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Achieving Marketing Performance through Orientation Innovation and Entrepreneurial Orientation

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Abstract

Research aims: The purpose of this study is to examine the connection between innovation orientation (IO) and entrepreneurial orientation (EO) and its role in mediating marketing orientation (MO) to achieve marketing performance (MP), specifically focusing on MSMEs in the culinary sector in Banyumas, Purbalingga, Cilacap, and Kebumen (Barlingmascakeb).

Design/Methodology/Approach: Data were collected from 100 food industry businesses in Barlingmascakeb. Structural equation modeling (SEM) was used utilizing Smart PLS to analyze data.

Research findings: The results demonstrated that innovation orientation had a positive effect on entrepreneurial orientation and marketing performance. EO, which mediated the relationship between IO and MP, acted as a partial mediator. RBV is still a relevant theory for MSMEs, where organizational resources are assets that need to be managed and become superior to expand in a dynamic market. The research findings also support the MBV theory, where the market is a necessary factor to be considered by MSMEs in business and entrepreneurial decision-making. RBV and MBV actually complement each other and have an important role in influencing marketing performance.

Theoretical contribution/Originality: This study contributes to the management study literature, which has built an empirical model that encourages MSME marketing performance by investigating the relationship between IO, EO, and MO to support MSME marketing performance.

Practitioners/Policy Implications: This study provides insight into culinary MSME entrepreneurs to focus on innovation orientation and not ignore market orientation as a supporter of innovation and marketing performance.

Research Limitations/Implications: This research only focused on MSMEs in the culinary sector, so generalizations and findings were limited. Therefore, future studies are expected to combine larger and more diverse samples.

Keywords: MSMEs; Business Performance; Marketing Orientation; Creative Industries; Innovation

Introduction

Data from the Central Statistics Agency recorded that the proportion of micro-small-scale industries (IMK) in the food sector in Indonesia reached 36% of all national IMKs. MSMEs in the culinary sector are growing rapidly in

Indonesia and contribute greatly to economic growth. However, globalization and rapid competition make it difficult for MSMEs to adapt to dynamic market changes. MSMEs have also not been able to survive side by side with large companies (Fritz & Schiefer, 2009). As such, marketing in small-scale businesses such as MSMEs is very important to understand, especially with regard to innovation, consumer engagement, entrepreneurial approaches, and market orientation (Jones & Rowley, 2011). Market orientation (MO) has been identified as having a role and contributing significantly to business performance (Narver & Slater, 1990); (Kohli & Jaworski, 1990). In fact, several studies have identified that low-performance levels and high business failures are due to the neglect of MO in MSME practices (Alpkan et al., 2007);(Brooksbank et al., 2004). From previous research gaps, the authors are encouraged to bridge these problems by adding innovation orientation (IO) as an intervention. Altuntas (2013) states that IO is highly dependent on MO and acts as a mediator that drives marketing performance (MP). Yadav and Tripathi (2019) and Morant (2016) also explain that innovation successfully mediates the variable relationship between IO and MP.

Since the low ability to innovate and do entrepreneurship is a fundamental problem, MSMEs have not been able to compete in the domestic and global markets (Indriastuti et al., 2020). However, in practice, they can agilely take advantage of changes in quality-oriented consumer demand patterns. Innovation, creating new products, creativity, and new ideas and processes are important fuels for MSMEs to maintain their businesses and grow in the market (Wang & Chen, 2018). The ability to innovate is a strategic way to deal with market dynamism and maintain their competitive position in the market (Tuan et al., 2016). Innovation encourages MSMEs to increase their sales (Indriastuti et al., 2017). However, several studies have obtained different findings; innovation has not been able to improve the MP of MSMEs (Boermasns, 2015);(Ichwan & Nursyamsiah, 2019). The difference in the results of previous studies allows for intervening variables that bridge the relationship between IO and MP, so the author is encouraged to add EO to bridge the gap. To the authors' knowledge, very little research portrays entrepreneurial orientation (EO) as a mediator of the relationship between IO and MP. Harif et al. (2022) stated that no research model adds EO as a variable that mediates innovation in MP, so the results of this study will fill the gap.

