

The Effect of Market Orientation, Marketing Innovation on Competitive Advantage and Business Performance: An Empirical Study in Micro Business of Batik Jambi

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ABSTRACT

This research aims to examine the effect of Market Orientation (MO), Marketing Innovation (MI) on the Competitive Advantage (CA) and Business Performance (BP) of the Batik Jambi industry during covid 19 pandemic in 2020. This research helps the Micro Business of Batik Jambi Industry to apply the results of this research in increasing competitive advantage and business performance in all market conditions. The research method used is quantitative. This research was conducted in the Micro Business of Batik Jambi Industry, Seberang Jambi City, with a research sample of 33 Micro Business owners with a nonprobability sampling technique with a census sampling approach (saturated). The data were analyzed using PLS (Partial Least Square). The results showed that of the six hypotheses proposed, two hypotheses had an insignificant effect; namely, Market Orientation has no significant effect on Competitive Advantage and Business Performance. Meanwhile, the other four hypotheses significantly affect the dependent variable in this research, which means that MO has helped increase the MI of the Batik Jambi Industry. MI has also helped increase CA and BP during and after the covid-19 pandemic. CA in the Micro Business of Batik Jambi Industry has been implemented in stages and can improve BP's business.

Keywords : Market Orientation; Marketing Innovation; Competitive Advantage; Business Performance; Micro Businesses of Batik Jambi

ABSTRAK

Penelitian ini bertujuan untuk menguji pengaruh Market Orientation (MO), Marketing Innovation (MI) terhadap Competitive Advantage (CA) dan Business Performance (BP) industri Batik Jambi pada masa pandemi covid 19 tahun 2020. Penelitian ini membantu Usaha Mikro Industri Batik Jambi untuk menerapkan hasil penelitian ini dalam meningkatkan keunggulan kompetitif dan kinerja bisnis di segala kondisi pasar. Metode penelitian yang digunakan adalah kuantitatif. Penelitian ini dilakukan di Usaha Mikro Industri Batik Jambi Kota Seberang Jambi dengan sampel penelitian sebanyak 33 pemilik Usaha Mikro dengan teknik nonprobability sampling dengan pendekatan sampling sensus (jenuh). Data dianalisis menggunakan PLS (Partial Least Square). Hasil penelitian menunjukkan bahwa dari enam hipotesis yang diajukan, dua hipotesis berpengaruh tidak signifikan; yaitu Market Orientation tidak berpengaruh signifikan terhadap Competitive Advantage dan Business Performance. Sedangkan empat hipotesis lainnya berpengaruh signifikan terhadap variabel dependen dalam penelitian ini, yang berarti bahwa MO telah membantu meningkatkan MI Industri Batik Jambi. MI juga telah membantu meningkatkan CA dan BP selama dan setelah pandemi covid-19. CA pada Usaha Mikro Industri Batik Jambi telah dilaksanakan secara bertahap dan dapat meningkatkan bisnis BP.

Kata Kunci : Orientasi Pasar; Inovasi Pemasaran; Keunggulan Bersaing; Kinerja Bisnis; Usaha Mikro Batik Jambi

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1. INTRODUCTION

Microbusinesses are one of the pillars and economic activators in rural and urban areas. Microbusinesses dominate in Indonesia at 98.68% and absorb 89% of the workforce, and micro businesses contribute 37.8% to GDP (Kementerian Keuangan Republik Indonesia, 2020). One micro business that contributes to the local economy and community empowerment is the business of Batik.

