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DOI: 10.22219/jrak.v15i4.41112

Citation:
Puspokusumo, R. A. A. W., Yahiaoui, D., Sihotang, J., Komariyah, I., Suhendar, F. R. (2025). How Startups Compete and Survive: Strategic Insights from Telkom Indonesia's Indigo Program. Jurnal Reviu Akuntansi Dan Keuangan, 15(4), 929-944.

Article Process
Submitted:
June 13, 2025

Reviewed:
June 20, 2025

Revised:
November 24, 2025

Accepted:
December 1, 2025

Published:
December 29, 2025

Office:
Department of Accounting
University of
Muhammadiyah Malang
GKB 2 Floor 3.
Jalan Raya Tlogomas 246,
Malang, East Java,
Indonesia

P-ISSN: 2615-2223
E-ISSN: 2088-0685

Article Type: Research Paper

How Startups Compete and Survive: Strategic Insights from Telkom Indonesia's Indigo Program

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ABSTRACT

Purpose: This study aims to examine the influence of Entrepreneurial Orientation and Competitive Intensity on Business Performance, with Competitive Strategy acting as an intervening variable. The research focuses on startups incubated and accelerated by the Indigo Program of PT Telkom Indonesia Tbk. This study builds upon previous research in competitive strategy theory, which highlights the relevance of Entrepreneurial Orientation and Competitive Intensity in shaping strategic business outcomes.

Methodology/approach: A quantitative approach was adopted, utilizing data collected through structured questionnaires. The research sample consists of 65 startups under the Indigo Incubator and Accelerator Program. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with the assistance of SmartPLS 4.0 software.

Findings: The findings reveal that Entrepreneurial Orientation has a significant and positive impact on Business Performance.

Practical implications: These findings provide practical insights for startups regarding the importance of strategic positioning in a competitive environment to improve business performance.

Originality/value: This research contributes to the understanding of how startups can utilize competitive strategies as a bridge between entrepreneurial orientation and competitive pressures to achieve optimal business performance, particularly in the context of startups under

the auspices of corporate incubation and acceleration programs.

Keywords: Entrepreneurial Orientation; Competitive Intensity; Competitive Strategy; Business Performance; Startup.

ABSTRAK

Tujuan penelitian: Penelitian ini bertujuan untuk mengkaji pengaruh Entrepreneurial Orientation dan Competitive Intensity terhadap Business Performance, dengan Competitive Strategy sebagai variabel intervening. Fokus penelitian ini adalah pada startup yang diinkubasi dan diakselerasi oleh Program Indigo dari PT Telkom Indonesia Tbk. Studi ini didasarkan pada penelitian sebelumnya dalam teori strategi bersaing, yang menyoroti relevansi Entrepreneurial Orientation dan Competitive Intensity dalam membentuk hasil strategis bisnis.

Metode/pendekatan: Pendekatan kuantitatif digunakan dalam penelitian ini, dengan pengumpulan data melalui kuesioner terstruktur. Sampel penelitian terdiri dari 65 startup yang tergabung dalam Program Inkubasi dan Akselerasi Indigo. Data dianalisis menggunakan teknik Partial Least Squares Structural Equation Modeling (PLS-SEM) dengan bantuan perangkat lunak SmartPLS 4.0.

Hasil: Hasil penelitian menunjukkan bahwa Entrepreneurial Orientation memiliki pengaruh positif dan signifikan terhadap Business Performance. Sebaliknya, Competitive Intensity tidak memiliki pengaruh langsung terhadap Business Performance.

Implikasi praktik: Hasil ini memberikan wawasan praktis bagi pelaku startup mengenai pentingnya penentuan posisi strategis dalam lingkungan yang kompetitif guna meningkatkan kinerja usaha.

Orisinalitas/kebaharuan: Penelitian ini memberikan kontribusi terhadap pemahaman tentang bagaimana startup dapat memanfaatkan strategi bersaing sebagai penghubung antara orientasi kewirausahaan dan tekanan persaingan untuk mencapai kinerja bisnis yang optimal, khususnya dalam konteks startup yang berada di bawah naungan program inkubasi dan akselerasi korporasi.

