THE INLFUENCE OF ENTREPRENEURIAL ORIENTATION, MARKET ORIENTATION, AND MARKETING CAPABILITY ON CULINARY SME PERFORMANCE IN BINTARO REGION

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ABSTRACT
This research aims to determine the influence of entrepreneurial orientation, market orientation, and marketing capability on the performance of culinary MSME businesses in Bintaro Sector 9. The method used in this research is a quantitative research method and the data collection method used is distributing questionnaires to 80 respondents who are MSMEs in the culinary sector in Taman Jajan Bintaro using a non-probability sampling technique carried out using a purposive sampling approach. The program used to process the data that has been received is the SmartPLS 4 program with a bootstrapping procedure to measure the level of significance. The results obtained in this research indicate that entrepreneurial orientation, market orientation, and marketing capability have a positive and significant effect on the performance of MSMEs.

Keywords: *Entrepreneurial Orientation, Market Orientation, Marketing Capability, Performance*

1. INTRODUCTION

Having a prosperous life is everyone's dream to fulfill their economic life in the form of all the needs for their survival. Various efforts were made so that the community could achieve its goals. Efforts that can be made are by building micro, small and medium enterprises or abbreviated as MSMEs. Micro, Small and Medium Enterprises (MSMEs) play an important role in national economic development strategies (Merline & Widjaja, 2022).

The existence of these MSMEs is able to survive in any situation to achieve a prosperous life for the community. One of the situations that has been overcome by the existence of MSMEs. This was, among other things, during the monetary crisis in 1998. Many large businesses collapsed when this disaster occurred, but the existence of MSMEs continued to survive and even increased in number. This really supports Indonesia's economic growth after the 1998 Monetary Crisis, because the country's economic growth is an important movement in a country. Therefore, many leaders in a country are competing to advance their economy so that their country does not fall into a downward curve or recession curve (Widjaja, Herlina, & Gladys, 2022).

The culinary sector is one of the most popular and emerging sectors in Indonesia. Data from the Ministry of Tourism and Creative Economy, the culinary subsector contributed IDR 455.44 trillion or around 41 percent of the total creative economy GDP of IDR 1,134 trillion in 2020 (Agmasari, 2021). Quoting data from the Central Statistics Agency released in June 2022, there were 11,223 culinary businesses spread throughout Indonesia in 2020. A total of 8,042 businesses (71.65 percent) of them were restaurants or eateries, 269 businesses (2.40 percent) in the form of catering, and the remaining 2,912 businesses (25.95 percent) fall into the other category (Angelia, 2022).

In the first week of January 2022, there was an increase in the prices of a number of goods which had a significant impact on the survival of MSMEs in the culinary sector (Galih, 2022). According to quoted BPS data, unemployment in Indonesia reached 7.86 million people in August 2023, with an open unemployment rate of 5.32 percent. Even though there was a decrease compared to the previous year, the number of unemployed was still higher than before the pandemic in August 2019 (7.1 million people).

Apart from facing the challenges of prices of basic commodities and fuel as well as the problem of unemployment, entrepreneurial orientation, market orientation and marketing capabilities are also important factors in improving the performance of MSME businesses in the culinary sector in the Bintaro Sector 9 area. MSME players need to have a strong entrepreneurial orientation to launch product innovations and identify new business opportunities that can differentiate them from competitors. With good market orientation, MSME players can adapt their products and services to current and future market needs and desires. Apart from that, effective marketing capabilities are also needed to achieve sales targets, expand market share, and build good relationships with customers. By combining entrepreneurial strategies, strong market orientation and good marketing capabilities, MSME players can increase their competitiveness and better face economic challenges in the Bintaro Sector 9 area.

Entrepreneurial Orientation

Hisrich et al. (2017) defined entrepreneurial orientation as an individual's characteristics that encompass attitudes, values, and behaviors that support risk-taking, innovation, and creativity in the context of entrepreneurship. According to Charupongsopon & Puriwat (2017), entrepreneurial orientation is defined as a process, practice, and decision-making activity that leads to a tendency to act independently, willingness to innovate and take risks, and a tendency to be aggressive towards competitors and relatively proactive towards market opportunities. In a study conducted by Rauch & Frese (2019), they argued that entrepreneurial orientation, which includes a propensity for risk-taking, value creation orientation, and innovativeness, is positively related to business success.

