

IMPROVING MARKETING PERFORMANCE THROUGH MARKET ORIENTATION AND ENTREPRENEURIAL ORIENTATION WITH PRODUCT INNOVATION AS AN INTERVENING VARIABLE

Tengku Putri Lindung Bulan¹⁾, Rahmi Meutia²⁾

^{1,2} Program Studi Manajemen, Fakultas Ekonomi dan Bisnis, Universitas Samudra
Email: tengkuputri@unsam.ac.id email: rahmimeutia@unsam.ac.id

ABSTRACT

Langsa City is one of the cities in Aceh Province where the majority of the MSME sector is in trade. The purpose of this study is to analyze the effect of market orientation and entrepreneurial orientation on marketing performance with product innovation as an intervening variable. The population in this study was all MSME actors in Langsa City, with a sample of 97 respondents. The data analysis method uses Structural Equation Modeling, which is based on Partial Least Squares components. The results show that market orientation has a significant effect on product innovation, market orientation has no significant effect on marketing performance, entrepreneurial orientation has a significant effect on product innovation, entrepreneurial orientation has a significant effect on marketing performance, product innovation has no significant effect on marketing performance through product innovation as a variable intervening, and entrepreneurial orientation have no significant effect on marketing performance through product innovation as an intervening variable.

Keywords: Market Orientation, Entrepreneurial Orientation, Product Innovation, Marketing Performance

INTRODUCTION

Marketing performance is considered a benchmark for the market performance of a product produced by a company (Sugiyarti, 2016). (Sari & Farida, 2020) state that innovation is a factor in influencing marketing performance. In addition to innovation, a company must consider both market orientation and entrepreneurial orientation to enhance its marketing performance (Priatin et al., 2017). Market orientation is regarded as an effective organizational culture for developing superior value for consumers and enhancing business performance (Gradistya & Farida, 2016). (Setyawati, 2013) suggests that entrepreneurial orientation has a positive influence on marketing performance. Entrepreneurial orientation encompasses several key concepts, including the courage to take risks, think creatively, exhibit a leadership spirit, and possess self-confidence (Suryana, 2014).

Langsa City is one of the cities in Aceh Province that has 3,579 MSMEs (Dinas Koperasi & UMKM Propinsi Aceh, 2022), the majority of which are trades. In the trade sector, not all groups produce goods themselves; instead, some sell goods produced by others. Several types of goods are produced, such as food, beverages, confectionery, shoes, sandals, handicrafts, furniture, and other goods. From the results of observations, it is known that business actors have experienced a decrease in income due to changing

consumer tastes, so that business actors cannot respond properly to this situation. Even though the growth of MSMEs is increasing, the foundation of MSMEs is not yet strong, causing many business actors to go out of business. Some business actors already have the mentality of steel, so they can get back up. However, business actors have not carried out market orientation in their marketing activities, because they still provide products that are easy to sell without regard to customer needs and satisfaction. Likewise, regarding entrepreneurial orientation, business actors do not yet understand a proactive attitude towards changes in the business environment and have not been able to take advantage of opportunities. Business actors still tend to have traditional understandings, such as in marketing activities, where there is no innovation either in terms of products, promotional activities, or the location of their business. This study aims to determine what factors can improve the marketing performance of MSMEs through market orientation and entrepreneurial orientation with product innovation as an intervening variable.

The Effect of Market Orientation on Product Innovation

Market orientation is an organizational culture that has characteristics that can provide superior value to its customers (Raharso, 2017). Product innovation is the development and introduction of new products that are successful in marketing. Product innovation can be in the form

of changes in product design, components, and architecture (Kotler & K, 2014). (Prakosa, 2005) argues that market orientation has a positive but not significant effect on marketing performance, and market orientation has a significant effect on marketing performance through product innovation as an intervening variable. (Han et al., 1998) stated that market orientation has a positive but not significant effect on company performance. Market orientation only has a significant effect on company performance through innovation as an intervening variable. (Calantone, 1994) explained that innovation is strongly influenced by market orientation. (Putra & Setiawan, 2022); (Irawan et al., 2023) suggest that market orientation has a significant influence on product innovation.

