

# The Mediated Competitive Advantage Effect Of Brand Image, Customer Engagement, And Brand Reputation On Msme Performance

**Wida Ningsih**

STIEB PERDANA MANDIRI

[wida1706@yahoo.com](mailto:wida1706@yahoo.com)

## Abstract.

The Covid-19 pandemic has had an impact on Micro, Small, and Medium Enterprises (Micro, Small, and Medium Enterprises), which has an impact on various sectors. According to the literature, it is known that the performance of SMEs can be improved by referring to the factors of brand image, customer engagement, brand reputation and competitive advantage. The purpose of this research is to determine the impact of brand image, customer engagement and brand reputation on MSME performance through competitive advantage. This is a causal study with a population of SMEs in the city of Bandung. The technique used is simple random sampling, which means that the entire population has the same thing to serve as the research respondents. The research sample includes 103 SMEs. This is a SEM-PLS study using the SmartPLS software. According to the study's findings, brand image and customer engagement have a significant positive effect on competitive advantage. Brand reputation has no bearing on competitive advantage. Customer engagement and competitive advantage have a significant positive impact on MSME performance. Brand image and brand reputation have no impact on MSME performance. Micro, Small, and Medium Enterprises can use customer engagement to gain a competitive advantage, which will ultimately improve their performance. There is a need for an evaluation of Micro, Small, and Medium Enterprises' brand image and reputation, and Micro, Small, and Medium Enterprises can recognize that brand image and reputation is an asset that can improve their performance.

*Keywords:* Brand Image ; customers Engagement ; Brands reputation ; Competitive Advantage; Performance Micro, Small, and Medium Enterprises.

## 1. Introduction

Pandemic Coronas Virus disease 2019 (Covid-19) since case his first in West Java in September 2020 has made the economy in West Java became unstable. Various policies done applied by government West Java, started from Large-Scale Social Restrictions (PSBB) and Enactment Restrictions Activity Public (PPKM) to reduce the spread of Covid-19 19, However in other side matter This make economy in West Java Alone become down. From data Body Center Statistics (BPS), is known that level growth economy West Java on year 2020 Quarter I and II consumption and economy in West Java experience decline. Consequence from pandemic Covid-19 besides felt by economy macro Also impact on microeconomics in Indonesia. Business Micro, Small and Medium Enterprises are in economically dire and threatening big For economy national. Since commencement Pandemic Covid-19, as much 2550 Micro, Small, and Medium Enterprises are negatively affected which causes economy West Java down drastic. Considering that Micro, Small, and Medium Enterprises are energy absorbers Work (97% from total power Work Which There is) And biggest domestic economic mover (collecting until with 60.4% from total investment) in a number of decades final, so

needed something strategy measurable And planned so that Micro, Small, and Medium Enterprises can repair performance.

Business performance is one measure achievement something business Which obtained through all production and marketing activities originate from organization business (Fauni et al., 2017). In measure performance company, size financial No Enough For guide And evaluate journey company through Which competitive. Indicator This is “ *lagging indicator* ” which negatively reflects the value created or lost by various actions managers during the past reporting period (Utami, 2017). Parameter performance something company relate with scale success Which can achieved by company the. Because efficiency characteristic multidimensional, indicator performance non- finance need developed And applied (Ramadan et al., 2017). Satisfaction customer, market expansion, product quality value, resource escalation Power man, superiority And contribution social is scope from performance non-financial (Utami, 2017), which where size the Which will used in study This.

According to Binh et al., (2017) For increase performance company needed role *brands image* For change behavior purchase consumer in a manner No direct. Intention buy Which positive attached on *brands image* Which strong. *Brands image* proven own influence on the performance of SMEs, the better *the brand image* owned by an MSME, the better too its business performance (Musa et al., 2016). Besides *brands image* , factor other Which No lost important in building the performance of SMEs is *customers engagement* . *customers engagement* plays an important role in a company Where in make consumer involved is part from strategy marketing something company (Revelation & Sara, 2020), And on Finally will reach objective company that is increase loyalty customer. *customers Engagement* represents a person's psychological state characterized by a certain level of intensity play a central role in the engagement process customer (Harmurti & Syriac, 2019). Factor The next thing examined in this study is *brands reputation* Which interpreted as source request And Power pull Which always There is, image quality superior And mark plus justify price premium (Susanti, 2020). According to Baileys (2005) in Maemunah (2019) company reputation is stakeholders interest company Which will able to improve company performance. Reputation company is asset most important, even until No priceless in build performance company. Reputation company can guard connection with customer so that performance the company will be better off (Maemunah, 2019).

With exists third factor the, expected something Micro, Small, and Medium Enterprises can increase performance with increase superiority compete. Superiority compete is form strategy Which used For support business continuity and improve business performance (Wuladari et al., 2017). So from That, For increase performance MSME, company need increase superiority compete. Superiority compete can be increased by leveraging *brands image* (Panda et al., 2019), *customers engagement* (Revelation & Sara, 2020), And *brands reputation* (Sihite et al., 2016). Of all variables exogenous in this study ( *brand image, customer engagement, And brands reputation* ), all assumed Also own influence to competitive advantage.

Based on explanation in on, so researchers will conduct research on *the brand image, customer engagement* , and *customer brand reputation* as well as influence to performance company with through superiority compete. Study This chosen Because discuss about Which topics are considered crucial at this time? later the results of this study can be expected to be become solution. Besides That, study This interesting

because the research hypothesis being tested spelled out still rare, especially in research subjects in West Java.

### **Performance Company**

Performance business is Wrong One size achievement something business Which obtained through all production and marketing activities originate from organization business. Measurement until where A product Which generated by something business can be done using the concept of performance effort (Fauni et al., 2017). when measuring performance company, indicator finance just No Enough For evaluate company And lead to market Which competitive step by step. Size the is “ *lagging indicators* ” Which negatively reflects the value created or annihilated by action manager during reporting period latest (Utami, 2017).

### **Brands Image**

*Brands image* defined by Aaker (2009) as Suite involvement brand Which stored in mind consumer. Meanwhile Keller (2011) in Binh et al., (2017) *brands image* related with brand cognition, it is created in consumer memory through involvement brand. *Brands image* Also is the consumer's perception of a brand, it leads to consumer conclusions about information about the brand (He et al., 2013). Graeff (1970) in Binh et al., (2017) implies that *brands image* similar with image personal consumer when consumer associate self with brand. Panda et al., (2019) conceptualize *brands image* as inheritance, quality service And trust And investigate relationship with superiority compete as measured by customer satisfaction. The findings from the study indicate that *brands image* play role important in level customer satisfaction which it states If management *brands image* Which Good can make something business has an advantage in compete.

