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THE INFLUENCE OF INNOVATION, MARKET AND ENTREPRENEURSHIP ORIENTATIONS ON MARKETING PERFORMANCE OF SMALL MICRO ENTERPRISES IN KENDARI CITY

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ABSTRACT

Micro and small businesses need to improve marketing performance. This research examines: the influence of innovation, market orientation and entrepreneurial orientation. The population in this research is all micro and small businesses in Kendari City which operate in the food and beverage industry. The sample consisted of 96 respondents, and was taken by accidental sampling. Data collection was carried out using a questionnaire distributed via Google Form and distributed directly to the business domiciles of micro and small business actors. The collected data was then analyzed using multiple linear regression analysis tools, using SPSS version 26 software. The results of the analysis showed that innovation, marketing orientation and entrepreneurial orientation had a significant effect on marketing performance.

KEY WORDS

Innovation, market orientation, entrepreneurship orientation, marketing performance, micro small enterprises.

Micro and small enterprises (MSEs) have a central role in national economic growth, not only contributing directly to overall economic growth but also being one of the largest providers of labor. Marketing performance is the main benchmark of a company's activities and work processes over a certain period of time, which is ultimately reflected in achievements and results that are influenced by the way the company utilizes its resources. Marketing performance according to Sampurno (2010:248) in Ferdy Roring, et al (2018) is the final accumulation of all activities and work processes of the company or a complete view of the condition of the company during a certain period of time which is the result or achievement that is influenced by the company's operational activities in utilizing the resources it has. The ultimate success of marketing performance can be seen from the growth of company profits (Yuliane et al., 2019 in Tejawulan, 2021).

Several crucial factors that influence marketing performance include innovation, market orientation, and entrepreneurial orientation. Innovation, as the introduction and application of new ideas, products, or procedures, plays an important role in a company's ability to solve competitive problems, consisting of the creation, selection, and development of new products and technologies. Product innovation is a key element in a company's strategy to address changes in consumer behavior, competitors, technology and government policy. According to West (2000:18) in Ida Ayu Nyoman Yulias (2019) Innovation is the deliberate introduction and application in work, work teams or organizations of new ideas, processes, products or procedures in work, work teams or organizations, which are designed to benefit the job, work team or organization. Nelly, et al. (2001) in Bulan Prabawani (2015) argue that product innovation refers to the development and introduction of new or developed products that are successful in marketing. Product innovation can take the form of changes to product design, components and architecture. The research results of Ramadlan, Heri, and Trihudiyatmanto (2022) show that product innovation has a positive effect on marketing performance.

Apart from innovation, market orientation is an important aspect in creating and satisfying customer needs in a sustainable manner. A business culture that places consumers at the center and is able to create superior value for customers can be the main driver of company success. According to Tjiptono and Chandra (2012:31) in Kalangi (2017),



market orientation is a business culture that is able to effectively and efficiently create employee behavior in a way that supports efforts to create superior value for customers. The research results of Khaiz and Miguna (2019) show that market orientation has a significant influence on marketing performance. This research is supported by the research results of Kiki, Rusdarti, and Wijang (2020) that market orientation has an influence on marketing performance. The results of these studies are not in line with the research results of Desy, Lalu, and Lalu (2021), that market orientation does not have a significant effect on marketing performance.

On the other hand, entrepreneurial orientation also plays a crucial role in improving company performance. Never give up, the courage to take risks, and flexibility are the core of this orientation. The greater the entrepreneurial orientation a business has, the better its ability to market its products. Research shows that entrepreneurial orientation also has a significant influence on marketing performance. Entrepreneurial orientation is the characteristics and values adhered to by entrepreneurs themselves, namely the nature of never giving up, daring to take risks, speed and flexibility (Debbie Liao and Philip Sohmen, 2001 in Alimudin, 2013). Entrepreneurial orientation emphasizes the enthusiasm to create business innovation, as refreshment from business congestion, which often accompanies the initial steps of innovation (Zhou, et al. 2005 in Alimudin, 2013).