Additionally, the superiority of a small-scale organization is determined by the role of the entrepreneur, whereas in small organizations, it is easier to embed EO into the organizational culture (Zantos & Anderson, 2004). Rauch et al. (2009) asserted that entrepreneurship is a process of policy-making strategy that allows entrepreneurs to act and run the organization according to what is planned and refers to new things. In this case, entrepreneurs are the main actors in executing the policies and strategic plans of the organization. As the market changes, the concept of entrepreneurship develops into entrepreneurial marketing, which involves the roles of entrepreneurs and consumers in creating shared value and is used as a tool of organizational strategy in the 21st century to overcome a dynamic marketing environment (Hills et al., 2008);(Morris et al., 2002). However, the problem (Jones & Rowley, 2011) revealed overlap between the dimensions of EO built previously and suggested that research is needed to investigate the relationship between IO and EO to ensure the level of alignment of concepts built in the

entrepreneurial marketing orientation (EMO) model. For that reason, this study investigates and analyzes the relationship between IO and EO so that the results of the study will address the gap and how it is implemented in MSME business practices.

The purpose of this study is to understand whether there is a significant relationship or influence between IO, EO, and MP. In addition, this study investigates the influence of MO on IO and EO and tests and analyzes whether IO and EO function as mediators to encourage MSME performance. This study contributes to the management study literature, which builds an empirical model that encourages MP by investigating the relationship between IO, EO, and MO to support MP.

Literature Review and Hypotheses Development

Theoretical and Conceptual Backgrounds

The theories of Resource-Based View (RBV) and Market-Based View (MBV) underlie the construction of the model in this study, where it is explained that the success of the organization is influenced by internal factors of the company, which include its resources (Barney, 1991). The responsibility of the organization is to exercise control over its resources to improve its marketing performance. Organizations must utilize their resources, including human resources, in this case, entrepreneurial orientation and innovation orientation. Empirical research evidence conducted (Jyoti & Efraxia, 2023) elucidates that resource-based values (RBV), innovation orientation, entrepreneurial orientation, and market orientation can influence performance. Companies that can manage their resources well can increase their competitive advantage and improve performance (Masyitoh et al., 2017). This theory is relevant to use in this research because the internal resources of MSMEs are very important to achieve business performance, and based on the RBV theory, this research applies two variables, namely IO and EO, to support MP.

The concept of MBV was developed by Porter (1980) with a competitive force model, explaining that an organization's business performance can be achieved with an emphasis on MO (Porter, 1985); (Hoskisson et al., 2004). This theory emphasizes the vital role of the market as an important orientation for the company, which ultimately has implications for company performance. Research by Tan and Litsschert (1994) shows that a market environment characterized by dynamics, complexity, and hostility requires companies to be more proactive, innovative, and willing to take risks, and these three attitudes have a positive influence on company performance. Moreover, RBV and MBV complement each other and have an important role in explaining their influence on company performance (Simatupang, 2013). Innovations created by MSMEs must be driven by market needs and consumer desires, so small businesses such as MSMEs must not ignore the MO dimension of innovation. Based on MBV theory, MO is applied as a variable influencing IO and EO.

According to Rauch et al. (2009), an organization's success is measured by its potential to develop, but M. Schulze and Bövers (2022) determine performance by an organization's propensity to make a profit. High marketing performance, which is shown in rising sales volume, a sizable market share, and rising profits, is a sign of good business success (DiBella et al., 2023). If the company can enhance productivity, creativity, and innovation with its current resources, it is deemed to be performing well. Performance can be measured by comparing the outcomes with the goals set by the business unit within a specific timeframe (Sumiati, 2019). MP is the result achieved by the company, which refers to the success or failure of the product sold in the market (Ferdinand, 2000). According to Ferdinand (2000), there are four marketing performance indicators used in this study to measure the marketing performance of MSMEs: profit growth, which reflects company conditions; customer growth, seen from the number of customers; the size of the average sales and consumption volume; and marketing growth, which refers to the percentage change in market size during a certain period.

The key role of innovation in business development makes the concept of innovation increasingly developed and adaptable to the field of science and the times. The definition of innovation (Schumpeter, 1934) is how companies introduce new products through the utilization of new resources that are processed by new methods so that they ultimately have the opportunity to gain new markets. Then, the concept of innovation orientation was developed, and Amabile and Pratt (2016) revealed that this concept is more focused on creativity, enthusiasm, and daring to risk doing something different than before with offensive strategies for the future. Orientation, according to J.-S. Chen et al. (2009) developed an organizational openness to new ideas and creativity carried out to change organizational culture for the better by adapting existing resources, technology, administrative systems, and skills. The main dimensions of innovation orientation, according to Werlang (2019), namely creativity, risk-taking, future orientation, openness to change, and proactivity, were used in this study to measure IO.

