

The impact of organizational capability, external networking, entrepreneurship, competitive advantage, and corporate social responsibility (CSR) on performance

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ABSTRACT

Article history:

Received October 1, 2022
Received in revised format
October 16, 2022
Accepted December 18 2022
Available online
December 18 2022

Keywords:

Competitive Advantage
Company Performance
Corporate Social Responsibility
Organizational Capability
External Networking
Entrepreneur Orientation

This study aims to examine how Mother and Child Hospital (RSIA) Type C performance in East Java with a population of 67 owners is affected by organizational competency, external networking, entrepreneurship, competitive advantage, and corporate social responsibility (CSR). The results of the eight hypotheses using partial least squares (PLS) are as follows: 1) Organizational ability has a big and favorable impact on business performance. The hypothesis has been accepted. 2) The external network has a small but positive impact on company performance. 3) Entrepreneurial mindset has a favorable and significant impact on business performance. The hypothesis has been accepted. 4) Competitive Advantage is influenced by organizational capability in a favorable and meaningful way. The hypothesis has been accepted. 5) External networking contributes to competitive advantage in a positive and important way. The hypothesis has been accepted. 6) Entrepreneurial orientation affects competitive advantage in a favorable and important way. The hypothesis has been accepted. 7) Competitive advantage has a major and favorable impact on business performance. The hypothesis has been accepted. 8) Competitive advantage has little effect on Corporate Performance when CSR is regulated. The hypothesis was disproved.

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1. Introduction

The degree of public health in a country is influenced by the accessibility of healthcare facilities. An instrument and/or location used to coordinate local, regional, and/or national government-led health service efforts, including preventive, curative, and rehabilitative ones, is a health service facility. According to 2009's Health Law Number 36, this is done. According to the Republic of Indonesia's Minister of Health's Regulation No. 8 of 2019, community empowerment in the health sector refers to the process of increasing people's knowledge, awareness, and capacity to actively participate in health initiatives. Industries like hospitals demand a lot of money, manpower (and other resources), and technology. Human resources have a sizable role in hospital service procedures. The growth of hospital services is inextricably linked to the growth of the local economy. The traditional transformation in the role of hospitals, which at first solely offered patients healing (curative) services through hospitalization. Health services in hospitals are today recuperative (rehabilitative), both are carried out in an integrated manner through health promotion (promotive) and preventative measures. Advances in science, especially medical technology, rising income and public education (Muninjaya, 2004:220). Increase the amount of CSR they do, create health protocols in their dining establishments, uphold product hygiene, give more attention to employee health, and increase alms by giving out masks and vitamins to the general public and their patrons (Handayati et al., 2021). With the guiding principle that “for a corporation to survive in the long run, it must produce value not only for shareholders but also for society”, Nestle India practices the idea of “Corporate Shared Value”. Variations in CSR practices have a significant impact on how people view corporations (Ali et al., 2022). Elaborating on the value of high school student

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involvement, scholarships, and training in their CSR programs. A model of the relationship between the intake cycle and the aim is proposed (Wijaya & Krismiyati 2016). A thoroughly thought-out CSR strategy enables a hotel chain to satisfy its social obligations while also enhancing the company's economic performance through its staff, resulting in a win-win situation (Bu et al., 2022) The CSR initiatives of Dutch Bangla Bank Limited (DBBL) have looked into social welfare initiatives in various parts of the nation as well as socioeconomic development, where contributions have been steadily rising (Rana et al., 2012). EarnM (Earning Management) does not mitigate the impact of CSRDis on CP; rather, both CSRDis and EarnM have a direct impact on CP. This study's conclusion highlights the value of CSRDis in enhancing business performance (Jatmiko et al., 2021).

