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The Effect of Price Competitiveness and Operational Flexibility on Competitive Advantage and Ordering Decision at Duta Collection Convection

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Abstract

Intensifying competition in the garment industry, coupled with fluctuating and declining order volumes, requires garment businesses to strengthen their ability to retain customers and encourage ordering decisions. This study examines the direct effects of price competitiveness and operational flexibility on competitive advantage and ordering decisions, as well as their indirect effects through competitive advantage. A quantitative explanatory design was employed, involving all 60 customers who placed orders with Duta Collection Convection between January 2023 and December 2025, selected through saturated sampling. Data were collected using a structured questionnaire and analyzed through path analysis using SPSS version 26.0. The findings indicate that price competitiveness and operational flexibility have positive and significant effects on competitive advantage. Both factors also have positive and significant direct effects on ordering decisions, while competitive advantage positively and significantly influences ordering decisions. Competitive advantage does not mediate the relationship between price competitiveness and ordering decisions but partially mediates the relationship between operational flexibility and

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ordering decisions. The study demonstrates that competitive pricing directly encourages customer orders, whereas operational flexibility strengthens ordering decisions both directly and by enhancing competitive advantage. These findings contribute to the literature on competitive strategy and customer decision-making in garment businesses and imply that managers should integrate competitive pricing with flexible operational practices to strengthen market competitiveness and sustain customer orders.

Keywords: Competitive Advantage; Garment Industry; Operational Flexibility; Ordering Decisions; Price Competitiveness

INTRODUCTION

The increasingly competitive business environment requires micro, small, and medium enterprises (MSMEs) to maintain cost efficiency while simultaneously responding rapidly to changing market requirements. These pressures are particularly evident in the manufacturing sector, including the garment and apparel industry, where firms must cope with fluctuations in raw-material costs, logistics expenses, price competition, and growing customer demands for product variety and timely delivery. The global economic outlook further indicates persistent uncertainty, with global growth projected to slow from 3.3% in 2024 to 3.1% in 2026 amid geopolitical tensions, trade protectionism, and high interest rates (Ferreira, 2025). Under such conditions, the ability of MSMEs to offer competitive prices while maintaining operational responsiveness becomes increasingly important. Price considerations are particularly relevant because customers evaluate price as part of the sacrifice required to obtain a product or service and may use it as an indicator of value when other information is limited (Zeithaml, 1988).

The significance of these challenges is reflected in the substantial contribution of manufacturing-related MSMEs to the Indonesian economy. As of December 31, 2024, the manufacturing sector accounted for 4,164,542 MSME units, making it the third-largest MSME sector after retail trade and accommodation and food-service activities (Kadin Indonesia, 2024). This scale indicates the strategic role of manufacturing MSMEs in economic activity and value creation. At the regional level, manufacturing has also remained the largest contributor to East Java's economy, accounting for 31.32% of the province's gross regional domestic product in 2025 (BPS Provinsi Jawa Timur, 2025). Nevertheless, strong macroeconomic performance does not necessarily translate into equally strong conditions at

the firm level. The contrast between macroeconomic resilience and firm-level vulnerability highlights the need to identify the factors that enable individual MSMEs to sustain customer demand and competitive positioning.

This discrepancy is evident in Duta Collection, a make-to-order garment business operating within the manufacturing sector. The company's internal sales records indicate substantial fluctuations accompanied by an overall decline in revenue between 2021 and 2026. Revenue increased from IDR 190 million in 2021 to IDR 245 million in 2022, before declining to IDR 205 million in 2023 and IDR 120 million in 2024. Although revenue recovered slightly to IDR 145 million in 2025, it fell to only IDR 75 million in 2026 based on January–June data. This pattern suggests that the company's challenge is not merely a temporary decline in sales but an indication of weakening capacity to retain orders in an increasingly competitive market. In a job-order business, customers frequently demand variations in quantity, design, specifications, production schedules, and revisions, meaning that sustaining orders cannot be adequately explained by low prices alone.

This study therefore argues that the problem should be examined through the interaction between the firm's ability to provide economic value and its ability to respond to customer requirements. Price competitiveness reflects a firm's capacity to offer relatively attractive prices compared with competitors while maintaining the benefits expected by customers (Sudirjo & Sulistiyani, 2023). However, competitive pricing may lose its effectiveness when it is not supported by process efficiency and operational responsiveness. Price reductions without corresponding improvements in operational efficiency may instead compress profit margins and undermine business sustainability (Hendratmoko et al., 2024). Consequently, operational flexibility represents a critical capability for garment firms because it enables them to adjust production volume, product variety, delivery schedules, and order specifications efficiently (Slack, 1987). The combination of these capabilities may constitute an important basis for developing competitive advantage, which can subsequently influence customers' decisions to place orders.