Moreover, EO is an organization's tendency to act independently, be willing to take risks and act proactively when faced with market uncertainty (Vargas & Montoya, 2022). It is this way for companies to take advantage of new business opportunities that underlies the analysis of EO (Méndez et al., 2021). Besides, this study refers to findings (Miller, 1983) that introduce the EO dimension with three indicators: innovation, proactivity, and courage to take risks. According to Lumpkin and Dess (2001), innovation is the development of new products through a process of experimentation or creativity, while proactivity is a prospective trait that involves having future insight by looking for opportunities and anticipating future demand. Also, courage to take risks is a company's readiness for actions and decisions taken based on speculation that can cause personal, financial, and business risks.

Marketing literature has noted that MO is a key concept in marketing strategies (Fretschner et al., 2022). MO is motivated by responses to increasingly dynamic market conditions and ever-changing consumer desires (Ozkaya et al., 2015). MO is also defined as strategic activities carried out to understand consumer needs (Narver & Slater, 1990). According to Narver and Slater (1990), MO is the most effective and efficient culture for

shaping the behaviors necessary to create superior value. MO is studied with the aim of helping companies get information from consumers and know market conditions to improve company performance. Based on this approach, this study refers to the MO dimension according to Narver and Slater (1990), which includes competitor orientation, customer orientation, and coordination between functions.

Innovation Orientation (IO) and Entrepreneurial Orientation (EO)

Small-scale industries such as MSMEs require an entrepreneurial role to support creativity and innovation. Innovation is a supporter of EO, as explained by Covin and Wales (2019), who stated that EO is an organizational feature that reflects proactive and innovative attitudes and behaviors built to create organizational performance. In this case, IO is the driving force behind the creation of EO. IO encourages MSMEs to create new products or better services, which is an aspect of entrepreneurial orientation (Majali et al., 2022). When the company is innovation-oriented, it can motivate employees and business owners to think creatively (Sturm et al., 2023). It can create internal entrepreneurship because employees are engaged to innovate so that they feel more empowered to create change (Murmah et al., 2023). IO also plays a role in encouraging entrepreneurial and performance-oriented behavior (Daradkeh & Mansoor, 2023). Although in previous empirical studies, there were still very few studies investigating the relationship of IO to EO, the hypothesis of this study was also built on postulates (Jones & Rowley, 2011) that stated the positive impact of IO on EO.

H_{1a}: IO positively affects EO.

Innovation Orientation (IO) and Marketing Performance (MP)

The culinary sector industry needs innovative producers with creativity in exploring new ingredients and processes created from customer engagement that provide positive suggestions to trigger better MP. Innovative MSMEs will tend to be more creative and understand customer needs and desires so that the market can accept innovations. IO can be said to be very important for MSMEs because it is very likely to support MSME MP. Several studies that have been done in the past show this to be true. One of these is Ayinaddis's (2023) study, which looked at the four dimensions of innovation orientation: product, process, marketing, and organizational innovation, all of which have a positive effect on performance. Other findings (Farzaneh et al., 2022) prove that innovation-oriented companies are more likely to utilize dynamic capabilities to improve marketing performance. A study (Zainal, 2022), which investigated the dimensions of IO, namely creativity, risk-taking, and future orientation, also proves that IO had a significant relationship with marketing performance. The study results (Schaffer et al., 2021) showed the same result: IO has a positive impact on MP.

H_{1b}: IO positively affects MP.

Innovation Orientation, Market Orientation, and Marketing Performance

Innovations created by MSMEs must be in accordance with market needs and consumer desires, so small businesses such as MSMEs must not ignore the MO dimension when innovating. Marketing is a dimension that plays an important role in supporting the creation of innovations in accordance with ever-changing consumer preferences so that organizations can face increasingly fierce competition (Hughes, 2018). The findings (Harif et al., 2022) revealed that innovation is the main source of increased sales profits. Wilson & Dobni's (2022) research also indicates that creating an IO can increase competitiveness. IO is proven to mediate the relationship between digital capabilities and sustainable entrepreneurship partially (Do et al., 2023). To support the influence of MO on EO, in this study, IO was used as a mediator of the relationship between the two, with the hope that IO can mediate MO on EO. From these explanations and arguments, this study proposed a hypothesis that:

H_{1c}: IO mediates the relationship of MO to EO.

