



LOGISITICS ENTREPRENEURSHIP ORIENTATION AS A FACTORS ENHANCING THIRD PARTY LOGISTICS COMPANY PERFORMANCES IN VALUE CHAIN MANAGEMENT.

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Abstract

This study aims to examine and assess the correlation between entrepreneurship orientation, competitive advantage, and innovation in terms of firm performance. The population of this study comprises business participants and strategic decision makers in the third party logistics (3PL) industry. The respondents are located in Selangor. The analysis tool used for this study was Structural Equation Modelling (SEM) utilising AMOS software. Additionally, a 5-point Likert scale was utilised. The study's findings indicate that the entrepreneurial orientation significantly impacts competitive advantage and innovation, but does not have a significant effect on business performance.

Entrepreneurial orientation encompasses traits such as competitiveness, willingness to take risks by perceiving uncertain

circumstances as opportunities, motivation to engage in ecologically sustainable businesses, and prioritisation of economic success over failure. Competitive advantage and innovation have a substantial impact on business performance. The process of

business owners efficiently minimises the utilisation of raw materials that produce hazardous waste, whereas market innovation involves promoting services through digital marketing and designing attractive logistics services. The indirect impact shows that competitive advantage acts as a mediator between entrepreneurial orientation and business performance, while innovation does not have the same effect.
 Keyword : Value chain management, third party logistic, entrepreneurial orientation, business performances, competitive advantages.

1. INTRODUCTION

As a 3PL business owner in the logistics industry, the logistics and transportation sector has had a favourable influence, specifically on the expansion of local economy, generation of employment opportunities, and the capacity to augment individuals' income. Logistics and transportations industry handle a diversified range of business disciplines, indicating that consumers have a vast array of wants for various products and services. In the context of 3PL, it involves complex and information-intensive logistics activities, such as picking, storage and warehousing, transportation, delivery, packaging, assembly, returns, warranties and other value-added services (Fadile et al., 2018). 3PLs have several primary responsibilities, which include the storage and management of goods as well as the fulfilment of orders. This allows business owners to take advantage of the cost-efficiencies of a centralized inventory and planned distribution model. Third-party logistics providers (3PLs) also offer transportation services, overseeing the transfer of products between different locations in the supply chain. This involves managing the logistics of shipments between vendors and clients, streamlining delivery routes, and offering up-to-date information in real-time. Some 3PLs can also help business owners with global supply chain matters, such as import, export, and customs procedures.

According to Rahmat and Khoo (2022), the pandemic has less of an effect on the system of freight transportation. Instead, some countries may see an increase in freight transport volume as a result of changes in consumer and travel behaviour. Many families have turned to internet websites and smartphone apps to purchase their essentials during times when individuals are urged to stay indoors and limit their social interactions. E-commerce has expanded substantially in year 2020 as compared to year 2019. The Department of Statistics Malaysia states that with a total revenue of RM 896.4 billion in 2020, e-commerce income climbed by 32.7% from 2019. Given how much delivery and import activity is necessary for e-commerce, this indirectly stimulates the expansion of the freight transport infrastructure. Even internet meal delivery was adopted by consumers during the MCO last year. Approximately 58% of the 10,000 respondents to the Rakuten Insight poll from June 2020 preferred to order food online rather than go out to eat during MCO, and 75% of them used the Foodpanda meal delivery app. According to the Ministry of Transport Malaysia, there was a 2.33% rise in the total number of goods vehicles on the road in 2020 as compared to 2019. Regarding import/export operations, it was discovered that while maritime freight increased by 0.96% over 2019, aviation cargo transportation decreased significantly (by 51.5%) in 2020. This demonstrates that maritime transportation is preferable than air transportation since it requires less waiting time and has lower service charges. Furthermore, there are limitations on the kind and weight of cargo that can be shipped via air. Because an infection among port employees could have an impact on port operations, the port's capacity constraints may be the cause of the slight increase in marine cargo. The pandemic SOP's restriction on the number of employees working at the port may have some effects on how the port operates (Rahmat and Khoo, 2022).

In comparing ridership for the various rail transport systems in the Klang Valley area between the years 2019 and 2020, Rahmat and Khoo (2022) reveals that the KLIA Express and KLIA Transit services, which offer a direct transportation link between the airport and the city center, have been shown to be the most affected by the epidemic. In 2020, there was a 67% decrease in ridership compared to 2019. Subsequently, the KTM Commuter train (53% reduction), Kelana Jaya LRT (60% reduction), and Intercity train (55% reduction) come next. The income and operational viability of various train services have been impacted by the decline in train passenger. This most likely occurred after the initial lockdown, during which residents were told by government authorities to stay indoors and not leave their homes during this time. In addition, another factor could be that individuals used public services out of extreme fear of contracting the virus. The behavior is still observable today everywhere.