Previous studies have provided evidence concerning these relationships, but important limitations remain in the integration of the variables. Research in the garment industry has examined supply-chain flexibility within make-to-order systems, yet has not integrated price competitiveness, operational flexibility, and competitive advantage into a unified causal model (Pratiwi & Handayani, 2022). In another context, operational flexibility

has been shown to improve firms' responsiveness to customer requirements, but the role of competitive advantage as an intervening mechanism has not been sufficiently examined (Lou et al., 2022). Similarly, manufacturing firms with greater volume flexibility and product-development flexibility tend to achieve better performance than firms with more rigid operating systems (Yousuf et al., 2021). These findings confirm the strategic relevance of flexibility while leaving unanswered the question of how such capability is translated into customers' ordering decisions through competitive positioning.

A similar inconsistency can be observed in the relationship between competitive advantage and purchasing decisions. Sumiarti et al. (2025) found that competitive advantage positively affected purchasing decisions in the restaurant industry, suggesting that customers consider a firm's competitive position when selecting a provider. In contrast, Laili (2024) reported a different causal direction by suggesting that purchasing decisions or customer satisfaction contribute to the formation of competitive advantage. Such divergent findings indicate that the causal relationship between competitive advantage and customer decisions remains context-dependent. Arrazi et al. (2025) connected price, purchasing decisions, and competitive advantage in fashion MSMEs, but positioned competitive advantage as the final outcome rather than as a mediating mechanism through which price and operational capabilities influence purchasing decisions.

Other studies indicate that internal organizational capabilities can provide the foundation for competitive advantage. Ali & Anwar (2021a) demonstrated that competitive strategy, innovation culture, and managerial factors contribute to the development of competitive advantage. Similarly, product creativity has been associated with competitive advantage among ceramic MSMEs, including competitive pricing, product uniqueness, quality, and service excellence (Handayani et al., 2022). Research on operational flexibility further emphasizes the importance of rapidly reconfiguring organizational resources in response to environmental changes (Mandal et al., 2023). Collectively, these findings suggest that competitive advantage is not created solely through price positioning but through the firm's ability to combine resources and capabilities to deliver superior customer value.

Based on the preceding literature, three major research gaps can be identified. First, empirical studies simultaneously examining price competitiveness and operational flexibility among job-order garment MSMEs remain limited, despite the highly customized nature of their operations, which requires firms to manage fluctuations in volume, design, delivery

time, and order specifications. Second, previous findings concerning the relationship between competitive advantage and purchasing decisions remain inconsistent, indicating the need for further examination within the specific context of garment MSMEs. Third, existing studies have predominantly treated competitive advantage as an outcome rather than as a mediating mechanism connecting price competitiveness and operational flexibility with ordering decisions. Research examining price and firm performance has generally emphasized direct effects, while studies linking flexibility and performance have not consistently incorporated competitive advantage as an explanatory mechanism.

These gaps can be theoretically addressed through the Resource-Based View (RBV) and Dynamic Capabilities Theory (DCT). RBV proposes that sustainable competitive advantage may emerge from internal resources that are valuable, rare, difficult to imitate, and non-substitutable (Barney, 1991). From this perspective, the ability to provide competitive prices through cost efficiency and the ability to respond flexibly through accumulated organizational experience, coordination, and tacit knowledge may constitute strategically relevant resources and capabilities. DCT complements this perspective by explaining how firms integrate, build, and reconfigure internal and external competencies to respond to environmental change (Teece, 2017). Operational flexibility can therefore be understood not merely as an operational characteristic but as an adaptive capability that enables firms to respond to changing customer requirements. This theoretical position is consistent with the strategic view that competitive advantage is generated when firms create greater value for customers or achieve comparable value at lower cost than competitors (Porter, 1985).

Accordingly, the novelty of this study lies in developing an integrated mediation model in which competitive advantage mediates the effects of price competitiveness and operational flexibility on ordering decisions in a job-order garment MSME. The proposed model simultaneously examines direct effects of price competitiveness and operational flexibility on ordering decisions and their indirect effects through competitive advantage. This approach goes beyond asking whether competitive prices and operational responsiveness influence customers and instead examines whether these capabilities first establish a stronger competitive position that subsequently encourages customers to place orders. The model consequently extends the application of RBV to the MSME garment context while operationalizing DCT to explain how adaptive capabilities contribute to competitive positioning. Such an approach is particularly relevant because competing

primarily through price reductions may not be sufficient to sustain competitive performance in rapidly changing markets (Ali & Anwar, 2021b).