Entrepreneurial Orientation (EO) and Marketing Performance (MP)

MSMEs have a very creative tendency to look for market opportunities that exist in various conditions and must have an entrepreneurial pattern to rejuvenate their business and get new opportunities. These activities increase the company's potential to achieve MP (Martin & Javalgi, 2016). Based on an analysis of 37 studies, Rauch et al. (2004) concluded that there is a considerable relationship between EO and MP. The meta-analysis conducted (Ipek et al., 2023) also provides strong support for the influence and beneficial impact of EO on aspects of MP. Research (Karnowati & Handayani, 2022) proves that EO is needed by MSMEs in unstable market conditions to improve MSME MP in an aggressive and risky way. Some previous findings also uncovered that entrepreneurship-oriented companies could compete and drive better company MP (Kusa et al., 2021); (Rachmania et al., 2012); (Karnowati & Handayani, 2022). Based on the explanation above, the research hypothesis was formulated as follows:

H_{2a}: EO positively affects MP.

Entrepreneurial Orientation, Innovation Orientation, and Marketing Performance

The effect of EO on company performance has been investigated in many studies. EO is an organization's tendency to act independently, be willing to take risks, and act proactively when faced with market uncertainty (Vargas & Montoya, 2022). Thus, IO is needed for companies to take advantage of new business opportunities to create new products and markets (Méndez et al., 2022). According to a study (Lumpkin & Dess, 2001), IO, through the development of new products with experimental processes or creativity, can improve MP. The proactive nature and prospective nature of having future insight by

looking for opportunities and anticipating future demand encourage business actors to dare to take risks (Gold & Jones, 2023). It is a manifestation of the company's readiness for actions and decisions to be taken based on speculation. From the explanation above, IO can be placed as a supporter of EO, so this study formulated the following hypothesis:

H_{2b}: EO mediates the relationship between IO and MP.

Market Orientation (MO) and Innovation Orientation (IO)

Since the emergence of innovation is motivated by market demand, consumer needs, and desires, MO must be considered to create innovations in accordance with customer preferences. The relationship between MO and IO is very close; this can be seen in the development of MO dimensions, according to Grinstein (2018), which include innovation orientation. MO is a set of organizational strategic cultures ranging from acquiring customer information (Rodriguez et al., 2011) to developing new products (Lee & Choi, 2023). An organization that implements a MO culture can improve the performance of new products, increase trust and communication (Murray & Kotabe, 2011), and predict market trends.

Several empirical studies confirm the positive impact of MO on IO, including findings (A. Schulze et al., 2022) that changes in customer demand encourage companies to create new products. Market-oriented companies will be good at answering the needs of potential customers; they will tend to create new products and services first to outperform their competitors (K. Y. Chen & Huan, 2022). Getting market information is an essential factor that can influence a company's innovation (Rua & Santos, 2022). It is also stated that companies with high MO will design the right processes, products, and services to meet the changing needs of the market (García-Hurtado et al., 2022). MO and technological opportunities are factors that drive innovation in companies (Dosi, 1988); (Qu & Mardani, 2023). Based on this explanation, the formulation of this research hypothesis is:

H_{3a}: MO positively affects IO.

Market Orientation (MO) and Entrepreneurial Orientation (IO)

Slater and Narver (1995) concluded in their research that EO is an important complement to MO because the implementation and integration of the two orientations are necessary for companies to achieve high operating profits. MO and EO are two different approaches needed by companies to create better performance. Several studies have confirmed the influence of MO on EO (Susanto & Sulaiman, 2020), which investigated the influence of MO on EO with significant positive results in their research. A study (Karnowati et al., 2022) also explained that a higher degree of MO will increase the degree of EO. The results of other studies support the positive influence of MO on EO (Singh & Chakraborty, 2022); (Haryanto et al., 2018); (Acosta et al., 2018).

H_{3b}: MO positively affects EO.

The review and findings of previous research became the basis for researchers to develop models to improve marketing performance through innovation orientation, entrepreneurial orientation, and marketing orientation, as illustrated in Figure 1.