Kata kunci: Orientasi Kewirausahaan; Intensitas Persaingan; Strategi Bersaing; Kinerja Bisnis; Startup

INTRODUCTION

Company	Round Raised	Amount Raised	Funding Date
Astro	Series B	$51.9M	Sep 15, 2025
DACHIN	Series A	$16.7M	Sep 07, 2025
Bang Jamin	Seed	$4M	Aug 29, 2025
Pintarnya	Series A	$16.7M	Aug 24, 2025
Kozystay	Series A	Undisclosed	Aug 19, 2025

Rank	Startup	SR Score	Description	Country Rank
15	Ruangguru	83,577 =	Ruangguru adalah sebuah website yang menghubungkan calon murid dengan calon guru untuk belajar di bidang apapun - Ruangguru is an online matchmaking platform for st ...	1
65	Alodokter.com	80,973 =	Alodokter.com plans to be the number 1 healthcare website in Indonesia. We aim to bring medical know ...	2
90	Mojok.co	79,883 =	Tempat mojok - Mojok.co is selow media that embodies the writings ...	3
114	Jakarta Notebook	79,130 =	Jakarta Notebook - Most Wanted Super E-Store. JakartaNotebook.com merupakan salah satu perusahaan O ...	4
200	Mamikos	76,784 =	Aplikasi Pencari Info Kost - Mamikos is Hunter Application Kost in Yogyakarta, ...	5
207	Itemku	76,586 =	Itemku is an online marketplace for game-related digital products. - Itemku - Online game item and game money trading m ...	6
208	Uzone Indonesia	76,553 =	Informasi Teknologi Terkini - Uzone.id is an online media portal that focuses on ...	7
210	Dicoding	76,499 =	Decode Ideas Discover Potential - Dicoding exists as a technology education platform ...	8
214	Jurnal	76,329 =	#1 Simple Online Accounting Software - Jurnal adalah layanan software pembukuan online ya ...	9

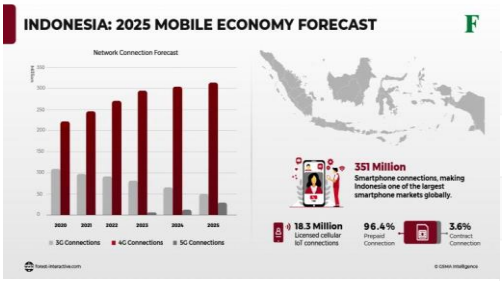

Figure 1. Startup Data In Indonesia

Sumber: https://www.statista.com/topics/10216/startups-in-indonesia/

This gap becomes even more significant when considering that over 3,000 startups were recorded in early 2024, marking Indonesia as a major entrepreneurial hub in the region. The Fourth Industrial Revolution has brought about important changes to both global and local business environments. In Indonesia, the digital economy is booming, with a noticeable rise in startups across various industries like e-commerce, online services, financial technology, and logistics. The acceleration of the Fourth Industrial Revolution has fundamentally transformed global and local business landscapes, with Indonesia emerging as one of the fastest-growing digital economies in Southeast Asia. The Indonesian Venture Capital Association (Amvesindo) anticipates that by 2025, the venture capital sector will be influenced by a combination of global and local factors, such as technological advancements, economic policies, and the evolving landscape of startups and MSMEs (Khuan et al., 2023).

The swift progress of the Fourth Industrial Revolution has significantly altered the global business environment, including that of Indonesia (Paramita et al., 2023). The nation's digital economy has experienced notable expansion, evidenced by the growing number of startups. As per the most recent statistics from the Indonesian Venture Capital Association for Startups, the count of startups in Indonesia surpassed 3,000 by early 2024, with financial technology (fintech), e-commerce, and health technology emerging as the leading sectors (Elvina. P, 2023). For Indonesian startups, this alignment may be realized by utilizing digital platforms such as TikTok, Shopee, and Tokopedia to cultivate brand communities, employing AI-driven analytics to comprehend shifts in consumer behavior, and swiftly adapting to regulatory and financial challenges (Xiong, 2022).

Therefore, the structural model emphasizes that in the economic landscape of Indonesia in 2025, characterized by increasing uncertainty and competition, startups can only endure and prosper by integrating an entrepreneurial mindset, strategically responding to market pressures, and implementing competitive strategies that guarantee long-term adaptability and resilience (Sakas et al., 2023). Nevertheless, despite this quantitative increase, the failure rate among Indonesian startups remains concerningly high, with around 92% failing within their initial three years (Aptian & Nurleli, 2023). This suggests that the rise in the number of startups does not inherently lead to enduring business success. In this regard, the Indonesian Venture Capital Association (Amvesindo) forecasts that by 2025, the venture capital industry will be increasingly shaped by both global and domestic

influences, particularly technological trends, economic policies, and the dynamics of startups and micro, small, and medium enterprises (MSMEs).