LITERATURE REVIEW

According to Tjiptono (2008), innovation is the practical application of an idea into a new product or process. Innovation is a condition in goods and services and even ideas that are considered something new. Furthermore, according to Charles, et al. (2002: 30) states that innovation is part of a framework that connects aspects of corporate culture with the ability to innovate and improves company performance through consumer purchasing decisions. From the above thinking, product innovation carried out by companies can increase purchasing satisfaction. Classification of innovations in Zahra et al. (1993) there are four multidimensional dimensions, namely innovation in leadership orientation, types of innovation, sources of innovation and level of investment. These four things then become dimensions that must be measured in a company as a basis for determining its level of innovation. According to Rosli and Sidik (2013), there are three indicators used to measure innovation, namely: product innovation, process innovation, and market innovation.

According to Uncles (2000. 1) that market orientation is defined as a process and activity related to creating and satisfying customers by continuously assessing customer needs and desires. The goal of market orientation according to Kotler and Armstrong (2009) aims to meet customer needs and desires with targets that are more effective and efficient compared to competitors to meet company goals. According to Baker & Sinkula (2009), market orientation is a significant factor that allows companies to understand the market and develop product and service strategies that aim to meet customer and market needs. Narver, et al (1990:22) state that market orientation consists of three indicators, namely: customer orientation, competitor orientation, and coordination between functions. Furthermore, indicators of market orientation according to (Uncles 2000) are: customer orientation, competitor orientation, and market information.

Entrepreneurship is a creative and innovative ability that is used as a basis and resource for seeking opportunities for success. Entrepreneurial orientation is a condition where individuals tend to innovate, are proactive and are willing to take risks to start or manage a business. Indicators for measuring entrepreneurial orientation according to Miller (1988) are the ability to innovate, dare to take risks, and be proactive.

According to Sampurno (2010: 248) marketing performance is the final accumulation of all activities and work processes of the company or a complete view of the condition of the company during a certain period of time, which is the result or achievement that is influenced by the company's operational activities in utilizing its resources. the power you have. Marketing performance is a measure of achievement obtained from the overall marketing process activities of a company or organization. Marketing performance can be measured



using various measurement criteria at once. If you use measurement using a single criterion, it will not be able to provide a comprehensive understanding of how a company is actually performing (Prasetya, 2002: 227). According to Voss and Voss (2000) marketing performance can be measured using three indicators, namely: sales volume, market share, and customer growth.

Based on theoretical studies and empirical studies, the conceptual framework in this research is:

