

The Effect of Market Orientation and Entrepreneurial Orientation on the Marketing Performance of Msmes in Deket District

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Article Info	ABSTRACT
Keywords: market orientation; entrepreneurial orientation; marketing performance; MSMEs; Deket District.	This study aims to analyze the influence of market orientation and entrepreneurial orientation on the marketing performance of MSMEs in Deket District. The study used a descriptive quantitative approach with a population of 4,581 MSME actors. The research sample of 98 respondents was determined using the Slovin formula with an error rate of 10% and a simple random sampling technique. Primary data is collected through a Likert scale questionnaire, while secondary data is obtained through relevant documentation. Data analysis techniques include validity test, reliability test, classical assumption test, multiple linear regression analysis, t test, F test, and determination coefficient with the help of SPSS. The results of the study show that all indicators are valid and reliable. The regression equation obtained is $Y = 3.701 + 0.297X_1 + 0.399X_2$. Partially, market orientation has a positive and significant effect on marketing performance with a t-value of 2.730 and a significance of 0.008. Entrepreneurial orientation also had a positive and significant effect with a t-value of 3.408 and a significance of 0.001. Simultaneously, market orientation and entrepreneurial orientation had a significant effect on marketing performance with an F value of 13.289 and a significance of 0.000. The R-Square value of 0.219 indicates that 21.9% of the variation in marketing performance can be explained by market orientation and entrepreneurial orientation, while the rest is influenced by other factors.
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INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have a strategic position in encouraging economic growth, labor absorption, income equity, and strengthening community economic activities. In the regional context, MSMEs not only function as small-scale production units, but also as a support for community welfare because they are able to drive trade, service, and household industry activities. Deket District is one of the areas in Lamongan Regency that has considerable potential for MSMEs. Research data shows that this region has around 4,581 MSME units spread across various types of businesses, so the marketing performance of MSME actors is an important issue to be studied.

Increasingly fierce competition requires MSME players to not only maintain existing products, but also understand changing consumer needs, observe competitors' movements, and utilize market information in a sustainable manner. Changes in consumer behavior, the use of social media, and the use of digital channels such as WhatsApp, Instagram, and Facebook have made market orientation increasingly relevant. Market orientation helps businesses understand what customers need, how competitors move, and what strategies need to be implemented so that the value offered to consumers is superior (Kencana & Giantari, 2021; Wulaningtyas & Widiartanto, 2018).

In addition to market orientation, entrepreneurial orientation also plays an important role in building marketing performance. Entrepreneurial orientation reflects the ability of business actors to innovate, be proactive, and dare to take risks in responding to market opportunities. In MSMEs, an entrepreneurial attitude is needed because the business environment often changes rapidly, especially after the COVID-19 pandemic which has an impact on declining revenue, reducing stock, and changing promotional patterns. MSME actors who have an entrepreneurial orientation tend to be more ready to develop products, expand promotions, and make decisions that are adaptive to market changes (Djodjobo & Tawas, 2014; Mustari et al., 2021).

According to research on market orientation and marketing performance of MSMEs, market orientation is an organizational culture that focuses on meeting customer needs, monitoring competitor strategies, and coordination between functions within the company. The higher the market orientation that MSME actors have, the better the business ability to create value for customers and improve marketing performance.

Previous research has shown mixed results regarding the relationship between market orientation, entrepreneurial orientation, and marketing performance. Several studies have found that market orientation and entrepreneurial orientation have a positive effect on MSME performance or marketing performance (Abbas, 2018; Ancient & National, 2023; Wirawan, 2017). However, there are also studies that show that one of the variables does not always have a significant effect in certain contexts, for example due to differences in business sectors, locations, managerial capacity, or the level of innovation of MSME actors (Sari & Farida, 2020; Wulaningtyas & Widiartanto, 2018). These differences in results show that there are research gaps that need to be reviewed in the context of MSMEs in Deket District.

Based on this background, this study is directed to analyze the influence of market orientation and entrepreneurial orientation on the marketing performance of MSMEs in Deket District. This research is expected to make a theoretical contribution to the study of MSME marketing management, as well as provide practical input for MSME actors to be more responsive to market needs and more daring to innovate in improving marketing performance.