Based on the identified phenomenon, research gaps, and theoretical positioning, this study focuses on Duta Collection as a job-order garment MSME experiencing declining revenue and increasing competitive pressure. The study aims to examine the effects of price competitiveness and operational flexibility on competitive advantage and ordering decisions, both directly and indirectly through competitive advantage. More specifically, it seeks to determine whether the firm's ability to provide competitive prices and respond effectively to customer requirements can strengthen its competitive advantage and ultimately increase customers' ordering decisions. The findings are expected to contribute empirical evidence to the development of an integrated model linking internal capabilities, competitive advantage, and ordering behavior in MSME garment businesses, while providing Duta Collection with a strategic basis for moving beyond unsustainable price-based competition toward a more resilient competitive approach.

METHODS

This study employed a quantitative approach using an explanatory research design to examine causal relationships among the variables through hypothesis testing. A quantitative approach was considered appropriate because the study measured the research constructs numerically and examined the relationships among them using empirical data obtained from respondents (Sugiyono, 2021). The explanatory design was adopted to determine both the direct and indirect effects of Price Competitiveness and Operational Flexibility on Ordering Decision, with Competitive Advantage positioned as a mediating variable. The research was conducted at Duta Collection Convection, located on Jalan Pondok Pesantren Ngalah No. 16, Pandean Village, Purwosari District, Pasuruan Regency, East Java, Indonesia. Based on the methodological information provided in the thesis, the research and data processing were conducted in 2026. However, the specific starting and ending months and the total duration of the research were not explicitly stated in the available thesis section and are therefore not assumed.

The research design employed path analysis to examine the structural relationships among the study variables. Price Competitiveness (X1) and Operational Flexibility (X2) were

specified as exogenous variables, Competitive Advantage (Z) as the mediating variable, and Ordering Decision (Y) as the endogenous outcome variable. Price Competitiveness was measured through four indicators: price affordability, price–quality congruence, price competitiveness relative to competitors, and price alignment with market dynamics. Operational Flexibility was assessed through order-volume flexibility, design-variety flexibility, production-time flexibility, and flexibility in accommodating specification changes. Competitive Advantage comprised price superiority over competitors, product uniqueness, product quality superiority, and a stronger reputation. Ordering Decision was measured through price compatibility with the customer's budget, design compatibility with customer preferences, order-processing speed, ordering-process convenience, repurchase intention, and willingness to recommend the company. All constructs were treated as reflective constructs, in which the observed indicators represented the underlying latent constructs (Hair et al., 2019).

The study population consisted of all Duta Collection customers who had placed at least one order between January 2023 and December 2025. Based on the company's sales invoices and customer ordering records, 60 customers met the established population criteria. Because the population was relatively small and fully accessible, all population members were included as respondents using non-probability sampling with a saturated sampling or census technique. This approach is appropriate when the entire identified population can be incorporated into the study (Sugiyono, 2021). Accordingly, the final sample consisted of 60 respondents.

Data were collected primarily through a structured questionnaire using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The instrument consisted of 36 items, comprising eight items measuring Price Competitiveness, eight measuring Operational Flexibility, eight measuring Competitive Advantage, and 12 measuring Ordering Decision. The questionnaire indicators were adapted from relevant theoretical and empirical literature. The questionnaire was administered online through Google Forms and distributed individually to customers via WhatsApp. Primary data were complemented by direct observation and documentation of the company's operational processes, pricing practices, production activities, ordering records, and relevant internal documents.

Instrument quality was assessed through validity and reliability testing. Item validity was examined using the Pearson Product Moment correlation, with an item considered valid

when the calculated correlation exceeded the critical value at the 0.05 significance level. With 60 respondents, the critical r-value used in the study was 0.254. Reliability was evaluated using Cronbach's Alpha, with a coefficient greater than 0.70 considered indicative of acceptable reliability (Sugiyono, 2021). Prior to path analysis, classical assumption tests were conducted, including normality, multicollinearity, and heteroscedasticity tests. Data analysis was subsequently performed using SPSS version 26.0 through descriptive statistics and two regression equations forming the path model (Ghozali, 2018). The first structural equation examined the effects of X1 and X2 on Z, whereas the second examined the effects of X1, X2, and Z on Y. The indirect effects of X1 and X2 on Y through Z were then assessed to determine the mediating role of Competitive Advantage.

