

# Market and Entrepreneurial Orientation Affect Marketing Performance in Small and Medium-Sized Businesses Through Competitive Advantage

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## ABSTRACT

This study examines the effect of market orientation and entrepreneurial orientation on marketing performance in SMEs in Ternate City. It uses explanatory research to analyze the cause-and-effect relationship between variables and test hypotheses. The sample consisted of 85 respondents from the food sector, selected using proportional stratified random sampling. Data analysis was conducted through path analysis using SmartPLS version 4.0. The results showed that market orientation, entrepreneurial orientation, competitive advantage, and marketing performance have a significant influence. However, market orientation does not directly impact marketing performance, especially through competitive advantage. This study suggests the need for increased market orientation activities to improve marketing performance. This can be achieved by understanding consumer preferences, monitoring competitor products, and improving organizational structure. By implementing these strategies, SMEs in Ternate City can achieve better competition and marketing performance.

## ABSTRAK

Studi ini mengkaji pengaruh orientasi pasar dan orientasi kewirausahaan terhadap kinerja pemasaran di UKM di Kota Ternate. Ini menggunakan penelitian penjelasan untuk menganalisis hubungan sebab-akibat antara variabel dan hipotesis uji. Sampel terdiri dari 85 responden dari sektor makanan, dipilih menggunakan pengambilan sampel acak bertingkat proporsional. Analisis data dilakukan melalui analisis jalur menggunakan SmartPLS versi 4.0. Hasil penelitian menunjukkan bahwa orientasi pasar, orientasi kewirausahaan, keunggulan kompetitif, dan kinerja pemasaran memiliki pengaruh yang signifikan. Namun, orientasi pasar tidak secara langsung berdampak pada kinerja pemasaran, terutama melalui keunggulan kompetitif. Studi ini menunjukkan perlunya peningkatan aktivitas orientasi pasar untuk meningkatkan kinerja pemasaran. Hal ini dapat dicapai dengan memahami preferensi konsumen, memantau produk pesaing, dan meningkatkan struktur organisasi. Dengan menerapkan strategi tersebut, UKM di Kota Ternate dapat mencapai persaingan dan kinerja pemasaran yang lebih baik.



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## INTRODUCTION

The industrial sector in the era of global and digital competition forces every company to be ready to face increasingly fierce business competition including the Small, Medium Industry (SMI) in Ternate city. The increasing challenges faced in the global phenomenon will automatically demand strong competitiveness for all parties affected by the phenomenon, starting from the level of individuals, companies, to countries. Competitiveness is the idea of comparing the ability and performance of companies in selling and supplying products and or services to consumers (Jatmiko et al., 2021). Indonesia's competitiveness itself is ranked 50th out of 144 regional countries, namely below Singapore, Malaysia, Thailand and Brunei Darussalam. This condition raises concerns for the Indonesian people to take part in the free trade arena in the ASEAN Economic Community (AEC)

region. Without being accompanied by high competitiveness, Indonesia's involvement in the AEC is feared to only make the domestic market flooded by similar products from cooperation partner countries in the ASEAN region (Efendi et al., 2019). The strategic role of SMEs in directing the movement of the national economy and improving people's welfare can be maintained and developed by relying on increased entrepreneurship, namely an increase in terms of quality and quantity (Efendi, et al., 2019).

One of the other important roles held by SMEs is expanding employment opportunities to absorb labor. The expansion of employment opportunities itself is a sector development effort aimed at absorbing labor. This reflects that the number of SME business units will be in line with the amount of labor absorption. The large involvement of SMEs with the labor force, which is reflected in its relationship with labor absorption, ultimately shows the important role played by the SMEs themselves (Efendi, et al., 2019). Initially, a small industry is generally in the form of a home industry, where the same place functions as a place to live and work at the same time. In practice, all work instructed by the leader, including production and sales will be carried out by members of the family concerned. Production capital in the home industry is also often mixed with household money that should be used to finance the daily needs of the family concerned, so that profits and losses become difficult to distinguish (Efendi, et al., 2019).