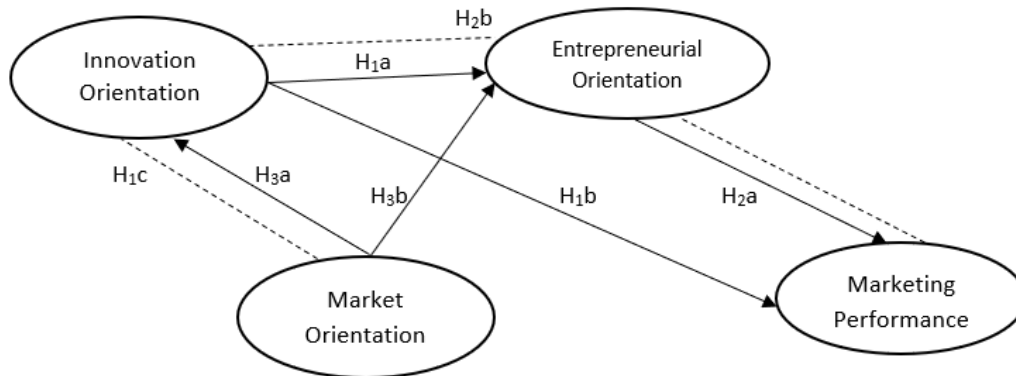


Figure 1 The Conceptual Research Framework

Research Method

The survey, using an online questionnaire, was conducted to evaluate the innovation and marketing performance of MSMEs in the culinary sector. The questionnaire questions were related to general company data, innovation, entrepreneurship, market orientation, and marketing performance achievements. A total of 100 culinary MSMEs in the Banyumas, Purbalingga, Cilacap, and Kebumen areas were involved, with the criteria: had been operating for one year. Questionnaires were distributed via email and phone numbers to business owners or managers.

Variable Measurement

Measurement variables in this study were adopted from several previous studies. Each variable had several indicator statements measured using a Likert scale from one to five. Variable measurement instruments are presented in Table 1.

Table 1 Operational Variables

Variable	Theory	Label	Instrument
Market Orientation (MO)	Narver & Slater (1990)	MO1	Principled to provide satisfaction to customers
		MO2	Responding to customer criticism and suggestions.
		MO3	Observing competitors' developments.
		MO4	Encouraging competitors to make improvements.
		MO5	Responsible and responsive in serving customer requests.
		MO6	Information and collaboration within the team went well.
Entrepreneurial Orientation (EO)	Miller (1983), Lumpkin & Dess (2001)	EO1	Creating new products or programs.
		EO2	The product or program created is unique.
		EO3	Proactively developing strategies to face market changes.
		EO4	Aggressively using online media for marketing.
		EO5	Dare to take risks to try new strategies.
		EO6	Having short-term and long-term goals.
Innovation Orientation (IO)	Werlang (2019)	IO1	Be creative and experiment.
		IO2	Dare to take risks to create new products.
		IO3	Future-oriented.
		IO4	Openness to change.
		IO5	Developing a strategy to face the market.
Marketing Performance (MP)	Ferdinand (2000)	MP1	Net profit increases.
		MP2	The number of new customers increases.
		MP3	Product distribution increases.

Data Analysis

To find out the characteristic picture of MSMEs, data were analyzed using SPSS descriptive statistics. Ghozali (2015) stated that researchers can use SmartPLS to test validity and reliability if the loading factor value is above 0.6 and the average variance extracted (AVE) value is more than 0.5. In addition, reliability was measured by composite reliability and Cronbach alpha values above 0.7 (Chin, 1998). Utilizing SmartPLS, the authors looked at the inner model and the results of the path coefficient from the bootstrapping process to figure out how the variables are related.

Results and Discussion

The characteristics of business actors were analyzed by gender, age, and education. Of the gender of respondents, 70% were female, and the remaining 30% were male. The majority of MSME owners in the culinary sector were women, indicating that the role of women in entrepreneurship is increasing in society (Ramadani et al., 2017). When viewed from the age of the owner, 95% of business actors in the productive age category were 20–50 years old, and only 5% were over 50 years old. It shows that culinary businesses contribute greatly to government programs, i.e., being able to reduce unemployment and create jobs. In addition, the education level of the majority of businesspeople was 50% bachelor, 15% diploma, and only 2% of businesspeople had a junior high school education. It illustrates that MSMEs are not always synonymous with businesses made by poorly

educated people and shows that being a business actor is a choice, not because of an inability to access employment.