Naatu (2016) in his research say that *branding* is an important component in marketing Which determine success an organization. From Naatu (2016) it is also shown that factor *branding* considered important Because is a variable that has a positive influence Which significant to competitive advantage.

Soim et al., (2016) revealed that *brands image* own influence Which significant on purchasing decisions. Musa et al., (2016) in his research say *brands image* proven own influence to performance Micro, Small, and Medium Enterprises. The more Good mark *brands image* Which succeed achieved an MSME then the business performance it has also increasingly Good.

**H<sub>1</sub>** : *Brands image* on Micro, Small, and Medium Enterprises influential positive against excellence compete.

**H<sub>4</sub>** : *Brands image* on Micro, Small, and Medium Enterprises influential positive on company performance.

### **Customers Engagement**

*Customers engagement* is Wrong One key success business Which is part from relational marketing concept. *customer engagement* is connection communication or interaction Which intertwined between stakeholders interest external like customer And producer or company through various channel (Islam et al., 2020). *customers engagement* in process marketing can done in a manner *offline* that is interaction direct with the manufacturer or through *online* using social media (Chen et al., 2020). One indicator success *customers engagement* is exists enhancement consumption And

request to something product or service (Islam et al., 2020).

Wahyuni And Sara (2020) state customer engagement has a positive effect on performance innovation. Gupta et al., (2017) state *customer engagement* owned by the company will lead on enhancement superiority competitive.

Moses et al., (2016) state If *customer engagement* own influence to performance Micro, Small, and Medium Enterprises. Wahyuni And Sara (2020) in his research show that *customers engagement* influential positive to performance from side innovation.

**H<sub>2</sub>** : *customers engagement* on Micro, Small, and Medium Enterprises influential positive to superiority compete.

**H<sub>5</sub>** : *customers engagement* on Micro, Small, and Medium Enterprises influential positive to performance company.

### **Brands Reputation**

*Brands reputation* depicted as source Power company For influence creation mark And profit Which can produce creation superiority competitive sustainability and increase intrinsic value companies (Almeida & Coelho, 2017). Based on all definition in on, can concluded that *brands reputation* is image company based on features or interactions between consumers and companies that can stimulate a competitive advantage sustainable and enhances an intrinsic value company.

Sihite et al., (2016) stated that there is connection positive And impact reputation company in obtain superiority compete. Makalew et al., (2016) which states if there is influence significant reputation brand to superiority compete.

Maemunah (2019) prove that business performance is positively and significantly affected by company reputation. Musa et al., (2016) stated If there is from connection *brands reputation* on performance Micro, Small, and Medium Enterprises.

**H<sub>3</sub>** : *Brand reputation* in SMEs has an effect positive against excellence compete

**H<sub>6</sub>** : *Brand reputation* in SMEs has an effect positive on performance company.

### **Competitive Advantage**

Superiority compete according to Porter (1986) is ability something company For reach benefit economy in on income Which can achieved by competitors in the market in that industry The same. Company Which own superiority competitive always own ability For understand the changing market structure and be able to choose an effective marketing strategy. study that carried out further establishes a generic strategy Porter is classified into three categories, viz cost leadership, differentiation, and focus (Tairas et al., 2016).

Wulandari et al., (2017) prove that performance business influenced positive And significant by superiority compete. Wardhani et al., (2021) superiority competitive own influence positive to performance company.

**H<sub>7</sub>** : Superiority compete on Micro, Small, and Medium Enterprises influential positive to performance company.

## Model Study

Based on seven hypothesis Which has outlined on part previously, so can described the research model as following:

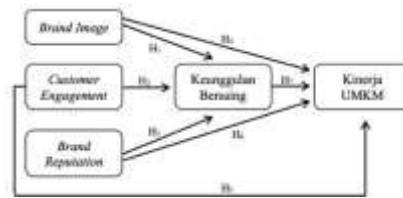


Figure 1. Model Study

## 2. METHOD STUDY

Based on objective studies, type study What will be done is hypothesis testing For know connection correlation nor connection because consequence between variable study. By Because That, study This belong in type study causal. because 5 from 8 subdistrict Which has the distribution of MSME actors in West Java in year 202 2 is known is at in Bandung And Because exists efficiency time And convenience in get the sample, then the population in the study This is perpetrator Micro, Small, and Medium Enterprises Which is at in Bandung. Technique Which applied is *simple random sampling* , ie whole population has similarity in one case to serve as a respondent study.

The number of indicators used in this study is a total of 21 indicators covering five variable. Population study This is Micro, Small, and Medium Enterprises so that this research is not known Certain. Because of this, in determining amount sample Which population No is known, researchers used the method used by Hair et al., (2017), namely indicators x 5 to 10, so in this study can be determined the number of samples as big 103 Micro, Small, and Medium Enterprises. Questionnaire Which collected processed using SEMS PLS.

### Characteristics Respondents

stage This, researcher will do test descriptive Which aims to determine the characteristics of respondents based on the type of location, type of MSME, and agency law Micro, Small, and Medium Enterprises. As for results from response respondent is as following:

Table 1. Profile Respondents

Indicator	Description	Total F %
Location Micro, Small, and Medium Enterprises	Cicendo	32.86%
	Cipadung	87.62%
	Astana Anyar	4542.86%
	Sarijadi	1817.14%
	Ujungberung	2220.95%
	Arcamanic	98.57%

<b>Total</b>		<b>103</b>	<b>100.00%</b>
Type Business Micro, Small, and Medium Enterprises	Business Culinary		3937.14%
	Business Fashion		1413.33%
	Business Education		21.90%
	Business Automotive		43.81%
	Business Agribusiness		1110.48%
	Tour & Business Travel	5	4.76%
	Product Business Creative	10	9.52%
	Technology Business Internet	2	1.90%
	Business Beauty		65.71%
	Business Events organizers	4	3.81%
	Business Service Cleanliness	3	1.9
	Business Need Children	6	5.71%
<b>Total</b>		<b>105</b>	<b>100.00%</b>
Legal entity Micro, Small, and Medium Enterprises	Village Owned Enterprises	11	10.48%
	Curriculum Vitae	36	36.19%
	Cooperative	17	16.19%
	Foundation	3	2.86%
	Not registered	36	34.29%
	<b>Total</b>	<b>103</b>	<b>100.00%</b>

Source: Results of Data Processing (2023)

Micro, Small, and Medium Enterprises. Questionnaire Which collected processed using SEMS PLS.