A tangible illustration of such technological dynamics is evident in the initiatives undertaken by PT Telkom Indonesia (Persero) Tbk, which on February 28, 2025, introduced a range of programs via IndigoHub and IndigoSpace aimed at cultivating an artificial intelligence (AI) ecosystem across nine cities in Indonesia. These initiatives, executed in partnership with educational institutions, governmental agencies, private sector stakeholders, and local communities, seek to improve public understanding of AI and expedite its industrial application (Riza & Luhur, 2023). Programs such as 'AI Goes to School,' Tech Talks focusing on advanced technologies like Agentic RAG, and region-specific initiatives like Malang AI Connect and AI workshops in Aceh exemplify how collaboration across sectors stimulates innovation, empowers local talent, and advances digital transformation (Wijaya et al., 2023). Such efforts not only bolster Indonesia's standing in the digital economy but also underscore the vital importance of venture capital and corporate partnerships in ensuring that technological advancement is accompanied by sustainable and inclusive business growth (Iyiola et al., 2023). These initiatives, which range from 'AI Goes to School' to region-specific events like Malang AI Connect and Aceh AI workshops, further demonstrate how cross-sector collaboration nurtures innovation, empowers local talent, and facilitates digital transformation. Additionally, reinforcing this momentum, Telkomsel organized Solution Day 2025 on August 21, 2025, a premier collaborative platform that attracted over 800 national leaders, business decision-makers, and technology innovators from more than 200 leading companies.

Under the theme 'Staying Resilient, Creating Impact,' the event highlighted over 30 solutions based on AI, 5G, and data intelligence, and marked the establishment of strategic collaborations, including a significant Memorandum of Understanding (MoU) with OpenAI to enhance advanced AI capabilities and broaden access to AI literacy and productivity tools throughout Indonesia. Such initiatives signify important milestones in Indonesia's digital transformation journey and serve as evidence of corporate leadership in enhancing technological ecosystems (Salimi et al., 2023). While large corporations like Telkom and Telkomsel are capable of mobilizing resources and promoting cross-sector collaboration on a large scale, numerous startups and MSMEs continue to face challenges characterized by high failure rates, restricted access to venture capital, and inconsistent digital adoption (Sreenivasan & Suresh, 2024). Existing research offers partial insights but leaves considerable gaps. More recent studies conducted in Indonesia have explored competitive strategies but failed to incorporate the interaction between entrepreneurial orientation and competitive intensity (Adeniyi et al., 2024).

Consequently, further investigation is required to examine how AI-driven initiatives can be inclusively scaled, how startups and MSMEs can be assisted in overcoming technological and financial limitations, and how corporate initiatives, such as those by Telkomsel, can transcend mere symbolic displays to create sustainable and equitable impacts (Sungthong et al., 2023). Despite the growing incorporation of Artificial Intelligence (AI) across global industries, numerous Indonesian entrepreneurs, students, and small business owners—particularly those outside the primary tech hubs—do not have access to training that meets industry requirements. As Patricia Eugene Gasperz, Senior Manager at Indigo, pointed out, the initiative embodies Telkom's conviction that "the future of AI in Indonesia will not only flourish in major cities but also in underserved regions. Business strategy refers to the plan or set of actions designed by management to position the company competitively in the marketplace (Daradkeh & Mansoor, 2023). This study aims to explore and explain about the influence of entrepreneurial orientation on the business performance of startups (Rosita et al., 2023).

The impact of competitive intensity on business performance. And the role of competitive strategy in influencing business performance. The mediating effect of competitive strategy between entrepreneurial orientation and competitive intensity toward business performance (Mere et al., 2023). With presents innovation by proposing an integrative model that positions competitive strategy as a mediating factor between entrepreneurial orientation (EO) and competitive intensity (CI) in assessing startup business performance within Indonesia's AI-driven digital economy. In contrast to previous studies that examined EO, CI, and strategic management in isolation, this research underscores their combined effects in the distinctive context of incubated startups that are embracing AI and digital technologies, which have been insufficiently addressed in both Indonesian and global academic literature. It concentrates on incubated startups in Indonesia that are striving to incorporate AI-based business models, data-driven decision-making, and automation while extending strategic management frameworks into the AI-driven economy (Akter et al., 2023). Specifically, it integrates Entrepreneurial Orientation, Competitive Intensity, and Competitive Strategy while taking into account the influence of AI adoption as a contextual element (Johnston et al., 2023). In addition to this, Indigo has broadened its efforts towards global collaboration through the AI Connect x NTT Startup Challenge, which took place at IndigoHub Yogyakarta in 2025.