The community's understanding of PT. Indocement Tunggak Perkasa Tbk's economic, social, and environmental elements has significantly increased thanks to this CSR program (Nugraha et al., 2015). Ownership and social responsibility contribute to tourist happiness. Social responsibility, customer pleasure, and customer loyalty among visitors Visitor satisfaction acts as a mediator between business social responsibility and a commitment to retaining customers (Awatara et al. 2020). Low CSR performance increases the appeal of CSR messaging about the organization. Because of this, candidates seem to rate CSR performance and communication inconsistency. There are admirable aspects of CSR, but since businesses should not be involved in projects that harm them, the management of the company continues to place the most emphasis on enhancing their reputation and increasing revenues. simply by employing their CSR ideals to attract clients, from many marketing techniques (Balaraman & Sundarraj, 2021; Chatzoglou & Chatzoudes, 2018).

2. Research methodology

With a total of 67 participants, the study was carried out at the Type C Mother and Child Hospital (RSIA) in East Java. The partial least squares structural equation model utilizes quantitative methods (PLS-SEM). The analysis is composed of descriptive analysis and verifiable analysis. Path analysis is used to determine the effects of organizational competence, external networking, and entrepreneurial orientation on performance. Competitive advantage is used as the intervening variable and corporate social responsibility as the moderator.

3. Discussion

According to the Republic of Indonesia Regulation of the Minister of Health No. 3 of 2020 on the Classification and Licensing of Hospitals, special hospitals as mentioned in Article 12 are included in special hospitals: a. mother and child; b. eyes; c. teeth and mouth; d. kidneys; e. soul; f. infections; g. ear-nose-throat head of neck; h. Article 17 paragraph (3) A class C general hospital is a general hospital with a minimum of 100 (one hundred) pieces of beds, as defined in Article 16 paragraph (1) point c. A class C special hospital, as defined in Article 18 letter c, is one that has a minimum of 25 (twenty-five) pieces of beds. Meanwhile, Article 28 paragraph (5) of the Permit to Establish and Permit the Operation of class C Hospitals and Class D Hospitals is issued by the regent/guardian. A type of conclusive research called descriptive research aims to understand something in the form of market functions or characteristics. According to Malhotra, descriptive research is characterized by the establishment of hypotheses. Next, the essential data must be precisely stated, making descriptive research systematic and planned (2017). The study's focus is more on demonstrating how variables relate to one another, supporting theories, and developing predictions and generalizations. A Full Structural Model path map is produced using the Partial Least Square estimation method, as seen in the Fig. 1.

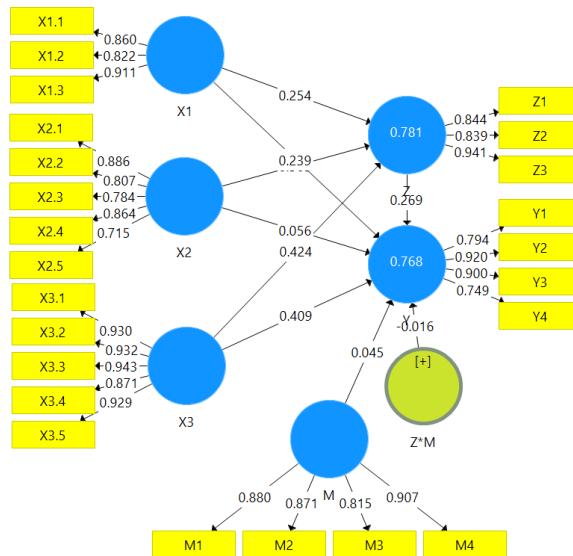


Fig. 1. Full Structural Model (PLS Algorithm)

Each indication is shown in the yellow box above, and the latent variables are shown in the blue circle. Each arrow also contains values that show the accuracy of each indication and assess the dependability of the construct of the investigated variables. An indication is deemed to be valid if its factor weight value is more than 0.50.