### Characteristics Respondents

Subjects in this study were 103 respondents Which are SMEs in Bandung. On From table 1, obtained that majority respondents as many as 45 SMEs (42.86%) are in New Astana, majority 39 Micro, Small, and Medium Enterprises (37.14%) move on field culinary, And majority 38 Micro, Small, and Medium Enterprises (36.19%) body law CV.

### 3. RESULTS AND DISCUSSION

#### Results Testing *Convergent validity*

Decision making in the *convergent test validity* is fulfilled by comparing values *loading factor*, which if the value of *loading factor* more big from 0.70 so considered very Good. There is also the opinion that says if greater than 0.60 is considered sufficient (Hair et al., 2017). From results testing Which done, found results as following:

Table 2. Mark Outer Model

<u>Items Value Question</u>	<u>Convergent validity</u>
BI1	0.759
BI2	0.879
B13	0.888
CE1	0.779
CE2	0.823
CE3	0.758
CE4	0.773
CE5	0.736
CE6	0.711
BR1	0.894
BR2	0.898
BR3	0.817
KB1	0.718
KB2	0.960
KB3	0.913
K1	0.777
K2	0.750
K3	0.811
K4	0.761
K5	0.208
K6	0.198

Source: Results of Data Processing (202 3 )

From table 2, is known there is 2 items questions that have a value below 0.60, ie K5 And K6 Which where means on testing next will removed.

#### Results Testing *Discriminant Validity*

In test *discriminant validity*, taking decision done through test Heteroite-Monoroite Ratio (HTMT), which if mark correlation HTML lower than 0.9, so variable

said valid. (Wiyono, 2020).

Table 3. Test results *Discriminant validity*

<i>BI</i>	<i>CE</i>	<i>BR</i>	<i>KB</i>	<i>K</i>
<b>Brands Image</b>				
<b>Brands reputation</b>	0.831			
<b>customers Engagement</b>	0.758	0.750		
<b>Superiority Compete</b>	0.751	0.675	0.602	
<b>Performance Micro small and Medium Enterprises</b>	0.850	0.803	0.724	0.833

Source: Results of Data Processing (2021)

From table 3, the *discriminant test results validity* show results mark HTML whole variable has a lower value than 0.9, so can concluded If whole variable on this research said valid.

**Results Testing *Composite reliability***

Taking decision in test *composite reliability the reliable* (Wiyono, 2020).

Table 4. Composite Test Results reliability

<b>Composite Value</b>	<b>Variable Reliability</b>
<u>Brand Image</u>	<u>0.878</u>
Brand Reputation	<u>0.904</u>
customers Engagement	0.894
<u>Superiority Compete</u>	<u>0.902</u>
Performance Micro, Small, and Medium Enterprises	0.860

Source: Results of Data Processing (202 3 )

From table 4, it is known that all variables has a greater *composite reliability value* of 0.70, so it can be concluded that all variable on research This said to be reliable.

**Mark *R-Square* (R<sup>2</sup>)**

Mark *R-Square* (R<sup>2</sup>) become reject measuring in do evaluation model structural for each variable latent endogenous, Which role as strength in predict model the structural. An evaluation of *the inner model* can is said to have a strong structural model if mark *R-Square* (R<sup>2</sup>) > 0.50, And can said weak If mark *R-Square* (R<sup>2</sup>) < 0.50 (Wiyono, 2020). The measurement results of the structural model are as follows following:

Table 5. Mark *R-Square* Each Variable

<b><i>R-Square Value Variable</i></b>	
Competitive Advantage	0.422
MSME performance	0.654

Source: Results of Data Processing (2021)

From table 5, is known If variable superiority compete own mark *R-Square* as big 0.422 or 42.2%. The results explain if superiority compete influenced as big 42.2% by *brands image* , *customers engagement* , And *brands reputation* , whereas the rest as big 57.8% influenced by variable other Which No researched in this research. While the *R-Square value* is obtained by the MSME performance variable is equal to 0.654 or 65.4%. The results explain if performance Micro, Small, and Medium Enterprises influenced as big 65.4% by done with see on mark *composite reliability* Which got. If mark *brands image* , *customers engagement* , *brands reputation* , And superiority compete, whereas the remaining 34.6% is influenced by other variables who does not researched in study This.

### **Mark *Q-Square* ( $Q^2$ )**

After see each mark *R-Square* from every variable, so step furthermore is know mark *Q-Square* For evaluate *the structural* research model. Evaluation This is done to represent a result study from *cross validation*. As for A model will said have *predictive relevance*, if the *Q-Square value* ( $Q^2$ ) > 0, and if the *Q-Square value* ( $Q^2$ ) < 0, then the research model lacks *predictive relevance* (Wijoyo, 2020).

$$Q^2 = 1 - (1 - R_1^2) (1 - R^2)^2$$

$$Q^2 = 1 - (1 - 0.422) (1 - 0.654)$$

$$Q^2 = 1 - (0.578) (0.346)$$

$$Q^2 = 1 - 0.199$$

$$Q^2 = 0.801$$

$Q^2$  value was obtained at  $0.801 > 0$ . Pg This show that evaluation model structural that has been observed has *predictive relevance* the good one.

### **Testing hypothesis**

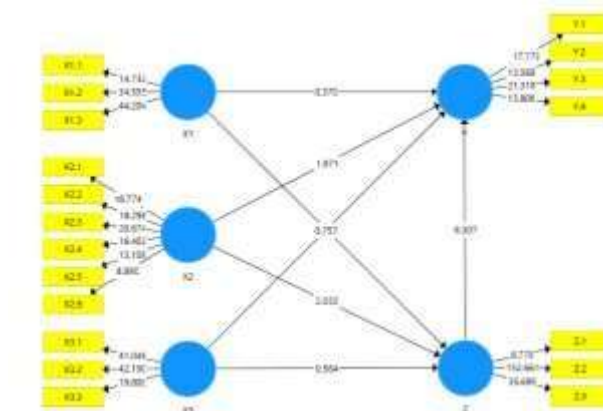
Testing hypothesis done with *one-tailed* testing with sig. level 5% or 0.05 Which where hypothesis accepted If mark t more statistics big from 1.64 (Dance & septiani, 2017). If the t statistic value is greater than 1.64 or P -value more low from level significance 5% or 0.05 so results declared significant (Wiyono, 2020).