"Batik is an opportunity for the creative industry in Indonesia to develop a business to a wider market level, but on the other hand it is a threat, the tighter the competition due to the free entry of competitors from other countries" (Pratiwi & Suranto, 2022). Considering these problems, the batik industry needs to prepare itself by creating strategies through marketing innovation and creating a competitive advantage for products and productivity at local and international levels. However, last December 2019, the whole world was shocked by the news that occurred in Wuhan, China, the covid 19 virus, which has spread to various countries worldwide, including Indonesia. The condition of the covid 19 virus is designated as a pandemic which hurts the country's economy, including the micro businesses of the Batik Jambi industry, which have experienced a decrease in income. The problems that occur include:

- Batik products are piling up because they are not sold due to the covid 19 pandemic.
- Limited access to buyers from outside the region who cannot transact directly with batik production houses.
- Difficulty in obtaining raw materials.
- Not all have company websites to promote products.
- Need to maximize the use of social media for promotion.
- The weakness of online marketing (digital marketing).

The decline in demand and production of batik is also due to the declining purchasing power of the Indonesian people due to the Covid 19 pandemic. Suhariyanto on IDXChannel (2021) said that the purchasing power of Indonesian people is still low, and the level of consumption of Indonesian households is due to the covid 19 pandemic, which has occurred since March 2020. This decline in purchasing power also happened in the Province of Jambi, where people refrained from spending their money on

other than primary needs such as daily essential commodities, medicines, and masks. Because at the time of the announcement of the pandemic, the central and regional governments imposed regulations prohibiting their citizens from travelling outside the city and abroad, limiting direct interaction and suggesting that it is better to stay at home. The decline in the purchasing power of the Jambi people impacts the decline in production and demand for Jambi batik; the following can be seen in the quarterly performance growth chart (Q to Q) of Jambi batik production in 2020 in Figure 1.



Figure 1. Performance growth (Q to Q) for quarterly Micro and Small Batik Industrial Production in 2020 (Percent)

Source: Data processed from BPS Province of Jambi in 2020

Based on a statement from the Statistics Agency Province of Jambi (2020), the growth condition of Batik Jambi orders and production in the 3rd quarter (Q to Q) of 2020 experienced a drastic decline of -32.29 percent compared to the 2nd quarter of 4.34 percent due to the covid 19 pandemic that hit and changed consumer behaviour and market conditions. The conditions of the covid 19 pandemic altered the behaviour of consumers who usually shop directly in stores to online shopping, which is simply opening a website or online shop to buy a product. This change in consumer behaviour is called the low-touch economy, which is an era in which everyone in economic activity begins to limit direct interaction, which changes human interactions in business that initially meet offline to online using substitute media (Vieira *et al.*, 2020), such as consulting with designers to

measure and design clothes with customers using zoom media.

This transformation requires companies to respond quickly to develop their products and services by implementing strategic management through market orientation to respond to information on business environment changes, immediately adjust to market conditions, and implement effective and efficient marketing innovations. The concept of using market orientation and marketing innovation is the right step in dealing with changing market conditions and shifting consumer behaviour to a low-touch economy to market its products through online media such as e-commerce, websites, Instagram, WhatsApp, telegram and to innovate so that the business can be sustainable and compete from competitors. The micro-business of Batik Jambi industry must be able to overcome these changes immediately and adjust to this situation by intensifying online sales accompanied by cooperation with employees and continuous evaluation to determine how to sell effectively and efficiently both online and otherwise to create competitiveness and successful performance at the business.

A company's success in doing its business can be done better if it implements strategic management in its business effort. Furthermore, companies in implementing strategic management must pay attention to internal factors or company resources and make maximum use of them in the implementation process. Market orientation can help the company realize its success in carrying out its business objectives. Because market orientation is an organizational behaviour consisting of market intelligence relating to current and future customer needs, disseminating information comprehensively in the organization, and being responsive to information from market intelligence (Jaworski & Kohli, 1993). Companies that implement market orientation help companies learn information on changes in the dynamic market environment and are responsive in responding to these market changes.

Applying market orientation can affect advancing competitive advantage regarding customer knowledge (Zainul *et al.*, 2016). Talaja *et al.*, (2017) stated that market orientation influences competitive advantage by utilizing and being responsive to market

information. This finding supports previous research, which states that market orientation significantly impacts competitive advantage (Herman *et al.* 2018; Tahir *et al.* 2018; Udriyah *et al.*, 2019).