Table 1
AVE and Communality

Variable	Average Variance Extracted (AVE)
Organizational Capability (X1)	0.748
External Networking (X2)	0.662
Entrepreneur Orientation (X3)	0.849
Competitive Advantage (Z)	0.767
Company Performance (Y)	0.712
Corporate Social Responsibility (CSR) (M)	0.755

As noted in the table above, all four latent variables have AVE values greater than the required value of 0.5. It follows that the use of manifest variables satisfies the AVE requirements when all variables are considered to be legitimate in explaining their latent counterparts. As a result, it has been determined that all manifest variables satisfy the requirements for convergent validity. Convergent validity is shown to be true if there is a significant correlation between the score produced by the instrument and the score obtained when the concept is quantified or evaluated in many ways.

Table 2
Discriminant Validity Test (Fornell-Larcker Criterion)

	M	X1	X2	X3	Y	Z	Z×M
M	0.869						
X1	0.253	0.865					
X2	0.304	0.337	0.813				
X3	0.268	0.585	0.693	0.921			
Y	0.303	0.68	0.634	0.823	0.844		
Z	0.284	0.625	0.745	0.826	0.811	0.876	
Z×M	0.321	-0.187	0.025	-0.091	-0.091	-0.034	1.000

The table's findings, which demonstrate that every variable's root value is higher than the correlation, demonstrate the model's strong discriminant validity.

Table 3
Composite Reliability (CR) and Cronbach's Alpha Test Results

Variable	Cronbach's Alpha	Composite Reliability
Organizational Capability (X1)	0.831	0.842
External Networking (X2)	0.870	0.875
Entrepreneur Orientation (X3)	0.955	0.957
Competitive Advantage (Z)	0.847	0.852
Company Performance (Y)	0.863	0.877
Corporate Social Responsibility (CSR) (M)	0.898	0.966

Because the Composite Reliability (CR) score is more than 0.7 and the Cronbach's Alpha value is greater than 0.6, the test results above demonstrate that the data is reliable and that all indicators consistently assess each variable.

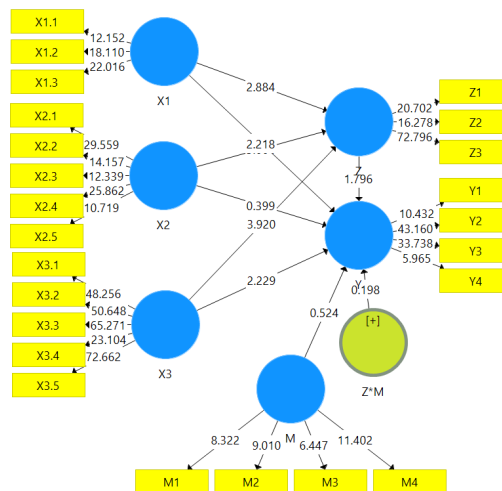


Fig. 2. The results of the Booth strapping

The R-square value can be used to show the impact of dependent variables. Here is the gain in R-square.

Table 4
R-Square Variable R Square Results

Variable	R Square
Company Performance (Y)	0.768
Competitive Advantage (Z)	0.781

The first substructure for the Company Performance variable (Y) had a R-square value of 0.768, which means that the variables Organizational Capability, External Networking, Entrepreneur Orientation, Competitive Advantage, and Competitive Advantage moderated CSR can explain Company Performance (Y) by 76.8%. This can be seen from the coefficient of determination (R-square) value that is displayed in the table above. The competitive advantage (Z) variable's R-square value in the second substructure is 0.781, indicating that it can be explained by organizational capability, external networking, and entrepreneurial orientation, among others, by 78.1%. In addition to R-Square, predictive-relevance (Q^2) values are employed in structural model testing on the inner model. The model is predictive if the Q-square value is greater than zero. Also, we have $Q^2 = 1 - (1 - R1^2) (1 - R2^2) = 1 - (1 - 0.768)(1 - 0.781) = 0.949$. The calculated value of 0.949 for Q^2 demonstrates that the model has predictive relevance, which is a value over zero. The overall validity of the model is assessed using a metric known as goodness of fit (GoF). To evaluate how successfully the measuring model (outer model) and structural model worked together, the GoF index is a single statistic (inner model). The GoF index value is calculated by multiplying the Average Variance Extracted (AVE) averages by the R^2 of the model as follows,

$$Gof = \sqrt{0.749 \times 0.775} = 0.762$$

A Gof value of 0.762 was produced based on the calculation findings, placing the goodness of fit (GoF) model in the large GoF group.