Moreover, the business characteristics of respondents were analyzed by length of business, venture capital, official business license, and source of capital. Regarding the length of business, most respondents (74%) had been in business for 1–5 years, and 3% had been in business for over 15 years. It denotes that most of them were new MSME entrants. When viewed from the perspective of venture capital, 46% started a culinary business with a venture capital of 5 million rupiahs, and only 17% had a venture capital of 30 million rupiahs. It shows that the culinary industry is included in the category of small industries that do not require large amounts of capital, i.e., the amount of additional venture capital that can be raised along with the development of MSME businesses. Concerning official business licenses, 57% did not have an official business license, and the remaining 43% already had an official business license. Although it had insignificant differences, it illustrates that some MSMEs still do not know about official business licenses, so education needs to be given related to this. In terms of capital sources, 85% of business sources were from the owner's equity finances, and 6% were loans. It suggests that business owners rely on owner's equity rather than loans because the initial venture capital of the culinary business does not require high costs. A detailed description of respondents' characteristics can be seen in Table 2.

Table 2 Respondent Data

Variable	Classification	Total	Percentage
Gender	Male	30	30%
	Female	70	70%
Age	20-29	38	38%
	30-39	37	37%
	40-50	20	20%
	> 50	5	5%
Education	Elementary school	0	0%
	Junior high school	2	2%
	Senior high school	33	33%
	Diploma	15	15%
	Bachelor	50	50%
Length of Business	1-5	74	74%
	6-10	17	17%
	10-15	6	6%
	>15	3	3%
Venture Capital (Rupiah)	< 5 million	46	46%
	5-10 million	23	23%
	11-20 million	11	11%
	21-30 million	3	3%
	>30 million	17	17%
Official Business License	Yes	43	43%
	Not	57	57%
Capital Sources	Owner's equity	85	85%
	Loan	6	6%
	Loan and personal capital	9	9%

Then, this study used the structural equation model SMARTPLS to analyze measurements and structural models.

Table 3 Convergent Validity

Variables	Indicators	Loading Factors Running 1	Loading Factors Running 2	Cronbach's Alpha	AVE	Composite Reliability
Market Orientation (MO)	MO1	0.634	0.624	0.741	0.555	0.788
	MO2	0.718	0.792			
	MO3	0.283	Rejected			
	MO4	0.443	Rejected			
	MO5	0.807	0.741			
	MO6	0.648	0.636			
Entrepreneurial Orientation (EO)	EO1	0.773	0.775	0.834	0.548	0.878
	EO2	0.819	0.817			
	EO3	0.746	0.743			
	EO4	0.681	0.679			
	EO5	0.604	0.609			
	EO6	0.797	0.798			
Innovation Orientation (IO)	IO1	0.760	0.758	0.752	0.571	0.788
	IO2	0.698	0.712			
	IO3	0.852	0.866			
	IO4	0.669	0.673			
	IO5	0.436	Rejected			
Marketing Performance (MP)	MP1	0.842	0.846	0.861	0.776	0.912
	MP2	0.908	0.911			
	MP3	0.889	0.884			

Table 3 shows the results of the outer model measurement, where there was a correlation value of < 0.6 in running 1, so the MO3, MO4, and IO5 indicators had to be excluded from the model. Bootstrapping was repeated and obtained a loading factor value of > 0.6 and a Cronbach alpha and AVE value of > 0.7 to claim that the construct had a high convergent validity value.

Table 4 R-Square Results

Variable	R Square	Adjusted R Square
Marketing Performance (MP)	0.204	0.188
Innovation orientation (IO)	0.046	0.030
Entrepreneurial orientation (EO)	0.283	0.278

The R-square values shown in Table 4 indicate how the structural model foresaw the association between latent variables. According to Chin (1998), an R-square value of 0.67 is considered strong, 0.33 is considered medium, and 0.19 is considered weak. The MP variable might be explained by the IO and EO variables by 20.4%, according to the R-square marketing performance value of 0.204 in the medium category > 0.19 . The R-square of the EO variable of 0.283 in the medium category means that the MO and IO variables could explain the EO variable by 28.3%. Also, IO could be explained by a MO variable of 4.6%.