Market Orientation

Market orientation is the intelligent actions taken by a company that focuses on serving the current and future needs and desires of the market (Ali et al., 2020). Buli (2017) defines market orientation as a set of entrepreneurial processes that refer to the behavior of entering or penetrating established markets with new or existing goods or services. Furthermore, Abbas (2018) states that market orientation is the way a company identifies markets and uses them as a basis for determining business strategies.

Marketing Capability

Marketing capability is the process of integrating a set of measures obtained from the activities conducted by a business organization through comprehensive marketing processes (Zhan Wang & Kim, 2017). In their research, Johnson & Smith (2017) define marketing capability as the skills and competencies possessed by a company in planning, implementing, and directing marketing activities to achieve business objectives. This capability encompasses aspects such as market research, product development, branding, promotion, distribution, and customer relationship management. This study emphasizes the importance of marketing capability in creating competitive advantage and improving business performance. In another study conducted by Brown & Adams (2018), marketing capability is defined as a company's ability to optimize resource utilization and design and implement appropriate marketing strategies.

Marketing capability involves a deep understanding of the market, customers, competitors, and the overall business environment.

Business Performance
Business performance refers to a company's efforts to enhance customer relationships, service quality, and customer engagement, thereby increasing the visibility and reputation of the company (Fan et al., 2021). Another definition of business performance is provided by Charupongsopon & Puriwat (2017), who define it as a set of company innovations, renewal actions, and explorations that can enhance the company's market share, social impact, and income. Kharabsheh et al. (2017) define business performance as the utilization of the unique characteristics of various resources and the company's own capabilities to grow and achieve competitive advantage.

Entrepreneurial Orientation and Business Performance (SMEs)
A study conducted by Perlines et al. (2017) states that there is a significant positive influence of entrepreneurial orientation on business performance.
H1: Entrepreneurial orientation has a significant positive influence on business performance.

Market Orientation and Business Performance (SMEs)
A study conducted by Buli (2017) explains that market orientation has a positive and significant impact on business performance.
H2: Market orientation has a significant positive influence on business performance.

Marketing Capability and Business Performance (SMEs)
A study conducted by Indarti & Wijayanti (2017) found that marketing capability has a significant positive impact on business performance.
H3: Marketing capability has a significant positive influence on business performance.

2. RESEARCH METHOD

The following is a research model that can be built based on the formulated hypotheses discussed earlier:
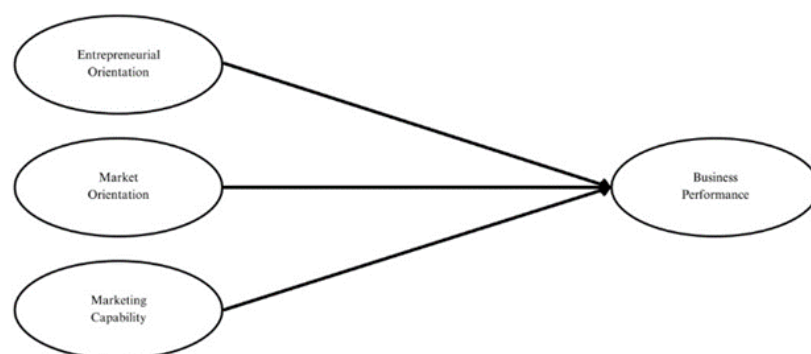

Figure 1. Research Model

This research adopts a quantitative approach with a non-probability sampling technique conducted through purposive sampling. The data obtained will be processed using SmartPLS 4 software, employing bootstrapping procedures to measure the level of significance. Several tests will be conducted in this study, including external model analysis tests such as validity

and reliability testing, and internal model analysis tests, including R-Square testing, Effect Size testing, Goodness of Fit (GoF) testing, Path Coefficient testing, and Hypothesis testing.

Sugiyono (2018) explains that a population is a group of individuals consisting of research subjects who possess specific qualities and characteristics that the researcher has determined for the study and from which conclusions are drawn. The population in this research refers to culinary SME owners in the Bintaro Sektor 9 area. The obtained sample size is 80 respondents.

According to Sugiyono (2017:142), a questionnaire is a data collection technique that involves providing a set of written questions or statements to respondents for them to answer. In this research, the questionnaire is designed with questions in the form of screening questions, respondent profiles, and indicators for each variable used.

3. RESULTS AND DISCUSSIONS

The gender of the respondents, who are owners of SMEs in the Bintaro Sektor 9 area, is as follows: 65 respondents are male, accounting for 81% of the total, while the remaining 15 respondents are female, accounting for 19% of the total.

