

THE INFLUENCE OF MARKET ORIENTATION, PRODUCT INNOVATION AND BUSINESS CREATIVITY ON MARKETING PERFORMANCE IN MSMEs (STUDY ON MSMEs MANDING DISTRICT)

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ABSTRACT

This research aims to examine the influence of market orientation, product innovation and business actor creativity on marketing performance in MSMEs. The variables used in this research are market orientation, product innovation, and business actor creativity as independent variables, and marketing performance as the dependent variable. This research is quantitative research. The data source in this research is primary data where the data collection method uses a questionnaire method which is distributed to all MSMEs in Manding District which operate in the culinary sector (cassava chips). The number of samples used was 130 respondents. By processing primary data using the Statistical Package For Social Science (SPSS) version 22 analysis technique. The results of this research show that market orientation has a positive and significant effect on marketing performance. Product innovation has a positive and significant effect on marketing performance. The creativity of business actors has a positive and significant effect on marketing performance. Market orientation, product innovation and business actor creativity influence marketing performance simultaneously.

Keywords: Market Orientation, Product Innovation, Business Actor Creativity, Marketing Performance

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1. Introduction

Every company has a goal to achieve long-term growth and survival. In a global era characterized by equal competition due to complex goals and a high level of acceleration, companies are required to have the ability to develop strategic options in the field of marketing management so that they are able to adapt to a dynamic environment. In fact, the market must be managed with systematic efforts to take advantage of superior market performance [1]. Today's business world experiences very complex and volatile competition. said that a volatile environment or what is known as a 'hypercompetitive environment' is described as a condition where the level of competition increases rapidly, namely a condition that includes a battle

for position between price and quality, the creation of new knowledge and the development of benefits as a first-mover advantage. It is more accurately described as an environment due to new products, new technologies and new competitors that threaten market quality [2].

In situations like this, customers are very demanding to be able to obtain a high level of product or service quality at low prices, so it is important for companies to develop a market orientation in order to survive in a dynamic environment [3]. Companies must also try to use the resources they have to be able to innovate. Product innovation is one of the most important competitive factors to achieve success where recently the business environment is always changing rapidly. Innovation as the successful application of creative ideas within a company. Innovation is a company mechanism for adapting in a dynamic environment, so companies

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are required to be able to create new assessments, new ideas, offer innovative products and improve service performance that satisfies customers. Creativity is important in carrying out activities, especially in formulating strategies. Creativity allows a person or organization to come up with new ideas in every plan [4].

Likewise, in the world of marketing, creativity is considered important in preparing marketing strategies. Performance or performance is any system related to activities and the results obtained. Marketing performance is defined as an effort to measure performance levels including sales volume, number of customers, profits and sales growth [5]. Every company has an interest in knowing its achievements as a reflection of the success of its business in market competition, with marketing performance the company can find out where the company's success position is as measured over each predetermined time period [6].

MSMEs in Manding District which operate in the creative industry sector have consistently recorded quite high growth in the last few years. However, the contribution of this segment is still relatively small to the economic structure of Sumenep Regency [7]. This is caused by limited resources to spur capacity development, starting from aspects of capital, promotion to strengthening the quality of competitive products. Referring to data from the Sumenep Regency Cooperatives and MSMEs Service, the number of MSMEs so far is 16,492 operating in various sectors in 2023.

2. Literatur

A. MARKETING THEORY

The definition of marketing according to terminology, comes from the word "market" which means the place where buying and selling transactions occur or the place where sellers and buyers meet. Due to the dynamics of society and economic pressures, the term "marketing" is known, which means carrying out sales and purchase activities of a product or service, based on the interest or desire to buy or sell [3]. Market theory has two dimensions, namely the social dimension and the economic dimension. The social dimension is that transaction activities occur on a consensual basis. And the economic dimension is the occurrence of profits from transaction activities that provide mutual satisfaction. Economic review, the term marketing is the activity of selling a product or service that can be accepted or purchased by buyers because the product or service is useful for the buyer and profitable for the seller. It is said that marketing involves two related elements, namely demand and supply.