Furthermore, market orientation is one of the marketing concept developments that companies can use to deal with environmental changes and will impact company performance (Arief *et al.*, 2013). Market orientation is a business orientation that defines a company's behavior or marketing style and describes how the company carries out its marketing function, namely the company's marketing performance (Nuvriasariz, 2020). This finding supports previous research, which states that market orientation has a significant impact on company performance (Zainul *et al.*, 2016; (Talaja *et al.*, 2017); Herman *et al.*, 2018); Udriyah *et al.*, 2019).

In addition to the market orientation needed by the Batik Jambi industry, marketing innovation, which is an antecedent of market orientation, can help Jambi batik industry micro businesses to develop more innovative products according to consumer wants and needs and market conditions. Because by applying market orientation and marketing innovation in product marketing, Jambi batik industry micro businesses can create competitive advantages and excellent and sustainable business performance. Marketing innovation can be carried out effectively and efficiently if the company can utilize its resources appropriately. Then it is used as an opportunity for the company to innovate to adjust the target market.

Marketing innovation has the potential to lead quickly to sustainable competitive advantage (Ren *et al.*, 2009). Implementing an approach to the market, a channel of communication, product delivery, and service delivery applied to marketing innovation has a positive and significant effect on competitive advantage (Gupta *et al.*, 2016). Innovation also significantly affects marketing performance in SMEs by developing innovations and strategies to determine the success and sustainability of the company (Merakati, 2017).

The intense competition faced by companies, "Companies must be flexible, creative, and innovative so that in the face of effective and efficient competition a company's competitive advantage is needed that is not

easily imitated, durable, and attractive" (Paramita, 2015). Competitive advantage can be obtained through superior efficiency, quality, and customer responsibility Distanont and Khongmalai (2018). Herman *et al.*, (2018) stated that by having a competitive advantage, the company would be able to survive to continue life of the company. It means that the competitive advantage factors that the company creates will provide superior value to company performance. The previous opinion is supported by research conducted by Naidoo (2010); Wijetunge (2016) has research results showing that competitive advantage significantly affects company performance.

Based on the explanation of the research above, it is concluded that the research gap in this research provides an opportunity for researchers to examine and analyze the performance of micro businesses batik Jambi industry that is not capable of marketing batik online and aggressively, resulting in the production and sales of Batik Jambi in 2020 has decreased. Second, no research examines market orientation, marketing innovation, and competitive advantage on business performance in the Batik Jambi industry micro businesses.

2. LITERATURE REVIEW

a. Strategic Management

Strategic management is the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its goals (David & David, 2017). Pearce and Robinson (1997) explain that strategic management is defined as a set of decisions and actions that result in formulating and implementing plans designed to achieve company goals. (Certo & Peter, 1990) define strategic management as a continuous, recurring process that keeps an organization following its environment.

b. Market Orientation

Market orientation is a thought that focuses on the dissemination of information received, then responds to organizations and companies as a basis for implementing decisions that have been made (Shapiro, 1988). Kohli and Jaworski (1990) also define market orientation in three dimensions, namely, first, (intelligence generation) or the collection of market

information and understanding of consumer needs and external environmental factors; second, (intelligence dissemination) or information dissemination accompanied by the formulation of various organizational functions; third, responsiveness to the implementation of these various strategies obtained or provided from internal and external organizations. The components above focus on gathering customer needs and wanting to provide the best customer service.

Market-oriented firms are better prepared and positioned to anticipate customer needs so that they are in a better position to respond to customers with innovative products and services (Hurley & Hult, 1998). Hills and Sarin (2003) state that the reason why market-oriented responses have a positive influence on marketing innovation is that the more firms create information about the market and exchange knowledge about it within the firm to respond to changes in customer desires and competitor movements, the more excellent the opportunity to increase firm innovation.