H₁: Market orientation has a significant effect on product innovation.

The Effect of Market Orientation on Marketing Performance

Market orientation is a process of activities related to creating and satisfying customers by assessing customer needs and wants. The application of market orientation will improve company performance (Uncles, 2000). (Baker & Sinkula, 1999) state that market orientation has a significant effect on company performance. (Ferdinand, 2002) argues that the higher the market orientation, the better the marketing performance will be. (Novari, 2020) explains that it has a direct correlation with improving SME performance. (Putra & Setiawan, 2022); (Irawan et al., 2023); (Pangestu & Nuvriasari, 2024) explains that market orientation has a significant influence on marketing performance.

H₂: Market orientation has a significant effect on marketing performance.

The Effect of Entrepreneurial Orientation on Product Innovation

Entrepreneurial orientation is a stage, direct action, and decision-making that can lead companies to create new products and shows that companies tend to have proactive, innovative behavior and dare to take risks to improve company performance (Aulia et al., 2019). (Chye Koh, 1996); (Irawan et al., 2023) explained that entrepreneurial orientation has a significant effect on the ability to innovate than those who do not have the ability in entrepreneurship. (Hariyanto & Yoestini, 2003) stated that the willingness and ability of companies to act proactively to take advantage of business opportunities are very much needed in increasingly high business competition, due to being proactive as an indicator of entrepreneurial orientation.

H₃: Entrepreneurial orientation has a significant effect on product innovation.

The Effect of Entrepreneurial Orientation on Marketing Performance

(Chye Koh, 1996) illustrates that entrepreneurial orientation has a significant effect on innovation ability compared to those who do not possess entrepreneurial skills. Strengthened to (Weerawardena, 2003) states that if a company prioritizes proactivity in its business activities, the company will directly carry out entrepreneurial activities so that it can boost company performance. Supported by (Budhi, 2011); (Irawan et al., 2023); (Pangestu & Nuvriasari, 2024), who argued that entrepreneurial orientation has a positive and significant effect on the performance of MSMEs.

H₄: Entrepreneurial orientation has a significant effect on marketing performance.

The Effect of Product Innovation on Marketing Performance

According to (Kotler & K, 2014), product innovation is the development and introduction of new products that are successful in marketing. Product innovation can be in the form of changes in product design, components, and architecture. By innovating, it is hoped that the company can survive during business competition so that it can increase sales growth, which can be measured as marketing performance. (Suendro, 2010) explains that the success of SMEs in developing new product innovations is an advanced early stage when compared to their competitors. (Slater & Narver, 1994); (Han et al., 1998); (Irawan et al., 2023); (Pangestu & Nuvriasari, 2024) explained that there is a positive relationship between innovation and marketing performance. (Diwiyono, 2006) confirmed that the higher the product innovation, the higher the marketing performance. (Indriani & Prasetyowati, 2017) argue that for developing countries, no matter how small the progress made by small businesses from the development of product innovation turns out to make a significant contribution, so that it can improve marketing performance.

H₅: Product innovation has a significant effect on marketing performance.

The Effect of Market Orientation on Marketing Performance through Product Innovation as an Intervening Variable

(Asashi & Sukaatmadja, 2017) state that product innovation has a positive and significant effect in mediating market orientation on marketing performance. His research suggests that if woodcarving handicraft SMEs are well market-oriented, then this market-oriented attitude is able to increase product innovation so that ultimately it can improve marketing performance. Supported by the research of (Putra, I, G & Rahanatha, G, 2017);

(Putri et al., 2018); (Irawan et al., 2023) it is explained that product innovation significantly mediates the effect of market orientation on marketing performance.

H₆: Market orientation has a significant effect on marketing performance through product innovation as an intervening variable.

The Effect of Entrepreneurial Orientation on Marketing Performance through Product Innovation as an Intervening Variable

Entrepreneurial orientation has a significant influence on marketing performance. (Hult, G et al., 2004) explains that product innovation mediates the relationship between entrepreneurial orientation and marketing performance. Supported by (Kocak et al., 2017); (Irawan et al., 2023) suggests that there is an effect of entrepreneurial orientation on performance through product innovation.

