects. Accordingly, the result indicates that 0.188 and 0.504 are the lower and upper end points of a bootstrap confidence interval with bias correction on both sides for the standardized indirect (mediated) effect of market orientation on a firm's performance. Therefore, since there is no zero between the lower and upper bounds of the confidence interval, the finding confirms that there is a significant indirect effect.

Consequently, the total effect, which is the sum of the direct and mediated effects, can be calculated. Accordingly, the direct effect is 0.515, and the indirect effect is the product of (ab), which means (0.74*0.46). Accordingly, the total effect is 0.515 + 0.74 * 0.46, which is 0.85. Additionally, the overall impact of MO on FP has a considerable significance level (β = 0.853, P<0.001).

Table 6: Summary of indirect effect analysis

Relationship	Standardized total effect		Standardized direct effect		Standardized indirect effect				**Result /conclusion**
	Estimate	P-value	Estimate	P-value	Estimate	P-value	Lower Boun	Upper Bound	
Market Orientation →Competitive advantage→ Firm performance	0.853	0.000	0.51	0.001	0.339	0.001	0.188	0.504	**Partial mediation**

The standardized total effect that is due to both the direct (unmediated) and indirect (mediated) effects of MO on FP is 0.853. This indicates that when MO increases by 1 standard deviation, the

firm's performance increases by 0.853 standard deviations. Secondly, the standardized unmediated (direct) effect of MO on FP is 0.515. This reveals that as MO increases by 1 standard deviation, FP increases by 0.515 standard deviations. The mediated value is 0.339. This implies that a 1 SD increase in MO leads to a 0.339 SD increase in firm performance. Besides, the lower bound and upper bound of the 95% confidence intervals reveal that there is no zero between the intervals. Generally, the value of the direct effect is reduced from 0.853 to 0.515 when competitive advantage enters the model. Even if the beta coefficient is reduced from 0.853 to 0.515, the direct effect of MO on FP is significant when CA is added to the model. Hence, MO has both a significant direct and indirect influence. Thus, the researcher came to the conclusion that the relationship between MO and FP is partially mediated by the CA variable.

In general, the variance is equivalent to 0.85% of the total effect. Further, the variance accounted for by the indirect effect is calculated as: indirect effect/total effect = (0.74 x 0.46) ÷0.8504 = 0.400, or 40.0%. Moreover, the proportion of direct effect is direct effect ÷total effect, which is 0.51 ÷ 0.8504 = 0.599, which is approximately 59.9% or 60%. As a result, the index ratio of 40% with a partial mediation effect of competitive advantage indicates that market orientation may have an impact on a manufacturing firm's performance in the absence of competitive advantage. Thus, the index ratio of mediation revealed that firm performance received only 40% of the indirect effect from MO practices through competitive advantage, leaving 60% unaccountable, which is accounted for by other mediating factors.

Table 7: Hypothesis summary

Hypothesis	Relationship	Finding	Decision
Hypothesis1	Market orientation affects firm's performance	Positive and significant	Accepted
Hypothesis2	Market orientation affects competitive advantage	Positive and significant	Accepted
Hypothesis3	Competitive advantage affects firm's performance	Positive and significant	Accepted
Hypothesis4	The relationship between market orientation and firm performance is mediated by competitive advantage	Positive and significant	Accepted

5. Conclusion

This study examined the link between MO and FP using CA as an intervening variable. It is clear from the study's findings that market orientation affects performance both directly and indirectly through competitive advantage. Competitive advantage played a partial mediating role. Thus, firms with a market-oriented organizational culture and an understanding of both customer needs and competitors' offerings are better able to focus their deployment of their competitive advantage on untapped customer needs, which in turn nurture the firm's performance. This study confirmed that an increase in market orientation practices brings forth an enhanced competitive advantage that in turn leads to boosted performance. Market orientation provides rich information for a firm that enables them to establish a competitive advantage through innovating differentiated products that are not able to be imitated by competitors. Accordingly, market orientation enables firms to develop and implement unique competitive advantage competencies that differentiate one firm from its rivals, which leads to better firm performance. Thus, using these resources efficiently and effectively allows firms to minimize costs, produce quality products, and encourage firms to be

responsive to their service delivery. Finally, this practice enables firms to be competent in the global market and gain superior achievement against their rivals. Thus, firms with the capability of market orientation fully capitalize on their competitive advantage and ultimately improve their success.

6. Recommendations

To improve their performance, firms should proactively recognize, identify, and provide solutions to buyer requirements. Moreover, the empirical evidence shows that market orientation and competitive advantage influence performance. It follows that businesses should develop their competitive edge and market orientation in order to become more competitive. Additionally, it is suggested that in order to sustain their performance, firms need to attain competitive advantage through product differentiation (quality), cost advantage, and being responsive to customers, which ultimately improves firm performance. Further, these days, in a competitive market, produce what you can and want, not what the market needs. The traditional approach of production and selling does not effectively work because customers or consumers have many alternatives. Thus, this study suggests that manufacturing firms must focus on what the market needs through product diversification and exploring the existing market opportunities in the international market. Furthermore, excessive reliance on imported inputs can challenge the continuity of IPs, coupled with their low linkage to the domestic economy. Thus, to sustain the operation of IPs in the long run, it needs to re-emphasize the benevolent industrialization strategy that gives priority to the areas where the country has a competitive advantage that makes the country competent on the international market. Additionally, since these firms are export-oriented and focused on homogenous products, they need to properly identify the appropriate destination market and gain a differentiated advantage using market information. Furthermore, firms operating in IPs are mainly foreigners, and participation from local firms is very low. Thus, concerned bodies such as the EIC, EIPC, and MoT, in cooperation, have to support indigenous local firms to invest in their country and foster attractive business conditions that enable them to improve their competitiveness in the international market. Further, despite the government's aim to implement import substitution, firms are excessively importing raw materials and semi-finished products for further processing and exporting them to foreign markets. Thus, the government needs to encourage domestic investors, capacitate them to use local raw materials, and support them to compete in the international market. Finally, low market orientation and low product differentiation lead to switching costs. Thus, since buyers may have multiple alternatives, if they switch to other suppliers offering the product for a lower price with equal or more differentiated products, the firms may be forced to reduce orders or lack customers. Therefore, these firms should create superior customer value and satisfy customer needs to minimize the negative effect of customers switching to other competent suppliers.

7. Managerial and Policy Implications

The findings of the study suggest that managers need to effectively utilize market orientation knowledge to support competitive advantage that manifests through higher product quality in terms of reliability and durability, reducing product cost, and being responsive to their customers. Further, firm managers need to cultivate their market orientation to feed their competitive advantage decisions and gain a superior firm's success. Moreover, to sustain the operation of IPs in the long run, this study suggests policymakers need to prioritize potential areas where the country has a competitive advantage rather than heavily relying on input imports.

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