Literature Review And Problem Statement

Market Orientation

Market orientation is an organizational culture and behavior that puts customer needs, observation of competitors, and the use of market information as the basis for decision-making. In the practice of MSMEs, market orientation is not only related to the ability to sell products, but also the ability to read consumer tastes, maintain relationships with customers, and adjust marketing strategies when there are changes in the business environment. Kencana and Giantari (2021) stated that market orientation can strengthen a company's ability to create a competitive advantage and improve marketing performance.

Market orientation indicators in this study include customer orientation, competitor orientation, and market information. Customer orientation shows the ability of MSME actors to understand consumer needs and satisfaction. Competitor orientation shows the ability to observe the strengths and weaknesses of similar businesses. Market information shows the ability of business actors to obtain, disseminate, and utilize information about market developments. These three indicators are the basis for MSMEs to adjust products, services, prices, and promotions to better suit market needs (Syafuruddin et al., 2020; Wibisono et al., 2020).

Entrepreneurial Orientation

Entrepreneurial orientation is the tendency of business actors to act innovatively, proactively, and dare to take risks in running a business. In MSMEs, entrepreneurial orientation is important because limited resources often require business actors to be creative in developing products, choosing promotional channels, and looking for new market opportunities. Djodjobo and Tawas (2014) explained that entrepreneurial orientation can encourage competitive advantage and have an impact on business marketing performance.

Indicators of entrepreneurial orientation in this study include innovation, risk-taking, and proactiveness. Innovation is related to the ability to present ideas or product updates. Risk taking is related to the courage of MSME actors to make business decisions despite uncertainty. A proactive attitude relates to the ability to move early to capture market opportunities. These three dimensions make MSME actors more adaptive in facing competition and changes in consumer demand (Hartato & Handoyo, 2021; Wicaksono & Isa, 2023).

Marketing Performance

Marketing performance describes the success of the marketing strategy carried out by business actors. Marketing performance can be seen through increased sales, revenue growth, number of customers, market expansion, and the ability to retain consumers. In the context of MSMEs, marketing performance is an important indicator because it shows whether a business strategy is able to produce a positive market response (Purba & Warganegara, 2023; Sari & Farida, 2020).

Marketing performance is not only influenced by promotional activities, but also by the ability of MSME actors to understand the market and take entrepreneurial actions. MSMEs that understand customers and competitors will find it easier to develop the right marketing strategy. Meanwhile, innovative and proactive business actors will find it easier to create new value for consumers. Therefore, market orientation and entrepreneurial orientation are expected to have a positive relationship with marketing performance.

Hypothesis Development

A good market orientation makes MSME players closer to customer needs, more sensitive to competitors, and better able to use market information to make decisions. Thus, market orientation is predicted to improve marketing performance. H1: Market orientation has a positive and significant effect on the marketing performance of MSMEs in Deket District.

Entrepreneurial orientation makes MSME actors more innovative, proactive, and daring to take risks in the face of market changes. With this ability, MSMEs have the opportunity to increase sales, revenue, and customer growth. H2: Entrepreneurial orientation has a positive and significant effect on the marketing performance of MSMEs in Deket District.

Market orientation and entrepreneurial orientation are two complementary abilities. Market orientation helps businesses understand opportunities, while entrepreneurial orientation encourages innovative actions to take advantage of those opportunities. H3: Market orientation and entrepreneurial orientation simultaneously have a positive and significant effect on the marketing performance of MSMEs in Deket District.

METHOD

This study uses a descriptive quantitative approach. The quantitative approach is used because the research data is in the form of numbers obtained through questionnaires and statistically analyzed. This study aims to examine the influence of market orientation and entrepreneurial orientation on the marketing performance of MSMEs in Deket District.

The research population is MSME actors in Deket District as many as 4,581 business units based on BPS Lamongan data. The sample was determined using the Slovin formula with an error rate of 10%, so that 97.86 respondents were obtained and rounded up to 98 respondents. The sampling technique used is simple random sampling, which is a random selection of samples from the population without distinguishing certain strata.