From results testing *Bootstrapping* Which done using Smart PLS, then found mark *path coefficients* as following:

Table 6. *Path Coefficients*

<i>Brands Images</i> → Competitive Advantage	2,763	0,006	Influential Significant
<i>Brands Images</i> → Performance Micro, Small, and Medium Enterprises	1,947	0,043	Influential Significant
<i>Brands reputation</i> → Superiority Compete	0,577	0,564	No Influential Significant
<i>Brands reputation</i> →→Performance Micro, Small, and Medium Enterprises	0,394	0,694	No Influential Significant
<i>customers Engagement</i> → Superiority Compete	2,091	0,037	Influential Significant
<i>customers Engagement</i> →→Performance Micro, Small, and Medium Enterprises	0,800	0,573	No Influential Significant
Keunggulan Bersaing → Kinerja	6,710	0,000	Influential Significant

Source: Data Processing Results (2021)



Picture 2. Results *Bootstrapping*

### The Effect of *Brand Image* on Excellence Compete

From the results of table 6, it is known if the statistical  $t$  value Which got (2,772) more big from 1.64 Which explain If *brands image* own influence to superiority compete. Mark  $P$  values Which got is 0.006 Which own mark more low of 5% or 0.05 which explains if influence *brand image* to competitive advantage is significant. From results testing Which Already done, it can be concluded if hypothesis 1 accepted Because *brands image* proven own influence positive Which significant to superiority compete.

From results study Which done, is known If *brands image* proven own influence positive Which significant to competitive advantage, which shows if the more Good *brands image* Which owned so the more Good superiority compete Which owned A Micro, Small, and Medium Enterprises. From results the, so can concluded if  $H_1$  in research This accepted. Results study This aligned with study Which done Panda et al., (2019) Which state if *brand image* plays an important role in level satisfaction customer Which where matter This states that *brand image management* is good can make something business own superiority in compete. Results study Which The same Also done by Mulyono (2016) Which state If *brands image* capable give influence to *perceived values*, Which where *perceived value* Which felt is evaluation whole consumer of service utility based on perception What Which accepted And What Which given. Matter This is part of a competitive advantage about ability Micro, Small, and Medium Enterprises For do options that have combinations according to value requested by consumer.

Study other Which give results similar done by Jannah et al., (2018) Which Micro, Small, and Medium Enterprises stated If *brands image* influential direct to satisfaction customer. Company Which do develop differentiation product with involve *brands image* will can give mark service Which different from competitor, Which on Finally will increase customer satisfaction. The results of these studies are consistent with research conducted by Hasby et al., (2018) which states if a *brand image* has influence to superiority compete Which represented by *perceived value* And loyalty consumer.

*Brands image* Which managed with Good by Micro, Small, and Medium Enterprises will can increase aspects consumer behavior that refers to the decision decision purchase until increase sustainable competitive advantage of the MSME. With exists *brands image* on something MSME, consumer will with easy recognize product

Our Micro, Small, and Medium Enterprises, whether only the brand or up to the advantages it has, so that the product we offer a step more potential to be purchased by consumer If compared to with product kind Which have an image brand Which not enough Good.

### **Influence of *Customer Engagement* Against Superiority Compete**

From the results of table 6, it is known if the statistical t value Which got (2,032) more big from 1.64 Which explain If *customers engagement* own influence on competitive advantage. *P values* obtained is 0.043 which has more value low from 5% or 0.05 Which explain If influence *customers engagement* to superiority compete is significant. From the test results that Already done, so can concluded If hypothesis 2 accepted Because *customers engagement* proved to have a significant positive effect against excellence compete.

From results study Which done, is known If *customers engagement* proven has a significant positive influence on competitive advantage, which shows if the more Good *customers engagement* Which owned so the more Good superiority compete Which owned by an MSME. From these results, then can concluded If H<sub>2</sub> in study This accepted.

Other studies that provide results similar done by Wahyuni And Sara (2020) Which aim For develop model performance innovation based on role involvement customer. Study the own results If customers engagement influential positive to performance innovation so that obtain superiority in compete. Pradana (2017) also in his research states that *customer engagement* has an effect positive to superiority compete.

Another research was conducted by Okhotan et al., (2015) Which conclude If *customers engagement* can give impact positive to superiority compete. Study similar ever done by Alqershi et al., (2020) which say If *customers Relationships Management* influential significant to superiority compete UKM. With exists CRM, organization will be more profitable in a competitive market if they can maintain customer they which are already There is.

In a highly competitive environment, Micro, Small, and Medium Enterprises must can fulfil need consumer so that they satisfied so that formed *engagement*. From *customers engagement* the Micro, Small, and Medium Enterprises has succeed own base customer as asset Which valuable for Micro, Small, and Medium Enterprises. For ensure that the business continues to grow and continue to profit company gets in the future, consumers should is at in bond connection This so that No easy for customer For change to *brands* competitors and contribute to the company to get customers new.

### **Effect of *Brand Reputation* on Superiority Compete**

From the results of table 6, it is known if the statistical t value Which got (0.564) lower from 1.64 Which explain If *brands reputation* No own influence on competitive advantage. Likewise with *P values* the obtained is 0.573 yang has a value greater than 5% or 0.05 ones explain If *brands reputation* No own to competitive advantage. From the test results that has been done, it can be concluded if hypothesis 3 is rejected because *brand reputation* is proven No own influence positive Which significant against excellence compete.

From results study Which done, is known If *brands reputation* proven No own influence Which significant to competitive advantage, which shows if the better *the*

*brand reputation* that is owned then will not increase its competitive advantage owned by an MSME. From these results, then can concluded If H 3 in study This rejected.

The results of this study have different results with study Which done Sihite et al., (2016) Which state If reputation own influence to superiority competitive. In his research, Sihite et al., (2016) represents reputation into product and service improvement, work environment, leadership, business management, competence, and social responsibility. Bachelor and live (2017) in his research Also state If reputation influential to superiority compete. Goryacheva And Kalinina (2019) state If reputation is part from superiority competitive Which form stereotypes perception in society, which consists of judgments to form And method promote organization Oktaviani et al., (2021) in their research Also state If reputation Which owned by A company can influence in a manner positive and significant impact on competitive advantage Which has. Matter This different with Which researcher do where is the reputation represented be a tool to develop brand image, assessment Which Good from public, And communication Which create And maintain reputation Which sustainable.