Based on Rahmat and Khoo (2022), the most affected industries in the nation are the air transportation system and the tourist sector. As per the yearly report released by MAHB, there has been a 98% decrease in passenger traffic for international flights between April 2019 and April 2020. An annual comparison between 2019 and 2020 revealed that KLIA airport has experienced a decline of almost 45%. The decrease is much more notable for KLIA 2, coming in at 49 percent (year 2019 vs 2020) and 99.7% (April 2019-April 2020). This makes sense because MCO has caused several domestic and international flight cancellations. In addition, when managing passengers, airlines must adhere to the Covid-19 Standard Operating Procedure (SOP). This indicates that in order to provide adequate room or separation between passengers, the aircraft's load ratio must be lowered. As a result, since the airline would need to continue operating, a decrease in aircraft capacity could indirectly result in higher travel expenses.

In response to the various influences on the transportation industry, the government has implemented a measure called the Economic Stimulus Package. This initiative aims to alleviate the strain and bolster the economy. Some of these benefits include the exemption of import duties and taxes for port operators when purchasing machinery, whether domestically or internationally, for port operations. This exemption will be in effect for a period of three years, starting from April 1st, 2020. Furthermore, there will be a reduction in the cost of electricity for the tourism, commercial, industrial, agricultural, and residential sectors. The discount provided is 15% for the tourism sector and 2% for other indicated sectors, effective from April 1, 2020, in the Peninsular region. In addition, Malaysia Airport Holding Berhad offers a rebate for renting spaces at their airports and buildings. Additionally, airlines are granted discounts for the fees associated with aircraft landing and parking. The government has earmarked a sum of RM 500 million for the purpose of distributing tourism discount vouchers, with the aim of stimulating domestic tourism. This can enhance the tourism industry and stimulate the local economy. In April 2020, e-hailing drivers will receive a single cash payment of RM500, while active taxi, tour bus, and trishaw drivers, as well as tour guides who have been registered since December 31st, 2019, would receive RM600. These activities are part of the government's overall efforts to mitigate the impact on the transportation sectors. Currently, Malaysia is implementing further efforts to strengthen sectors that have been significantly affected by the epidemic, particularly the tourism sector, in order to enhance their ability to withstand and recover from crises.

The government and academics play a crucial role in helping the 3PL company to recover from adversity. This is done through research aimed at developing 3PLs, considering their potential contribution to the national economy and community welfare by creating jobs. In addition, it is crucial to conduct empowerment programmes for the logistics and transportation sector in order to effectively manage their resources and improve their performance and competitive advantage (Ansori et al., 2014). The logistics and transportation industry is very competitive, especially among 3PL business owners, who demonstrate their

ingenuity and innovation through the wide range of services includes warehousing, picking and packing orders, and shipping packages they have offered to fulfil consumer demand and market trends. To attain the desired level of firm performance, it is necessary to develop a strategy that provides a distinct competitive edge. An effective technique is to promote the adoption of an entrepreneurial orientation among 3PLs, which can help them overcome business challenges and achieve sustained growth. Multiple research studies suggest that adopting an entrepreneurial orientation significantly affects the performance of a company (Ullah & Danish, 2020; Kiyabo & Isaga, 2020; Aburuman et al, 2021; Rofiaty, 2022; Soares, 2019). Miller (1983) assessed the entrepreneurial orientation concept by employing three dimensions: proactiveness, autonomy, and bravery in confronting risks.

When a firm or organisation introduces new products, services, technology, markets, or businesses, it is said to be entering a new era. This represents an innovation model that was not present before (Covin, Wales, & J., 2019). The capacity of a businessperson to promptly react to market trends, competition, consumer demand, and environmental changes is crucial. An effective innovation strategy is one that aligns with market trends in terms of products, processes, and other factors. According to Neely and Hii (1998), the more powerful the innovation used, the higher the potential to enhance business performance. Within the framework of knowledge-driven growth, an input is transformed into an investment, leading to an increase in profits rather than a decrease. Consequently, implementing an innovation plan will have a lasting and beneficial impact on gaining a competitive edge and enhancing the overall performance of the company.

The Resource Base View Theory, RBV theory aims to maximise the potential of internal resources in order to establish corporate strategies that lead to optimal performance (Barney, 1991 & Grant 1991). In this research, the fundamental reference used is the Resource-Based View theory. According to this theory, organisational resources, both real and intangible, must possess certain characteristics in order to be considered valuable. These characteristics include being rare, unique, difficult to copy, and unable to be substituted or reproduced. It possesses a competitive edge over its rivals, sometimes referred to as VRIO resources which is an acronym for value, rarity, imitability, and organization, which enables corporate entities to maintain a sustainable competitive advantage (SCA). Competitive advantage refers to the strategic approach of generating higher economic value compared to rivals, with the aim of boosting sales, market dominance, customer satisfaction, and long-term corporate viability. Plan of action or approach to achieve a specific goal or objective.