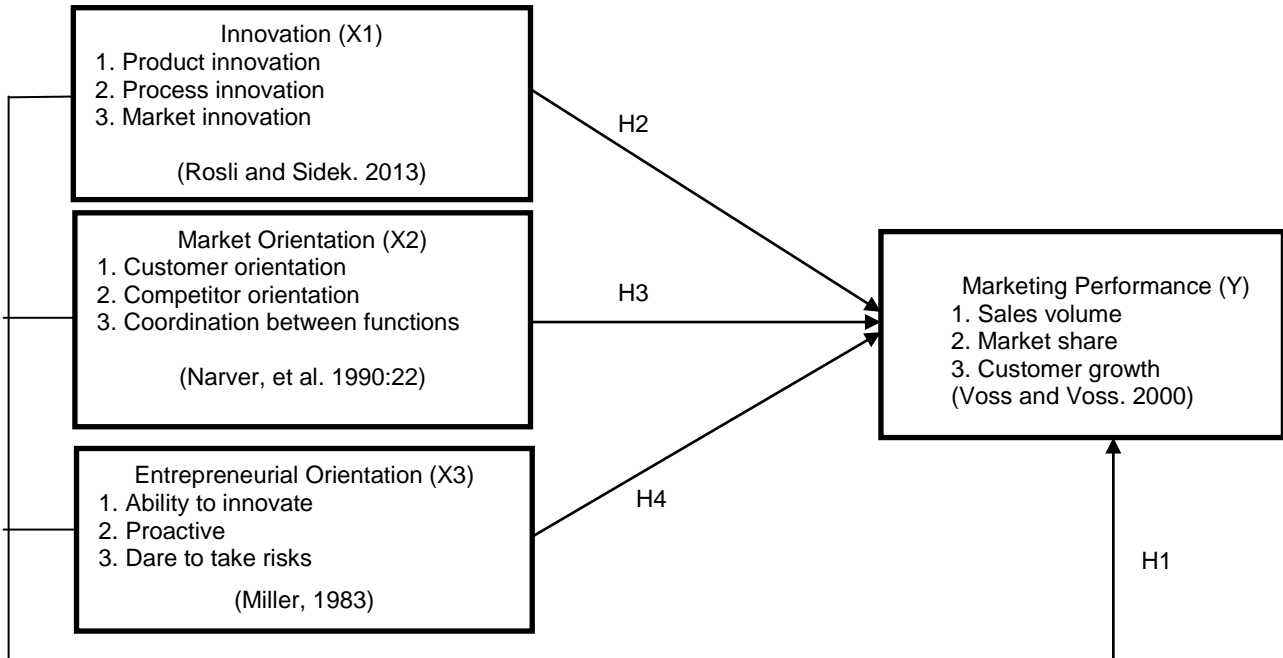


Figure 1 – Research Conceptual Framework

METHODS OF RESEARCH

The population in this research is all micro and small business actors in food and beverage businesses in Kendari City. The population in the study is infinite, so the sample size is determined using the Lameshow formula.

$$n = \frac{Z^2 P(1 - P)}{d^2}$$

Where: n = number of samples; z = z score at 95% confidence = 1.96; p = maximum estimate = 0.5; d = sampling error = 10%.

$$n = \frac{1,96^2 \cdot 0,5 (1-0,5)}{0,01} = 96$$

Thus, the sample size in this study was 96. Furthermore, the sampling technique used was Accidental Sampling.

RESULTS AND DISCUSSION

Test the normality of the variables innovation, market orientation, and entrepreneurial orientation using the graphic method.

Figure 2 shows data spread around the diagonal line and following the direction of the diagonal line. This result shows a normal distribution pattern, so that the innovation variable data meets the normality assumption.

Test the linearity of the variables innovation, market orientation, and entrepreneurial orientation using the curve fit method.

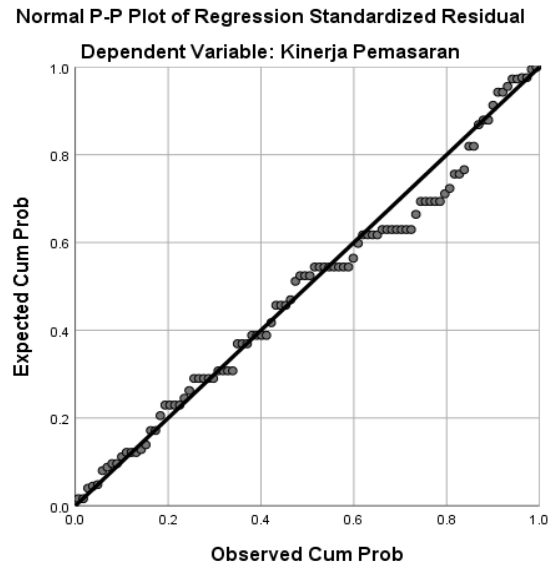


Figure 2 – Normality test of innovation variables (Source: Primary data, processed in 2023)

Table 1 – Test of linearity of innovation variables with marketing performance

Model Summary and Parameter Estimates									
Dependent Variable: Innovation									
Equation	Model Summary					Parameter Estimates			
	R Square	F	df1	df2	Sig.	Constant	b1	b2	b3
Linear	.516	100.211	1	94	.000	.634	.803		
Logarithmic	.564	121.784	1	94	.000	.142	2.697		
Inverse	.558	118.666	1	94	.000	5.774	-7.603		
Quadratic	.591	67.153	2	93	.000	-2.596	2.762	-.282	
Cubic	.594	44.929	3	92	.000	-.793	.940	.289	-.056
Compound	.522	102.546	1	94	.000	1.187	1.337		
Power	.603	142.645	1	94	.000	.960	1.002		
S	.632	161.347	1	94	.000	2.076	-2.910		
Growth	.522	102.546	1	94	.000	.171	.290		
Exponential	.522	102.546	1	94	.000	1.187	.290		

The independent variable is Kinerja Pemasaran.

Source: Primary data, processed in 2023.

The significance value for the entire equation is smaller than alpha 0.05, so that data from the innovation variable and marketing performance shows a linear relationship.