Table 5
Path Significance Test

Hypothesis	Latent Variable	Original Sample (O)	T Statistics (O/STDEV)	P Values	Remark
H1	X1 → Y	0.239	2.218	0.013	Accepted
H2	X2 → Y	0.056	0.399	0.345	Rejected
H3	X3 → Y	0.409	2.229	0.013	Accepted
H4	X1 → Z	0.254	2.884	0.002	Accepted
H5	X2 → Z	0.365	3.664	0.000	Accepted
H6	X3 → Z	0.424	3.920	0.000	Accepted
H7	Z → Y	0.269	1.796	0.037	Accepted
H8	Z×M → Y	-0.016	0.198	0.422	Rejected

Indrawati and Ridwansyah (2015:172) claims that 95% confidence levels are typically employed in business research, thus that's what the researchers in this study did. For the one-tailed hypothesis, the coefficient path score suggested by the T-Statistical value must be greater than 1.65. The Path Coefficient and T-Statistics in the table above lead to the following conclusions:

3.1 Organizational competency has an impact on the performance of the Type C Mother and Child Hospital (RSIA) in East Java.

According to the results in Table 5, the computed t value of 2.218 is greater than the necessary value of 1.65 for determining the influence of the Organizational Capability variable on the Company Performance variable. Therefore, it is evident that Organizational Capability has a positive and considerable impact on Company Performance. Hypothesis accepted

3.2 Performance at the Type C Mother and Child Hospital (RSIA) in East Java is impacted by external networking.

The results in Table 5 demonstrate that the calculated t value of 0.399, which was used to determine how the External Networking variable affected the Company Performance variable, is less than the required 1.65. Thus, we might infer that External Networking has a positive but minuscule effect on Company Performance. Hypothesis rejected.

3.3 The Type C Mother and Child Hospital (RSIA) in East Java's performance is impacted by the company's entrepreneurial orientation.

According to Table 5, the calculated t value of 0.399, which was utilized to evaluate the effect of the External Networking variable on the Company Performance variable, is less than the required 1.65. So, it follows that External Networking Has a Positive but Minor Impact on Company Performance. Rejecting the hypothesis.

3.4 Competitive Advantage in Type C Mother and Child Hospitals (RSIA) in East Java is influenced by organizational capability.

According to the results of Table 5, the computed t value of 2.884 is greater than the necessary value of 1.65 for determining the influence of the Organizational Capability variable on the Competitive Advantage variable. Thus, it can be concluded that Organizational Capability has a positive and considerable impact on Competitive Advantage. Accepted hypothesis.

3.5 In Type C Mother and Child Hospital (RSIA) in East Java, external networking has an impact on competitive advantage.

As shown in Table 5, the calculated t value of 3.664 is greater than the required t value of 1.65 to determine the influence of the External Networking variable on the Competitive Advantage variable. We can therefore conclude that External Networking has a large and positive impact on Competitive Advantage. Accepted hypothesis.

3.6 At the Type C Mother and Child Hospital (RSIA) in East Java, entrepreneurial orientation affects competitive advantage.

The results of Table 5 show that the calculated t value of 3.920 is over the required cutoff of 1.65 to evaluate the impact of the entrepreneurial orientation variable on the competitive advantage variable. Thus, we can infer that Entrepreneurial Orientation has a considerable and favorable impact on Competitive Advantage. Accepted hypothesis.

3.7 The Company's Performance at the Type C Mother and Child Hospital (RSIA) in East Java is impacted by Competitive Advantage.

The calculated t value of 1.796 is greater than the required 1.65 to evaluate the impact of the Competitive Advantage variable on the Company Performance variable, according to Table 5's findings. Given this, it is possible to assert that competitive advantage has a favorable and considerable effect on business performance. Accepted hypothesis.