As has been discussed thus far, market orientation significantly influences marketing innovation. Therefore, the variable is used in the research model, and the following hypothesis is formulated:

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

Kamboj & Rahman (2017) state that market orientation is vital in providing value to customers. Market-oriented firms tend to develop capabilities more beneficial to competitive advantage and firm performance. Market orientation and marketing resources are key drivers in firms developing competitive advantage and achieving firm performance (Davicik & Sharma, 2016). The role of market orientation can create a good value and become an intangible asset of the firm to maintain its long-term sustainability or competitive advantage.

As far as has been discussed, market orientation significantly influences competitive advantage and business performance. Therefore, the variable is used in the research model, and the following hypothesis is formulated:

H2: Market orientation has a significant effect on competitive advantage.

H3: Market orientation has a significant effect on business performance.

c. Marketing Innovation

Marketing innovation is the implementation of new marketing procedures that relate significant transformations in product design or packaging, product placement, or pricing strategies (Karlsson & Tavassoli, 2016; Hussain *et al.*, 2020). Marketing innovation is implementing new marketing strategies with changes in product design, pricing strategy, packaging, and product placement (Varadarajan, 2018). Marketing innovation aims to increase sales volume, determine effective market segmentation and competitive prices, and offer product characteristics that increase customers' desire to pay for the product (Karlsson & Tavassoli, 2016).

The increased value creation of customers through marketing innovation is expected to contribute to a firm's competitive advantage by enabling superior marketing implementation (Weerawardena & O'Cass, 2004). Marketing innovation is a tool that helps to develop and sustain competitive advantage (Anning-Dorson, 2018). The firms with good innovative capacity and collective ability will be more likely to promote the performance of these firms (Amin *et al.*, 2016). SMEs are proposed to focus on improvements in innovation to boost SME performance (Udriyah *et al.*, 2019). Therefore, the firm is expected to be able to continue to innovate following the times to maintain a competitive advantage and improve sustainable business performance in the face of consumers, competitors, and existing market conditions.

As far as has been discussed, marketing innovation significantly influences competitive advantage and business performance. Therefore, the variable is used in the research model, and the following hypothesis is formulated:

H4: Marketing innovation has a significant effect on competitive advantage.

H5: Marketing innovation has a significant effect on business performance.

d. Competitive Advantage

Competitive advantage is the extent to which the organization can create conditions supporting the market as long as competitors always exist (Herman *et al.*, 2018). The company aims to create a competitive advantage,

which refers to creating superior value to competitors. Competitive advantage means achieving superior performance using organizational resources and capabilities (Sigalas, 2015).

Amirullah (2015); Distanont & Khongmalai (2018) firms can create a competitive advantage through superior efficiency, the purpose of which is for the company to carry out production cost efficiency appropriately; superior quality aims to provide more value through the products offered to customers; and customer responsiveness the last step where businesses are required to be responsive to customer wants and needs, all three of these components are aimed at creating competitive advantage in the company. In addition, a firm with an advantage in carrying out its business activities will provide good things for the business performance (Herman *et al.*, 2018).

As far as has been discussed, competitive advantage significantly influences business performance. Therefore, the variable is used in the research model, and the following hypothesis is formulated:

H6: Competitive advantage has a significant effect on business performance.

e. Business Performance

Business performance is a measure of achievement obtained from the overall marketing activities of a company or organization (Zainul *et al.*, 2016). Business performance results from a business in a certain period concerning the established standards (Herman *et al.*, 2018). Business performance also determines the development of the business, whether it is in excellent or imperfect condition. The firm has the expected goals of good performance in surviving, benefiting, and developing (growth) (Setyanti, 2013).

