The Influence of Entrepreneurial Orientation, Market Orientation, and Product Innovation on the Marketing Performance of the Batik Industry

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Abstract:
This research is motivated by the need to understand the factors that influence the marketing performance of the batik industry in the city of Surakarta, which is one of the leading batik production centers in Indonesia. Batik not only has high cultural value but is also an important industry for the local economy, especially through Micro, Small and Medium Enterprises (MSMEs). This research aims to analyze the influence of entrepreneurial orientation, market orientation, and product innovation on the marketing performance of the batik industry in the city of Surakarta. Quantitative methods were used with the population of batik MSME actors in the city, and a sample of 100 actors was selected through purposive sampling, with the criteria of active operation for a minimum of 3 years according to Sugiyono (2015). Data was collected through a questionnaire whose validity and reliability have been tested. The results of the analysis show that entrepreneurial orientation, market orientation and product innovation play an important role in improving the marketing performance of batik MSMEs in Surakarta City. Increasing and implementing entrepreneurial and market orientation contributes significantly to marketing growth and performance. Intensive product innovation also has a positive impact on marketing performance. Therefore, a strategy that focuses on developing these three aspects is considered key for batik MSME entrepreneurs to achieve sustainable growth and improve their marketing performance. In addition, companies need to strengthen internal factors such as product innovation, service quality and operational excellence to increase efficiency, effectiveness and customer satisfaction. Alignment of marketing strategies with in-depth market analysis and superior customer service is also necessary to strengthen the position in the market.

Keywords: Entrepreneurship Orientation, Market Orientation, Product Innovation, Marketing Performance, Umkm, Batik, Surakarta City

Doi: 10.58344/jig.v2i2.71
Introduction

The batik industry is one of the most developed business sectors in Indonesia (Kustiyah, 2017). Batik is a cultural heritage that has high artistic value and has become one of the superior products produced by many regions in Indonesia. Batik as the identity of the Indonesian nation has received recognition from UNESCO which states that Indonesian batik is one of the world's intangible cultural heritages in the field of Masterpieces Of The Oral And Intangible Heritage Of Humanity (Arrobi, 2019).

The contribution of the batik industry plays an important role in the national economy and has succeeded in becoming the market leader of the world batik market. The achievement of batik export value in 2021 was US$35.46 million and increased in 2022 to US$49.63 million (https://arahin.id/hub/post/valu-ekspor-batik). This achievement is supported by business activities in the batik industry which is growing rapidly in a number of regions in Indonesia (Magvira et al., 2023). There are the top 10 provinces in Indonesia that have the most batik producers, both on the MSME, medium and large business scale, as shown in Figure 1 below:

Figure 1 Ten Provinces That Have the Most Batik Producers
Source: https://databoks.katadata.co.id/datapublish/2022/10/02/ini-10-provinsi-yang-punya-produsen-batik-terbesar

Central Java Province has the most batik producers in Indonesia, one of which is located in the city of Surakarta or Solo. The city of Surakarta has at least 5 batik industry centers which are visited by many domestic and international tourists, namely Kauman Batik Village, Laweyan Batik Village, Danar Hadi Batik Museum, Klewer Market, Batik Lumbung (https://surakarta.go.id/?p=23268). The development of batik industrial centers encourages increasingly tight competition between business players which has an impact on their marketing performance.
Marketing performance is an evaluation of the results and effectiveness of a company's marketing efforts in achieving its goals and targets (Sayudin et al., 2020). Through measuring and analyzing various metrics and indicators, marketing performance helps in understanding the extent to which marketing strategies and operational activities carried out by a company contribute to overall business results (Sayudin, Ningsih, et al., 2023). Through marketing performance analysis, companies can identify the strengths and weaknesses of their marketing strategies, and make the necessary improvements to achieve better results. States that the formulation of an appropriate marketing strategy will have an impact on marketing performance achievements. Companies that have an effective marketing strategy are more likely to have better marketing performance than companies that do not have an effective marketing strategy. Not only is a marketing strategy with high service quality more likely to have better marketing performance than companies that have low service quality. There are a number of important factors that can influence marketing performance, namely entrepreneurial orientation, market orientation and product innovation (Sayudin, Kartono, et al., 2023).

Entrepreneurial orientation is an important factor that can influence marketing performance. The definition of entrepreneurial orientation is a concept that describes a person's attitude or behavior that is driven by the desire to start a business or venture that is innovative and creates value for society (Sulistiyowati, 2022). Entrepreneurial orientation is a characteristic possessed by someone who has a strong entrepreneurial intent and continues to look for business opportunities. Entrepreneurial orientation can be influenced by several factors, such as social and family background, education, work experience, and a person's personality. Apart from that, entrepreneurial orientation is also influenced by environmental factors such as the level of competition in the market, the level of expected profits, and the facilities available to entrepreneurs (Fatmawati et al., 2016).