RESULTS

1. Classical Assumption Tests

Classical assumption tests were conducted to ensure that the path analysis models met the statistical requirements before testing the relationships among the variables. The tests included normality, multicollinearity, and heteroscedasticity tests for two models. Model 1 examined the effects of Price Competitiveness (X1) and Operational Flexibility (X2) on Competitive Advantage (Z), while Model 2 examined the effects of X1, X2, and Z on Ordering Decision (Y).

Table 1. Normality Test Results of Path 1

Tests of Normality						
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized Residual	.044	60	.200*	.989	60	.853
*. This is a lower bound of the true significance.						
a. Lilliefors Significance Correction						

source: Compiled by the researcher (2026)

Table 1. Normality Test Results of Path 1 shows that the normality test for Path 1 produced a *Kolmogorov-Smirnov* significance value of 0.200 and a *Shapiro-Wilk* significance value of 0.853. Both significance values were greater than 0.05, indicating that the *standardized residuals* in Path 1 were normally distributed.

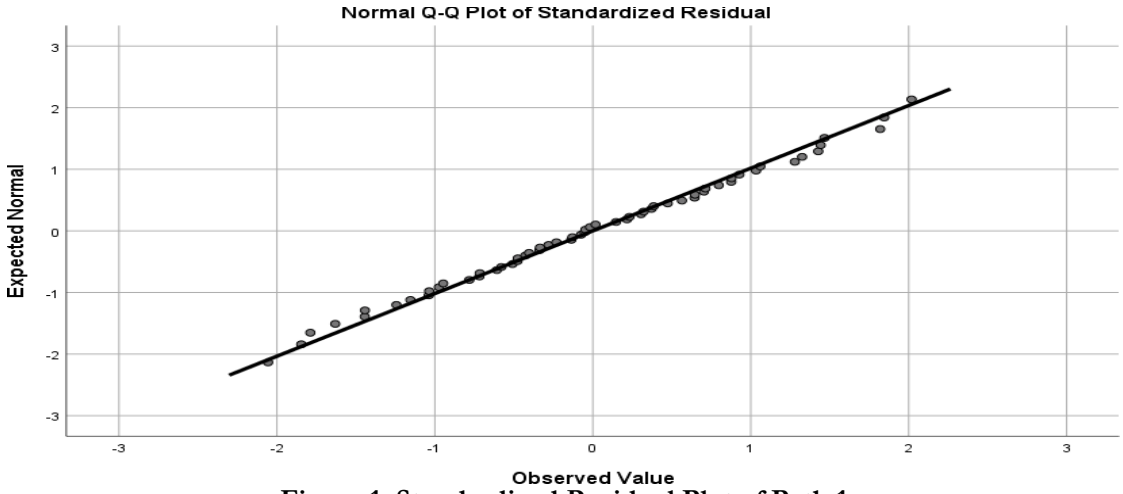


Figure 1. Standardized Residual Plot of Path 1

Figure 1. Standardized Residual Plot of Path 1 shows that the standardized residuals in Path 1 were distributed around the diagonal line without substantial deviation. This visual result supports the statistical finding that the residuals in Path 1 satisfied the normality assumption.

Table 2. Normality Test Results of Path 2

	Kolmogorov-Smirnov[a]			**Shapiro-Wilk**		
Statistic		df	Sig.	Statistic	df	Sig.
Standardized Residual	.101	60	.200*	.979	60	.383
**. This is a lower bound of the true significance.*						
a. Lilliefors Significance Correction						

source: Compiled by the researcher (2026)

Table 2. Normality Test Results of Path 2 shows that the normality test for Path 2 produced a Kolmogorov-Smirnov significance value of 0.200 and a Shapiro-Wilk significance value of 0.383. Both significance values were greater than 0.05, indicating that the standardized residuals in Path 2 were normally distributed.