This is proven by the many definitions of marketing according to different experts, both from a conceptual perspective and from perception or interpretation, but it all depends on the angle from which marketing is viewed, but in the end it has the same goal [5]. In general, marketing experts are of the opinion that marketing activities are not only aimed at selling goods and services or transferring property rights from producers to end customers, but marketing is an integrated effort to develop strategic plans that are directed at efforts to satisfy buyers' needs and desires in order to get sales. which can produce the expected profits

B. MICRO SMALL TO MEDIUM ENTERPRISES (UMKM)

MSMEs are a collection of companies, which are heterogeneous in size and nature, which, if used together, will have significant direct and indirect

participation in national production, employment and job creation [8]. Small and Medium Enterprises (UKM) is a term that refers to small-scale businesses that have a maximum net worth of around IDR 200,000,000, not including land and buildings. SMEs are an example of an individual business entity which is founded and owned by just one person [17].

C. MARKET ORIENTATION

Orientation is a review to determine the appropriate and correct attitude (direction, place, etc.) as well as the view that underlies thoughts, attention or tendencies [9]. Meanwhile, entrepreneurship is a scientific discipline that studies a person's values, abilities and behavior in facing life's challenges and how to obtain opportunities with the various risks they may face. The essence of entrepreneurship is the ability to create something new and different. Through creative thinking and innovative action to create opportunities. Entrepreneurship is basically a person's spirit, attitude, behavior and ability in handling businesses and/or activities that lead to efforts to search for, create, apply new ways of working, technology and products by increasing efficiency in order to provide better services or obtain large profits.

D. UNDERSTANDING PRODUCT INNOVATION

One of the most important characteristics of an entrepreneur is the ability to innovate. Without innovation a company will not be able to survive for long. This is because customer needs, wants and requests change. Customers will not always consume the same product. Customers will look for other products from other companies that they feel can satisfy their needs. For this reason, continuous innovation is needed if the company wants to continue further and remain established with its business [10]. Apart from companies that continue to innovate their products, there are companies that are ready to face competition with superior products. The more product innovations carried out by a company, the higher the level of competitive advantage of the company. Basically, innovation in the business world is created from various things, including: very tight competition, many similar products being imitated, the system used is not yet efficient, income is stable or there is no increase, and can also be created because of the demands of needs and tastes. Consumers continue to change with the times.

E. MARKETING PERFORMANCE

Marketing performance is also said to be an organization's ability to transform itself in facing challenges from the environment with a long-term perspective. Performance assessment is part of the company's efforts to see the suitability of the strategies it implements in facing environmental changes [18]. The environment has indeed become an important part of the company and is something that is difficult for the company to change. The company can only recognize it and then manage it well so that it can provide benefits to the company.

Marketing performance is a construct that is commonly used to measure the impact of implementing company strategy. However, the issue of performance measurement has become a classic problem and debate because as a construct, marketing performance is multidimensional in that it contains various goals and types of organizations. Therefore, performance should be measured using various measurement criteria at once (multiple measurements).

Marketing performance is a measure of achievement obtained from the overall marketing activity process for a company [11]. This size is an indication of whether a company is progressing or not. The factor that is often used to measure the impact of the strategy used by a company is marketing performance [12]. Market orientation can be defined as a search activity for market information, including current and future consumer needs. The goal of market orientation is to create an organization that is sensitive to market changes. With sensitivity, you can create value that suits the target's needs.

3. Method

A. POPULATION AND SAMPLE

Population is the total number of analysis units, namely the objects to be studied. The population in this research is Sumenep Regency MSMEs operating in the culinary (food) sector which are registered and not registered with the Central Statistics Agency (BPS). The number of MSMEs from January-December 2022 is 16,492 operating in various sectors. The sample is part of the number and characteristics of the population. The sample is part of the population, the sample consists of a number of members selected from the population [13]. Samples can be determined based on considerations of problems, objectives, hypotheses, research methods and instruments as well as considerations of time, energy and costs. Sampling can be done in two ways, namely: (1) Random Sampling (Probability sampling), random sampling carried out by lottery or random/random number tables or by using a calculator/computer. And (2) Nonrandom sampling (Nonprobability sampling), namely non-random sampling. The sample selection in this study used probability sampling with a simple random sampling method. Where simple random is a sampling method where the objects to be sampled are taken at random and do not pay attention to the strata (levels) in the population.