The number of small and medium industries (SMIs) in Ternate City is currently increasing and employment is quite high, but the quality of products is still relatively low. The head of Ternate City Industry and Trade Office said that small and medium industries (SMIs) must continue to innovate, be creative, and improve production, packaging, and marketing techniques in order to achieve competitive product quality improvement so that they can penetrate the global market (indotimur.com, 2019). Due to the lack of entrepreneurial orientation that each industry offers to consumers, consumers can switch to other products. Entrepreneurial orientation makes firms to be more proactive so that they are able to adapt to environmental and market changes and try to be the first to offer new products compared to their competitors (Heng & Afifah, 2020). The presence of rapid industrial competition, namely technology, consumer desires and shorter product circulation in the business world, is something that cannot be eliminated. Market orientation is a strategic aspect because it brings the company to focus and be close to its customers. This is due to the phenomenon of competition, both local and global, which is highly competitive and the rapid changes in customer needs as a result of rapid technological development (Nuno Teixeira & Klemenčič, 2021).

**Table 1. State of Small and Medium Industries in Ternate City in 2021**

| No | Tahun | Sektor Industri Pangan |              |               |
|----|-------|------------------------|--------------|---------------|
|    |       | Jumlah Industri        | Tenaga Kerja | Investasi     |
| 1  | 2017  | 409                    | 1141         | 1.790.556.501 |
| 2  | 2018  | 441                    | 1255         | 3.144.632.813 |
| 3  | 2019  | 508                    | 1320         | 3.992.688,386 |
| 4  | 2020  | 541                    | 1448         | 4.556.091.249 |
| 5  | 2021  | 586                    | 1497         | 6.253.441.275 |

Source: Desperindag 2022

Based on table 1 above, it appears that the number of entrepreneurs in the food industry sector

in 2021 has increased. The increase in this industry is 586, compared to 2017, which was 409. Then in 2021 the number of workers in the food industry experienced a very good increase, namely 1497 people compared to 2017, namely 1141 workers and the amount of investment in the food industry in 2021 has increased, namely 6,253,441,275, compared to the amount of investment in 2017, namely 1,790,556.50. (Desperindag, 2021) Entrepreneurial orientation is one of the strategies in improving marketing performance. Through entrepreneurial orientation, companies can develop the potential to create the best products for their customers. This effort can form the company's competitive advantage if customers can assess and feel that the products offered are better than the same competitors. This competitive advantage becomes a company's strength to improve marketing performance (Rosadian, 2020). Competitive advantage is the company's power to get profit or economic margins against competitors in similar industries (Irmadiani, 2016). Competitive advantage is expected to be controlled by the company because by using competitive advantage, the company can maintain that it remains superior to competitors and can maintain success in the long term (Rosadian, 2020).

Research by Muis and Isyanto (2021), Puspaningrum (2020), Trarintya, et al. (2020), concluded that market orientation has a significant effect on competitive advantage. Research by Kiyabo and Isaga (2020), Dhameraiaa, et al., (2022), concluded that entrepreneurial orientation has a significant effect on competitive advantage. Research by Harjadi et al. (2020), concluded that market orientation has a significant effect on marketing performance. Jogaratnam (2017), Norikun (2018), Lestari, et al. (2019) dan Fatmawati, et al. (2016) say that entrepreneurial orientation can create competitive advantage Charupongsopon dan Puriwat (2017), Amrulloh and Hidayat (2018), Manahera, et al., (2018) say that entrepreneurial orientation affects marketing performance. Sukaatmadjaa et al. (2021), said that competitive advantage has a significant effect on marketing performance. Puspaningrum (2020) says that market orientation affects marketing performance through the role of competitive advantage. Meanwhile, research by Norikun (2018), Fatmawati et al., (2016), Merakati et al. (2017) state that entrepreneurial orientation is significant to marketing performance through competitive advantage. Some researchers' opinions conclude that the role of market orientation and entrepreneurial orientation has many positive benefits in shaping competitive advantage to improve marketing performance. However, research conducted by Heng and Afifah (2020), that entrepreneurial orientation has no effect on marketing performance as well as research by Pamungkas, et al, (2021), that entrepreneurial orientation has no direct effect on competitive advantage, besides that research conducted by Fauzia (2020), states that market orientation has an insignificant effect on marketing performance through competitive advantage.