H₇: Entrepreneurial orientation has a significant effect on marketing performance through product innovation as an intervening variable.

RESEARCH METHODS

This type of research is descriptive quantitative, which comes from primary and secondary data. The population in this study is all MSMEs in Langsa City in 2022, totaling 3,579 MSMEs (Dinas Koperasi & UMKM Propinsi Aceh, 2022). The sampling method uses the Slovin Formula, so the sample is 97 respondents. The

sampling technique used was purposive sampling. The sample has criteria:

1. MSMEs in Langsa City.
2. The business has been in business for more than 1 year.
3. The business being run is engaged in the processing industry (food, beverages, confectionery, shoes, sandals, handicrafts, furniture, and other crafts).
4. Respondents who are sources of information are MSME actors.

Methods of data collection in this study through observation and questionnaires. The data analysis method uses Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) analysis tool assisted by SmartPLS 3.0 software.

RESULTS AND DISCUSSION

This study uses structural equation model (SEM) data analysis with Partial Least Squares (PLS). Data analysis went through three stages, namely evaluating the measurement model (outer model), evaluating the structural model (inner model), and testing the hypothesis.

Evaluation of the Measurement Model (Outer Model)

This research model will be analyzed using the Partial Least Squares (PLS) method and assisted with SmartPLS 3.0 software. The schematic of the tested PLS program model can be seen in the following figure.

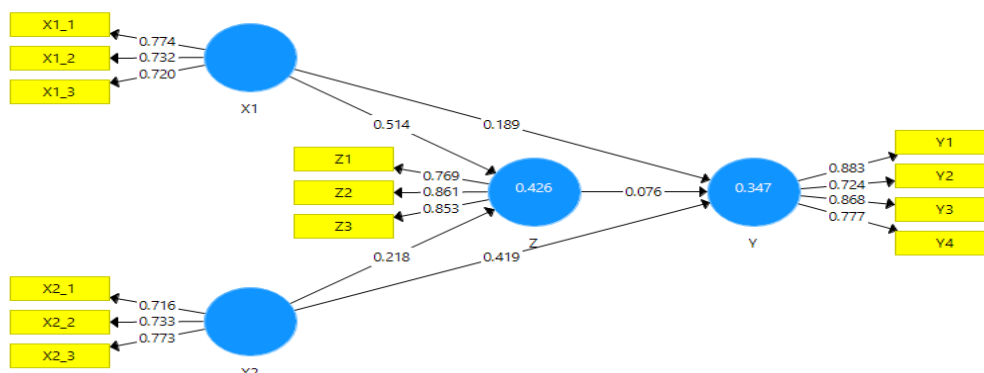


Figure 1. Outer Model

At this stage, it explains the validity test, reliability test, and multicollinearity test.

Validity Test Analysis

This test was conducted to measure whether the statements presented in the form of a questionnaire were able to represent the variables studied. SmartPLS is measured in two ways, and the results of the analysis that have been carried out are:

Convergent Validity

Convergent validity is the value of the loading factor on latent variables with their indicators. The expected value is greater than 0.70. However, according to (Hair et al., 2017) for the initial examination of a matrix loading factor is approximately 0.30 is considered to have met the minimum level, and a loading factor of approximately 0.40 is considered better, and a

loading factor greater than 0.50 is generally considered significant. In this study, the loading factor limit used was 0.70. After processing the

data using SmartPLS 3.0, the results of the loading factor can be shown in Table 1 below.

Table 1. Loading Factor Value

Variable	Indicator	Outer Loading
Market Orientation (X1)	X1_1	0.774
	X1_2	0.732
	X1_3	0.720
Entrepreneurial Orientation (X2)	X2_1	0.716
	X2_2	0.733
	X2_3	0.773
Product Innovation (Z)	Z1	0.769
	Z2	0.861
	Z3	0.853
Marketing Performance (Y)	Y1	0.883
	Y2	0.724
	Y3	0.868
	Y4	0.777

Based on the table above, all indicators have met the valid requirements according to the convergent validity criteria, namely, the outer loading value above 0.70.