Companies that have a high entrepreneurial orientation are more likely to have better marketing performance than companies that have a low entrepreneurial orientation. Entrepreneurial orientation can encourage companies to innovate in their products, services and marketing strategies. Innovation can help companies attract new customers, retain existing customers, and increase market share (Amalia et al., 2023).

Entrepreneurial orientation can also encourage companies to be more proactive in seeking new market opportunities. Proactivity can help companies more quickly capture market opportunities and develop their business. Entrepreneurial orientation can also encourage companies to be more willing to take risks (Hindarwati et al., 2021). Risk can help companies innovate and develop their business faster.

The role of entrepreneurial orientation in improving marketing performance has been proven by a number of previous studies. (Hatta, 2015) Entrepreneurial orientation has a positive and significant effect on marketing performance. The results of this research prove that the stronger the entrepreneurial orientation of a company, the more impact it will have on improving marketing performance. (Fadhilla et al., 2021) explains that entrepreneurial orientation does not have a significant effect on marketing performance in small and medium companies. (Fadhilla et al., 2021) explains that

ISSN: 3032-2723 ; E-ISSN: 3031-0512

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entrepreneurial orientation does not significantly influence marketing performance in companies that compete in uncompetitive markets. The diversity of research results shows that there are still research gaps for further research.

Apart from entrepreneurial orientation, another factor that can influence marketing performance is market orientation (Sari & Farida, 2020). Market orientation is a set of beliefs, values and practices that focus on customers (Pancaningrum & Sucipto, 2018). Companies with high market orientation strive to understand customer needs and wants, and then adapt their products, services, and marketing strategies to meet those needs.

Market orientation can influence marketing performance in several ways (Sulaeman, 2018). First, market orientation can help companies to attract and retain customers. When companies understand customer needs and wants, they can develop products and services that better meet those needs. This can help companies to attract new customers and retain existing customers. Second, market orientation can help companies to increase sales. When companies understand customer needs and wants, they can develop more effective marketing strategies to reach customers. This can help companies to increase sales and increase market share. Third, market orientation can help companies to increase customer satisfaction. When companies understand customer needs and wants, they can provide better customer experiences. This can help companies to increase customer satisfaction and reduce product return rates.

Research proves that market orientation has an effect on market orientation and is significant on marketing performance in companies competing in competitive markets (Dewi & Ekawati, 2017). (Putri & Yasa, 2018) found that market orientation has an influence on market orientation and is significant on customer satisfaction in companies that sell innovative products. However, based on research by (Merakati et al., 2017) it was found that market orientation has a significant effect on marketing performance in companies that compete in uncompetitive markets. And research by (Wirawan, 2017) found that market orientation does not significantly influence marketing performance in companies that sell standard products.

Another factor that can influence marketing performance is product innovation (Harini et al., 2022). Product innovation is the process of creating new products or improving existing products (Wijaya et al., 2019). Product innovation can influence marketing performance in several ways. First, product innovation can help companies to attract and retain customers (Sinurat et al., 2017). When companies launch new products or improve existing products, they can attract the attention of new customers and retain existing customers. Second, product innovation can help companies increase sales (Az-zahra et al., 2021). When companies launch new products or improve existing products, they can increase sales by offering customers something new and exciting. Third, product innovation can help companies increase market share (Armayani et al., 2021). When companies launch new products or improve existing products, they can increase market share by offering something better than competitors.

The role of product innovation on marketing performance has been proven by a number of previous studies. Meanwhile, research by (Tahuman, 2016) found that product innovation has a significant effect on marketing performance in the form of: customer satisfaction, customer loyalty and financial performance. (Rijal et al., 2023)
found that product innovation has a positive and significant effect on marketing performance in companies operating in the service industry. However, research (Elwisam & Lestari, 2019) found that product innovation does not have a significant effect on marketing performance.

This research on marketing performance was conducted at batik MSMEs in Surakarta City, Central Java. MSMEs in Solo City will grow significantly during 2022. In terms of quantity, MSMEs increased by more than 300% compared to 2021. Based on data from the Solo City Cooperatives, SMEs and Industry, in 2022 there were 11,157 MSMEs recorded, while in 2021 there were only 3,635 MSMEs. MSMEs in the city of Surakarta are dominated by batik craft businesses.

The very rapid development of batik MSMEs in the city of Surakarta encourages MSMEs to be able to run their businesses well. One measure of business success is reflected in its marketing performance achievements. Based on this phenomenon and the study of preliminary research results which show that there is still diversity in research results, it is necessary to test the factors that influence marketing performance in batik MSMEs, especially in the city of Surakarta.