This initiative specifically targeted the restricted access that Indonesian startups have to international networks, funding sources, and essential AI expertise. Concurrently, Indonesia is grappling with wider macroeconomic challenges that exacerbate these issues. The nation is undergoing a complicated energy transition aimed at achieving net-zero emissions, which presents both opportunities and challenges (Woehler & Ernst, 2023). Increasing electricity prices, shifts in the labor market as traditional sectors undergo restructuring, and the pressing need for capacity building in low-carbon industries all necessitate meticulous planning. If not managed equitably, these factors could undermine Indonesia's competitive edge (Wei et al., 2023). To alleviate such risks, policymakers have underscored the importance of innovative blended-finance strategies, focused reskilling efforts, and the gradual implementation of cost-effective technologies to mitigate the socioeconomic repercussions of the transition (Lago et al., 2023). These modifications are vital for ensuring that climate initiatives are in harmony with inclusive growth (Hosseini & Ferreira, 2023).

Furthermore, the expansion of the middle class has also slowed, raising alarms about the potential for a middle-income trap (Bruneel et al., 2022). Experts contend that unlocking entrepreneurial capital is crucial to circumventing this trap: although Indonesia is home to millions of informal businesses, the real challenge lies in scaling formal, productive enterprises capable of fostering sustained innovation and investment (Suhairi, 2022). Without more robust ecosystems that support formal entrepreneurship, Indonesia risks becoming stagnant in a low-productivity state. These strategies enable firms to navigate competitive environments and achieve strategic fit. In this study, business strategy is treated as a mediating construct that bridges entrepreneurial attributes and competitive pressures to business outcomes (Wang et al., 2023).

H_1: Entrepreneurial Orientation has a positive impact on Business Performance.

Entrepreneurial Orientation (EO) is a multifaceted strategic approach that includes key behavioral dimensions such as innovativeness, proactiveness, and risk-taking, which collectively influence a firm's ability to achieve outstanding performance results (Hendratmi et al., 2022). Companies that demonstrate a robust EO are often noted for their ability to recognize and seize new opportunities, adapt swiftly to changes in their environment, and take strategic initiatives ahead of their rivals (Šlogar & Andrijanic, 2023). This orientation promotes organizational learning, adaptability, and responsiveness, allowing firms to create innovative products, penetrate new markets, and maintain a competitive edge in unpredictable business landscapes (Al-Momani et al., 2023). As a result, EO plays a

significant role in driving improved financial performance, market expansion, and the long-term viability of businesses (Patrício & Ferreira, 2024).

H_2: Competitive intensity positively affects business performance.

Competitive intensity refers to the degree of rivalry among firms operating within the same industry. When competition becomes intense, businesses are compelled to enhance their efficiency, innovate faster, and differentiate their products or services to maintain market relevance (Azzam et al., 2023). A highly competitive environment encourages firms to optimize resources, adopt new technologies, and strengthen customer relationships, which in turn improves overall business performance (Martini et al., 2023). Through continuous adaptation, strategic agility, and innovation-driven growth, companies facing greater competitive intensity tend to achieve stronger financial outcomes and more sustainable market positions (Chang & Yoo, 2023). Therefore, it is expected that competitive intensity has a positive and significant impact on business performance (Crick et al., 2024).

H_3: Competitive strategy positively affects business performance.

A clearly defined Competitive Strategy, whether based on cost leadership, differentiation, or focus, allows companies to achieve a sustainable competitive edge in ever-changing markets (Holopainen et al., 2024). By aligning strategic efforts with both internal strengths and external market conditions, organizations can optimize their resource distribution, improve customer value propositions, and surpass their competitors (Ditkaew, 2023). Companies that adopt clearly articulated Competitive Strategies exhibit greater operational efficiency, increased market share, and enhanced profitability (Handoyo et al., 2023), thus supporting long-term business sustainability.

H_4: Competitive Strategy acts as a mediator in the relationship between Entrepreneurial Orientation and Business Performance.

Entrepreneurial Orientation (EO), which is defined by traits such as innovativeness, proactiveness, and risk-taking, plays a crucial role in driving strategic initiatives (Nugraha et al., 2023). Nevertheless, its effect on Business Performance is significantly strengthened when these entrepreneurial traits are integrated into a cohesive Competitive Strategy (Serafim & Veríssimo, 2021). By strategically incorporating EO-driven efforts like new product development, market expansion, and opportunity exploitation into strategies such as cost leadership, differentiation, or niche specialization, companies can effectively convert entrepreneurial initiatives into quantifiable performance results (Rodríguez-Peña, 2021). Empirical studies indicate that Competitive Strategy serves as an essential mechanism through which EO boosts profitability, market share, and long-term organizational resilience (do Adro et al., 2021).

H_5: Competitive Strategy serves as a mediator in the relationship between Competitive Intensity and Business Performance.