Discriminant Validity

Discriminant validity is a cross loading factor value that is useful to find out whether a

construct has adequate discriminant by comparing the loading value on the intended construct must be greater than the loading value with other constructs. After processing the data using SmartPLS 3.0, the cross loading results can be shown in Table 2 below.

Table 2. Cross Loading Results

	Z	Y	X2	X1
X1_1	0.576	0.242	0.211	0.774
X1_2	0.391	0.487	0.495	0.732
X1_3	0.418	0.263	0.443	0.720
X2_1	0.389	0.355	0.716	0.353
X2_2	0.355	0.323	0.733	0.333
X2_3	0.330	0.525	0.773	0.435
Z1	0.769	0.319	0.417	0.481
Z2	0.861	0.341	0.425	0.512
Z3	0.853	0.322	0.352	0.559
Y1	0.203	0.883	0.436	0.302
Y2	0.457	0.724	0.361	0.425
Y3	0.226	0.868	0.390	0.408
Y4	0.373	0.777	0.570	0.330

From the results of cross-loading in Table 2 above, it show that the correlation value of the construct with the indicator is greater than the correlation value with other constructs. Thus, all constructs or latent variables have good discriminant validity.

Then an evaluation is carried out by comparing the AVE root value with the correlation between constructs. The recommended result is that the AVE root value must be higher than the

correlation between constructs (Yamin & Kurniawan, 2011). The model has better discriminant validity if the AVE square root for each construct is greater than the correlation between the two constructs in the model. A good AVE value is required to have a value greater than 0.50. In this study, the AVE value and the AVE square root for each can be shown in Table 3 below.

Table 3. AVE Values and AVE Square Root

Variable	AVE	AVE Square Root
Market Orientation (X1)	0.551	0.743
Entrepreneurial Orientation (X2)	0.549	0.741

Product Innovation (Z)	0.687	0.829
Marketing Performance (Y)	0.665	0.816

Based on Table 3 above, all constructs show an AVE value that is greater than 0.50, with the smallest value being 0.549 for the entrepreneurial orientation variable and the largest value being 0.687 for the product innovation variable. This value meets the requirements according to the specified minimum AVE value

limit of 0.50. After obtaining the square root value of AVE for each construct. Next, compare the square root of AVE with the correlation between constructs in the model. In this study, the results of the correlation between constructs with the AVE square root value can be shown in Table 4 below.

Table 4. Correlation Value between Contracts with AVE Square Root Value

	X1	X2	Z	Y
Market Orientation (X1)	0.743	0.509	0.625	0.450
Entrepreneurial Orientation (X2)		0.741	0.480	0.552
Product Innovation (Z)			0.829	
Marketing Performance (Y)			0.395	0.816

Based on Table 4, it shows that the AVE square root value for each construct is greater than the correlation value, so that the constructs in this research model can still be said to have good discriminant validity.

Reliability Test Analysis

Furthermore, the reliability test was measured to see how consistent the respondents' answers were in answering the questionnaire

questions. To measure it by looking at the results of composite reliability, namely:

Composite Reliability

The outer model can be done by looking at construct reliability or latent variables as measured by composite reliability values. The construct is declared reliable if the composite reliability has a value > 0.70. The results of the composite reliability values can be shown in Table 5 below.

Table 5. Composite Reliability Value

Variable	Composite Reliability
Market Orientation (X1)	0.786
Entrepreneurial Orientation (X2)	0.785
Product Innovation (Z)	0.868
Marketing Performance (Y)	0.888

From the table above, it is found that the composite reliability value for all constructs is above the value of 0.70. With the resulting value, all constructs have good reliability within the required minimum value limits.

Multicollinearity Test Analysis

This test measures whether each independent variable has a correlation with the other independent variables. The criterion that applies in the multicollinearity test is if the VIF value is < 3.5 – 5.