Reputation built during many years in a manner consistent For get something Which capable rated by public Where matter This Of course, this cannot be achieved in a short time. Reputation can also survive and *be sustainable* because things that are done consistently. In terms of Today, reputation is a long term goal must designed something units business, Which where usually this is difficult for SMEs to do which in fact prioritize short term goals until medium. In other side, Lots customer who do not really care about the reputation of SMEs, Because most from they choose product SMEs only based on factor product quality and price.

### **The Effect of *Brand Image* on Performance Micro, Small, and Medium Enterprises**

From the results of table 6, it is known if the statistical t value Which got (0.370) lower from 1.64 Which explain If *brands image* No own influence to performance Micro, Small, and Medium Enterprises. Likewise with *P values* the obtained is 0.711 yang has a value greater than 5% or 0.05 ones explain If *brands image* No own on the performance of SMEs. From the test results that Already done, so can concluded If hypothesis 4 is rejected because *brand image* is proven not has a significant positive influence on MSME performance.

From results study Which done, known if *the brand image* is proven not to have influence positive significant to performance UMKM, which shows if it is getting better *brands image* Which owned so No will improve the performance of an MSME. From these results, it can be concluded that H 4 in research This rejected.

Results study This different with research conducted by Musa et al., (2016) which found results if *brand image* has an effect on the performance of SMEs. The better *the brand image* owned by an MSME, the better too its business performance. Handiyono (2017) in his research stated that *brand image* own influence to performance something company. Kurniawan et al., (2016) in his research found results if brand image did not own influence Which significance to decision purchase. In matter This there is similarity with the research that the researcher did Because Wrong One from objective enhancement performance Micro, Small, and Medium Enterprises is increase sale or consumer purchases.

The performance of SMEs in this study was measured with performance non-financial, eg quality product, enhancement amount employee, efficiency internal,

product development, growth and responsibility social responsibility. From the results of the description test performed, is known If whole indicator the stated Good, so that can concluded If enhancement performance the happen No because by the brand image owned by SMEs, or by say other influenced by factor other, like enhancement capital, cooperation business, help government, And etc.

### **Influence of *Customer Engagement* Against MSME performance**

From the results of table 6, it is known if the statistical t value Which got (1,971) more big from 1.64 Which explain If *customers engagement* own influence on the performance of SMEs. P values \_ Which got is 0.049 Which own mark more low of 5% or 0.05 which explains if influence *customers engagement* to performance Micro, Small, and Medium Enterprises is significant. From the test results that have been done, it can be concluded if hypothesis 5 accepted Because *customers engagement* proven has a significant positive influence on MSME performance.

From results study Which done, is known If *customers engagement* proven has a significant positive influence on performance MSME, Which where show If the more Good *customers engagement* Which owned so the more Good performance Which owned A Micro, Small, and Medium Enterprises. From results the, so can concluded If H<sub>5</sub> in study This accepted.

Results study This have harmony with research conducted by Musa et al., (2016) Which aim know connection *customer engagement* on MSME performance. From results study Which done, found If *customers engagement* proven own influence to performance Micro, Small, and Medium Enterprises. The more Good *customers engagement* Which owned something Micro, Small, and Medium Enterprises so the more Good also business performance has.

Wahyuni And Sara (2020) in research states if *customer engagement* can influence performance company For innovate positively and significantly. Study similar done by Youssef et al., (2018) shows that *customer engagement* refers on the company's ability to *empower* customer in fulfil need dynamic they Which on Finally can make Their customers are satisfied and loyal. Similar research conducted by Lee and Ha (2019) who stated If level *customers engagement* own effect positive to *customers response profitability* and *service coordination costs* , Which where both of them is part of company performance.

With the existence of *customer engagement* Good, Micro, Small, and Medium Enterprises stimulated For increase performance the UMKM Which where This is part of a company's marketing strategy, and on Finally will reach objective company that is increase loyalty customer. *customers engagement* become important for Micro, Small, and Medium Enterprises Because most from they Still use strategy marketing *word of mouth* , as well as do practical business development, namely from suggestion consumers. Matter This is known from test description on *customers engagement* Which where on indicator "UMKM open dialog with customer" And "UMKM build interaction with customers" has a value above the average. So it can be concluded, if dialogue and interaction Micro, Small, and Medium Enterprises with consumers can going on with Good, so consumer will own loyalty so they are willing to do *word of mouth* , which is on Finally Micro, Small, and Medium Enterprises will increase performance For fulfil market needs Which There is.

### **Effect of *Brand Reputation* on Performance Micro, Small, and Medium Enterprises**

From the results of table 6, it is known if the *statistical t value* Which got (0.757) lower from 1.64 Which explain If *brands reputation* No own influence to performance Micro, Small, and Medium Enterprises. Likewise with *P values* the obtained is 0.573 yang has a value greater than 5% or 0.05 ones explain If *brands reputation* No own on the performance of SMEs. From the test results that Already done, so can concluded If hypothesis 6 is rejected because *brand reputation* is proven No own influence positive Which significant on performance Micro, Small, and Medium Enterprises.

From results study Which done, is known If *brands reputation* proven No has a significant positive influence on performance MSME, Which where show If the better *the brand reputation* that is owned then No will increase performance Which owned A Micro, Small, and Medium Enterprises. From results the, so can concluded if  $H_6$  in the study This rejected.

Results study This own results Which similar with study Which done by Andilala et al., (2017) found results if reputation No own influence to trust. Study similar other done by Prasetyo And Widodo (2017) state If reputation No in a manner can significantly affect consumer purchase intentions on a product.

Results study This have difference with research conducted by Maemunah (2019) Which in his research prove that performance business influenced positive And significant by reputation company. From results study Which done, found If reputation proven own influence to performance Micro, Small, and Medium Enterprises. The better the reputation of an MSME so the more Good Also performance business Which has. Besides That, study Which done Shi (2016) explained that the reputation owned by the company can improve its performance from the side finance.

In the previous hypothesis, namely at  $H_4$ , known if *the brand image* is proven not to have influence on the performance of SMEs. it becomes relevant Because in a manner theory, reputation is part from image or *image*. From explanation the, can understood If enhancement performance Micro, Small, and Medium Enterprises happen of course No because by image or reputation brand Which owned MSME, or can It is understandable if Micro, Small, and Medium Enterprises have not been able to take advantage of it image or reputation brand as something capital important in increasing the company's sales so can jack up performance.