In determining the sample, the researcher was guided by Hair et.al which states that to measure the sample size for better results, it is calculated between $(5 \text{ to } 10) \times \text{number of indicators}$. From this formula, the author took $\times 10$ and the number of indicators from this research was 13 indicators, $10 \times 13 = 130$ samples. Based on these references, the author came to the conclusion to take a sample of 130 samples.

B. DATA COLLECTION METHODS

The data collection method in this research is by using questionnaires and documentation methods. A questionnaire or questionnaire is a data collection method that is carried out by giving a set of questions or written questions to respondents to answer. The documentation method is shown to obtain data directly from the research site, such as relevant books, regulations, reports on photographic activities.

C. RESEARCH INSTRUMENTS

Research instruments are tools used to measure observed natural and social phenomena. The instrument used in this research is a questionnaire containing questions using a Likert scale. The questions in the questionnaire are prepared based on indicators of existing research variables.

D. DATA PROCESSING AND DATA ANALYSIS TECHNIQUES

Multiple linear regression with three variables is a multiple linear regression that connects a dependent variable (Y) with an independent variable (X). The multiple linear regression equation is written [14]:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3$$

Information:

Y = dependent variable (expected variable) X1, X2, X3 = independent variables I, II and III

A = constant

b1, b2 and b3= regression coefficients (Misbahuddin and Hasan, 2013: 89).

Hypothesis testing

1. Simultaneous Test F

This test is carried out to find out whether the independent variables in the model jointly influence the dependent variable used to formulate the hypothesis in the F-Test, namely [14]:

H0: $\beta = 0$, there is no significant influence between market orientation variables, product innovation and business actor creativity on marketing performance in MSMEs

Ha: $\beta \neq 0$, there is a significant influence between market orientation variables, product innovation and business actor creativity on marketing performance in MSMEs

The test criteria are if $F_{count} > F_{table}$, for example at a significance level of 10%, then it can be concluded that H0 is rejected, meaning that the independent variables together have a significant influence on the dependent variable. On the other hand, if the $F_{count} < F_{table}$ value, for example at a significance level of 10%, then it can be concluded that H0 is not rejected, meaning that the independent variables together do not have a significant influence on the dependent variable.

2. Partial Test (t)

This test is carried out to determine whether the independent variables individually have a significant effect on the dependent variable or not. The hypothesis used is as follows [15]:

H0: $\beta = 0$, there is no significant influence between market orientation variables, product innovation and business actor creativity on marketing performance in MSMEs in the city of Makassar.

Ha: $\beta \neq 0$, there is a significant influence between market orientation variables, product innovation, and business actor creativity on marketing performance in MSMEs in Makassar City.

The test criteria used are if the t-test is greater than the t-table value ($t_{test} > t_{table}$, for example at the level of significance, Level of Significance) 10%, then it can be concluded that H0 is rejected, meaning that the independent variables individually have a significant influence on the dependent variable. On the other hand, if the t-test value is smaller than the t-table value ($t_{test} < t_{table}$) for example at a significance level of 10% then it can be concluded that there is no partial (individual) influence of all independent variables on the dependent.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1501.301	3	500.434	135.400	.000 ^b
	Residual	465.691	126	3.696		
	Total	1966.992	129			

a. Dependent Variable: y

b. Predictors: (Constant), x3, x1, x2

4. Analysis

a. Hypothesis testing

Multiple regression analysis is used to measure the strength of the relationship between two or more variables, and also shows the direction of the relationship between the dependent variable and the independent variable. A good regression equation model is one that meets the requirements of the classical assumption test. Previous analysis proves that this research is considered good [16].

This research uses multiple linear regression analysis to predict how far the value of the dependent variable marketing performance will change, if the value of the independent variables market orientation, product innovation and business actor creativity goes up and down. The results that have been processed by researchers are as follows:

Table 1.