Table 6. Results of Multicollinearity Analysis (VIF)

Variable	Product Innovation (Z)	Marketing Performance (Y)	Information
Product Innovation (Z)		1.742	No multicollinearity
Marketing Performance (Y)			
Entrepreneurial Orientation (X2)	1.350	1.433	No multicollinearity
Market Orientation (X1)	1.350	1.810	No multicollinearity

Based on Table 6 above, the results of the collinearity statistics (VIF) show that the multicollinearity test with the results of the inner value of the market orientation variable for product innovation is 1.350, entrepreneurial orientation for product innovation is 1.350. Market orientation to marketing performance is 1.810, entrepreneurial orientation to marketing performance is 1.433 and product innovation to marketing performance is

1.742. From each VIF variable < 5, it does not violate the multicollinearity test assumptions in SmartPLS < 5, so it can be said that there is no correlation between variables.

Evaluation of the Structural Model (Inner Model)

Evaluation of structural models shows the strength of estimates between latent variables or constructs. This study describes the results of the

path coefficient test, the goodness of fit test, and the hypothesis test.

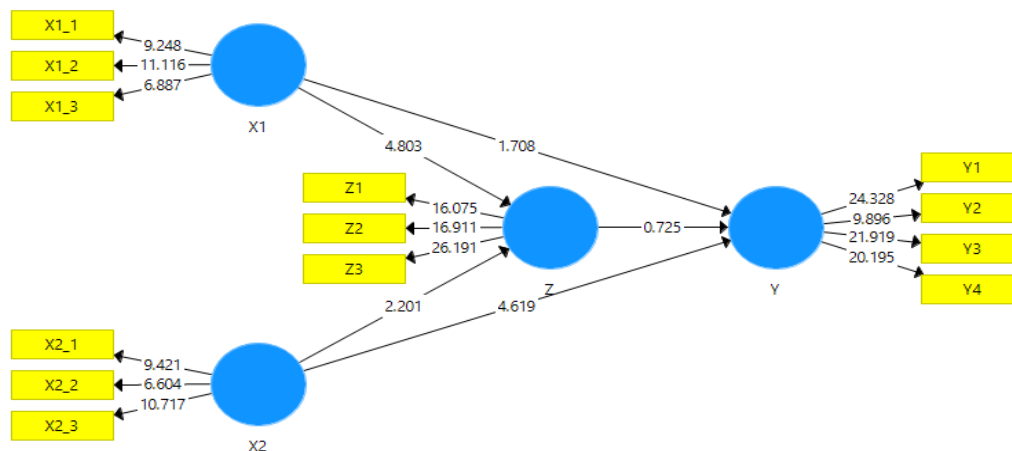


Figure 2. Inner Model

Structural models with PLS can be done by:
Model Feasibility Analysis (Goodness of Fit)

This test is to determine whether the model formed is feasible to study or not by looking at the results of the research carried out, namely:

Table 7. R-Square Value

Variable	R-Square	R Square Adjusted
Product Innovation (Z)	0.426	0.414
Marketing Performance (Y)	0.347	0.325

Table 7 of the R-Square value above is used to see the influence of market orientation and entrepreneurial orientation variables on product innovation and the magnitude of the influence of market orientation and entrepreneurial orientation on marketing performance. Based on Table 7, it shows that the influence of market orientation and entrepreneurial orientation variables on product innovation is 0.426 or 42.6% and the influence of market orientation and entrepreneurial orientation variables on marketing performance is 0.374 or 37.4%. Then the goodness of fit assessment uses Q-square with the calculation:

$$Q \text{ square} = 1 - [(1-R^2_1) \times (1-R^2_2)]$$

$$Q \text{ square} = 1 - [(1-0.426) \times (1-0.374)]$$

$$Q \text{ square} = 1 - (0.574 \times 0.626)$$

$$Q \text{ square} = 1 - 0.359324$$

$$Q \text{ square} = 0.641$$

The results of this analysis indicate that the Q square value is 0.641, meaning that the variation in model diversity shown by the independent variable in explaining the dependent variable is 0.641 or 64.1% and the remaining 35.9% is still influenced by other factors. Thus, from these results, this research model can be stated to have good goodness of fit.