The majority of the identified SME owners in the Bintaro Sektor 9 area fall within the age range of 35 to 55 years, accounting for 68.8% of the total respondents.

The majority of the identified SME owners in the Bintaro Sektor 9 area have a Bachelor's degree (S1) educational background. There are 41 respondents, accounting for 51.2% of the total.

This research instrument utilizes the Likert Scale or Attitude Scale. According to Malhotra (2015), the Likert Scale consists of five weights: strongly disagree with a weight of 1, disagree with a weight of 2, neutral with a weight of 3, agree with a weight of 4, and strongly agree with a weight of 5. The Likert Scale in this questionnaire comprises five response options: strongly disagree (SD) with a weight of 1, disagree (D) with a weight of 2, neutral (N) with a weight of 3, agree (A) with a weight of 4, and strongly agree (SA) with a weight of 5.

Table 1. Variables and Research Statements

No.	Variable	Statements
1	Entrepreneurial Orientation (Charupongsopon & Puriwat, 2017)	Continuously innovating in creating products/services in entrepreneurship, Willing to face market changes that can affect the business, Willing to take risks in building a business with significant market opportunities, Willing to do what is necessary in entrepreneurship to achieve competitive advantage, Ready to undertake entrepreneurship to create and introduce new business ideas and products.
2	Market Orientation (Buli, 2017)	Having the goal of satisfying customers, consistently serving customers' needs well, having a clear market-oriented strategy, always adapting to changes in customer needs and preferences, paying attention to competitor strategies, striving to provide products and services that are better than competitors.
3	Marketing Capability (Santos & Marinho, 2018)	Marketing capability can influence business success, having a high belief in my ability to identify potential markets for products or services, always feeling confident in designing and implementing effective marketing strategies, believing that effective marketing can provide a competitive advantage for the business, confident that I can face marketing challenges with creativity and innovation, believing that I have the necessary skills to manage marketing efficiently.

4	Business Performance (Santos & Marinho (2018)	Feeling confident about the growth and sustainability of my business in the future, feeling happy to see satisfied customers with the products or services I provide, My business is well-known by many people, confident that my business is capable of competing and surviving in the long term.

Gozali & Latan (2015) explain that indicators are considered convergently valid if they yield values > 0.7 for *outer loadings*. However, in initial stages of research, values between 0.5 and 0.69 can still be tolerated. Additionally, Hair et al. (2019) state that the Average Variance Extracted value should be > 0.5 as a requirement. Hair et al. (2019) further explain that a construct can be considered reliable if it yields *Cronbach's alpha* and *composite reliability* values above 0.7, although it is preferable for these values to range between 0.8 and 0.9.

Figure 2. *Outer Loadings*

Based on the picture above, it can be concluded that Figure 1 is declared valid with convergent validity because each indicator in the research variable has an *outer loading* value of >0.5.

Table 2. Results of *Cronbach's Alpha* and *Composite Reliability* Values
Source: Results of data processing in this research

Variable	Cronbach's Alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)
Entrepreneurial Orientation	0,909	0,914	0,932
Market Orientation	0,919	0,925	0,938
Marketing Capabilities	0,904	0,905	0,926
Business Performance	0,857	0,861	0,903

Based on the table above, it can be concluded that each variable used in this research is reliable. This is said to be reliable because each variable used has a value above 0.7.

Table 3. The results of the *Average Variance Extracted* analysis
Source: Results of data processing in this research

Variable	Average Variance Extracted(AVE)
Entrepreneurial Orientation	0,677
Market Orientation	0,700

Marketing Capabilities	0,732
Business Performance	0,715

Based on the table above, it can be concluded that all indicators in the variables used in this research are valid with convergent validity because each variable in this research has an *Average Variance Extracted* (AVE) value of >0.5.

Table 4. *R-Square* test results
Source: Results of data processing in this research

Variable	R-Square (R^2)
Business Performance	0,750

Based on the table above, it can be concluded that the performance result value in the coefficient of determination test is 0.750, which means 75% can be influenced by the variables entrepreneurial orientation, market orientation and marketing capability. Then there is a remaining performance value of 25% which can be influenced by variables outside the research variables.

Table 5. The results of the *Size Effect* analysis
Source: Results of data processing in this research

Variable	Business Performance
Entrepreneurial Orientation	0,445
Market Orientation	0,134
Marketing Capabilities	0,416

Based on the table above, it can be concluded that market orientation has a small effect in influencing MSME performance of 0,134. Then entrepreneurial orientation has a large effect value in influencing MSME performance at 0.445 and is followed by marketing capability which is the second largest in influencing MSME performance at 0,416.