Research objective: To analyze the influence of entrepreneurial orientation on the marketing performance of the batik industry in the city of Surakarta. To analyze the influence of market orientation on the marketing performance of the batik industry in Surakarta City. To analyze the influence of the level of product innovation on the marketing performance of the batik industry in Surakarta City. Benefits This research has contributed to the development of knowledge about the influence of entrepreneurial orientation, market orientation, product innovation on marketing performance in the batik industry. It is hoped that this research will also become a reference for further research that examines marketing strategies, especially factors that influence marketing performance. Practical benefits: This research provides a better understanding for batik industry players in Surakarta City about the importance of entrepreneurial orientation, market orientation and product innovation in improving their marketing performance. This research also provides strategic input for the government and industry associations in formulating policies and programs that support the development of the batik industry in the city of Surakarta. Apart from that, this research also helps batik industry players identify factors that need to be considered in an effort to improve their marketing performance.

**Method**

This research applies a quantitative approach. This method is used to investigate a particular population or sample by collecting data through research instruments and analyzing it statistically to test the hypothesis that has been proposed. Quantitative research produces data in the form of numbers and is usually analyzed using descriptive or inferential statistics. In this research, a quantitative approach was used to test the research hypothesis.
Data source

Research data can be divided into two categories, namely primary data and secondary data. In this research, both primary data and secondary data were used as sources of information.

Primary data

Primary data refers to information obtained directly from the source. In this research, primary data was obtained through the process of distributing questionnaires containing statements as a research tool. The results of this questionnaire were obtained through responses and answers collected from respondents via the Google Form platform.

Secondary Data

Secondary data is a type of research data that is not obtained directly from the source, but through various intermediary media. This type of data is found in documents, books, reports, scientific writings, internet sources, and various other sources of information relevant to research.

Population

explains that population refers to a generalization that includes objects or subjects that have qualities and characteristics that have been selected for research purposes and to draw conclusions. In the context of this research, the population is batik MSMEs in Surakarta City. This population has characteristics that are infinite or infinite.

Sample

explains that a sample is a portion of the entire population that has similar characteristics. The sample for this research is batik MSMEs in Surakarta City.

In PP UMKM NO.7/2021 Article 1 explains the criteria for Micro, Small and Medium Enterprises as follows:

a. Micro businesses have capital of no more than IDR 1,000,000,000.00 (one billion rupiah) excluding land and buildings where the business is located. From annual sales up to a maximum of IDR 2,000,000,000.00 (two billion rupiah).

b. Small businesses have capital of more than IDR 1,000,000,000.00 (one billion rupiah) up to a maximum of IDR 5,000,000,000 (five billion rupiah) excluding land and buildings where the business is located. From annual sales proceeds of more than IDR 2,000,000,000.00 (two billion rupiah) up to a maximum of IDR 15,000,000,000.00 (fifteen billion rupiah).

c. Medium Enterprises have capital of more than IDR 5,000,000,000.00 (five billion rupiah) up to a maximum of IDR 10,000,000,000.00 (ten billion rupiah) excluding land and buildings where the business is located. From annual sales proceeds of more than IDR 15,000,000,000.00 (fifteen billion rupiah) up to a maximum of IDR 50,000,000,000.00 (fifty billion rupiah).

The sample selection method used in this research was purposive sampling. explained that purposive sampling is a sample selection technique carried out based on the consideration that batik MSMEs have at least been actively operating in the last 3 years.

In this study, the Lemeshow formula was used to determine the sample size, as follows:
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\[
n = \frac{Z\alpha^2 \times P \times Q}{d^2}
\]

Information:

n= Minimum number of samples used

Z= Standard value of the distribution according to value = 5% = 1.96

P = Prevalence of outcome, because data has not yet been obtained, 50% is used

Q= 1-P

d= Level of accuracy

Based on the formula above, the researcher carried out calculations using the lemeshow formula above, with the results that will determine the number of samples to be studied, namely:

\[
n = \frac{1.96^2 \times 0.5 \times 0.5}{0.1^2}
\]

\[
n = 96.04
\]

So with the calculation above using the lemeshow formula, the number of samples in this study is 96.04 which is rounded up to 100 batik MSMEs.

Data Collection Techniques and Tools

In this research, the data collection method used is a survey technique with data collection tools in the form of questionnaires. Explains a questionnaire as a data collection method that involves giving respondents a series of questions or written statements to answer. The scale used in this research is a Likert scale with five levels.

The questionnaire in this research was aimed at batik MSMEs in Surakarta City. The assessment of the statements in the questionnaire will be measured using a Likert scale with a score of 5, namely strongly agree, score 4, namely agree, score 3, namely quite agree, score 2, namely disagree and score 1, namely strongly disagree.