In environments characterized by high competition, Competitive Intensity (CI) places pressure on companies to adopt strategic responses to sustain or improve their market standing (Weil, 1985). Although CI may pose challenges to organizational resources, its capacity to enhance Business Performance is realized when companies execute intentional Competitive Strategies such as cost efficiency, differentiation, or targeted market segmentation (Crick et al., 2024). By mediating the effects of CI, Competitive Strategy enables organizations to transform competitive pressures into practical opportunities, thereby bolstering operational efficiency, market positioning, and financial results (Loan et

al., 2023). Research indicates that companies that strategically adjust to competitive intensity attain higher profitability, resilience, and sustainable growth (Azzam et al., 2023).

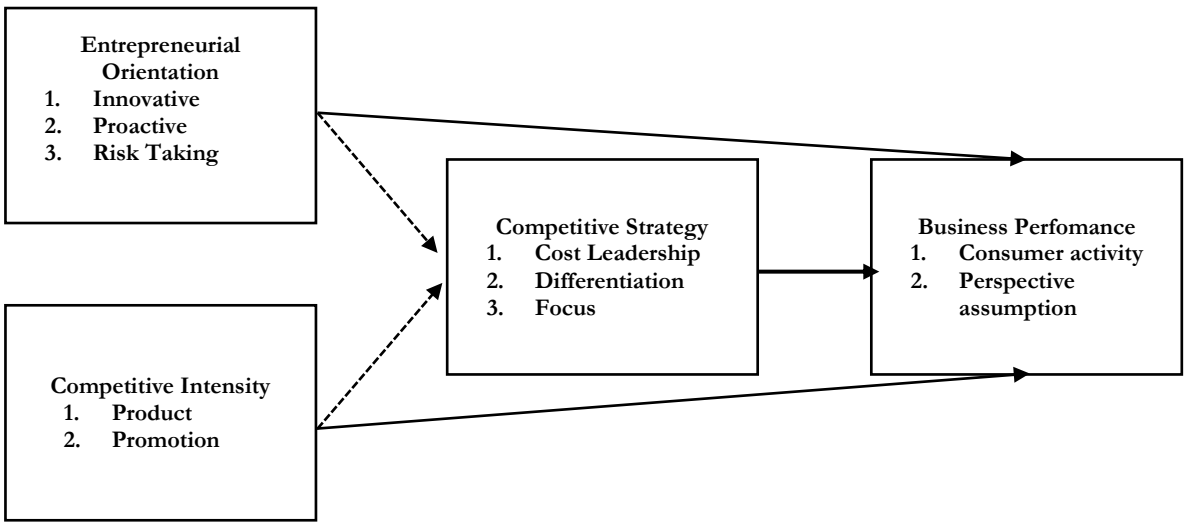

Figure 2. Research Framework

Sumber: (Al-Momani et al., 2023)

METHODS

This study employs a quantitative research approach to examine the relationships among Entrepreneurial Orientation (EO), Competitive Intensity (CI), Competitive Strategy (CS), and Business Performance (BP) in startups. A cross-sectional survey design was adopted to collect data at a single point in time, suitable for testing hypothesized causal relationships. This approach aligns with prior strategic management research (e.g., Lumpkin & Dess, 1996; Porter, 1980) and supports explanatory analysis of startup performance determinants. The population consisted of 110 active startups that participated in the Indigo Accelerator Program by PT Telkom Indonesia. To determine the minimum sample size, the Slovin formula was used with a 10% margin of error, yielding a required sample of 52 startups:

$$n = \frac{N}{1 + Ne^2} = \frac{110}{1 + 110(0.1)^2} \approx 52$$

Primary data were collected via a structured online questionnaire administered to startup founders and leaders. The questionnaire used a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) for simplicity and consistency with previous studies in similar contexts, though a seven-point Likert scale is often recommended for finer-grained measurement. This research should aim for a sample size that is at least 5–10 times the total number of indicators utilized or a minimum of 100–200 samples for models of moderate complexity. The definitions of variables and indicators should be consistent with existing scholarly literature and operationalized using validated measurement scales. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0, which is appropriate for models with latent variables and small to medium-sized samples. With Convergent validity of Average Variance Extracted (AVE > 0.5), Discriminant validity using Heterotrait-Monotrait (HTMT) ratio and Reliability using Cronbach's Alpha and Composite Reliability (CR > 0.7) for Sobel test to evaluate the mediating effect of Competitive Strategy.