Multiple Linear Regression Test Results

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.282	1.151		1.983	.050
	x1	.071	.068	.075	1.944	.022
	x2	.197	.076	.197	2.583	.011
	x3	.473	.064	.645	7.417	.000

a. Dependent Variable: y

Based on the table above, the multiple linear regression equation can be formulated as follows:

$$Y = 2.282 + 0.071 X1 + 0.197 X2 + 0.473 X3$$

The results of this analysis can be concluded as follows:

- 1) The constant value above is 2.282, this figure shows that if X1 (market orientation), X2 (product innovation), and
- 2) X1 (market orientation) shows a coefficient value of 0.071. This means that if there is an increase in market orientation by 1%, marketing performance will decrease by a multiplier variable of 0.071, assuming the other independent variables are considered constant.
- 3) X2 (product innovation) shows a coefficient value of 0.197. This means that if there is an increase in product innovation of 1%, marketing performance will also increase by a multiplier variable of 0.197, assuming that the other independent variables are considered constant.
- 4) X3 (creativity of business actors) shows a coefficient value of 0.473.

This means that if there is an increase in the creativity of business actors by 1%, marketing performance will also increase by a multiplier variable of 0.473, assuming that the other independent variables are

considered constant.

b. Simultaneous Test (F-Test)

The simultaneous test (f-test) is used to determine how far the independent variables influence together in explaining variations in the dependent variable. The results that have been processed by researchers are as follows:

Table 2.

Simultaneous Test Results (f-Test)

Based on table 2, it shows that the f-count value is 135.400 > f-table 3.07, with a probability value of 0.000. Because the probability value is smaller than 0.05, the regression model can be used to predict marketing performance or it can be said that the three independent variables, namely market orientation, product innovation and business actor creativity, together have an influence on marketing performance. Market orientation, product innovation and creativity of business actors are factors that can influence the achievement of marketing performance for MSMEs in Sumenep City. Marketing performance will be achieved through market orientation. Through market orientation, business actors obtain a lot of actual, accurate and action-oriented market information. This information encourages the ability of business actors to grow their creativity so that they are able to create innovative products so that they can improve marketing performance. This means that:

H1: Market Orientation, Product Innovation and Business Actor Creativity Have a Positive and Significant Influence on Marketing Performance, "Accepted"

c. Partial Test (t-test)

The partial test (t-test) is used to measure how much influence an independent variable individually has in explaining the dependent variable. The results that have been processed by researchers are as follows:

Table 3.

Partial Test Results (t-test)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.282	1.151		1.983	.050
	x1	.071	.068	.075	1.944	.022
	x2	.197	.076	.197	2.583	.011
	x3	.473	.064	.645	7.417	.000

a. Dependent Variable: y

Based on table 3, it shows that the market orientation variable has a regression coefficient value of 0.071 which is positive and has a t-count value of 1.944 > t-table 1.656 and has a significance value of 0.02 > 0.05, which means the market orientation variable has a positive influence, and significant to marketing performance. With market orientation, of course this is very supportive, where market orientation is able to create behaviors that can have a positive impact on consumers and will produce superior performance for the company. Market orientation and management ability will synergize well, whether done intentionally or not, because through

innovation and creative ideas, business performance will be realized which will certainly benefit marketing performance. This means that:

H2: Market Orientation Has a Positive and Significant Influence on Marketing Performance, "Accepted".

5. Conclusion

Based on the results of the data analysis that has been carried out and the discussion described in chapter IV regarding the influence of market orientation, product innovation, and business actor creativity on marketing performance. So the following conclusions can be drawn:

1. Market orientation variable

In this research, the market orientation variable is divided into three indicators, namely, customers, competitors and market information, then these indicators are stated in a statement on the questionnaire which represents the market orientation sub-variable, where the market orientation variable has a positive and significant effect on marketing performance. The essence of the market orientation variable is how a business actor can recognize the desires of consumers or the market.

2. Product innovation variable

In this research, the product innovation variable is divided into three indicators, including product line expansion, imitation/imitation of new products. then these indicators are outlined in several statements representing product innovation sub-variables where the product innovation variable has a positive and significant effect on marketing performance. Product innovation is a process that provides solutions to 86 existing problems or adds creative ideas to a product.

3. Business actor creativity variable

In this research, the creativity variable of business actors is divided into 4 indicators, curiosity, optimism, finding solutions, and imagination. Then these indicators are expressed in several statements that represent sub-variables, where the creativity variable of business actors has a positive effect on marketing performance. The essence of the business actor creativity variable is how a businessman or business actor can create a work in his business

4. Marketing performance

In this research, marketing performance variables can be influenced by independent variables, where marketing performance variables are defined. Marketing performance is a measure of achievement obtained from the overall marketing process activities of a company.

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