A business venture that is managed with a market orientation has various benefits, including being able to produce products or services that are in accordance with customer perceptions, can produce more efficiently than competitors, and can explain the differences in performance achieved by the company, and can lead the company to a competitive advantage that can be maintained through internal and external activities (Crick et al., 2022). Meanwhile, research conducted by Harjadi, et al. (2020), Market Orientation and Product Innovation to Increase Profit Competitiveness and its Impact on Marketing Performance of Food SMEs in Darma District. The analysis technique used is path analysis with descriptive-verification method. The results of the study found a strong relationship between market orientation and marketing performance in Food SMEs in Darma

District.

**H1:** Market Orientation has a positive influence on Marketing Performance

Entrepreneurship Orientation has a positive influence on market-oriented businesses, allowing them to produce products or services that are aligned with customer perceptions and achieve higher efficiency compared to competitors. This can lead to performance differences and give companies a competitive advantage that can be maintained through internal and external activities (Criado-Gomis et al., 2020). Meanwhile, research found a strong relationship between entrepreneurial orientation and marketing performance in Embroidery SMEs in Taksimalaya City (Dhameriaa, et al., 2021). Overall, a customer-focused approach in entrepreneurship can produce various benefits, including the ability to produce products or services that meet customer needs and desires (Imran et al., 2019)

**H2:** Entrepreneurial Orientation has a positive influence on Marketing Performance

Market orientation is a corporate culture that emphasizes the importance of understanding customer needs and preferences to gain a competitive advantage in the market. It involves paying attention to the market and developing marketing strategies based on customer insights. The concept of market orientation is explored in various papers. Carpenter suggests that companies often use market-driving and market-based approaches simultaneously (Carpenter, 2023). Meanwhile, research conducted by Puspaningrum, (2020), the results of the study found a strong relationship between Market Orientation on competitive advantage in Small and Medium Enterprises (SMEs) in Malang City.

**H3:** Market Orientation has a positive influence on Competitive Advantage.

Creating goods and services that are in accordance with the wants and needs of customers can form a competitive advantage. This happens when customers can judge the products offered as better or different from other competitors. Therefore, an entrepreneur needs to be oriented towards entrepreneurial practice by implementing creative and innovative abilities to find opportunities for success (Rosadian, 2020). Meanwhile, research conducted by Kiyabo and Isaga (2020) found a strong relationship between entrepreneurial orientation and competitive advantage.

**H4:** Entrepreneurial Orientation has a positive influence on Competitive Advantage

Advancing competitive advantage is essential to achieve profits as planned, increase market share, increase customer satisfaction, and ensure business continuity (Kaleka & Morgan, 2017). Meanwhile, research conducted by Sukaatmadjaa (2020) found a strong relationship between Competitive Advantage and marketing performance in the Wood Craft Industry.

**H5:** Competitive Advantage has a positive influence on Marketing Performance.

Companies that have a high level of market orientation tend to have high marketing performance. This is because market orientation leads to competitive advantages such as innovation and product quality, service quality, and cost effectiveness (Aniyati & Indayani, 2023). Meanwhile, research conducted by Kamboj & Rahman, (2017), the results of the study found a strong relationship between Market orientation, Competitive Advantage, and Marketing Performance.

**H6:** Market Orientation Through Competitive Advantage has a positive influence on Marketing Performance.

Entrepreneurial orientation plays an important role in improving business performance (Munawar et al., 2023; Pradana & Safitri, 2023). It is considered an important quality for business owners to improve their performance. Research has shown that entrepreneurial orientation has a positive impact on business performance, including factors such as proactiveness, competitive aggressiveness, risk-taking, autonomy, and innovation (Munawar et al., 2023). In addition, entrepreneurial orientation has been found to have a positive effect on product innovation, value co-creation, and operational performance (Lutfi & Nupus, 2023). It has also been identified as a driver of operational performance, with innovation capability mediating the relationship between entrepreneurial orientation and performance (Lutfi & Nupus, 2023). Meanwhile, research conducted by Norikun, (2018). The results of the study found a strong relationship between Entrepreneurial orientation, Competitive Advantage, and Marketing Performance.