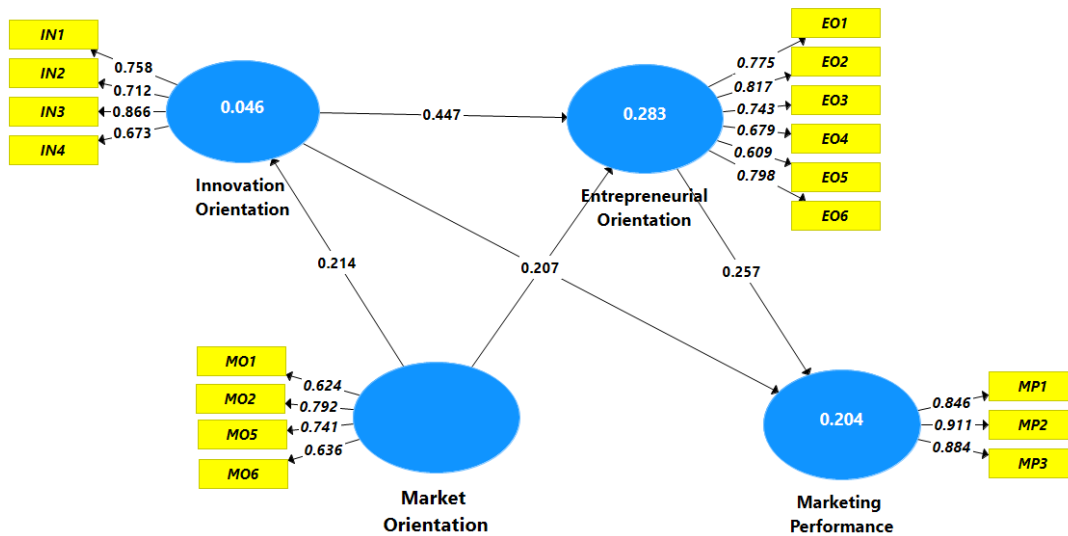


Figure 2 Structural Equation Model

Hypothesis testing was then measured by looking at the significance p-value; if it is below 0.05, the study results support the hypothesis, and if the p-value is above 0.05, the results do not support the hypothesis (Hair et al., 1998). The findings of H1a, H1b, H2a, H2b, and H3b supported the hypothesis, while H1c and H2b did not support the hypothesis. While EO mediated the relationship between IO and MP, IO could not mediate the relationship between MO and EO. The full results of hypothesis testing are presented in Table 5.

Table 5 Inner Model Results

Hypothesis	Relationships	Original Sample	T-Statistic	P-Value	Result
H1a	IO → EO	0.446	5.444	0.000	Supported
H1b	IO → MP	0.267	3.117	0.002	Supported
H1c	MO → IO → EO	0.089	1.645	0.101	Unsupported
H2a	EO → MP	0.257	2.359	0.019	Supported
H2b	IO → EO → MP	0.114	2.201	0.028	Supported
H3a	MO → IO	0.199	1.751	0.081	Unsupported
H3b	MO → EO	0.231	2.427	0.016	Supported

The hypothesis (H1a) of this study was accepted, as evidenced by the value (p-value = 0.000 < 0.05, t-statistical value = 5.444, and O = 0.446), meaning that IO had a significant positive effect on EO. This finding explains that the higher the degree of IO, the higher the degree of EO. The results of this study answer the proposition of Simpson et al.'s (2006) statement that highly innovation-oriented companies will lead their industries in steps determined by companies, where, in this case, the company's policy decision-makers are managers or owners of companies oriented towards entrepreneurship. Innovation-oriented MSMEs will be able to explain the advantages of their products in markets where the products are designed to meet market desires. IO also strongly involves the role of EO so that the strategic steps determined are the best weapons to face market competition.

The value (p-value = 0.0020.05, t-statistic value = 3.117, and O = 0.267) supports the H1b hypothesis of this study, indicating that IO had a significant positive effect on MP. This discovery explains why the degree of IO increases with the degree of MP. The results of this study are supported by Gu and Su (2017), who have investigated the relationship of IO to the success of MP with positive and significant results. MSMEs must actively innovate to face competition. IO allows MSMEs to be able to study and track customer needs so that they can develop new products or services that suit consumer desires. This finding also confirms the RBV theory, where IO acts as an organizational resource that supports marketing performance improvement (Masyitoh et al., 2017). RBV is still a relevant theory for SMEs, where organizational resources are assets that must be managed and become superior to expand in a dynamic market (Elia et al., 2021). Besides, innovation creates an advantage so that MSMEs have competitiveness and are ready to compete in the market. It can be done through the implementation of internal processes that aim to improve understanding of customer needs and product development so that MSME businesses can achieve better MP.