3.8 Competitive advantage has a positive impact on how the company operates in the CSR moderation at the RSIA Type C facility in Jawa Timur.

The results of Table 5 indicate that a threshold value of roughly 0.198, which is less than the threshold value of 1.65, is required to comprehend the link between the variables Competitive Advantage and Kinerja of the organization operating under CSR. As a result, it can be concluded that Competitive Advantage has little impact on a company's workforce's understanding of CSR. Rejecting the hypothesis.

4. Result

4.1 The effect of organizational capability on the performance

Theoretically, Market orientation, entrepreneurship, innovation, and organizational learning are the four key organizational capabilities that are used. Moreover, in terms of empirical results, according to Sánchez-Medina (2020), little is known about how these companies can make organizational adjustments that will improve their results. Performance in the economic and environmental spheres is positively and significantly impacted by the OCC. According to Gonçalves et al. (2021), the ability of a company to adapt, develop, be proactive, take chances, and get the most precise market data determines how effectively it performs. The company will develop a set of competencies and competitive advantages that enable adequate responses to market situations by maximizing internal management and knowledge deployment. Moreover, task complexity and gender diversity are important factors in the organization's effectiveness. Low employment and such a degree of building do not translate into better performance (Hsu & Lawler, 2019). Organizational commitment, work satisfaction, and organizational culture all have a significant and positive impact on employee performance. The findings of this study confirm the beneficial and important influence of entrepreneurial orientation. Additionally, organizational commitment significantly predicts job happiness even though there is a favorable association between corporate culture and job satisfaction. The findings also imply that there is minimal correlation between an entrepreneurial attitude and employee performance. (Soomro & Shah, 2019).

4.2 The effect of external networking on the performance

A few fundamentals for effective "external" networking abilities: a) Be active and successful; networking is like gaining new skills. The more we practice, the luckier we become, or, in Gary Player's words, "Practice makes perfect", b) Name Database, whether we have it yet depends on whether we are professionals in our own businesses or at work. A leader will influence his company if he has a large network and is in the top position in the professional group that he belongs to, according to Udimal et al. (2021). The primary focus of incubator management should be on creating internal and external networks and leveraging relationships within those networks to affect how well new businesses perform (Wu et al., 2020).

4.2 *The effect of network capabilities on business growth*

According to Nu'man et al. (2020), supply chain capabilities supported by the theory of social capital have a positive impact on relational and structural capital and they are built through cooperation, information sharing, reciprocal trust, communication, and commitment among supply chain partners. As a result, suppliers' and buyers' performance improves. According to researchers Kim and Lui (2015), after adjusting for the impact of institutional networks, business group affiliations are positively related to both product and organizational innovation. Institutional networks are more positively related to product innovation than market networks, while market networks are positively related to organizational innovation, their relationship is not significantly stronger than institutional networks.

4.3 *The effect of entrepreneurial orientation (EO)*

Theoretically, EO is described as a corporate leader's strategy for making decisions at the organizational level that encourages proactivity, innovation, and risk-taking (Khandwalla, 1977; Miller 1983; Covin & Slevin, 1991). Dadzie et al. (2020) demonstrated that EO has a direct and indirect relationship with performance, and managers are advised to aggressively support EO and their internationalization. Cagle and Zen (2019) explained how companies with a strong entrepreneurial drive take less risks and make more responsible judgments. The assignment focuses on how organizational learning could leverage environmental volatility as a moderator to affect how entrepreneurial orientation affects firm performance (Hina et al., 2021). The results go against the prevailing notion held by western firms that innovation (INO) significantly enhances the performance of SMEs. The findings indicated that innovation (INO) generally had a negative impact on the performance of SMEs, but the p-value did not reach statistical significance (Shah & Ahmad, 2019). In order to attain a high degree of corporate performance, businesses must ensure that all of their employees have a superior strategic orientation and, as a result, invest in better resources and superior talents (Ferreira et al., 2020). In order to increase the effectiveness of value movements and develop the assessment system of formation, attitudes, and mentality in entrepreneurship, entrepreneurial culture has proven to be an effective input approach. This has improved organizational performance. According to the logic guiding this course, developing an entrepreneurial culture is the first step in bettering the value system, attitudes, and attitudes in entrepreneurship as a way to demonstrate the efficacy of particular actions through logical processes focused on exemplary values. Entrepreneurs that are focused on progress must find a means to strategically incorporate the importance of subtle motion in order to boost organizational performance (Kurniawan & Galushasti, 2021).