**H7:** Entrepreneurial Orientation through Competitive Advantage has a positive influence on Marketing Performance.

## RESEARCH METHODS

The type of research used is explanatory research or causal study. the research was conducted in Ternate city. The population of this study were SMEs in Ternate City in the food industry which totaled 586 people from 85 industries. In determining the sample size, researchers used a 10% error rate or level. The formula used by researchers to determine the sample size uses the Slovin formula. The number of samples taken by researchers was 85 respondents. The next analysis technique is to use path analysis through SEM analysis tools with a partial least square modeling (PLS) approach using smartPLS software version 4.0 to estimate structural equations on a variance basis.

## RESULTS AND DISCUSSION

### *Results*

The object of this research is small and medium industry (SMI) in Ternate city. The author distributed this questionnaire to 85 SMEs in Ternate city. The identity of respondents revealed in this study includes the type of business, education, position, and average monthly salary. the characteristics of education are most dominated by those with high school education, namely 71.76% or 61 people because in running this SME business does not require special skills, but what is needed is the desire and willingness to run the business, the characteristics of the position are dominated by the position of leader / manager, namely 64 people or 75.29%. The characteristics of the average monthly salary are dominated by leaders/managers, namely 64 people or 73.3% with an average salary income of Rp. 1,000,000-5,000,000 per month. Social media characteristics are dominated by Facebook social media, namely 45 people or 52.94% of Facebook media used by these SMEs still use Facebook in promoting their products because it is considered easier and many separate groups can accommodate their products such as buying and selling Ternate.

The first step in SEM-PLS analysis is to look at the measurement model (Outer Model). This model is a measurement model used to test the validity and reliability of the research model. The



first analysis used is the validity test. The construct validity test in PLS is conducted through convergent validity and discriminant validity tests. The convergent validity of the measurement model with an indicator reflective model is assessed based on the correlation between the item score and component score with the construct score calculated by PLS. Convergent validity is an instrument capable of collecting data that produces good convergent validity when the instrument obtains data on a construct that has the same pattern as that produced by other instruments measuring the same construct. The loading factor value is greater than 0.6 to 0.7 (Ghozali & Latan, 2015).

Discriminant validity evaluation is carried out using the Cross Loading value and by comparing the root value of AVE (Average Variance Extrated) latent variables with the correlation between latent variables. The following can be presented validity test of market orientation variables, entrepreneurial orientation, competitive advantage and marketing performance:

**Tabel 2. Validity test**

| Variable                    | Dimension | X1           | X2           | Y1           | Y2           | AVE   | Result |
|-----------------------------|-----------|--------------|--------------|--------------|--------------|-------|--------|
| Market Orientation          | X1.1.1    | <b>0.864</b> | 0.850        | 0.849        | 0.797        | 0.678 | Valid  |
|                             | X1.1.2    | <b>0.871</b> | 0.762        | 0.760        | 0.800        |       |        |
|                             | X1.2.1    | <b>0.835</b> | 0.740        | 0.736        | 0.774        |       |        |
|                             | X1.2.2    | <b>0.895</b> | 0.815        | 0.873        | 0.847        |       |        |
|                             | X1.3.1    | <b>0.815</b> | 0.668        | 0.651        | 0.672        |       |        |
|                             | X1.3.2    | <b>0.827</b> | 0.727        | 0.722        | 0.755        |       |        |
| Entrepreneurial Orientation | X2.1.1    | 0.732        | <b>0.870</b> | 0.821        | 0.789        | 0.662 | Valid  |
|                             | X2.1.2    | 0.706        | <b>0.846</b> | 0.792        | 0.804        |       |        |
|                             | X2.2.1    | 0.822        | <b>0.898</b> | 0.784        | 0.799        |       |        |
|                             | X2.2.2    | 0.751        | <b>0.848</b> | 0.828        | 0.781        |       |        |
|                             | X2.3.1    | 0.710        | <b>0.859</b> | 0.811        | 0.832        |       |        |
|                             | X2.3.2    | 0.609        | <b>0.811</b> | 0.751        | 0.658        |       |        |
|                             | X2.4.1    | 0.861        | <b>0.880</b> | 0.764        | 0.793        |       |        |
|                             | X2.4.2    | 0.756        | <b>0.891</b> | 0.843        | 0.821        |       |        |
|                             | X2.5.1    | 0.782        | <b>0.836</b> | 0.685        | 0.751        |       |        |
|                             | X2.5.2    | 0.884        | <b>0.878</b> | 0.784        | 0.806        |       |        |
| Competitive Advantage       | Y1.1      | 0.803        | 0.736        | <b>0.870</b> | 0.778        | 0.643 | Valid  |
|                             | Y1.2      | 0.679        | 0.773        | <b>0.824</b> | 0.741        |       |        |
|                             | Y1.3      | 0.550        | 0.666        | <b>0.723</b> | 0.639        |       |        |
|                             | Y1.4      | 0.891        | 0.803        | <b>0.894</b> | 0.832        |       |        |
|                             | Y1.5      | 0.797        | 0.880        | <b>0.888</b> | 0.866        |       |        |
| Marketing Performance       | Y2.1      | 0.754        | 0.661        | 0.691        | <b>0.931</b> | 0.665 | Valid  |
|                             | Y2.2      | 0.734        | 0.841        | 0.829        | <b>0.854</b> |       |        |
|                             | Y2.3      | 0.857        | 0.775        | 0.756        | <b>0.809</b> |       |        |
|                             | Y2.4      | 0.749        | 0.854        | 0.873        | <b>0.899</b> |       |        |