Variables such as differentiated products, market observation, focus on high-value customers, collaboration with partners, customers as assets, supply chain leadership, and information transparency can be measured as competitive advantages to enhance superior performance in a business organisation (Kiyabo and Isaga, 2020). An novel component of this research is the utilisation of the aforementioned indicators to ascertain competitive advantage.

Furthermore, the logistics and transportation industry has introduced a new element in its innovation strategy, namely in process innovation. This involves automation and robotics, artificial intelligence (AI) and machine learning (ML), blockchain, internet of things (IoT), Augmented (AR) and virtual reality (VR), autonomous vehicles and drones, and digital twins. Moreover, performance is evaluated not only in terms of business expansion, but also in terms of enhancing the well-being of third party logistics company, as indicated by their ability to offer services of warehousing, inventory, warehouse management software, shipping, receiving, FTL and LTL freight, picking and packing, kitting, and reverse logistics (returns) practices. This aligns with the results of previous research that investigated the influence of competitive advantage on company performance and discovered a robust

correlation between competitive advantage tactics and firm success (Pratono&Darmaasetiawan, 2019; Kiyabo&Isaga, 2020).

2. THEORETICAL FRAMEWORK AND HYPOTHESIS

2.1. Entrepreneurial Orientation and Firm Performance

Entrepreneurship has the capacity to significantly enhance firm performance (Rofiaty, 2019). Entrepreneurship enables businesses to explore and create environmentally sustainable practices, techniques, or technology to enhance production efficiency while minimising harm to the environment (Shafique et al., 2020). Entrepreneurship is a factor that may be used to anticipate how well a company will do in terms of its profitability, growth, and competitive advantage (Ullah & Danish, 2020). Entrepreneurial orientation, in essence, encompasses a sustained endeavour to enhance innovative capacities, mitigate risks, optimise resource utilisation, and generate value with the objective of retaining consumers and safeguarding firm interests (Rofiaty, 2019). Entrepreneurial orientation, as defined by Lumpkin and Dess (1996), refers to the strategic skills and mindsets of an entrepreneur that influence the decisions made by a company. According to Fairoz (2010), entrepreneurial orientation is a strategic approach that demonstrates proactiveness, innovation, and the willingness to take risks, all of which are essential for the growth and performance of an organisation.

Performance refers to the level of success achieved by a programme or policy in meeting the goals, vision, and mission of an organisation, as outlined in its business strategy planning (Asim et. al, 2020; Kasim et. al, 2020; Wibowo, 2017). Various measures can be utilised to evaluate success, including as sales, sales growth rate, cash flow, operational net profit, return on investment, and the organization's capacity to fund business expansion endeavours with generated profits.

Multiple previous studies have demonstrated a direct correlation between entrepreneurial orientation and firm performance. Studies by Rofiaty (2019), Alvarez Torres et al. (2019), Mozumdar and Islam (2022), and Kiyabo and Isaga (2020) have shown that having an entrepreneurial orientation leads to increased economic success. The implementation of an entrepreneurial orientation has been found to enhance business performance, as demonstrated by Aftab et al. (2022). The study conducted by Elidjen et al. (2022) found that adopting an entrepreneurial orientation leads to improved success for firms. Similarly, the research by Daradkeh and Mansoor (2023) suggests that having an entrepreneurial orientation enhances the performance of startups. There is a direct correlation between entrepreneurial orientation and business performance, as stated by Mozumdar and Islam (2022). Hence, the first hypothesis are as follows :

H1. Entrepreneurial Orientation has a significant effect on Firm Performance

2.2. Entrepreneurial Orientation and Competitive Advantage

Entrepreneurial orientation encompasses a company's strategic direction and its ability to effectively acquire certain market components, as well as its decision-making processes, methodologies, and procedures (Boso et al., 2013). Organisations that possess a high entrepreneurial orientation exhibit the courage to take risks, display innovation, take proactive measures, and engage in tough and independent competition in order to discover new opportunities and enhance their competitive advantage and performance (Chen et al., 2011). Kiyabo and Isaga (2020) define entrepreneurial orientation as the combination of proactiveness, risk-taking capacity, courage in taking significant risks, and autonomy.