Table 2 – Test of linearity of market orientation variables with marketing performance

Model Summary and Parameter Estimates									
Dependent Variable: Market Orientation									
Equation	Model Summary					Parameter Estimates			
	R Square	F	df1	df2	Sig.	Constant	b1	b2	b3
Linear	.517	100.647	1	94	.000	1.027	.722		
Logarithmic	.538	109.501	1	94	.000	.660	2.367		
Inverse	.508	96.895	1	94	.000	5.558	-6.518		
Quadratic	.543	55.298	2	93	.000	-.689	1.763	-.150	
Cubic	.544	36.553	3	92	.000	-.033	1.100	.058	-.021
Compound	.491	90.674	1	94	.000	1.483	1.271		
Power	.532	106.899	1	94	.000	1.286	.801		
S	.522	102.847	1	94	.000	1.923	-2.251		
Growth	.491	90.674	1	94	.000	.394	.240		
Exponential	.491	90.674	1	94	.000	1.483	.240		

The independent variable is Marketing Performance.

Source: Primary data, processed in 2023.



The significance value for the entire equation is smaller than alpha 0.05, so that data from the market orientation variable and marketing performance shows a linear relationship.

Table 3 – Test of linearity of entrepreneurial orientation variables with marketing performance

Model Summary and Parameter Estimates									
Dependent Variable: Entrepreneurial Orientation									
Equation	Model Summary					Parameter Estimates			
	R Square	F	df1	df2	Sig.	Constant	b1	b2	b3
Linear	.625	156.384	1	94	.000	1.110	.757		
Logarithmic	.617	151.596	1	94	.000	.806	2.419		
Inverse	.546	113.151	1	94	.000	5.751	-6.452		
Quadratic	.630	79.214	2	93	.000	.357	1.214	-.066	
Cubic	.633	52.955	3	92	.000	1.831	-.275	.401	-.046
Compound	.597	139.141	1	94	.000	1.692	1.247		
Power	.609	146.440	1	94	.000	1.526	.717		
S	.555	117.450	1	94	.000	1.897	-1.941		
Growth	.597	139.141	1	94	.000	.526	.221		
Exponential	.597	139.141	1	94	.000	1.692	.221		

The independent variable is Marketing Performance.

Source: Primary data, processed in 2023.

The significance value for the entire equation is smaller than alpha 0.05, so that data from the entrepreneurial orientation variable with marketing performance shows a linear relationship.

Table 4 – Multicollinearity testing

Model	Correlations			Collinearity Statistics	
	Zero-order	Partial	Part	Tolerance	VIF
(Constant)					
1 Entrepreneurial Orientation	.790	.461	.295	.366	2.734
Innovation	.718	.212	.123	.361	2.773
Market Orientation	.719	.205	.119	.355	2.814

Source: Primary data, processed in 2023.

The test results show that there is no tolerance value for the three variables of less than 0.1 and a VIF value of more than 10, so it is stated that there is no multicollinearity in the research model.

Table 5 – Goodness of fit test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.987	3	12.662	64.302	.000 ^b
	Residual	18.117	92	.197		
	Total	56.104	95			

a. Dependent Variable: Marketing Performance
b. Predictors: (Constant), Market Orientation, Entrepreneurship Orientation, Innovation

Source: Primary data, processed in 2023.

Table 6 – Correlation and Determination Coefficients

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.823 ^a	.677	.667	.44376

Predictors: (Constant), Market Orientation, Entrepreneurship Orientation, Innovation^a
Dependent Variable: Marketing Performance^b

Source: Primary data, processed in 2023.

The F-calculated value is 64.302 with significance (p-value) of 0.000, smaller than the confidence level set at 95% with a significance level of 5% or 0.05. These results indicate



that the resulting model is fit.

The correlation (R) between innovation, market orientation and entrepreneurial orientation is 0.823 or 82.3%, in the very strong category. The resulting coefficient of determination value is 67.7%. These results show that the contribution of innovation, market orientation and entrepreneurial orientation variables to marketing performance is 67.7%, while 32.3% is influenced by other variables not studied in this research.

Table 7 – Correlation and Determination Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.298	.251		1.188	.238
1 Entrepreneurial Orientation	.510	.102	.489	4.988	.000
Innovation	.184	.088	.205	2.080	.040
Market Orientation	.199	.099	.200	2.009	.048

Dependent Variable: Marketing Performance^a

Source: Primary data, processed in 2023.