### **The Influence of Competitive Advantage Against MSME performance**

From the results of table 6, it is known if the *statistical t value* Which got (6,307) more big from 1.64 Which explain If superiority compete own influence on the performance of SMEs. *P values* \_ Which got is 0.000 Which own mark more low of 5% or 0.05 which explains if influence superiority compete to performance Micro, Small, and Medium Enterprises is significant. From results testing Which Already done, it can be concluded if hypothesis 7 accepted Because superiority compete proven has a significant positive influence on MSME performance.

From results study Which done, known if a proven competitive advantage has influence positive significant to performance UMKM, which shows if it is getting better superiority compete Which owned so the more the performance of an MSME. From the results the, so can concluded If  $H_7$  in this research accepted.

The results of this study have aligned with study Which done by Wulandari et al., (2017) Which in his research prove that performance business influenced positive And significant by superiority compete. From results research conducted, it was found that excellence compete proven to have an influence on performance Micro, Small, and Medium Enterprises. The more Good superiority compete Which owned something Micro, Small, and Medium Enterprises so the more Good Also business performance Which has.

Study This Also support results research conducted by Dewi and Ekawati (2017) competitive advantage has a positive effect and significant to performance marketing. Novita Sari (2016) in his research Also state If suphis research Also state If superiority compete influential positive significant to business performance.

kindly simple superiority compete can interpreted as a source of superior capabilities from business. In general, a company said competitive if it meets three criteria: 1) has something that is not owned by its competitors, 2) superior compared to the others, and (3) there are advantages that not owned by other companies (Rinandiyana et al., 2017). Superiority compete is tool For obtaining the ultimate object of business i.e. increasing business performance (Wuladari et al., 2017).

#### 4. CONCLUSION

From the results of research conducted can concluded that *brands image* And *customers engagement* own influence positive Which significant to competitive advantage, meanwhile *brands reputation* No own influence Which significant to superiority compete. *Brands image* and *brand reputation* have no effect positive Which significant to performance MSME, while *customer engagement* has influence positive Which significant to performance Micro, Small, and Medium Enterprises. Then, superiority compete proven own influence positive Which significant to performance Micro, Small, and Medium Enterprises.

From whole indicator on variable exogenous on study This, everything proven own mark Which valid And reliable. However, there are two exogenous variables that do not have influence on the endogenous variables tested. On study next, researcher recommend to retest with indicators of a different theory that is more aligned with Micro, Small, and Medium Enterprises.

This research has limitations because did not test UMKM into several samples study Which different. So that study next can test UMKM separately, Good from the side type of business or business level so that more can be known specifications between variables tested with differences characteristics of SMEs.

Study next can use other exogenous variables to be tested in this research so that more known factors anything that affects the performance of SMEs, and determine which factors dominate the most so that it can be used as a suggestion for further research specifically to be applied for the advancement of Micro, Small, and Medium Enterprises in West Java.

## References

- Aaker, D. A., & Joachimsthaler, E. (2009). *Brand Leadership: Building Assets In an Information Economy*. Simon and Schuster. [https://books.google.co.id/books/about/Brand\\_Leadership.html?id=lfuL2aefJSsC&redir\\_esc=](https://books.google.co.id/books/about/Brand_Leadership.html?id=lfuL2aefJSsC&redir_esc=)
- Alfiah, A., Suhendar, A., & Yusuf, M. (2023). Pengaruh Kualitas Produk, Citra Merek dan Harga terhadap Keputusan Pembelian Vinyl Flooring Merek Taco di CV Indosanjaya Kota Bandung. *SEIKO: Journal of Management & Business*, 6(1), 492-503.
- Almeida, M. da G. C., & Coelho, A. M. (2017). The Impact of Corporate Reputation in a Dairy Company. *Business and Economics Journal*, 08(04). <https://doi.org/10.4172/2151-6219.1000320>
- Andilala, M. E. A., Bachtiar, F. A., & Saputra, M. C. (2017). Analisis Pengaruh Harga, Persepsi Ukuran, Persepsi Reputasi, dan Kualitas Layanan Terhadap Kepercayaan Konsumen Dalam Menggunakan .... *Jurnal Pengembangan Teknologi Informasi Dan Ilmu Komputer*, 2(September 2017), 1638-1647. <http://j-ptiik.ub.ac.id/index.php/j-ptiik/article/download/1542/466>
- Baidun, A., Prananta, R., Harahap, M. A. K., & Yusuf, M. (2022). Effect Of Customer Satisfaction, Marketing Mix, And Price In Astana Anyar Market Bandung. *Al-Kharaj: Journal of Islamic Economic and Business*, 4(2).
- Binh, L. D., Vo, T. H. G., & Le, K. H. (2017). The impact of electronic word of mouth on brand image and buying decision: An empirical study in Vietnam tourism. *International Journal of Research Studies in Management*, 6(1). <https://doi.org/10.5861/ijrsm.2017.1738>
- Chen, X., Sun, X., Yan, D., & Wen, D. (2020). Perceived sustainability and customer engagement in the online shopping environment: The rational and emotional perspectives. *Sustainability*, 12(7), 1-16.
- Dewi, N. M., & Ekawati, N. W. P. (2017). Peran Keunggulan Eran Keunggulan Bersaing Dalam Memediasi Pengaruh Orientasi Pasar Terhadap Kinerja Pemasaran. *E-Jurnal Manajemen Unud*, 6(9), 4947-4977. [https://media.neliti.com/media/publications/24\\_9598-peran-keunggulan-bersaing-dalam-memedias-e0588528.pdf](https://media.neliti.com/media/publications/24_9598-peran-keunggulan-bersaing-dalam-memedias-e0588528.pdf)
- Djalo, M. U., Yusuf, M., & Pudjowati, J. (2023). THE IMPACT OF FOREIGN DEBT ON EXPORT AND IMPORT VALUES, THE RUPIAH EXCHANGE RATE, AND THE INFLATION RATE. *Jurnal Ekonomi*, 12(01), 1124-1132.
- Fauni, A. M., Rusdarti, & Wahyudin, A. (2017). Factors Influencing The Business Performance of SMES Convections in Kudus. *Journal of Economic Education*, 6(2), 124-133.
- Goryacheva, O., & Kalinina, G. (2019). Reputation as a competitive advantage. *Journal of Interdisciplinary Research*, 9(2), 136.
- Gupta, S., Pansari, A., & Kumar, V. (2017). Global customer engagement. *Journal of International Marketing*, 26(1), 4-29.
- Fasiha, F., Yusuf, M., Sihombing, H. B. M., Mujahidin, M., & Chenini, R. (2022). The Effect of Product Quality and Service Quality on Consumer Loyalty at Palopo Minimarkets. *Ikonomika: Jurnal Ekonomi dan Bisnis Islam*, 7(2), 177-192.
- Hair, J., Hollingsworth, C. L., Randolph, A. B., & Chong, A. Y. L. (2017). *An updated and expanded assessment of PLS-SEM in information systems research*. Industrial Management & Data Systems.
- Harimurti, R., & Suryani, T. (2019). the Impact of Total Quality Management on Service Quality, Customer Engagement, and Customer Loyalty in Banking. *Jurnal Manajemen Dan Kewirausahaan*, 21(2), 95-103. <https://doi.org/10.9744/jmk.21.2.95-103>
- Hasby, R., Irawanto, D. W., & Hussein, A. S. (2018). The Effect of Service Quality and Brand Image on Loyalty With Perception of Value As a Mediation Variable. *Jurnal Aplikasi Manajemen*, 16(4), 705-713. <https://doi.org/10.21776/ub.jam.2018.016.04.17>
- He, M., Sha, Z., & Yang, b Y. (2013). An Empirical Study on Impacts of Brand Image of Travel Agencies on Customer Purchase Intentions. *Proceedings of the 2nd International Conference On Systems Engineering and Modeling*, 13. <https://doi.org/10.2991/icsem.2013.70>