Organisations that possess a competitive edge over their rivals, enabling business professionals to maintain a sustained competitive advantage, also known as "Sustainable Competitive Advantage (SCA)". Competitive advantage can be demonstrated through various

means, such as unique products, market analysis, strategic partnerships, prioritising high-value clients, considering customers as valuable assets, promoting information transparency, and leading in supply chain management (Rasmawami et al., 2006). Additional indicators of competitive advantage encompass pricing, quality, delivery, and product innovation (Wijetunge, 2016). Previous research has demonstrated that adopting an entrepreneurial approach enhances competitive advantage (Kiyabo&Isaga, 2020). Competitive advantage can be assessed by product differentiation, market sensing, and market responsiveness (Rasmawami et al., 2006; Kiyabo&Isaga, 2020).

Hence the second hypothesis are as follows :

H2. Entrepreneurial Orientation has a significant effect on Competitive Advantage

2.3. Entrepreneurial Orientation and Innovation

Entrepreneurship is linked to the attitudes and behaviour of making decisions, being proactive, and having autonomy. Entrepreneurial orientation empowers organisations to embrace risk and aggressively leverage state-of-the-art technology, resulting in more efficient utilisation of resources for products production (Ullah & Danish, 2020). Entrepreneurship requires a diverse range of business skills to foster innovation (Skordoulis et al., 2022). Traditionally, innovation is defined as a novel advancement in the creation of new products and services. Innovation is commonly perceived as a broad concept that encompasses the implementation of ideas for novel products or processes. Innovation refers to the process of implementing novel ideas that deviate from previous methods of production. Consequently, it is imperative for business professionals to possess the ability to produce innovative concepts and ideas by providing distinctive products and enhancing services that effectively meet the needs of their clientele. Research suggests a strong correlation between entrepreneurial orientation and innovation (Daradkeh& Mansoor, 2023; Kiyabo&Isaga, 2020). Hence the third hypothesis are as follows :

H3. Entrepreneurial Orientation has a significant effect on Innovation

2.4. Competitive Advantage and Firm Performance

Companies get a competitive edge by distinguishing their products, identifying the market, and promptly addressing its needs (Rasmawami et al., 2006; Kiyabo&Isaga, 2020). Market responsiveness pertains to the strategies employed by 3PL companies to align with market demand in terms of warehousing, inventory, warehouse management software, shipping, receiving, FTL and LTL freight, picking and packing, kitting, and reverse logistics (returns). other relevant factors. Bastian (2001) defines corporate performance as the successful utilisation of resources by management to address both financial and non-financial challenges. The presence of a competitive advantage has a beneficial impact on the performance of third party logistics companies according to Thaweepaiboonwong and Wongsansukcharoen (2023). Hence the fourth hypothesis are as follows :

H4. Competitive Advantage has a significant effect on Firm Performance

2.5. Innovation and Firm Performance

Enhancing the innovation approach of 3PL companies would lead to improved company performance. Ferreira et al. (2020) found that the various aspects of Innovation Capability, including product innovation, process innovation, marketing innovation, service innovation, and administrative innovation, significantly impact the success of the 3PL companies. Thaweepaiboonwong and Wongsansukcharoen (2023) found that innovation competency

positively impacts the performance of 3PL companies. Hence the fifth hypothesis are as follows :

H5. Innovation has a significant effect on Firm Performance

2.6. Competitive Advantage, Entrepreneurial Orientation and Firm Performance

The presence of an entrepreneurial orientation significantly enhances a company's performance, and this effect is achieved through the mediation of competitive advantage (Kiyabo&Isaga, 2020). Competitive advantage mitigates the greater impact of entrepreneurial orientation on corporate performance. This hypothesis aims to illustrate the function of competitive advantage as a mediating variable, which can serve as either complete mediation, partial mediation, or even lack the ability to mediate. The study conducted by Kiyabo and Isaga (2020) shows that there is a direct relationship between the independent variable and the mediating variable, as well as between the mediating variable and the dependent variable. This demonstrates the role of competitive advantage in mediating the relationship between entrepreneurial orientation and business performance. Elgarhy and Shouk (2022) suggest that sustainable competitive advantage acts as a mediator between the factors that contribute to sustainable competitive advantage (entrepreneurial orientation, market competence, innovation capability, and market innovation) and market performance. Hence the sixth hypothesis are as follows :

H6. Competitive Advantage mediates the influence of Entrepreneurial Orientation on Firm Performance

2.7. Innovation, Entrepreneurial Orientation, and Firm Performance

The presence of an entrepreneurial orientation inside an organisation leads to enhanced organisational performance by fostering innovation (Soares and Perin, 2019). Innovation serves as a mediator for the significant impact of entrepreneurial mindset on corporate performance. This hypothesis is proposed to illustrate the function of innovation as a mediating variable that might fully mediate, partially mediate, or fail to mediate. Ullah and Danish (2020) found that there is a direct relationship between the independent variable and the mediating variable, as well as between the mediating variable and the dependent variable. This indicates that innovation plays a mediating function in the relationship between entrepreneurship orientation and corporate success. Hence the seventh hypothesis are as follows :