Table 8. NFI Analysis Results

	Saturated Model	Estimated Model
SRMR	0.116	0.116
d_ ULS	1.229	1.229
d_ G	0.541	0.541
Chi-Square	274.555	274.555
NFI	0.558	0.558

Based on the results of the analysis above, the model fit indicator shows that the NFI value is > 0.1 or higher, so the model is said to be better.

Path Coefficient Test

Based on the scheme of the inner model, it is explained that the greatest influence is shown in the influence of the market orientation variable on product innovation with a value of 4.803. Then the

second biggest influence is the influence of the entrepreneurial orientation variable on marketing performance with a value of 4.619. The third biggest influence is the effect of the entrepreneurial orientation variable on product innovation of 2.201, market orientation on marketing performance of 1.706 and innovation on marketing performance of 0.725. Based on these

results, it can be concluded that the overall model in this variable has a positive path coefficient value. This means that the greater the value of the path coefficient, the stronger the influence/relationship of the independent variables and the dependent variable.

Hypothesis Testing

Based on the data that has been analyzed, the results can be used to answer the research hypothesis. To see the results of testing the hypothesis in this study can be done by looking at

the results of the t-statistics and probability values (P-values). To test the hypothesis using statistical values, for α 5% the t-statistic value is 1.96. So the criteria for accepting the hypothesis if the t-statistic > 1.96 and p values < 0.05 . This study also has a direct and indirect effect on each variable because it includes independent variables, dependent variables, and mediating variables. The results of the path coefficients test are on SmartPLS bootstrapping, which can be seen in Table 9 below:

Table 9. Path Coefficients Results

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Information
X1 $\rightarrow$ Z	0.514	0.517	0.107	4.803	0.000	Significant positive
X1 $\rightarrow$ Y	0.189	0.195	0.111	1.708	0.088	Positive not significant
X2 $\rightarrow$ Z	0.218	0.222	0.099	2.201	0.028	Significant positive
X2 $\rightarrow$ Y	0.419	0.433	0.091	4.619	0.000	Significant positive
Z $\rightarrow$ Y	0.076	0.064	0.105	0.725	0.469	Positive not significant

The results of direct hypothesis testing can be shown in Table 9 as follows:

Direct Effect Testing

In this path coefficients test, it shows how strong the influence of the independent variables is on the dependent variable. Based on the schema of the inner model that has been shown through pictures and also in the path coefficients table, it can explain the biggest to the smallest influence.

Model 1 (Influence of Independent Variables on Product Innovation)

1. The resulting value on the market orientation variable for product innovation with a t statistic of 1.96, of which a p value of 0.000 can be explained by the t statistic value of 4.803 $>$ t table of 1.96 or a p value of 0.000 $<$ 0.05, so statistically the hypothesis is accepted, meaning market orientation significant effect on product innovation.
2. The resulting value on the entrepreneurial orientation variable on product innovation with a t statistic of 1.96, a p value of 0.028 can be explained by a t statistic value of 2.201 $>$ t table of 1.96 or a p value of 0.028 $<$ 0.05, so statistically the hypothesis is accepted, meaning entrepreneurial orientation significant effect on product innovation.

Model 2 (Influence of Independent Variables on Marketing Performance)

1. The resulting value on the market orientation variable on marketing performance with a t statistic of 1.96, a p value of 0.088 can be explained by a t statistic value of 1.708 $<$ t table of 1.96 or a p value of 0.088 $>$ 0.05, so statistically the hypothesis is rejected, meaning market orientation no significant effect on marketing performance.
2. The resulting value on the entrepreneurial orientation variable on marketing performance with a t statistic of 1.96 which is a p value of 0.000 can be explained by the t statistic value of 4.619 $>$ t table of 1.96 or a p value of 0.000 $<$ 0.05, so statistically the hypothesis is accepted meaning entrepreneurial orientation significant effect on marketing performance.
3. The resulting value on the product innovation variable on marketing performance with a t statistic of 1.96, which p value is 0.469, can be explained by the t statistic value of 0.725 $<$ t table 1.96 or p value 0.469 $>$ 0.05, then statistically the hypothesis is rejected, meaning product innovation has no significant effect on marketing performance.

Indirect Effect Testing

This analysis is used to see the results of significant influence indirectly or using mediation. The results of the analysis can be shown in the following table.