Variable	Definition	Typical Indicators
Entrepreneurial Orientation (EO)	A firm's strategic posture characterized by innovativeness, proactiveness, risk-taking, autonomy, and competitive aggressiveness	• Innovativeness (introducing new products/processes) • Proactiveness (anticipating market trends) • Risk-taking (willingness to take bold actions) • Autonomy (independent decision-making) • Competitive aggressiveness (intensity of competitive behavior)
Competitive Intensity (CI)	The degree of competition firms face in the marketplace	• Number of competitors • Rivalry intensity • Price competition • Threat of new entrants
Competitive Strategy (CS)	The deliberate firm choices to achieve competitive advantage	• Cost leadership implementation • Differentiation focus • Niche specialization • Market positioning tactics
Business Performance (BP)	Measures of a firm's success both financially and non-financially	• Profitability • Market share growth • Sales growth • Customer satisfaction • Operational efficiency

Table 1. Research Indicators

RESULTS AND DISCUSSIONS

Sumber: Smart PLS result

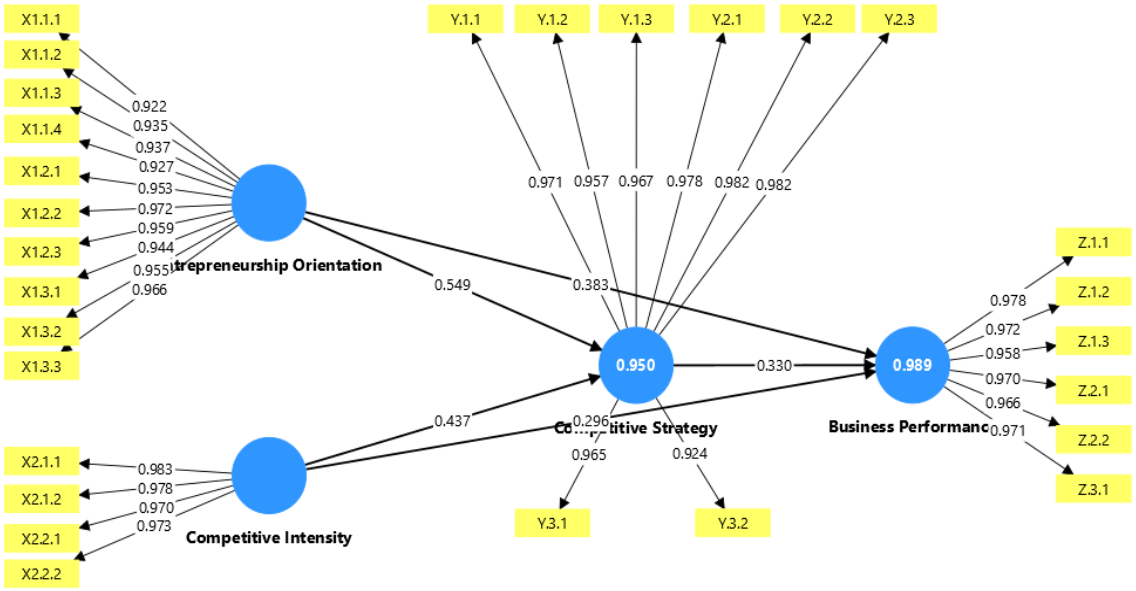

Figure 3. Research Result

A total of 52 respondents participated in this study, all of whom were founders or senior leaders of startups under the Indigo program by PT Telkom Indonesia. The majority were male (89%), with most holding a bachelor's degree (82%). This demographic aligns with the typical founder profile in Indonesia's tech startup ecosystem. The measurement model was evaluated to confirm the validity and reliability of the constructs. All indicators met the required thresholds: First, Convergent validity was established with Average Variance Extracted (AVE) values above 0.50. Second, Discriminant validity was confirmed via HTMT ratios, all below the 0.90 threshold. Third, Reliability was ensured with Cronbach's Alpha and Composite Reliability (CR) scores above 0.70 across all constructs.

The finding gets that Entrepreneurial Orientation (EO) has a strong, positive, and significant effect on business performance. This confirms that startups with higher levels of innovation, proactiveness, and risk-taking tend to perform better. Another finding also found out that Competitive Intensity (CI) showed no significant direct effect on business performance. This suggests that external competition alone does not determine startup success without an internal strategic response. Also, for Competitive Strategy (CS) significantly contributes to business performance, highlighting its role in enabling startups to respond effectively to both internal orientation and market dynamics. Meanwhile in Mediating Role of Strategy that company using CS was found to mediate the relationships between both EO and CI with business performance. This confirms that strategy acts as a bridge that translates orientation and external conditions into measurable outcomes.