- Herdiyanti, H., Arta, D. N. C., Yusuf, M., Sutrisno, S., & Suyatno, A. (2022). Pengaruh Penerapan Sistem Keadilan Distributif dan Keadilan Interaksional terhadap Kepuasan Kerja Pegawai Perusahaan: Literature Review. *Jurnal Mirai Management*, 7(2), 523-530.
- Heryadi, D. Y., Fachrurazi, F., Nurcholifah, I., & Yusuf, M. (2023). During the Covid-19 Pandemic, Marketing Strategy Analysis for Crispy MSMEs" MA ICIH". *Jurnal Publikasi Ilmu Manajemen*, 2(1), 184-201.
- Islam, J. U., Shahid, S., Rasool, A., Rahman, Z., Khan, I., & Rather, R. A. (2020). Impact of website attributes on customer engagement in banking: a solicitation of stimulus-organism-response theory. *International Journal of Bank Marketing*, 38(6), 1279-1303. <https://doi.org/10.1108/IJBM-12-2019-0460>
- Ismunandar, I., Andriani, N. Y., Hanis, R., Hamzah, R., & Yusuf, M. (2023). GRAND PREANGER BANDUNG EFFECTIVE MARKETING COMMUNICATION STRATEGY IN THE STAYCATION PROGRAM. *Jurnal Ekonomi*, 12(01), 48-53.
- Jannah, E. N., Sudaryanto, & Wulandari, G. A. (2018). Pengaruh Kualitas Layanan dan Brand Image Terhadap Loyalitas Melalui Kepuasan Pelanggan Matahari Department Store di Jember. *UNEJ E-Proceeding*, 339-350.
- Kushendar, D. H., Kurhayadi, K., Saepudin, A., & Yusuf, M. (2023). BANDUNG CITY GOVERNMENT ENVIRONMENT AND SANITATION SERVICE CAPACITY IN WASTE MANAGEMENT. *LITERACY: International Scientific Journals of Social, Education, Humanities*, 2(1), 50-60.
- Lee, K., & Ha, B. C. (2019). The impact of customer engagement on service coordination costs in content service: the mediating effect of customer response profitability. *The International Journal of Social Sciences and Humanities Invention*, 6(11), 5716-5723. <https://doi.org/10.18535/ijsshi/v6i11.06>
- Maemunah, S. (2019). the Effect of Corporate Reputation and Sustainable Innovation Strategy on Business Performance in Automotive Companies. *Business and Entrepreneurial Review*, 18(1), 65. <https://doi.org/10.25103/ber.v18i1.5305>
- Makalew, G. A., Mananeke, L., & Tawas, H. (2016). Analisis Pengaruh Reputasi Merek, Kualitas Layanan, dan Loyalitas Nasabah Terhadap Keunggulan Bersaing (Studi Pada Nasabah Taplus Anak PT Bank Negara Jawa Barat (PERSERO) Tbk Kantor Cabang Utama Manado. *Emba*, 4(3), 531-544.
- Manurung, M. T., Sugiarto, J., & Munas, B. (2016). Membangun Keunggulan Bersaing untuk Meningkatkan Kinerja Bisnis pada Industri Kecil Menengah Tenun Ikat di Troso, Jepara. *Jurnal Bisnis STRATEGI*, 25.
- Mulyono, H. (2016). Brand awareness and brand image of decision making on university. *Jurnal Manajemen Dan Kewirausahaan*, 18(2), 163-173. <https://doi.org/10.9744/jmk.18.2.163>
- Musa, H., Rahim, N. A., Azmi, F. R., Shibghatullah, A. S., & Othman, N. A. (2016). Social Media Marketing and Online Small and Medium Enterprises Performance: Perspective of Malaysian Small and Medium Enterprises. *International Review of Management and Marketing*, 6(7), 1-5.
- Naatu, F. (2016). Brand Building for Competitive Advantage in the Ghanaian Jewelry Industry. *International Review of Management and Marketing*, 6(3), 551-558.
- Novitasari, H. I. (2016). Pengaruh Supply Chain Management Terhadap Keunggulan Bersaing dan Kinerja Perusahaan (Studi Pada UKM Kerajinan Gerabah Di Kasongan). *Skripsi Fakultas Ekonomi, Universitas Islam Jawa Barat*. <https://dspace.uui.ac.id/handle/123456789/2848>
- Okhotan, E. A., Dharmayanti, D., & Si, M. (2015). Pengaruh Marketing Capability Terhadap Customer Loyalty Dengan Customer Engagement Dan Competitive Advantage Sebagai Variabel Intervening Pada Indosat Ooredoo Di Surabaya. *Jurnal Strategi Pemasaran*, 9.
- Oktaviani, Y. I., Sihite, M., & Derriawan. (2021). Strategi Kinerja Perusahaan Dipengaruhi Inovasi, Kualitas Produk, Reputasi Perusahaan melalui Keunggulan Bersaing PT. X. *Jurnal Sosial Dan Teknologi (SOS)*, 1(10), 287-298.
- Panda, S., Pandey, S. C., Bennett, A., & Tian, X. (2019). University brand image as competitive advantage: a two-country study. *International Journal of Educational Management*,