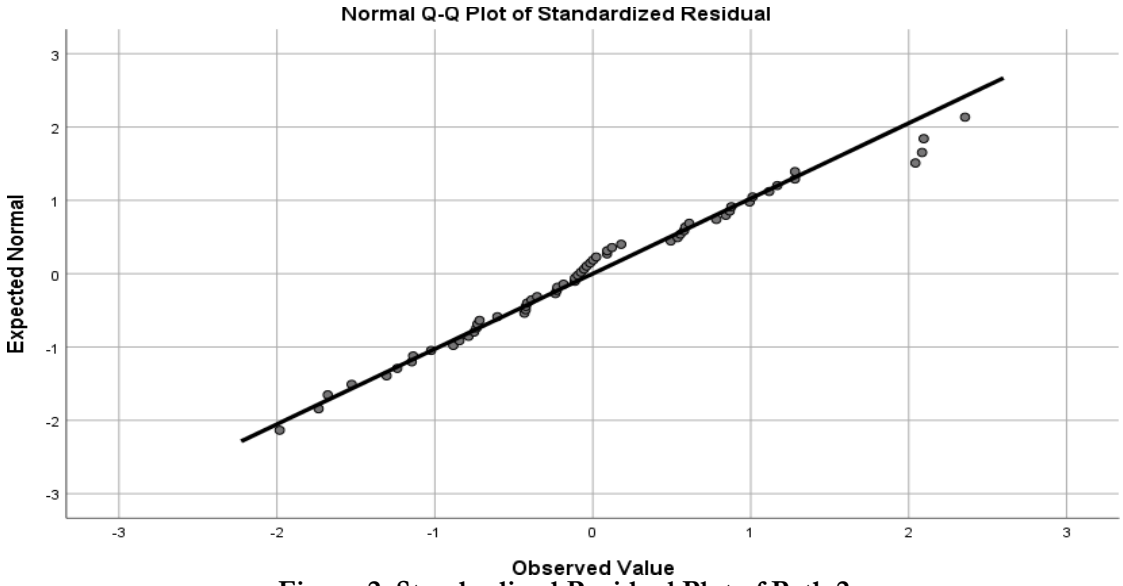


Figure 2. Standardized Residual Plot of Path 2

Figure 2. Standardized Residual Plot of Path 2 shows that the standardized residuals in Path 2 were distributed around the diagonal line without substantial deviation. Therefore, the visual results support the statistical finding that the residuals in Path 2 satisfied the normality assumption.

Table 3. Multicollinearity Test Results

Model	Variable	Tolerance	VIF
Path 1	Price Competitiveness (X1)	0.992	1.008
Path 1	Operational Flexibility (X2)	0.992	1.008
Path 2	Price Competitiveness (X1)	0.925	1.081
Path 2	Operational Flexibility (X2)	0.893	1.120
Path 2	Competitive Advantage (Z)	0.833	1.201

source: Compiled by the researcher (2026)

Table 3. Multicollinearity Test Results shows that all variables in both models had Tolerance values above 0.10 and VIF values below 10. These results indicate that no multicollinearity problem was identified among the independent variables.

Table 4. Heteroscedasticity Test Results

Model	Variable	Sig.	Conclusion
Path 1	Price Competitiveness (X1)	0.627	No heteroscedasticity
Path 1	Operational Flexibility (X2)	0.118	No heteroscedasticity
Path 2	Price Competitiveness (X1)	0.533	No heteroscedasticity
Path 2	Operational Flexibility (X2)	0.745	No heteroscedasticity
Path 2	Competitive Advantage (Z)	0.768	No heteroscedasticity

Table 4. Heteroscedasticity Test Results shows that all variables had significance values greater than 0.05 in both models. Therefore, no heteroscedasticity was detected, indicating that the models satisfied the homoscedasticity assumption.

2. Path Analysis

Path analysis was conducted to examine the direct effects of Price Competitiveness and Operational Flexibility on Competitive Advantage, as well as the effects of these variables on Ordering Decision.

Table 5. Path Analysis Results of Model 1

Variable	Beta Coefficient	t-value	Sig.	Conclusion
Price Competitiveness (X1)	0.246	2.026	0.047	Significant
Operational Flexibility (X2)	0.305	2.512	0.015	Significant
R Square = 0.167				

source: Compiled by the researcher (2026)

Table 5. Path Analysis Results of Model 1 shows that Price Competitiveness had a positive and significant effect on Competitive Advantage, with a beta coefficient of 0.246 and a significance value of 0.047. Operational Flexibility also had a positive and significant effect on Competitive Advantage, with a beta coefficient of 0.305 and a significance value of 0.015. The R^2 value of 0.167 indicates that the two variables explained 16.7% of the variation in Competitive Advantage.