Results and Discussion

The Influence of Entrepreneurial Orientation on the Marketing Performance of the Batik Industry in the City of Surakarta

Based on the results of hypothesis test calculations, it is concluded that entrepreneurial orientation has a positive and significant effect on the marketing performance of the Batik Industry in Surakarta City.
Based on the results of the research conducted, it appears that the Batik Industry in Surakarta City is very aware of the importance of entrepreneurial orientation, this is proven by the fact that entrepreneurial orientation can improve marketing performance through innovative product development and differentiation from competitors, thereby increasing the company’s competitive advantage. So it can be concluded that the higher the entrepreneurial orientation, the higher the marketing performance of the Batik Industry in Surakarta City, but conversely, if the entrepreneurial orientation is low, marketing performance will also decrease.

The results of this research are in line with research conducted by previous researchers, namely (Nizam et al., 2020) which stated that entrepreneurial orientation has a positive and significant effect on marketing performance.

The Influence of Market Orientation on the Marketing Performance of the Batik Industry in Surakarta City

Based on the results of the hypothesis test calculations, it was concluded that market orientation had a significant and positive effect on the marketing performance of the Batik Industry in Surakarta City, so the hypothesis in this research was accepted.

Based on the results of research conducted, it appears that the Batik Industry in Surakarta City shows that market orientation can improve marketing performance through developing targeted products and determining effective marketing strategies to reach the right market. This is supported by the results of previous research by (Supriandi, 2022) shows that market orientation, entrepreneurial orientation, and competitive advantage have a positive and significant effect on the marketing performance of MSMEs, especially in the Batik Industry in Surakarta City.

The Influence of the Level of Product Innovation on the Marketing Performance of the Batik Industry in Surakarta City

Based on the results of hypothesis test calculations, it is concluded that product innovation has a positive and significant effect on the marketing performance of MSMEs, especially in the Batik Industry in Surakarta City, so the hypothesis in this research is accepted.

This is in line with research conducted by (Muharam et al., 2022) showing that product innovation has a positive and significant influence on marketing performance. Product innovation capability also has a positive and significant effect on operational performance, showing that the better the innovation capability, the greater the product quality and operational performance. In addition, the greater the influence of market orientation on marketing performance.

Implications of Research Results

In this research there are implications of the research results including theoretical and managerial implications which will be explained as follows:

Theoretical Implications

This research aims to analyze the relationship between entrepreneurial orientation, market orientation, and product innovation and marketing performance of the Batik Industry in Surakarta City.

1. From the results of testing the coefficient of determination, it can be seen that the influence of all independent variables, namely entrepreneurial orientation, market

ISSN: 3032-2723 ; E-ISSN: 3031-0512

Global Innovation Journal
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orientation and product innovation, has an influence on marketing performance in this study by 75.8%. The remainder is influenced by other variables outside those examined in this research.

2. From the results of the t test, it can be seen that the three independent variables, namely entrepreneurial orientation, market orientation, and product innovation have a positive, partially significant influence on the dependent variable marketing performance.

Managerial Implications

The managerial implication of this research is that it can be used as study material for MSMEs in the batik industry in Surakarta City in evaluating marketing performance and other factors, especially entrepreneurial orientation, market orientation and product innovation.

Based on the evaluation results regarding entrepreneurial orientation, market orientation and product innovation, MSMEs in the batik industry in Surakarta City need to pay attention to the following things:

1. Internal factors that support marketing performance: Companies need to strengthen aspects such as product innovation, service quality and operational excellence. By paying attention to these factors, companies can increase efficiency, effectiveness and customer satisfaction, which in turn can have a positive impact on marketing performance.

2. Marketing strategy adjustments: Company management needs to conduct a more in-depth market analysis, identify the right customer segments, and develop appropriate services. Apart from that, companies also need to consider other aspects such as product or service differentiation, superior customer service so that the company can strengthen its position in the market and improve marketing performance.

3. Emphasis on environmental analysis: Company management must understand industry trends, market growth potential, and changes in customer behavior. In this case, companies need to collect accurate data and information about their business environment, monitor competitors, and identify new opportunities. With a deep understanding of market conditions, companies can design more effective strategies to achieve competitive advantage and improve their marketing performance.

Conclusion

Based on the discussion that has been carried out in this research, it can be concluded that entrepreneurial orientation, market orientation, and product innovation have a positive and significant influence on marketing performance. This indicates that if entrepreneurial and market orientation continues to be improved and product innovation continues to be honed and improved with high intensity, it will increase the growth and marketing performance of batik MSME entrepreneurs in the city of Surakarta.
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ISSN: 3032-2723 ; E-ISSN: 3031-0512
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