- 33(2), 234–251. <https://doi.org/10.1108/IJEM-12-2017-0374>
- Pradana, D. W. (2017). Budaya Engagement: Pengaruhnya Terhadap Keunggulan Kompetitif Pada Sekolah Swasta Di Semarang. *Ekspektra*, 1, 173–187. <https://doi.org/10.25139/ekt.v0i0.350>
- Prasetyo, S., & Widodo, T. W. (2017). Antecedent Kepercayaan Pengguna Pada Penawaran Ecommerce Dan Konsekuensinya Terhadap Niat Beli (studi Pengguna E-commerce Kecamatan Astana Anyar). ... *Management*, 4(2), 1429–1436. <https://openlibrarypublications.telkomuniversit y.ac.id/index.php/management/article/view/760>
- Rajasa, E. Z., Manap, A., Ardana, P. D. H., Yusuf, M., & Harizahayu, H. (2023). LITERATURE REVIEW: ANALYSIS OF FACTORS INFLUENCING PURCHASING DECISIONS, PRODUCT QUALITY AND COMPETITIVE PRICING. *Jurnal Ekonomi*, 12(01), 451-455.
- Ramadhani, D. A., Titisari, P., & Sayekti, Y. (2017). Penilaian Kinerja Keuangan Dan Non Keuangan Pada Kantor Keluarga Berencana Kabupaten Situbondo. *Bisma*, 11(2), 237. <https://doi.org/10.19184/bisma.v11i2.6318>
- Rinandiyana, L. R., Kurniawati, A., & Kurniawan, D. (2017). Strategi Untuk Menciptakan Keunggulan Bersaing Melalui Pengembangan, Desain, Dan Kualitas Produk (Kasus Pada Industri Pakaian Muslim Di Kota Tasikmalaya). *Jurnal Ekonomi Manajemen*, 2(November), 103–113. <http://jurnal.unsil.ac.id/index.php/jem/article/view/319>
- Sarjana, S., & Khayati, N. (2017). *The Role of Reputation For Achieving Competitive Advantage*. 36(Icbmr), 322–334. <https://doi.org/10.2991/icbmr-17.2017.30>
- Shi, Y. (2016). Reputation, Financial Performance, and Industry Competition. *Reputation, Financial Performance, and Industry Competition*, 10(2), 1–16.
- Sihite, M., Sule, E. T., Azis, Y., & Kaltum, U. (2016). Gain Competitive Advantage Through Reputation. *South East Asia Journal of Contemporary Business, Economics and Law*, 10(3), 22–32.
- Soim, F. M., Suharyono, & Abdillah, Y. (2016). Pengaruh Brand Image terhadap Keputusan Pembelian (Studi pada Pembeli Kartu Perdana simpATI di Booth Telkomsel Matos). *Jurnal Administrasi Bisnis*, 35(1), 146–153.
- Susanti, C. E. (2020). The Effect Of Brand Reputation On Brand Loyalty Through Brand Trust On Yoga Tourist Destination In Ubud, Bali, Jawa Barat. *Journal of Critical Reviews*, 7(8), 1160–1166.
- Sutaguna, I. N. T., Achmad, G. N., Risdwiyanto, A., & Yusuf, M. (2023). MARKETING STRATEGY FOR INCREASING SALES OF COOKING OIL SHOES IN BAROKAH TRADING BUSINESS. *International Journal of Economics and Management Research*, 2(1), 132-152.
- Sutaguna, I. N. T., Fardiansyah, H., Hendrayani, E., & Yusuf, M. (2023). BRAND STRENGTH FOR MICRO, SMALL, AND MEDIUM ENTERPRISES. *GEMILANG: Jurnal Manajemen dan Akuntansi*, 3(2), 77-86.
- Sutaguna, I. N. T., Razali, G., & Yusuf, M. (2023). Hanan Catering's Instagram promotions, pricing, and menu variety influence consumer purchasing decisions in Bandung. *International Journal of Economics and Management Research*, 2(1), 76-87.
- Sutaguna, I. N. T., Yusuf, M., Ardianto, R., & Wartono, P. (2023). The Effect Of Competence, Work Experience, Work Environment, And Work Discipline On Employee Performance. *Asian Journal of Management, Entrepreneurship and Social Science*, 3(01), 367-381.
- Tairas, D. R., Rahman Kadir, A., & Mardiana, R. (2016). The Influence of Strategic Leadership and Dynamic Capabilities through Entrepreneurship Strategy and Operational Strategy in Improving the Competitive Advantage of Private Universities in Jakarta, Jawa Barat. *Scientific Research Journal (SCIRJ)*, IV(II), 8–18. [www.scirj.org](http://www.scirj.org)
- Utami, L. R. (2017). Efek Balance Scorecard Terhadap Penentuan Strategi Perusahaan. *Jurnal Bisnis Dan Ekonomi*, 24(1), 62–74. <https://www.unisbank.ac.id/ojs/index.php/fe3/article/view/5564>
- Wahyuni, N. M., & Sara, I. M. (2020). Market Orientation and Innovation Performance: Mediating Effects of Customer Engagement in SMEs. *Journal of Economics, Business, and Accountancy Ventura*, 23(1), 28–37.

- Wardhani, A. P., Kusumawardhani, A., & Ubaidillah, M. (2021). The Effect of Intangible Asset On Competitive Advantage and Firm Performance; Study on Budget Accommodation in Semarang City. *Jurnal Sosial Dan Budaya Syar-I*, 8(2), 383–404.
- Wiyono, G. (2020). *Merancang Penelitian Bisnis Dengan Alat Analisis SPSS 25 & SmartPLS 3.2.8*. UPP STIM YKPN.
- Wulandari, W., Sari, R. N., & L, A. A. (2017). Pengaruh Supply Chain Management Terhadap Kinerja Perusahaan Melalui Keunggulan Bersaing. *Jurnal Ekonomi*, 21(3), 462–479. <https://doi.org/10.24912/je.v21i3.31>
- Youssef, Y. M. A., Johnston, W. J., AbdelHamid, T. A., Dakrory, M. I., & Seddick, M. G. S. (2018). A Customer Engagement Framework for a B2B Context. *Journal of Business & Industrial Marketing*, 33(1), 145–15.