The R^2 value for Business Performance was 0.597, indicating that approximately 60% of the variance in business performance can be explained by the model (Fajrin Rasyid et al., 2023). The direct influence of Entrepreneurial Orientation on Business Performance is robust and statistically significant, suggesting that companies with a proactive entrepreneurial approach generally achieve better results. The direct influence of Competitive Intensity on Business Performance does not reach statistical significance at the selected level, indicating that market pressure by itself does not ensure enhanced performance. Competitive Strategy has a significant and positive impact on Business Performance, underscoring its essential function. Both Entrepreneurial Orientation and Competitive Intensity exhibit significant indirect effects on Business Performance via Competitive Strategy, validating the mediating function of strategy in transforming entrepreneurial and market dynamics into performance results. The notable and clear influence of Entrepreneurial Orientation (EO) on Business Performance highlights the necessity for companies to actively nurture entrepreneurial traits such as innovation, proactiveness, and calculated risk-taking. These skills empower firms to adjust to evolving market conditions and establish distinctive competitive advantages. Given that Competitive Strategy (CS) acts as a mediator in the relationship between EO and Competitive Intensity (CI) with Business Performance, it is essential for managers to concentrate not only on promoting an entrepreneurial culture but also on aligning strategic choices whether through cost leadership, differentiation, or niche targeting that effectively utilize these entrepreneurial initiatives.

The results of this study confirm that Entrepreneurial Orientation (EO) has a significant positive effect on business performance. The finding is also supported that EO enhances strategic responsiveness in emerging markets (Tritoasmoro et al., 2024). Interestingly, Competitive Intensity (CI) did not show a direct impact on performance. This discrepancy may be due to the startup context where the ability to compete is not only a function of external market pressure but also of internal readiness and strategic alignment (Rompho, 2018). The results of the analysis using SmartPLS demonstrate that the structural model has a very strong explanatory power, as indicated by the R-square values of 0.950 for the

Competitive Strategy construct and 0.989 for Business Performance. This means that the independent variables in the model explain more than 95% of the variance in competitive strategy and business performance. The lack of a significant direct effect of Competitive Intensity on Business Performance indicates that while external market pressures are crucial, they do not ensure success unless companies can internally transform these pressures into well-structured strategies. Therefore, startups and expanding businesses, particularly in dynamic markets like Indonesia, should emphasize strategic agility and coherent strategy execution that leverages their entrepreneurial strengths (Sekartini Prikasih & Gustomo, 2023). Structurally, Entrepreneurship Orientation has a positive and significant influence on both Competitive Strategy (β = 0.549) and Business Performance (β = 0.383), indicating that entrepreneurial orientation plays a key role in shaping competitive strategies and directly enhancing business outcomes.

Additionally, Competitive Intensity also exerts a significant effect on Competitive Strategy (β = 0.437) and Business Performance (β = 0.296), suggesting that external market pressures drive firms to develop stronger competitive strategies to achieve better performance. Furthermore, Competitive Strategy itself contributes positively to Business Performance (β = 0.330), confirming a partial mediating role in the model. All measurement indicators exhibit outer loading values above 0.7, indicating strong convergent validity and high reliability. Therefore, the model can be considered robust and reliable in explaining the relationships between entrepreneurial orientation, competitive intensity, competitive strategy, and business performance. The strong loadings across all constructs demonstrate that the assessed dimensions possess a high degree of reliability, indicating that an entrepreneurial mindset, responsiveness to market competition, and strategic choices serve as essential foundations for startups (Zhang & Xing, 2023). Within the model reveal that entrepreneurial orientation directly contributes to both competitive strategy (0.549) and business performance (0.383), underscoring the necessity of proactive, innovative, and risk-taking behaviors for survival. Likewise, competitive intensity (0.437) compels startups to enhance and fortify their competitive strategies, which subsequently exert a strong influence on business performance (0.330). The elevated R^2 values for Competitive Strategy (0.950) and Business Performance (0.989) illustrate that these constructs are thoroughly elucidated by the model. The analysis confirms that Entrepreneurship Orientation and Competitive Intensity are both significant drivers of a firm's Competitive Strategy, which in turn plays a crucial role in enhancing Business Performance. The model also shows that Entrepreneurship Orientation and Competitive Intensity have both direct and indirect effects on Business Performance.