Source: Primary data processed, 2022

The data in Table 2 shows that all indicators used to measure the variables used in this study have an outer loading value greater than 0.700, an AVE value greater than 0.600, and the indicator's cross loading value on its variable is the largest compared to other variables. This means that it can be stated that the indicators used in this study are good in compiling their respective variables.

The next step involves the reliability test utilizing both Cronbach Alpha and composite reliability. A Cronbach Alpha value between 0.41-0.70 indicates a relatively high level of reliability

and suggests that the measurement results can be considered consistent (Hair et al., 2017). In addition to composite reliability, Cronbach Alpha is one of the components utilized to assess the reliability value of indicators on a variable. A variable can be considered reliable if its Cronbach Alpha value exceeds 0.70 (Hair et al., 2017).

**Table 4.** Construct Reliability Test Results

| No | Variable                    | Composite Reliability | Cronbach's Alpha | Result   |
|----|-----------------------------|-----------------------|------------------|----------|
| 1  | Market Orientation          | 0.927                 | 0.905            | Reliabel |
| 2  | Entrepreneurial Orientation | 0.951                 | 0.942            | Reliabel |
| 3  | Competitive Advantage       | 0.899                 | 0.860            | Reliabel |
| 4  | Marketing Performance       | 0.888                 | 0.831            | Reliabel |

*Source: Primary data processed, 2022*

Based on Table 3, it can be concluded that the Composite Reliability values for all variables in this study are >0.70. This shows that each variable has met the Composite Reliability. The Cronbach's Alpha values for all variables in this study are also >0.70, indicating that each variable has met the Cronbach's Alpha criteria.

Furthermore, this study includes testing the inner and structural model to assess the relationship between constructs, as well as the significance value and R-square. The evaluation of the structural model incorporates the R-square for the dependent construct t-test, along with the significance of the structural path parameter coefficients. The proposed schema model is presented below.

**Table 5 R-Square value**

| Variable              | R-Square | R-Square Adjusted |
|-----------------------|----------|-------------------|
| Competitive Advantage | 0.942    | 0.941             |
| Marketing Performance | 0.955    | 0.953             |

*Source: Primary data processed, 2022*

The table above displays that the variable of competitive advantage has an R-Square value of 0.942, indicating that the independent variables of customer orientation and entrepreneurial orientation can explain 94.2% of the variance of competitive advantage. The table above displays that the variable of competitive advantage has an R-Square value of 0.942, indicating that the independent variables of customer orientation and entrepreneurial orientation can explain 94.2% of the variance of competitive advantage. Thus, the remaining 5.8% can be attributed to variables outside of the studied model. Additionally, the variable of marketing performance has an R-Square value of 0.955. In this instance, the market orientation variables, entrepreneurial orientation, and competitive advantage demonstrate the capacity to explain 95.5% of the variance in the marketing performance variable. The remaining 4.5% is attributed to variables not examined in this study. Based on the calculation results, it appears that the value of  $Q^2 = 1 - (1 - R12) (1 - R22)$  is 0.997. Therefore, it can be inferred that the structural model in this study is sound. The high value of predictive relevance, nearing 1, supports this conclusion.