Table 10. Results of Indirect Effect Analysis

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Information
X1 → Z → Y	0.039	0.033	0.055	0.710	0.478	Positive not significant
X2 → Z → Y	0.017	0.014	0.027	0.603	0.547	Positive not significant

Based on Table 10 above shows that:

1. The t statistic value is 0.710 and the p value is 0.05 and the coefficient is 0.039 in market orientation towards marketing performance mediated by product innovation, it turns out that the t statistic value is $0.710 < t \text{ table } 1.96$ or p value is $0.478 > 0.05$ and the coefficient shows a positive direction of 0.039 which means market orientation has no significant effect on marketing performance through product innovation as an intervening variable.
2. The t statistic value is 0.603 and the p value is 0.05 and the coefficient is 0.017 on entrepreneurial orientation on marketing performance mediated by product innovation, it turns out that the t statistic value is $0.603 < t \text{ table } 1.96$ or p value is $0.547 > 0.05$ and the coefficient shows a positive direction of 0.017 which means that entrepreneurial orientation has no significant effect on marketing performance through product innovation as an intervening variable.

The Effect of Market Orientation on Product Innovation

The results of testing market orientation on product innovation show a path coefficient of 0.514 with a statistical t value of $4.803 > t \text{ table } 1.96$ or a p value of $0.000 < 0.05$, which means that market orientation has a significant effect on product innovation, so the first hypothesis is accepted. This finding means that if the intensity of implementing market orientation by all MSME actors in Langsa City is increased, it will be able to make a significant contribution to being able to develop product innovations from MSMEs that already exist in Langsa City to be better and able to increase added value. The results of this study are in line with the research of (Irawan et al., 2023); (Prakosa, 2005); (Han et al., 1998), who argued that market orientation has a significant effect on company performance through innovation, and (Calantone, 1994) also stated that innovation is very strongly influenced by market orientation.

The Effect of Market Orientation on Marketing Performance

The results of testing market orientation on marketing performance show a path coefficient of

0.189 with a statistical t value of $1.708 < t \text{ table } 1.96$ or a p value of $0.088 > 0.05$, which means that market orientation has no significant effect on marketing performance, so the second hypothesis is rejected. These findings indicate that the application of market orientation has not been consistently applied either in part or as a whole by MSME actors in Langsa City. This is because MSME actors in Langsa City still run their businesses traditionally due to a lack of competent human resources in their fields. Many MSMEs do not fully understand the importance of market orientation. There are MSME actors who are market-oriented but do not understand how to apply it properly, so there is no significant change in improving marketing performance. The results of this study are in contrast to previous studies by (Baker & Sinkula, 1999); (Novari, 2020); (Irawan et al., 2023), which suggests that market orientation has a significant effect on marketing performance. This research is also different from the research of (Gradistya & Farida, 2016), which explains that market orientation is an effective organizational culture in developing superior value for consumers and business performance.

The Effect of Entrepreneurial Orientation on Product Innovation

The results of testing entrepreneurial orientation on product innovation show a path coefficient of 0.218 with a statistical t value of $2.201 > t \text{ table } 1.96$ or a p value of $0.028 < 0.05$, which means that entrepreneurial orientation has a significant effect on product innovation, so the third hypothesis is accepted. This finding means that the higher the application of entrepreneurial orientation, the impact it will have on developing MSME product innovations in Langsa City. The results of this study are in accordance with (Chye Koh, 1996); (Irawan et al., 2023), which concluded that entrepreneurial orientation has a significant effect on the ability to innovate when compared to not having entrepreneurial abilities. This research is also supported by (Hariyanto & Yoestini, 2003), who explain that the ability of companies to act proactively is needed to take advantage of increasingly high business opportunities because a

proactive attitude is an indicator of entrepreneurial orientation.