This highlights the strategic importance of fostering an entrepreneurial mindset and responding effectively to market competition, as these factors not only shape the firm's competitive approaches but also directly influence performance outcomes (Azzam et al., 2023). The high explanatory power (R^2 values) for Competitive Strategy (0.950) and Business Performance (0.989) demonstrates that the model provides a robust framework for understanding how internal and external factors jointly contribute to achieving superior business results. In the context of Indonesia's economic landscape in 2025, the implications of this model are particularly significant for the survival of startups. The Indonesian economy in 2025 is marked by dynamic changes—an increase in digital adoption, the rising influence of Gen Z consumers, heightened competition among digital-native enterprises, and macroeconomic challenges such as inflation volatility, funding limitations, and global economic uncertainty. In this environment, startups cannot depend solely on external market competition (Competitive Intensity) to enhance their performance; instead, they must base

their survival on a robust Entrepreneurial Orientation (EO)—fostering innovation, agility, and risk-taking as essential capabilities. The findings reveal that EO directly enhances competitive strategy (β = 0.549) and performance (β = 0.383), indicating that startups that embrace entrepreneurial behaviors can establish distinctive market positions despite facing resource constraints. Competitive Strategy (β = 0.330) serves as a mediator that converts entrepreneurial and market pressures into sustainable results, suggesting that survival relies not only on innovation but also on the systematic alignment of innovation with appropriate strategic decisions (cost leadership, differentiation, or niche targeting).

The research indicates that Entrepreneurship Orientation (EO) has a significant impact on both Competitive Strategy (β = 0.549) and Business Performance (β = 0.383), illustrating that an entrepreneurial mindset directly influences strategic decisions and improves business results. Competitive Intensity also has a significant effect on Competitive Strategy (β = 0.437) and Business Performance (β = 0.296), suggesting that external market pressures compel companies to enhance their competitive strategies to achieve superior performance. Moreover, Competitive Strategy itself positively affects Business Performance (β = 0.330), affirming its mediating role in the connection between EO, Competitive Intensity, and performance. All measurement indicators exhibit outer loading values exceeding 0.7, and the model attains high R^2 values for Competitive Strategy (0.950) and Business Performance (0.989), validating its strength and explanatory capability. For businesses, these insights imply that nurturing an entrepreneurial culture defined by innovation, proactiveness, and risk-taking is crucial for formulating effective competitive strategies and maintaining exceptional performance, particularly in dynamic settings such as Indonesia's economy in 2025. The findings also emphasize that merely reacting to market competition is insufficient; startups must proactively develop an entrepreneurial orientation to succeed amidst resource limitations and market fluctuations. The model's high explanatory power offers a solid framework for comprehending how internal (EO) and external (Competitive Intensity) elements collaboratively influence competitive strategies and business performance, providing valuable perspectives for both academic inquiry and practical management in emerging markets.

Path relationship	Result			
	Coeff.	T.Statistic	P-Value	Result
Entrepreneurial Orientation → Business Performance	0.383	4.137	< 0.001	Supported
Competitive Intensity → Business Performance	0.296	1.021	<0.001	Not Supported
Competitive Strategy → Business Performance	0.330	3.287	< 0.001	Supported
EO → CS → BP (Mediated)	0.879	2.984	< 0.01	Supported
CI → CS → BP (Mediated)	0.767	2.641	< 0.01	Supported

Table 2. Result of research

CONCLUSIONS

This study set out to examine how entrepreneurial orientation and competitive intensity influence business performance among Indonesian startups, with a focus on the mediating role of competitive strategy. The findings demonstrate that entrepreneurial orientation has a

strong and significant impact on business performance, validating the importance of innovation, proactiveness, and calculated risk-taking as key drivers of startup success. In contrast, competitive intensity does not directly affect performance, suggesting that external pressure alone does not guarantee strategic success unless supported by internal capabilities Klik atau ketuk di sini untuk memasukkan teks. Notably, competitive strategy serves as an effective mediator between both entrepreneurial orientation and competitive intensity toward business performance. This highlights the critical function of strategic alignment in translating both internal ambition and external conditions into measurable outcomes. This suggests that for startups to thrive in unpredictable markets, they must nurture an entrepreneurial orientation, stay vigilant to competitive pressures, and convert these inputs into effective strategies that ensure sustained performance. Practically, this entails promoting innovation, agility, and data-informed decision-making as strategic priorities for enduring survival.

The results offer both theoretical and practical contributions. Theoretically, they reinforce the integration of strategic management and entrepreneurship frameworks within the startup context. Practically, they underline the need for startup founders and accelerator programs to focus not only on market responsiveness but also on structured strategic development. Despite the study's limitations in scope and sample size, the model provides a valuable foundation for understanding performance dynamics in early-stage ventures. Future research is encouraged to expand this framework across sectors and time horizons to capture the evolving nature of competitive strategy in a digital economy. Ultimately, businesses that actively pursue entrepreneurial initiatives and remain responsive to competitive pressures are better positioned to formulate strong strategies and sustain high levels of performance.

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