**Table 6. Hypothesis Test**

| Hypothesis  | Path Coefficient | Standart Deviation | t-statistic | P-Value | Result        |
|---|------------------|--------------------|-------------|---------|---------------|
| Market Orientation towards Marketing Performance  | 0.225            | 0.085              | 2.638       | 0.008   | Significant   |
| Entrepreneurial Orientation towards Marketing Performance                               | 0.300            | 0.132              | 2.275       | 0.023   | Significant   |
| Market Orientation towards Competitive Advantage  | 0.227            | 0.108              | 2.101       | 0.036   | Significant   |
| Entrepreneurial Orientation towards Competitive Excellence                              | 0.753            | 0.109              | 6.890       | 0.000   | Significant   |
| Competitive Advantages on Marketing Performance   | 0.468            | 0.142              | 3.286       | 0.001   | Significant   |
| Market Orientation towards Marketing Performance through Competitive Advantage          | 0.106            | 0.058              | 1.823       | 0.068   | Not Mediating |
| Entrepreneurial Orientation towards Marketing Performance through Competitive Advantage | 0.353            | 0.126              | 2.789       | 0.005   | Mediate       |

Source: Primary data processed, 2022

In this research, five hypotheses were examined to understand the relationships between market orientation (X1), entrepreneurial orientation (X2), competitive advantage (Y1), and marketing performance (Y2). The first hypothesis (H1) tested the direct influence of market orientation on marketing performance and yielded significant results, as evidenced by the path coefficient output with a calculated t-value greater than the critical t-table value ( $2.638 > 1.96$ ) and a p-value less than 0.05 ( $0.008 < 0.05$ ), thus confirming the acceptance of the hypothesis. Similarly, the second hypothesis (H2) explored the direct impact of entrepreneurial orientation on marketing performance, resulting in a significant effect, with the path coefficient's t-value exceeding the critical t-table value ( $2.275 > 1.96$ ) and a p-value less than 0.05 ( $0.023 < 0.05$ ), supporting the acceptance of the hypothesis. The third and fourth hypotheses (H3 and H4) investigated the direct relationships between market orientation and competitive advantage, as well as entrepreneurial orientation and competitive advantage, respectively, both yielding significant effects based on the path coefficient outputs, with t-values surpassing the critical t-table values and p-values below 0.05, indicating the acceptance of these hypotheses. Finally, the fifth hypothesis (H5) explored the direct influence of competitive advantage on marketing performance and found a significant relationship, with the path coefficient's t-value well above the critical t-table value ( $3.286 > 1.96$ ) and a p-value below 0.05 ( $0.001 < 0.05$ ), confirming the acceptance of this hypothesis.

The sixth hypothesis (H6) tested the direct influence of market orientation and competitive advantage on marketing performance. However, the analysis results indicated that market orientation through competitive advantage does not have a significant impact on marketing performance. This conclusion is drawn from the path coefficient output, where the calculated t-value is less than the critical t-table value ( $1.823 < 1.96$ ), and the p-value is greater than 0.05 ( $0.068 > 0.05$ ), leading to the rejection of this hypothesis. Conversely, the seventh hypothesis (H7) explored the direct influence of entrepreneurial orientation and competitive advantage on marketing



performance. The analysis results demonstrated that entrepreneurial orientation through competitive advantage significantly affects marketing performance. This is evident from the path coefficient output, with a calculated t-value greater than the critical t-table value ( $2.789 > 1.96$ ) and a p-value less than 0.05 ( $0.005 < 0.05$ ), confirming the acceptance of this hypothesis. These findings contribute additional insights into the complex interplay between market orientation, entrepreneurial orientation, competitive advantage, and marketing performance in the context of the study.