The Effect of Entrepreneurial Orientation on Marketing Performance

The results of testing entrepreneurial orientation on marketing performance show a path coefficient of 0.419 with a statistical t value of $4.619 > t$ table 1.96 or a p value of $0.000 < 0.05$, which means that entrepreneurial orientation has a significant effect on marketing performance, so the fourth hypothesis is accepted. This finding indicates that the higher the application of entrepreneurial orientation, the marketing performance of MSMEs in Langsa City will also be. The results of this study are in line with the research of (Weerawardena, 2003), which suggests that if a company focuses on proactiveness in its business activities, then the company directly engages in entrepreneurial activities to boost company performance. This research is also supported by (Budhi, 2011); (Setyawati, 2013); (Irawan et al., 2023), who explain that entrepreneurial orientation has a positive effect on marketing performance.

The Effect of Product Innovation on Marketing Performance

The results of testing product innovation on marketing performance show that the path coefficient is 0.076 with a t -statistic value of $0.725 < t$ -table 1.96 or a p -value of $0.469 > 0.05$, which means that product innovation has no significant effect on marketing performance, so the fifth hypothesis is rejected. This finding means that MSME actors in Langsa City have not been able to fully implement product innovation in their business activities. This is because product innovation, as measured by indicators: design changes, technical innovations, and product innovation development, has not been able to improve the marketing performance of MSMEs in Langsa City. The results of this study are in contrast to previous research by (Suendro, 2010), which stated that the success of SMEs in developing new product innovations is an advanced early stage when compared to their competitors. This study is also different from that of (Slater & Narver, 1994); (Han et al., 1998); (Diwiyono, 2006); (Indriani & Prasetyowati, 2017); (Sari & Farida, 2020); (Irawan et al., 2023), which state that product innovation influences marketing performance.

The Effect of Market Orientation on Marketing Performance through Product Innovation as an Intervening Variable

The results of testing market orientation have a significant effect on marketing performance through product innovation as an intervening

variable showing the results of a path coefficient of 0.039 with a statistical t value of $0.710 < t$ table 1.96 or a p value of $0.478 > 0.05$ which means that market orientation has no significant effect on marketing performance through product innovation as an intervening variable, the sixth hypothesis is rejected. This indicates that MSME actors in Langsa City have not been able to apply market orientation properly so there is no significant change in improving marketing performance, whether it is done directly or indirectly through these MSME product innovations. The results of this study are in contrast to the research of (Asashi & Sukaatmadja, 2017); (Putra, I, G & Rahanatha, G, 2017); (Putri et al., 2018); (Irawan et al., 2023), which states that product innovation has a significant effect in mediating market orientation on marketing performance.

The Effect of Entrepreneurial Orientation on Marketing Performance through Product Innovation as an Intervening Variable

The results of testing entrepreneurial orientation have a significant effect on marketing performance through product innovation as an intervening variable showing the results of a path coefficient of 0.017 with a statistical t value of $0.603 < t$ table 1.96 or a p value of $0.547 > 0.05$ which means that entrepreneurial orientation has no significant effect on marketing performance through product innovation as an intervening variable, the seventh hypothesis is rejected. This means that MSME actors in Langsa City have implemented an entrepreneurial orientation directly without involving product innovation in improving their marketing performance. The results of this study differ from those of (Hult, G et al., 2004), who argued that product innovation mediates the relationship between entrepreneurial orientation and marketing performance. Likewise with (Kocak et al., 2017); (Irawan et al., 2023), explains that there is an influence of entrepreneurial orientation on performance through product innovation.

CONCLUSION

Based on the results of the research and discussion, it can be concluded that: (1) market orientation has a significant effect on product innovation; (2) market orientation has no significant effect on marketing performance; (3) entrepreneurial orientation has a significant effect on product innovation; (4) entrepreneurial orientation has a significant effect on marketing performance; (5) product innovation has no significant effect on marketing performance; (6) market orientation has no significant effect on marketing performance through product innovation as an intervening variable; and (7) entrepreneurial

orientation has no significant effect on marketing performance through product innovation as an intervening variable. This research is still limited to distributing questionnaires directly to respondents. Market orientation and entrepreneurial orientation are independent variables, while marketing performance is the dependent variable. And product innovation is an intervening variable. Suggestions for MSME players in Langsa City are to provide a touch of product innovation that can motivate consumers to buy the products they sell, so as to improve their marketing performance.

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