The independent variables in this study were market orientation (X1) and entrepreneurial orientation (X2), while the bound variable was marketing performance (Y). Market orientation is measured through customer orientation, competitor orientation, and market information. Entrepreneurial orientation is measured through innovation, risk-taking, and proactiveness. Marketing performance is measured through indicators related to increased sales, revenue growth, and number of customers.

Primary data was collected through a five-level Likert scale questionnaire, ranging from strongly disagree to strongly agree. In addition, the research also uses observations, interviews, and documentation to strengthen understanding of the research object. Data analysis was carried out using SPSS through validity test, reliability test, normality test, multicollinearity test, heteroscedasticity test, multiple linear regression, t test, F test, and determination coefficient. The regression model used is $Y = a + b_1X_1 + b_2X_2 + e$.

RESULTS AND DISCUSSION

Respondent Characteristics

The respondents of the study amounted to 98 MSME actors in Deket District. The characteristics of the respondents showed that most of the respondents were female, in the age range of 36-55 years, had a type of business in other categories, had the last elementary education, and had an income of IDR 1,000,000 to IDR 5,000,000 per month. A summary of the characteristics of the respondents is presented in Table 1.

Table 1. Respondent Characteristics

Features	Category	Frequency	Percentage
Gender	Male	43	43,8%
Gender	Women	55	56,2%
Age	26-35 years old	4	4,1%
Age	36-55 years old	59	60,2%
Age	>55 years old	35	35,7%
Type of business	Food	40	40,8%
Type of business	Drinks	5	5,1%
Type of business	Others	53	54,1%
Education	SD	50	51,0%
Education	SMP	25	25,5%
Education	SMA	21	21,4%
Education	Bachelor's/Diploma	2	2,1%
Income	< IDR 1,000,000	8	8,1%
Income	IDR1,000,000 - IDR5,000,000	89	90,8%
Income	IDR6,000,000 - IDR10,000,000	1	1,1%

Source: Primary data processed, 2024.

Test Research Instruments

The validity test was carried out by comparing the value of the calculated r and r of the table. With a total of 98 respondents, the r -value of the table was 0.198. All indicators in the variables of market orientation, entrepreneurial orientation, and marketing performance have a calculated r greater than the r table, so all indicators are declared valid. The reliability test showed that all variables had a Cronbach Alpha value above 0.60, so the research instrument was declared reliable.

Table 2. Summary of Validity and Reliability Tests

Variabel	Range r calculation	Cronbach Alpha	Remarks
Market Orientation (X1)	0,520 - 0,608	0,668	Valid and reliable
Entrepreneurial Orientation (X2)	0,526 - 0,602	0,673	Valid and reliable
Marketing Performance (Y)	0,486 - 0,731	0,697	Valid and reliable

Source: Primary data processed, 2024.

Classic Assumption Test

Classical assumption testing is performed to ensure that the regression model is feasible to use. The results of the normality test showed a skewness ratio value of -1.44758 and a kurtosis ratio of 2.072816. This value indicates that the data distribution is still acceptable for regression analysis. The results of the multicollinearity test showed a tolerance value of 0.997 and VIF of 1.003 in both independent variables, so that multicollinearity did not occur. The heteroscedasticity test via scatterplot showed that the dots spread randomly around the Y-axis and did not form a specific pattern, so the model showed no symptoms of heteroscedasticity.

Table 3. Summary of the Classical Assumption Test

Test	Results	Remarks
Normality	Skewness = -1,44758; kurtosis = 2,072816	Worth Analyzing
Multikolinearitas	Tolerance = 0.997; LIVE = 1.003	Not happening
Heteroskedastisitas	Random spreads; Unpatterned	Not happening

Multiple Linear Regression Analysis

Multiple linear regression analysis was used to determine the influence of market orientation and entrepreneurial orientation on marketing performance. Based on the results of data processing, the regression equation obtained is $Y = 3.701 + 0.297X_1 + 0.399X_2$. The constant value of 3.701 indicates that if the market orientation and entrepreneurial orientation are zero, then the marketing performance is at a value of 3.701. The market orientation coefficient of 0.297 indicates a positive influence on marketing performance. The entrepreneurial orientation coefficient of 0.399 also shows a positive influence on marketing performance.