## ***Discussion***

### ***The Effect of Market Orientation on Marketing Performance***

Based on the results of the study, it shows that market orientation has a direct positive effect on marketing performance. This research is in accordance with the results of research conducted by Harjadi, et al., (2020), Market Orientation and Product Innovation to Increase Profit Competitiveness and its Impact on Marketing Performance of Food SMEs in Darma District. The analysis technique used is path analysis with descriptive-verification method. The results found a strong relationship between market orientation and marketing performance in Food SMEs in Darma District. When market orientation is done well, marketing performance indirectly provides progress to the company itself.

### ***The Effect of Entrepreneurial Orientation on Marketing Performance***

Based on the results of the study, it shows that entrepreneurial orientation has a direct positive effect on marketing performance. This research is in accordance with research conducted by Dhameriaa, et al., (2021), Network capabilities, entrepreneurial marketing, competitive advantage, and Marketing Performance of Embroidery SMEs in Taksimalaya City. The analysis technique used was purposive sampling. The results found a strong relationship between entrepreneurial orientation and marketing performance in Embroidery SMEs in Taksimalaya City.

### ***The Effect of Market Orientation on Competitive Advantage***

Based on the results of the study, it shows that market orientation has a direct positive effect on competitive advantage. This research is in accordance with research conducted by Puspaningrum, (2020), Market Orientation, Competitive Advantage, and Marketing Performance in Small and Medium Enterprises (SMEs) in Malang City with the analysis technique used is Structural Equation Model (SEM). The results of the study found a strong relationship between Market Orientation and competitive advantage in Small and Medium Enterprises (SMEs) in Malang City.

### ***The Effect of Entrepreneurial Orientation on Competitive Advantage***

Based on the results of the study, it shows that entrepreneurial orientation has a direct positive effect on marketing performance. This research is in accordance with research conducted by Kiyabo and Isaga, (2020). Entrepreneurial Orientation, Competitive Advantage, and SME Performance: Application of Measures of Company Growth and Personal Wealth in Tanzania. The analysis technique used is a survey method with a cross-sectional design. The results of the study found a

strong relationship between entrepreneurial orientation and competitive advantage.

#### ***The Effect of Competitive Advantage on Marketing Performance***

Based on the results of the study, it shows that competitive advantage has a direct positive effect on marketing performance. This research is in accordance with research conducted by Sukaatmadjaa, et al., (2020), Competitive Advantage to improve Internationalization and Marketing Performance of the Wood Craft Industry: A Resource-Based View Theory Perspective. The analysis technique used is Path Analysis. The results of the study found a strong relationship between Competitive Advantage and marketing performance in the Wood Craft Industry.

#### ***The Effect of Market Orientation on Marketing Performance through Competitive Advantage***

Based on the results of the study, it shows that market orientation has a non-significant effect directly on marketing performance through competitive advantage. This research is in accordance with research conducted by Fauzia (2020), The Effect of Market Orientation and Product Innovation to improve Marketing Performance Through Competitive Advantage as a Mediating Variable (Study on Batik Surabaya SMEs). The results of this study state that market orientation has an insignificant effect on marketing performance through competitive advantage.

#### ***The Effect of Entrepreneurial Orientation on Marketing Performance through Competitive Advantage***

Based on the results of the study, it shows that entrepreneurial orientation has a direct positive effect on marketing performance through competitive advantage. This research is in accordance with research conducted by Merakati, et al., (2017). The Effect of Market Orientation, Innovation, Entrepreneurial Orientation through Competitive Advantage on Marketing Performance. The analysis technique used is Path Analysis. The results of the study found a strong relationship between Entrepreneurial Orientation Through Competitive Advantage on Marketing Performance.

### **CONCLUSION**

The testing results indicate that the variables of market orientation, entrepreneurial orientation, competitive advantage, and marketing performance significantly influence IKM in Ternate City. However, market orientation does not have a significant effect on marketing performance through competitive advantage. The research suggests the necessity of increasing market orientation activities to enhance superior value in competing and marketing performance. Things that can be done include ensuring that IKMs in the city of Ternate take into consideration the wishes of consumers and monitor competitor releases of new products, as well as improving their organizational structures. The implication of this research is a necessity to enhance market orientation activities in order to achieve superior value in competing and marketing performance. No changes needed as the text lacks context and already adheres to the principles. Things that can be done include ensuring that IKMs in the city of Ternate are aware of consumer preferences, keep track of competitors' product releases, and enhance their organizational structure.

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