Table 6. Path Analysis Results of Model 2

Variable	Beta Coefficient	t-value	Sig.	Conclusion
Price Competitiveness (X1)	0.485	4.991	0.000	Significant
Operational Flexibility (X2)	0.198	2.008	0.040	Significant
Competitive Advantage (Z)	0.311	3.040	0.004	Significant
R Square = 0.512				

source: Compiled by the researcher (2026)

Table 6. Path Analysis Results of Model 2 shows that all three variables had positive and significant effects on Ordering Decision. Price Competitiveness had the strongest effect, with a beta coefficient of 0.485, followed by Competitive Advantage at 0.311 and Operational Flexibility at 0.198. The R^2 value of 0.512 indicates that the three variables jointly explained 51.2% of the variation in Ordering Decision.

3. Direct and Indirect Effects

Table 7. Direct and Indirect Effects

Relationship	Direct Effect	Indirect Effect through Z
X1 → Z	0.246	-
X2 → Z	0.305	-
X1 → Y	0.485	(0.246) x (0.311) = 0.077
X2 → Y	0.198	(0.305) x (0.311) = 0.095
Z → Y	0.311	-

source: Compiled by the researcher (2026)

Table 7. Direct and Indirect Effects shows that Price Competitiveness had a direct effect of 0.485 on Ordering Decision and an indirect effect of 0.077 through Competitive Advantage. Meanwhile, Operational Flexibility had a direct effect of 0.198 and an indirect effect of 0.095 through Competitive Advantage.

4. Coefficient of Determination

Table 8. Coefficient of Determination Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1 (X1, X2, -> Z)	.409[a]	0,167	.138	4.917
2 (X1, X2, Z -> Y)	.715[a]	0,512	.485	5.974

source: Compiled by the researcher (2026)

Table 8. Coefficient of Determination Results shows that Price Competitiveness and Operational Flexibility explain 16.7% of the variation in Competitive Advantage, while Price Competitiveness, Operational Flexibility, and Competitive Advantage jointly explain 51.2% of the variation in Ordering Decision.

5. Simultaneous Test

Table 9. Simultaneous Test Results

Model	F-value	Sig.	Conclusion
1 (X1, X2, -> Z)	5,719	0,005	Significant
2 (X1, X2, Z -> Y)	19,546	0,000	Significant

source: Compiled by the researcher (2026)

Table 9. Simultaneous Test Results shows that Price Competitiveness and Operational Flexibility simultaneously have a significant effect on Competitive Advantage ($F = 5.719$; $p = 0.005$), while Price Competitiveness, Operational Flexibility, and Competitive Advantage simultaneously have a significant effect on Ordering Decision ($F = 19.546$; $p < 0.001$).

6. Mediation Test

Table 10. Mediation Test Results Using VAF

Mediation Relationship	Direct Effect	Indirect Effect	Total Effect	VAF	Conclusion
X1 → Z → Y	0.485	0.0765	0.5615	13.63%	No mediation
X2 → Z → Y	0.198	0.0949	0.2929	32.39%	Partial mediation

source: Compiled by the researcher (2026)

Table 10. Mediation Test Results Using VAF shows that Competitive Advantage did not mediate the effect of Price Competitiveness on Ordering Decision because the VAF value was 13.63%. In contrast, Competitive Advantage partially mediated the effect of Operational Flexibility on Ordering Decision, with a VAF value of 32.39%.

7. Hypothesis Testing

Table 11. Hypothesis Testing Results

Hypothesis	Relationship	Beta	t-value	Sig.	Decision
H1	X1 → Z	0.246	2.026	0.047	Accepted
H2	X2 → Z	0.305	2.512	0.015	Accepted
H3	X1 → Y	0.485	4.991	0.000	Accepted
H4	X2 → Y	0.198	2.008	0.040	Accepted
H5	Z → Y	0.311	3.040	0.004	Accepted
H6	X1 → Z → Y	VAF 13.63%	-	-	Rejected
H7	X2 → Z → Y	VAF 32.39%	-	-	Accepted (partial)

source: Compiled by the researcher (2026)

Table 11. Hypothesis Testing Results shows that the five direct-effect hypotheses (H1–H5) were accepted because all significance values were below 0.05. H6 was rejected because Competitive Advantage did not mediate the effect of Price Competitiveness on Ordering Decision. Meanwhile, H7 was partially accepted because Competitive Advantage functioned as a partial mediator in the relationship between Operational Flexibility and Ordering Decision.

DISCUSSION

The findings demonstrate that Price Competitiveness and Operational Flexibility play distinct roles in shaping Competitive Advantage and Ordering Decision at Duta Collection Convection. Overall, all direct relationships examined in the structural model were positive and statistically significant, although their magnitudes differed substantially. The most prominent finding is the dominant effect of Price Competitiveness on Ordering

Decision, whereas Operational Flexibility exerts a comparatively weaker direct effect. This pattern suggests that customers in a make-to-order convection context evaluate not only the firm's ability to create value, but also the immediate economic sacrifice associated with placing an order.