Innovation is known to have a significant positive influence on marketing performance, which means that increasing innovation in products, processes and markets can improve the marketing performance of micro and small business actors in food and beverage businesses in Kendari City. Respondents' answers show the respondents' perceptions of statements related to product innovation, process innovation and market innovation. Respondents' answers to product innovation statements were smaller than respondents' answers to process innovation and market innovation statements. Increasing product innovation can be done by increasing product durability, selecting the ingredients used to make food and drinks, and making innovations to improve the quality of the food and drinks produced. Respondents' answers to the market innovation statement were smaller than respondents' answers to the process innovation statement. Increasing market innovation can be done through increasing innovations in identifying and responding to food and beverage market opportunities. Research results (Mustikowati and Tyasari, 2014; Lapina and James, 2016; Guspul, 2016; Kiki Zuliasanti, Rusdarti, Wijang Paintri, 2020; Ramadhan Falakhussyaifosoni, Heri Purwantp, M. Trihudyatmanto, 2022; Diah Ayu Muatika, Sri Wahyuni, Joko Widodo, 2018; Maman Sulaiman, 2018; Marta Marsela Manahera, Silcyljeova Moniharapon, Hendra N. Tawas, 2018) shows that there is a positive and significant influence between innovation and company performance, so it is in line with this research which also shows that there is a positive and significant influence of innovation on marketing performance.

Market orientation is known to have a significant positive influence on marketing performance, which means that increasing customer orientation, competitor orientation, and coordination between functions can improve the marketing performance of micro and small business actors in food and beverage businesses in Kendari City. Respondents' answers indicate the respondents' perceptions of statements related to customer orientation, competitor orientation, and coordination between functions. Respondents' answers to the competitor orientation statement were smaller than respondents' answers to the statements of inter-functional coordination and customer orientation. Increasing competitor orientation can be done through identification and strategy in dealing with competitors. Respondents' answers to the inter-functional coordination statement were smaller than respondents' answers to the customer orientation statement. Increased coordination between functions in parts within the business scope and coordination with business partners. The research results of Manahera, Moniharapon, and Tawas (2018) are in line with this research, where market orientation has a significant effect on marketing performance. Likewise, research results (Guspul, 2016; Kiki Zuliasanti, Rusdarti, Wijang Satri, 2020; Ramadhan Falakhussyaifosoni, Heri Purwantp, M. Trihudyatmanto, 2022; Diah Ayu Muatika, Sri Wahyuni, Joko Widodo, 2018; Heru Utomo, Umi Khabibah, Fakhtur Rochman, 2021; Maman Sulaiman, 2018; shows that there is a positive and significant influence between market



orientation and company performance, so it is in line with this research which also shows that there is a positive and significant influence from market orientation to marketing performance.

Entrepreneurial orientation is known to have a significant positive influence on marketing performance, which means increasing innovativeness, proactiveness and risk-taking ability of micro and small business actors in food and beverage businesses in Kendari City. Respondents' answers show the respondents' perceptions of statements related to innovativeness, proactiveness, and the ability to take risks. Respondents' answers to the statement of ability to take risks were smaller than respondents' answers to the statement innovative and proactive. Increasing the ability to take risks can be done by continuously trying to find new customers and spending business costs. Respondents' answers to proactive statements were smaller than respondents' answers to innovative statements. Proactive improvement is carried out by providing raw materials, monitoring market prices and searching for information related to business opportunities. The research results of Manahera, Moniharapon, and Tawas (2018) are in line with this research, where entrepreneurial orientation has a significant effect on marketing performance. Likewise, research results (Frank et al, 2010; Setyawati, 2013; Mahmood and Hanafi, 2013; Guspul, 2016; Syukron and Ngatno, 2016; Wittaya Charupongsoon, 2017; shows that there is a positive and significant influence between market orientation and company performance, so it is in line with this research which also shows the positive and significant influence of market orientation on marketing performance.

CONCLUSION

Innovation has a positive and insignificant effect on marketing performance. This means that increased innovation from micro and small business actors in food and beverage businesses in Kendari City will be followed by a real increase in marketing performance. Market orientation has a positive and significant effect on marketing performance. This means that increasing the marketing orientation of micro and small business actors in food and beverage businesses in Kendari City will be followed by a real increase in marketing performance. Entrepreneurial orientation has a positive and significant effect on marketing performance. This means that increasing the entrepreneurial orientation of micro and small business actors in food and beverage businesses in Kendari City will be followed by a real increase in marketing performance.

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