4.4 *The effect of organizational capability on competitive advantage*

According to Porter (1985), competitive advantage is the capacity for a company to outperform other businesses in a given market or industry through the features and resources of the organization. According to Oskoei (2021), organizational competencies and strategic management are related to the personnel of the Ghaemshahr computer school's strategic competitive advantages. Additionally, it demonstrates the link between strategic management, competitive advantage, and organizational capability variables. By using the proposed framework, design firms looking to improve their DfOSH (Design for Occupational Safety and Health) capabilities may be able to identify organizational capability gaps that they can fill. Project clients may also benefit from a better understanding of the organizational capabilities of design firms during the procurement process (Jakob et al., 2022). While the second category (absorbent capacity, inventiveness, and technical capacity) pertains to cognitive portions of human capital, the first group of organizational skills relates to non-cognitive components of human capital (organizational commitment, leadership and customer intimacy) (Urrutia-Badillo et al., 2018). The ability of a company to adapt, develop, be proactive, take chances, and get the most precise market data determines how effectively it performs. In fact, the organization will acquire a set of competencies and competitive advantages that enable an efficient reaction to market challenges by improving internal management and knowledge deployment (Correia et al., 2021). According to Aziz (2019): (1) organizational capability and competitive advantage have a statistically significant and positive relationship (organizational capability explains 93% of the variance in competitive advantage); and (2) management competence completely mediates this relationship.

4.4 *The effect of external networking on competitive advantage*

Theoretically, there are three (three) primary conditions that external networks can help a company meet in order to increase its competitiveness: 1. Connections based on partnerships. 2. Attachment based on a sponsor. 3. Communication. In recent years, networking and teamwork have gained popularity among business professionals. A variety of cooperative arrangements have been supported by regional and national programs, from school groups that volunteer to work together to those that have been persuaded to do so via the use of incentives to those that have come under direct external pressure to cooperate (Ainscow & West, 2006; p. 59). Innovation is a distinct quality and the fundamental kinetic energy that drives a variety of strategic organizational actions that enhance competitive advantage and boost productivity (Liu et al., 2019). Higher environmental uncertainty, network capabilities are more important for the performance of architectural firms whereas managerial capabilities are more important for real estate performance. development company (Srećković, 2018).

External network behavior partially mediates the relationship between network dependence and entrepreneurial performance. Innovation is a distinct quality and the fundamental kinetic energy that drives a variety of strategic organizational actions that enhance competitive advantage and boost productivity. The findings demonstrated that EO directly influences entrepreneurial performance (Udimal et al., 2021). According to Sulisty (2020), an organization's capacity for innovation and competitive advantages is considerably increased by its network, sharing, and knowledge management skills. When it comes to business networks and finance networks, competitive advantage is a powerful moderator of new venture performance (Anwar et al., 2018; Azeem et al., 2021).