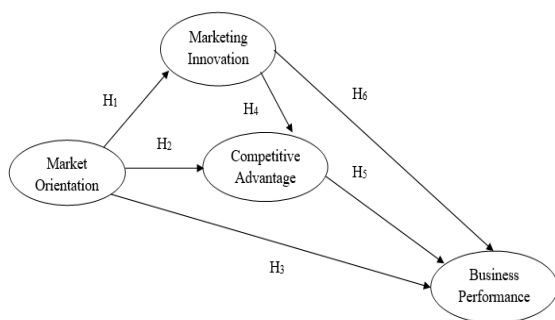


Figure 2. Research Model

Source: Author, 2023

3. RESEARCH METHOD

This research uses a quantitative approach and explanatory research. Quantitative research is a method based on the philosophy of positivism, used to research specific populations or samples and data collection using research instruments. Data analysis is quantitative/statistical, with the aim of testing predetermined hypotheses (Sugiyono, 2018). Explanatory research is to explain the causal relationship between variables by testing hypotheses (Hermawan, 2009). The sample in this research was collected from 30 samples equal to the number of existing populations. The sample used in this research refers to the understanding (Arikunto, 2010), which states that if the subject is less than 100 people, it is advisable to take the whole.

The sample unit in this study is the micro-business of the Batik Jambi industry, and the respondents are owners of the Batik business. The sampling technique used in this research is census or saturated sampling. "Census sampling (saturation) is a sampling technique when all members of the population are used as samples" (Sugiyono, 2018).

The data technique used was a questionnaire. The questionnaires were distributed by meeting with the owners of Batik Jambi in Seberang Kota Jambi, measurement of items used in the questionnaire based on previous research work. Market orientation has a measurement with a total of twelve items by (Kohli & Jaworski, 1990; Talaja *et al.* (2017), marketing innovation has a measurement with a total of twelve items by Gupta *et al.*, (2016), competitive advantage has a measurement with a total of nine items by (Amirullah, 2015); (Distanont & Khongmalai, 2018), and business performance has a measurement with a total of eight items by Lestari *et al.*, (2020) (see in

appendix 1). The data analysis method uses Partial Least Square (PLS) with the help of SmartPLS 3.0 software.

Generally, testing causality or theory to be tested to covariance-based detail uses SEM, while PLS is more of a predictive or prediction model. SEM-PLS aims to test the predictive relationship between constructs by checking whether there is a relationship or influence between these constructs (Haryono, 2012). The analysis steps with the PLS method consist of three steps such as model measurement (outer model), model structure (inner model), and hypothesis testing (Ghozali, 2014).

4. RESULT

The questionnaire survey collected 33 respondents and categorized them into five categories (see Table 1). Female respondents dominated the survey (n= 31; 93.9%) while male respondents were (n= 2; 6.1%). The majority of the respondents in this survey are 36 - 45 years old (n= 12; 36.4%), while the minority age range of respondents in this survey is 26 - 35 years old (n= 2; 6.1%). The majority of respondents' education level in this survey is in high school (n = 19; 57.6%), while the minority of respondents' education level is at a bachelor's degree (n = 2; 6%). It was concluded that there were several things in the category of respondents in this study. Among other things, the gender of the majority of respondents was dominated by women because the first generation (parents of the current owner) in Seberang Kota Jambi trained women in processing Batik Jambi well compared to men; the age category is dominated by the age range of 36-45 years because it has become the second generation to continue the Batik Jambi Industry; and the high school dominates the last category of the educational range because the majority of the first generation can send their children to school only up to the high school level.

The monthly income owners of Batik Jambi in Seberang Kota Jambi during the covid 19 pandemic in 2020, the majority had income in the range of Rp 2,700,001 - Rp 13,500,000 as many as (n = 24; 72.7%) while the minority had income in the range of Rp 13,500,001 - Rp 67,500,000 as many as (n = 3; 9.1%). The majority of the length of time running the Batik Jambi in Seberang Kota Jambi is in the range of 11 - 15 years (n = 14; 42.4%), and the minority

of the length of time running the Batik Jambi in Seberang Kota Jambi is in the range of 16 - 20 years ($n = 8$; 24.3%). It was concluded that in the category of monthly income, Batik Jambi owners across Jambi City during the Covid-19 pandemic were dominated by income ranging from Rp. 2,700,001 - Rp. 13,500,000; and the old category of Batik Jambi business across Jambi City is dominated between the range of 16-20 years, which strengthens in the second category that Batik Jambi Industry owners are the second generation.