Table 4. Multiple Linear Regression Results and t-Test

Variabel	B	Std. Error	Beta	t	Say.
Konstanta	3,701	1,713	-	2,161	0,033
Market Orientation (X1)	0,297	0,109	0,258	2,730	0,008
Entrepreneurial Orientation (X2)	0,399	0,117	0,323	3,408	0,001

Source: Primary data processed, 2024.

Table 5. Model Summary and F Test

Model Indicators	Value
R	0,468
R Square	0,219

Model Indicators	Value
Adjusted R Square	0,202
F count	13,289
Sig. F	0,000

Source: Primary data processed, 2024.

The R Square value of 0.219 shows that market orientation and entrepreneurial orientation are able to explain 21.9% of the variation in MSME marketing performance in Deket District. The remaining 78.1% is influenced by other variables outside the model, such as price, product quality, product innovation,

Discussion

The results of the t-test showed that market orientation had a positive and significant effect on the marketing performance of MSMEs in Deket District. The calculated t value of 2.730 is greater than the t of the table 1.985 and the significance value of 0.008 is smaller than 0.05. These results show that the better the ability of MSME actors to understand customers, pay attention to competitors, and utilize market information, the higher the marketing performance that can be achieved. These findings are in line with the research of Kencana and Giantari (2021), Abbas (2018), and Astuti and Munir (2022) who explain that market orientation can encourage improvement in marketing performance.

In the context of MSMEs in Deket District, market orientation can be seen from the ability of business actors to adjust products to consumer needs and utilize social media for promotion. MSME actors who understand customer needs can more easily retain old consumers and attract new consumers. In addition, understanding competitors helps business actors determine more appropriate promotion, service, and product offering strategies.

The results of the t-test also show that entrepreneurial orientation has a positive and significant effect on marketing performance. The calculated t value of 3.408 is greater than the t of table 1.985 and the significance value of 0.001 is smaller than 0.05. This means that the higher the ability of MSME actors to innovate, be proactive, and dare to take risks, the higher the marketing performance produced. These findings support the research results of Wirawan (2017), Mustari et al. (2021), Purba dan Warganegara (2023), and Wicaksono and Isa (2023).

Entrepreneurial orientation is important because MSMEs in Deket District face changes in consumption patterns and competition that demand creativity. Innovative business actors can develop product variations, improve packaging, try new sales channels, and respond more quickly to changing demand. A proactive attitude also helps MSMEs take advantage of opportunities before competitors do the same.

The results of the F test showed that market orientation and entrepreneurial orientation simultaneously had a significant effect on marketing performance, with F counting 13.289 greater than F of table 3.090 and significance 0.000. These findings show

that it is not enough to simply build through market understanding, but also require the courage to act and entrepreneurial innovation. In other words, market orientation serves as the basis for understanding opportunities, while entrepreneurial orientation serves as the ability to turn those opportunities into real marketing actions.

Practically, the results of this study show that MSME actors need to strengthen two aspects at once. First, business actors need to improve market orientation through recording customer needs, evaluating competitors, utilizing consumer feedback, and using social media consistently. Second, business actors need to improve their entrepreneurial orientation through product innovation, the courage to try new promotion strategies, and more measurable business risk management. The combination of these two orientations can be the basis for improving the marketing performance of MSMEs in Deket District.

CONCLUSION

Based on the results of the analysis, market orientation has a positive and significant effect on the marketing performance of MSMEs in Deket District. This shows that the ability of MSME actors to understand customers, pay attention to competitors, and utilize market information can improve marketing performance. Entrepreneurial orientation also has a positive and significant effect on marketing performance. MSME actors who are innovative, proactive, and daring to take risks tend to be better able to increase sales, revenue, and customer growth.

Simultaneously, market orientation and entrepreneurial orientation have a significant effect on the marketing performance of MSMEs in Deket District. The R Square value of 0.219 indicates that both variables explain 21.9% of the variation in marketing performance, while the rest is influenced by other factors outside the research model.

This study recommends that MSME actors be more active in collecting market information, utilizing social media as a means of marketing, maintaining the quality of products and services, and continuing to develop business innovations. The next research is suggested to add other variables such as product innovation, product quality, price, digital marketing, business capital, or competitive advantage so that the research model can explain marketing performance more comprehensively.

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