The positive and significant effect of Price Competitiveness on Competitive Advantage indicates that Duta Collection's ability to offer reasonable prices, maintain price–quality consistency, remain competitive relative to rival firms, and adjust prices to market conditions contributes to its competitive position. However, the path coefficient of 0.246 is lower than the coefficient for Operational Flexibility on Competitive Advantage, which is 0.305. This finding is theoretically meaningful because it indicates that competitive advantage is not constructed through pricing alone. Although competitive pricing represents an important source of customer value, the ability to accommodate variations in order volume, design, production schedules, and product specifications contributes more strongly to customers' perceptions of competitive advantage. From a Resource-Based View perspective, price can constitute a valuable resource when it is supported by internal capabilities that enable the firm to generate customer value in ways that competitors cannot easily replicate (Barney, 1991). The finding is consistent with Sudirjo & Sulistiyani (2023) and Rezazadeh et al. (2023), who demonstrated that competitive pricing can strengthen competitive advantage, particularly when accompanied by operational efficiency and customer value creation.

The stronger effect of Operational Flexibility on Competitive Advantage highlights the strategic importance of adaptability in the convection industry. Flexibility in order volume, design variety, production timing, and specification changes represents an organizational capability that enables the firm to align production processes with heterogeneous customer requirements. This finding reinforces the Dynamic Capabilities Theory perspective that the ability to respond to environmental changes is fundamental to sustaining competitive advantage. It is also consistent with Ujam (2025) and Pratiwi & Handayani (2022), who identified flexibility as an important determinant of firms' ability to satisfy customer requirements in make-to-order production environments. The present study therefore extends this perspective by demonstrating that operational flexibility should not be understood merely as an internal production characteristic; rather, it can be translated into a competitive attribute that customers recognize and evaluate.

In the second structural model, Price Competitiveness produced the strongest direct effect on Ordering Decision, with a coefficient of 0.485. This result indicates that price is the most influential consideration in customers' decisions to place orders. Price affordability, perceived price fairness, price–quality congruence, and comparative value relative to competing providers appear to constitute important elements of customers' evaluation processes. This finding is consistent with Kotler & Keller (2022), who emphasize consumers' evaluation of perceived benefits relative to the costs incurred, and with Zeithaml (1988) view of price as an important component of perceived value. It also supports the findings of Ndruru et al. (2021) and Sudirjo & Sulistiyani (2023), which established a positive relationship between price and purchasing decisions. The contribution of the present study lies in demonstrating that, within Duta Collection's convection context, price is not merely a supporting consideration but the strongest direct determinant of customers' ordering decisions.

Operational Flexibility also has a positive and significant effect on Ordering Decision, although its coefficient of 0.198 is considerably smaller than that of Price Competitiveness. The finding means that the firm's ability to adjust order quantities, designs, production schedules, and specifications increases customers' willingness to place orders, even though flexibility is not their primary consideration. Customers appear to perceive operational flexibility as a service value that reduces the difficulties associated with fulfilling specific requirements. This result is consistent with Yousuf et al. (2021) and Pratiwi & Handayani (2022), who emphasized the role of flexibility in meeting customer needs under dynamic production conditions. Nevertheless, the relatively small coefficient suggests that flexibility may function more as a supporting determinant of ordering decisions than as the principal basis upon which customers select among competing convection providers.

The effect of Competitive Advantage on Ordering Decision is also positive and significant, with a path coefficient of 0.311. This result indicates that customers' perceptions of Duta Collection's price superiority, product uniqueness, product quality, and reputation can strengthen their confidence in placing an order. The finding supports the theoretical arguments of Barney (1991) and Porter (1985), who conceptualize competitive advantage as a firm's ability to create greater value than competitors. It is likewise consistent with Irawan & Sudarmiatin (2024) and Sudirjo & Sulistiyani (2023). Notably, the effect of Competitive Advantage lies between Price Competitiveness and Operational Flexibility. This pattern suggests that customers do not evaluate operational capabilities in isolation; instead, the

outcomes of those capabilities are interpreted as broader forms of competitive value that can influence their final choice.