H7. Innovation mediates the influence of Entrepreneurial Orientation on Firm Performance

3. RESEARCH METHODOLOGY

This study is an explanatory study that utilises a quantitative methodology. The objective of this study is to demonstrate the interplay between entrepreneurial orientation, competitive advantage, and innovation, in enhancing firm success. This study utilised 3PL companies in Selangor, Malaysia to evaluate and elucidate the research hypothesis. The companies were chosen based on their activity presence and consistently generate profits. The study focused on 3PL managers in Selangor, Malaysia, with a sample size of 188 3PL operators obtained through purposive selection methods. The research samples for 3PL companies were identified based on several criteria. Firstly, the samples included strategic decision makers from the 3PL's, who were likely to be managers or owners. Secondly, the selected businesses had to be operational for at least three years and show indicators of profitability. Lastly, the 3PL's had to utilise information technology as a business tool to gain a competitive

advantage. Data was collected by means of a questionnaire utilising a 5-point Likert scale, documentation, and interviews. The collected data was subsequently analysed via SEM and AMOS software.

4. DATA ANALYSIS AND DISCUSSION

4.1.Respondent Characteristics

Based on the result, it can be observed that men make up to 85% of 3PL companies in Selangor. This aligns with the characteristics of businesses that demand creativity and determination, traits that men typically possess. The majority of business owners, exceeding 70%, are above the age of 40, indicating that they have been engaged in business activities for a period exceeding 20 years. Services that these companies offers includes warehousing, inventory, warehouse management software, shipping, receiving, FTL and LTL freight, picking and packing, kitting, and reverse logistics (returns).Regarding marketing strategies, 94% of company professionals have utilised both online and offline platforms. This approach has been effective in targeting a wider market, including 30% of Selangor, 34% of other states, and 13% of international markets.

4.2.Data Validity and Reliability Test

Convergent validity is to establish the accuracy of the relationship between indicators and their underlying constructs or latent variables. The loading factor and Average Variance Extracted (AVE) data are utilised to assess convergent validity. When using appropriate standards, the loading factor exceeds 0.50, and when using optimal standards, it exceeds 0.70 (Hair et al., 2006). The variables X1.2, X1.3, X2.1 (Entrepreneurial Orientation), Z1.1.2, Z1.2.1 (Competitive Advantage), Z2.1.2, Z2.2.2, Z2.4.1, Z2.4.3 (Innovation), and Y1.2, Y1.3, Y2.4 (Firm Performance), were removed from the analysis based on the estimated regression weights. To assess convergent validity, the following step involves calculating the Average Variance Extracted (AVE), where a desirable AVE value is greater than 0.50. This study employs Construct Reliability (CR) analysis to assess reliability. A construct reliability of 0.70 or higher is considered indicative of good reliability. However, reliability within the range of 0.60 - 0.70 can still be deemed acceptable if the validity indicators in the model are satisfactory.

Variable	Cut-off Value	AVE VALUE	CR VALUE
Entrepreneurial Orientation (X)	AVE > 0.50 CR ≥ 0.70 (good reliability) CR 0.60 – 0.70 (reliability is acceptable)	0.422	0.872
Competitive Advantages (Z1)		0.381	0.689
Innovation (Z2)		0.361	0.823
Firm Performance (Y)		0.491	0.745

Table 1. AVE and CR Calculation

The calculations in the Table 1 indicate that the Entrepreneurial Orientation (X), Competitive Advantage (Z1), Innovation (Z2), and Firm Performance (Y) variables do not satisfy the criteria of having an Average Variance Extracted (AVE) greater than 0.50. Meanwhile, the construct reliability scores for the five variables range from 0.60 to 0.70, showing a high level of dependability. Fornell and Larcker (1981) state that the average variance extracted (AVE) is often expected to exceed 0.50 and considered acceptable at 0.40. Furthermore, if the AVE value is below 0.50 but the composite reliability value above 0.60, the construct's convergent validity remains satisfactory (Fornell& Larcker, 1981).

4.3. Goodness of Fit Test

GOF	Cut-off-value	Result	Conclusions
RMSEA	< 0.08 (Good fit)	0.065	Good fit
CFI	0.9 – 1 (Good fit) 0.8 – 0.9 (Acceptable fit)	0.876	Acceptable fit
GFI	0.9 – 1 (Good fit) 0.8 – 0.9 (Acceptable fit) <0.8 (Acceptable marginal fit)	0.794	Acceptable marginal fit
AGFI	0.9 – 1 (Good fit) 0.8 – 0.9 (Acceptable fit) <0.8 (Acceptable marginal fit)	0.761	Acceptable marginal fit
IFI	0.9 – 1 (Good fit) 0.8 – 0.9 (Acceptable fit)	0.852	Acceptable fit
TLI	1 (Perfect fit) 0 – 1 (Acceptable fit)	0.872	Acceptable fit

Table 2. Overall Model Feasibility Test Results

The model evaluation indicates that the overall construct is a good match and has produced significant data values, suggesting that the model is acceptable and aligns with the data.