4.5 The effect of entrepreneurial orientation on competitive advantage

Theoretically, Porter (1987) asserts that a company has a competitive advantage if its differentiating capabilities and the essential elements of success in the sector mesh in a way that makes it perform significantly better than its rivals. Ferreira and Coelho (2020) found that in order to attain a high degree of corporate performance, businesses must build superior strategic orientations for each of its members and invest in better resources and superior skills as a result. The secret to the company's good performance is strategic planning. When compared to businesses without systematic strategic planning activities, Fred (2010:24) claims that businesses using various strategic management concepts exhibit significant improvements in sales, profitability, and productivity. According to de Guimares et al. (2018), the correlation between the three antecedents has a high intensity, indicating that the companies under study use strategic drivers separately and that, when combined, there is a significantly higher chance of net production success with a significantly greater increase in sustainable competitive advantage for small and medium-sized businesses. This suggests that prior strategic drivers have a significant impact on net production. A resource-based view developed by researchers Kiyabo and Isaga (2020) is suitable for characterizing resources that are both concrete and intangible, such as entrepreneurial orientation. Innovation, proactiveness, and risk-taking are the three main factors that have the greatest impact on a company's entrepreneurial orientation across settings (Basco et al., 2020). Some individuals think that an entrepreneur is born, not created. However, multiple studies have shown that entrepreneurship can be learned and is not genetically inherited, dispelling this belief. (Barringer & Ireland, 2010). Everybody has the ability to start their own business, especially those who have finished the higher education process (Gelard & Saleh, 2011). Ferreras-Méndez et al. (2021) discovered evidence that business model innovation is a good tactic for integrating an organization's entrepreneurial attitude into the innovation process and enhancing the success of new product development, adding fresh information to the EO and BMI literature. Monferrer et al. (2021). Exploration skills (adaptation and absorption) will therefore have an impact on the ability to use knowledge through innovation skills and result in improved performance. The results provide helpful insights on the hierarchy of causes that affect BG performance.

4.6 The effect of competitive advantage on performance

Theoretical, for all businesses that care about growth and transformation, creativity is a key source for building competitiveness (change). Sari (2013) emphasized that creativity may be gauged by the creation of fresh concepts and innovations, as well as the creative process itself. Personal and environmental factors influence the creative output (Amabile 1996; Andrews & Smith 1996). Hussain et al. (2018) proposed that a franchisor will be more inclined to select multi-unit franchising (MUF) as the franchise system's governance mode if they anticipate gaining a competitive advantage due to greater exploration and exploitation capabilities when employing MUF compared to a single-unit franchise. According to Anwar et al. (2018), between the finance network and the performance of the new venture as well as between the business network and the performance of the new venture, respectively, the competitive advantage is a powerful mediator. Competitive advantage, however, only partially mediates the relationship between political networks and the success of new companies.

4.7 The effect of CSR on competitive advantage

Theoretically, according to Kotler (2005), CSR can: a) Boost sales and market share; b) Strengthen trademark position; c) Improve the ability to recruit, inspire, and care for employees; d) Reduce operating costs; and e) Attract investors and financial analysts by focusing on the business aspect. According to Jatmiko et al. (2021), a company's performance is directly impacted by its disclosure of its corporate social responsibility efforts, with the impact being reduced by profit management. According to Ahyani and Puspitasari (2019), 1) corporate social responsibility (CSR) has a positive impact on the company's financial performance as measured by ROA, 2) corporate social responsibility (CSR) has a positive impact on the company's financial performance as measured by ROE, and 3) corporate social responsibility (CSR) has a positive impact on the company's financial performance as measured by NPM.

5. Conclusion

The study's results are as follows: The first hypothesis test reveals a discernible and acceptable association between organizational competence and firm performance. By performing research, it is possible to refute the second hypothesis and show that there is no connection between external networking and business performance. The third theory is put to the test,

and the findings indicate that entrepreneurial orientation has a significant impact on corporate performance. Testing the fourth hypothesis leads to the conclusion that organizational competency and competitive advantage have a significant link. The fifth hypothesis is examined, and the findings show that there is a significant connection between competitive advantage and external networking. The results show that there is a considerable relationship between entrepreneurial orientation and competitive advantage, proving the sixth hypothesis to be correct. It is demonstrated that there is a significant relationship between competitive advantage and business performance by testing the seventh hypothesis. Testing the eighth hypothesis demonstrates that the assertion that competitive advantage has a large impact on business performance and is moderated by CSR is untrue.

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