Table 6. *Goodness of Fit* (GoF) Test Results
Source: Results of data processing in this research

Variable	Average Variance Extracted (AVE)	R-Square
Entrepreneurial Orientation	0,732	-
Market Orientation	0,715	-
Marketing Capabilities	0,677	,-
Business Performance	0,700	0,750
$\overline{AVE}$ dan $\overline{\overline{R-Square}}$	0,706	0,750

$$\text{GoF} = \sqrt{\overline{AVE} \; x \; \overline{R^2}}$$
$$\textbf{GoF} = \sqrt{\textbf{0,706} \; \textbf{X} \; \textbf{0,750}} = \textbf{0,529}$$

Based on the calculation, it can be concluded that the fit in this research model can be considered large.

Table 7. *Goodness of Fit* (GoF) Test Results
Source: Results of data processing in this research

Variable	Business Performance
Entrepreneurial Orientation	0,445
Market Orientation	0,134
Marketing Capabilities	0,416

Based on the table above, it can be concluded that each independent variable used in this research has a positive influence on the dependent variable used.

Hair et al. (2019) explains that in social research, the significance level/acceptable error rate is typically set at 0.05/5%. Furthermore, there are two criteria used for decision-making, as follows:

a.   The alternative hypothesis (Ha) is rejected when: Path coefficient value < 0; t-statistics value < 1.96, and p-values > 0.05.

b.   The alternative hypothesis (Ha) is not rejected when: Path coefficient value > 0; t-statistics value > 1.96, and p-values < 0.05.

Table 8. Hypothesis Test Results
Source: Results of data processing in this research

Variable	Original Sample	T-Statistic	P-Values
Entrepreneurship Orientation → MSME Performance	0,445	4,399	0,000
Market Orientation → MSME Performance	0,134	0,945	0,347
Marketing Capability → MSME Performance	0,416	3,893	0,000

Based on the results of the bootstrapping calculations shown in the table and figure above, it can be stated that the three hypotheses are statistically accepted. The following is an explanation of the hypothesis presented:

a) Based on the results of tests that have been carried out on the entrepreneurial orientation variable, the MSME performance variable has the *original sample* value of 0.445, *t-statistic* of 4.399, and *p-values* of 0.000. So it can be concluded that H1 is accepted, which means that Entrepreneurial Orientation has a positive and significant influence on MSME Performance.

b) Based on the results of tests carried out on the market orientation variable, the MSME performance variable has an *original sample* value of 0.134, a *t-statistic* of 0.945, and a *p*-value of 0.347. So it can be concluded that H2 is accepted, which means that Market Orientation has a positive influence on MSME Performance.

c) Based on the results of tests that have been carried out on the marketing capability variable on the MSME performance variable, it has an *original sample* value of 0.416, a *t-statistic* of 3.893, and a *p*- value of 0.000. So it can be concluded that H3 is accepted, which means that Marketing Capability has a positive and significant influence on MSME Performance.

4. CONCLUSIONS AND SUGGESTIONS

Based on the discussion and data analysis that has been carried out in the previous section, this research has three conclusions, namely Entrepreneurial Orientation has a positive and significant influence on the Performance of MSMEs in the Bintaro Sector 9 Region, Market Orientation has a positive influence on the Performance of MSMEs in the Bintaro Sector 9 Region Marketing Capability has a positive and significant influence on MSME Performance in the Bintaro Region Sector 9.

Based on the limitations of this research, there are several suggestions in this research to support MSMEs in running their businesses and for further research, namely:

a) With an entrepreneurial orientation, MSMEs are expected to remember their goals in running a business, then increase the value of the products sold and maintain the attitudes needed for entrepreneurship such as being proactive, daring to take risks and innovating.

b) With market orientation, MSMEs are expected to increase their attention to competitors' strategies to become a reference in formulating strategies. and make business decisions, as well as maintaining good relationships that have been established with customers in order to create customer loyalty.

c) With marketing capabilities, MSMEs are expected to increase their knowledge regarding promotional activities and use existing technology to carry out promotional activities to increase business income.

d) For further research, it is hoped that other variables will be added to the research that can influence the performance of MSMEs. Further authors can also add mediating or moderating variables to enrich the research conducted and can use more sources or references in their research so that the results of the resulting research are more accurate and complete. Then, further research can consider using a larger and more diverse sample and involving a wider variety of MSME contexts. This will help in increasing the generalizability of the findings obtained.

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