4.4. Hypothesis Testing

4.4.1. Direct Influence Test

Hypothesis	Lane		S.E.	C.R.	P	Conclusion
H1	Entrepreneurial -- Firm Orientation > Performance	-0.02	0.03	-0.668	0.494	negative, insignificant
H2	Entrepreneurial -- Firm Orientation > Performance	0.151	0.072	2.288	0.025	positive, significant
H3	Entrepreneurial -- Firm Orientation > Performance	0.18	0.06	3.033	0.003	positive, significant
H4	Entrepreneurial -- Firm Orientation > Performance	1.112	0.137	7.652	***	positive, significant
H5	Entrepreneurial -- Firm Orientation > Performance	0.241	0.078	2.988	0.003	positive, significant

Table 3 : Direct Influence Test

4.4.2. Mediation Effect Test

Hypothesis	Lane	Sobel Test		Conclusion
		t-Stat	P Value	
H6	Entrepreneurial Orientation → Competitive Advantage → Firm Performances	2.204	0.027	Significant
H7	Entrepreneurial Orientation → Innovation → Firm Performances	0.620	0.534	Insignificant

Table 4 : Indirect Influence Test

4.4.3. The Influence of Entrepreneurial Orientation on Firm Performance

The results of hypothesis testing indicate that entrepreneurial orientation, as measured by the indicators of proactiveness, autonomy, risk-taking, and competitive aggressiveness, does not have a significant effect on improving firm performance. This might be attributed to the inconsistent pursuit of new opportunities by corporate actors and their failure to respond to socially responsible business practices. Despite the business people's aggressive competition, willingness to face risks, and promotion of employee responsibility and minimal supervision, the implementation of entrepreneurial orientation in this research is still deemed suboptimal. The lack of significant results in testing the hypothesis of entrepreneurial orientation on company performance may be attributed to the fact that 53% of the identified businesses are still considered new, as they are only 5 years old. Therefore, the business actors are still in the process of recognising or developing their entrepreneurial orientation. Upon evaluation, these findings reinforce previous study, which is further supported by diverse empirical evidence indicating that entrepreneurial orientation does not have a significant impact on business performance (Rafiki, A., et al., 2023). In addition, the results of this study are in direct opposition to the research conducted by Mozumdar (2022), Mahmood, R & Hanafi, N. (2013), Soares (2019), Rofiaty (2019), Ullah & Danish (2020), Kiyabo&Isaga (2020), Aburuman et al. (2021), and Rofiaty (2022), which all provide evidence that entrepreneurial orientation has a substantial impact on company performance. 3PL's company in Selangor should enhance their overall entrepreneurial orientation by focusing on factors like as proactiveness, autonomy, risk-taking, and competitive aggression. This will help improve company performance. In addition, the influence of entrepreneurial orientation on performance will be shown if these 3PL company additionally implement competitive advantage and innovation strategies as mediating factors.

4.4.4. The Influence of Entrepreneurial Orientation on Competitive Advantage

The results of hypothesis testing indicate that entrepreneurial orientation, as measured by indicators of proactiveness, autonomy, risk-taking, and competitive aggressiveness, significantly impacts competitive advantage. The level of entrepreneurial orientation exhibited by 3PL company in Selangor directly correlates with their competitive advantage strategy. This strategy encompasses the ability to differentiate their products, effectively observe the market, and promptly respond to customer demands. This can be observed in 3PL company in Selangor that have effectively implemented autonomy. These enterprises enable their employees to take ownership of their work and minimise the need for constant monitoring of their performance. In addition, it is advantageous for engaging in intense competition and exhibiting the courage to confront business risks.

The results of this study corroborate prior research and are substantiated by multiple theories that assert that a strong entrepreneurial orientation can enhance a company's competitive advantage (Chen et al., 2011; Ismail et al., 2010; Majeed, 2011; Muafi&Roostika, 2014; Wijetunge, 2016; Zhou et al., 2009). The test results indicate that the strongest indication of developing entrepreneurial orientation in 3PL company in Selangor is the bravery to handle business risks, also known as risk-taking. This can be seen as the inclination of 3PL company in Selangor to be courageous in confronting and embracing business risks. This is evident in the 3PL company owners' capacity to perceive situations of uncertainty as a challenge and prioritise the potential for success over the possibilities of failure. Therefore, the capacity to exhibit courage when confronted with dangers will serve as a catalyst in formulating a strong competitive advantage strategy. To maintain and enhance

their competitive advantage in response to market changes and evolving consumer demands, 3PL company in Selangor must optimise their entrepreneurial mindset.