As evidenced by the value (p-value = 0.0190.05, t-statistic value = 2.359, and O = 0.257), the hypothesis (H2a) of this study was accepted, denoting that EO had a significant positive effect on MP. The results of this study are supported by Ferreras-Méndez et al. (2021) and Perlina et al. (2021), which stated that EO is needed to create better MP. MSMEs can survive in various uncertain conditions because they are very creative in looking for market opportunities. This research used indicators of the dimensions of innovation, proactivity, and courage to take risks, which are the main factors that encourage MSMEs to improve MP (Kusa et al., 2021). It takes an innovative and creative mindset and the courage to take risks so that MSMEs can survive even in very difficult conditions. This finding also enriches the supporting literature for the theory that RBV implementation in MSMEs has an impact on performance. Based on a review of the resource-based view (RBV), the concept of entrepreneurial orientation is decisive in organizations. The excellence of MSMEs in an entrepreneurial orientation will encourage an MSME business environment ecosystem that supports all organizational activities for improved performance (Gueler & Schneider, 2021).

Furthermore, the value (p-value = 0.0160.05, t-statistic value = 2.427, and O = 0.231) indicates that the H2b hypothesis was accepted and that EO served as a partial mediator of the association between IO variables and MP. The inclusion of the EO variable as an intervening variable also exhibited a substantial positive direction, indicating that EO mediated the relationship between the two. IO directly positively influenced MP. The results, however, indicated that IO could not mediate the association between MO and EO, as shown by the values (p-value = 0.081>0.05, t-statistic value = 1.751, and O = 0.199), which indicated that the H1c hypothesis was rejected. MP benefited directly from MO, while IO could not function as a mediating factor in the interaction between MO and EO. The results of this study disproved the hypothesis (H3a) that MO influenced IO (p-value = 0.081>0.05, t-statistic = 1.751, and O = 0.299). The results of this study differ from Haryanto et al.'s (2018) research, which supports the hypothesis. Nevertheless, the results of this study are consistent with Jansen (2017), which does not support the hypothesis. The difference in the results of this study can be explained by the fact that MO, which is

a supporting factor for IO, has not been considered by MSMEs. The ability to anticipate market changes is an absolute requirement for creating innovation and has not been the focus of MSMEs. MSMEs only try to survive with existing conditions because they have internal weaknesses, namely limited technology and information capabilities, so they cannot move quickly to adjust to market changes (Violinda, 2018). MSMEs have also not been able to adapt to changes in behavior and consumer culture that change very quickly following the development of trends.

The study's hypothesis (H3b) that MO positively affected EO was approved, and Karnowati and Handayani (2022) backed up this conclusion. It clarifies that the degree of EO increases with the degree of MO. Thus, MSMEs are encouraged to actively develop and set strategies to face competition through MO analysis, which includes orientation to consumers and rivals as well as the speed of cooperation across departments. Business people are strongly motivated to be EO to achieve greater MP under dynamic and difficult market conditions (Karnowati et al., 2023). This finding supports the MBV theory that the market, as an external factor for MSMEs, is essential to pay attention to support performance. As proven in this study, EO has a significant value in influencing MP with variable support. Customer knowledge and information insight are the level of company understanding of customers that is the basis for business decision-making, while business decisions are made by managers or entrepreneur-oriented business actors (Varadarajan, 2020).

Conclusion

This study's primary goal was to demonstrate the relationship between IO, EO, and MP. From the study results, it can be concluded that IO had a positive effect on EO. It indicates a cause-and-effect relationship between the two and answers Jones and Rowley's (2011) statement that the relationship between IO and EO should be studied to make sure that the concepts in the EMO model are aligned. In addition, IO had a positive effect on EO and MP, meaning that IO plays an important role in supporting the creation of EO and MP. These results reveal that MSMEs must pay more attention to IO in their business processes because of the importance of IO's role in creating EO and MP. Research findings also show that the role of EO, which mediated the relationship between IO and MP, acts as a partial mediator. However, a different finding is that IO could not mediate the relationship between MO and EO. It implies that IO has not been a concern for small-scale MSMEs and still tends to be ignored. This study contributes to the management study literature, which has built an empirical model that encourages MSME marketing performance by investigating the relationship between IO, EO, and MO to support MSME marketing performance.

This research model was still limited to testing the causal relationship of MO to IO and EO and did not test the effect of IO on MO. The authors think that IO is so hard for MSME players to do because of limited resources. However, it should be understood that innovation can often open doors for MSMEs to open new market segments or fill niche markets that large businesses have not touched. Innovation can also help MSMEs

differentiate themselves from competitors and have an impact on their market orientation. It is hoped that further research can be carried out on MSMEs so that it can be an input for small businesses to pay attention to innovation orientation to create new markets.

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