The mediation findings provide an important contribution to understanding the mechanisms linking the variables. Competitive Advantage was not found to significantly mediate the relationship between Price Competitiveness and Ordering Decision. The VAF value of 13.63% indicates that only a relatively small proportion of the relationship operates through the mediator, while the majority is transmitted through the direct path. This reinforces the interpretation that Duta Collection's customers tend to respond directly to price competitiveness without necessarily requiring a prior, comprehensive evaluation of the firm's competitive advantage. The finding differs from Sudirjo & Sulistiyani (2023), who identified Competitive Advantage as a mediator between price and purchasing decisions. Such divergence suggests that the role of competitive advantage as a mediating mechanism may depend on industry characteristics and customer decision-making patterns.

For the relationship between Operational Flexibility and Ordering Decision, the VAF value of 32.39% indicates a larger proportion of indirect effects than that observed for Price Competitiveness. However, because the mediation hypothesis was statistically rejected in the reported analysis, the VAF value alone cannot establish significant mediation. The result nevertheless suggests that operational flexibility may be translated into competitive advantage before being associated with customers' ordering decisions, although the indirect pathway is not sufficiently supported to be considered a confirmed mediation mechanism. Theoretically, this pattern remains consistent with Teece (2017), Nurcholis & Cahyono (2019), and Ujam (2025) regarding the relationship between operational flexibility and competitive advantage, while demonstrating that such a relationship does not necessarily culminate in customers' decisions through a statistically confirmed mediating process.

The practical implications are particularly relevant for Duta Collection's management. The company needs to maintain competitive pricing without adopting a strategy centered solely on becoming the lowest-priced provider. Pricing should instead emphasize value for money by balancing affordability, product quality, and responsiveness to market conditions. At the operational level, flexibility should be preserved by maintaining the ability to accommodate variations in order volume and customer requirements. Theoretically, this study contributes by demonstrating that Price Competitiveness, Operational Flexibility, and Competitive Advantage operate through distinct pathways in

influencing Ordering Decision, with price emerging as the strongest direct determinant. Methodologically, the use of path analysis provides a more comprehensive understanding by distinguishing direct relationships from indirect effects through the proposed mediator.

Several limitations should be acknowledged. First, the study involved only 60 customers of Duta Collection who met the population criteria, which limits the extent to which the findings can be generalized to the broader convection industry. Second, the principal measurements relied on customers' perceptions obtained through a questionnaire, meaning that the findings are necessarily influenced by respondents' subjective assessments. Third, the research focused on a single business context and on customers whose ordering histories fell within January 2023–December 2025; consequently, variations in other organizational or market settings were not captured. These limitations do not diminish the empirical value of the findings but indicate the need for future research involving broader organizational contexts and more diverse customer characteristics to further examine the mechanisms underlying ordering decisions in the convection industry.

CONCLUSION

This study demonstrates that Price Competitiveness and Operational Flexibility are important determinants of Competitive Advantage and Ordering Decision at Duta Collection Convection. Price Competitiveness has a positive and significant effect on Competitive Advantage, while Operational Flexibility exerts a comparatively stronger influence in shaping the firm's competitive position. With regard to Ordering Decision, Price Competitiveness, Operational Flexibility, and Competitive Advantage all exert positive and significant effects, with Price Competitiveness emerging as the most dominant determinant. These findings indicate that customers primarily consider the economic value they obtain when deciding whether to place an order, while operational flexibility and competitive advantage function as complementary factors that reinforce the decision-making process.

The findings further reveal that Competitive Advantage does not effectively mediate the relationship between Price Competitiveness and Ordering Decision, whereas its role in the relationship between Operational Flexibility and Ordering Decision indicates partial mediation. This pattern suggests that the relationships among operational capabilities, competitive positioning, and customer decisions do not operate through a uniform mechanism. The principal contribution of this study lies in integrating price competitiveness

and operational flexibility to explain ordering decisions within a make-to-order convection business context. It also highlights the importance of industry-specific characteristics in understanding how competitive capabilities are translated into customer decisions.

From a practical perspective, Duta Collection should maintain price competitiveness through cost efficiency while preserving product quality and simultaneously strengthen operational flexibility in handling order volume, design variation, production schedules, and specification changes. Enhancing product distinctiveness and corporate reputation is also important for sustaining competitive advantage over time. For management, these findings provide an empirical basis for evaluating operational and marketing strategies, while for the Darut Taqwa Foundation, they offer considerations for strengthening the business capacity of Duta Collection. Future studies should broaden the research setting and sample size and incorporate additional variables, such as product quality, promotion, and customer satisfaction, to develop a more comprehensive explanation of the determinants of ordering decisions.

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