4.4.5. The Influence of Entrepreneurial Orientation on Innovation

The results of hypothesis testing indicate that entrepreneurial orientation has a significant influence on creativity skills. This statement implies that there is a positive correlation between the level of entrepreneurship in 3PL companies in Selangor and their ability to innovate. Indicators of innovation ability encompass: (1) the capacity to offer services that are safer for the environment and using environmentally sustainable raw materials or production materials that are easily recyclable, reusable, and biodegradable; (2) the capability to innovate processes by minimising the consumption of hazardous substances or waste, as well as reducing the use of coal, oil, electricity, or water in manufacturing processes to promote environmental friendliness; (3) the ability to engage in market innovation by utilising online platforms or social media to sell products; and (4) the creative potential of 3PL companies in Selangor to offer a diverse range of logistics and transportation services based on consumer preferences.

The results of this study confirm previous research suggesting that a strong entrepreneurial attitude among corporate actors enhances their ability to innovate (Nguyen, P. V., et al., 2021; Yaacob, Z. et al., 2020; Hutahayan, B., 2019). Moreover, Al Mamun and Fazal (2018) determined that entrepreneurial orientation had a positive impact on creativity and creative behaviour among 3PL companies in Pulau Pinang and Johor, Malaysia. This aligns with and reinforces the results of the current study. Due to the growing demand for businessmen to demonstrate social responsibility, it is imperative to consistently generate new ideas and adopt innovative approaches to include environmentally friendly practices within companies. This task must be performed consistently or periodically by enhancing entrepreneurial orientation as a fundamental basis for generating innovation that yields benefits for all pertinent stakeholders, including businesses, the environment, customers, and other concerned parties.

4.4.6. The Influence of Competitive Advantage on Firm Performance

The results of hypothesis testing indicate that implementing a competitive advantage strategy has a significant positive effect on corporate performance (firm performance). This implies that a company's plan to gain a competitive edge, as demonstrated by the indicators: 1) unique products, 2) market awareness, and 3) customer feedback, will positively influence the company's performance. Based on the CFA test results, the ability to meet customer needs and preferences is identified as the primary determinant of a competitive advantage strategy for 3PL companies in Selangor. This discovery suggests that 3PL companies in Selangor successfully fulfilled customers' preferences and demands by offering a wide range of service variants, including inventory management, warehousing, packing, shipping, receiving, reverse logistics, international fulfilment, transportation, customs brokerage, distributed inventory, freight forwarding, full freight shipping, kitting, picking, returns, management, advanced data analytics, delivery tracking, distribution, e-commerce platform integration and shipping coordination. Consequently, this ability has the potential to improve the overall performance of the firm.

Prior studies have demonstrated that augmenting a company's competitive advantage leads to an enhancement in its overall performance (Lestari S.D, et al., 2020; Wongsansukcharoen & Thaweepaiboonwong, 2023). The success of 3PL companies in Selangor may be attributed to the effective management and enhancement of their business competitive advantage strategies, which play a crucial role in facilitating superior corporate performance. Therefore, it can be inferred that 3PL companies in Selangor possess a

competitive advantage strategy characterised by distinctive services, exceptional quality, a deep understanding of and responsiveness to customer demands, continuous monitoring of business rivals, and consistent positive feedback from consumers. These factors contribute to enhancing business performance through growth in sales, business assets, and workforce hours.

4.4.7. The Influence of Innovation on Firm Performance

The results of hypothesis testing indicate that innovation capability, as measured by the indicators of product innovation, process innovation, market innovation, and creativity, can significantly influence corporate performance. Innovation capabilities are crucial for generating good performance outcomes. This condition aligns with the practices adopted by 3PL companies in Selangor industry. These enterprises demonstrate the capacity to create innovative products by utilising environmentally friendly raw materials or production materials that can be easily recycled, reused, or decomposed. Additionally, they possess the ability to innovate business processes in order to minimise the utilisation of hazardous substances or waste, as well as reduce reliance on fuels such as coal, oil, electricity, and water. In addition, the internet and social media are utilised to enhance performance and promote product marketing innovation. Furthermore, the capacity to creatively offer many services variations in terms of inventory management, warehousing, packing, shipping, receiving, reverse logistics, international fulfilment, transportation, customs brokerage, distributed inventory, freight forwarding, ftl freight shipping, kitting, picking, returns, management, advanced data analytics, delivery tracking, distribution, ecommerce platform integration and shipping coordination to meet customer demands. The results of this study corroborate the conclusions of Ferreira et al. (2020), who found that the ability to innovate, as measured by various indicators such as product innovation, process innovation, marketing innovation, service innovation, and administrative innovation, has a substantial influence on company performance in Portugal. The test results indicate that product innovation is the most significant factor in developing innovation capabilities for 3PL companies in Selangor. This suggests that these companies have prioritised environmental sustainability by innovating their products. They focus on using raw materials or materials that generate minimal pollution, can be decomposed, recycled, or reused, and can design business products that are both safe and environmentally friendly. Consequently, 3PL companies in Selangor who have successfully adopted a suitable innovation strategy can enhance their business performance by promoting company expansion, improving the well-being of 3PL companies, and ensuring environmental sustainability.

4.4.8. The Role of Competitive Advantage in Mediating Entrepreneurial Orientation on Firm Performance

Based on the results of hypothesis testing, it has been determined that employing competitive advantage strategies might reduce the influence of entrepreneurial orientation on the success of a company (firm performance). This can be understood as a heightened entrepreneurial mindset characterised by being proactive, independent, courageous in taking risks, and having a strong drive to compete. This is followed by a strategy to gain a competitive advantage, which involves offering distinctive and superior products, closely observing the market to understand customer needs and analyse competitors, and effectively responding to customer feedback regarding the business's product.

The competitive advantage strategy serves as a complete mediator in boosting performance. This implies that adopting an entrepreneurial attitude and implementing a competitive advantage strategy will lead to improved corporate performance. This study's results corroborate the earlier research conducted by Kiyabo and Isaga (2020), which

demonstrated that competitive advantage strategies might act as a mediator between entrepreneurial approach and firm performance in micro, small, and medium enterprises (MSMEs) located in the city centres of Dar es Salaam, Mbeya, and Morogoro in Tanzania. Elgarhy and Shouk (2022) argued that sustainable competitive advantage (SCA) can act as a mediator between many factors that contribute to SCA, such as entrepreneurial orientation, marketing capability, innovative capability, and marketing innovation, and the performance of travel agency organisations. The success or advancement of the logistics sector, specifically for 3PL companies in Selangor, can be determined by the ability of business players to establish an entrepreneurial orientation using competitive advantage strategies.

4.4.9. The Role of Innovation in Mediating Entrepreneurial Orientation on Firm Performance

The hypothesis testing results indicate that there is no significant impact of entrepreneurial orientation on company performance. Entrepreneurial performance orientation is not influenced by innovative capabilities such as product innovation, process innovation, marketing innovation, and creativity. The results of this study challenge the conclusions of previous studies (Soares & Perin, 2019; Ullah & Danish, 2020) which argued that innovation could lessen the influence of entrepreneurial orientation on business success. This is because most 3PL companies do not necessitate much advancement in their services.

5. CONCLUSION

Based on the results of data analysis and hypothesis testing, the following conclusions can be inferred:

- i. Increasing entrepreneurial approach does not lead to improvement in firm performance. The lack of consistent exploration of new prospects, along with the need to prioritise and develop environmentally sustainable company services, renders entrepreneurial orientation ineffective in enhancing corporate performance. Consequently, it necessitates the implementation of additional innovative and novel endeavours.
- ii. There is a direct correlation between the level of Entrepreneurial Orientation and the level of Competitive Advantage. This means that the higher the entrepreneurial orientation of 3PL companies in Selangor, the stronger their competitive advantage in the market. This advantage includes the ability to differentiate their products, consistently monitor and analyse competitors, and promptly respond to consumer demands.
- iii. Enhancing Entrepreneurial Orientation has the potential to enhance Innovation Capabilities. Research has shown that enhancing entrepreneurial orientation, characterised by proactiveness, autonomy, risk-taking, and competitive aggression, can enhance the innovation capabilities of businesses.
- iv. Implementing strategies to enhance the competitive advantage by offering unique products, effectively monitoring market trends, and promptly responding to client needs can significantly enhance business performance. The utilisation of unique and attractive items, together with the choice of superior materials and a variety of patterns, themes, and colours, all help to enhancing company performance or achieving goals.

- v. The enhanced innovative abilities of 3PL companies will also influence corporate performance. The success of 3PL companies in Selangor relies heavily on their capacity to innovate in terms of product innovation, process innovation, market innovation, and creativity.
- vi. The Competitive Advantage Strategy can moderate the impact of Entrepreneurial Orientation on Firm Performance. Competitive advantage tactics enhance performance through the augmentation of product differentiation, market monitoring capabilities, and the capacity to respond to consumer needs. This implies that possessing a robust entrepreneurial mindset, when coupled with the implementation of strategies to gain a competitive edge, will enhance the overall performance of a company.

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