Table 1. Respondent Characteristics

| Characteristics | n | Percentage (%) |
|-------------------------------------|-----------|----------------|
| Gender | | |
| Female | 2 | 6,1% |
| Male | 31 | 93,9% |
| Age (Years) | | |
| < 25 Tahun | 0 | 0% |
| 26 – 35 Tahun | 2 | 6,1% |
| 36 – 45 Tahun | 12 | 36,4% |
| – 55 Tahun | 11 | 33,3% |
| > 55 Tahun | 8 | 24,2% |
| Education | | |
| Elementary School | 12 | 36,4% |
| Middle School | 0 | 0% |
| High School | 19 | 57,6% |
| Diploma | 0 | 0% |
| Bachelor Degree | 2 | 6% |
| Master Degree | 0 | 0% |
| Doctor | 0 | 0% |
| Monthly Income (IDR) | | |
| < 2.700.000 | 6 | 18,2% |
| 2.700.001 – 13.500.000 | 24 | 72,7% |
| 13.500.001 – 67.500.000 | 3 | 9,1% |
| 67.500.001 – 337.500.000 | 0 | 0% |
| >337.500.000 | 0 | 0% |
| Long-Term a Business (Years) | | |
| < 5 Tahun | 0 | 0% |
| 6 – 10 Tahun | 0 | 0% |
| 11 – 15 Tahun | 14 | 42,4% |
| 16 – 20 Tahun | 8 | 24,3% |
| > 21 Tahun | 11 | 33,3% |
| Total | 33 | 100% |

Source: Authors' primary data (2023)

At the convergent validity stage, the outer model was tested twice. the validity of the items in measuring indicators indicated by the large or

small value of the loading factor must be established in the first step. The second step determines whether indicators used to measure variables that are indicated by large or small values of the loading factor are valid (see appendix 3). Validity is determined by a loading factor value greater than 0.7 (Hair *et al.*, 2022).

Besides that, all constructs' Average Variance Extracted (AVE) values are higher than the 0.50 cutoff (Hair *et al.*, 2022). As a result, all of the suggested variables have complied with convergent validity standards. Moreover, the cross-loading value fulfills the discriminant validity limit.

The obtained Composite Reliability (CR) and Cronbach's alpha (α) values can be used to evaluate item reliability. The crucial values, which are greater than 0.70 and 0.60, respectively, are met by all latent variables. It is suggested that a CR value of 0.70 to 0.90 be used to define "satisfactory to good" performance. However, CR values exceeding 0.95 pose a serious problem because they indicate an excess of indicators or items (Hair *et al.*, 2022). The results for each of the outer model estimation criteria (see Appendix 2) conclude that the items in the model are reliable.

According to the SmartPLS requirements, $p < 0.05$ is necessary for MI, CA, and BP to be significant. A goodness-of-fit model test is used to test the structural model. The study's proposed model is well-defined and explains how to achieve the study's goals. Results from the study model's R2 score are strong and moderate (Table 2).

The model's proposed variables appropriately explain the three endogenous variables, but the remaining variables come from external causes. The following is a more thorough understanding of R2: Marketing Innovation (MI) is directly influenced by the Market Orientation (MO) variable of 42.4%, while the remaining variables are influenced by other factors that were not recognized; Competitive Advantage (CA) is directly influenced by the Market Orientation (MO) and Marketing Innovation (Y1) variables of 49.2%, while the remaining variables are influenced by other factors that were not recognized; and Business Performance (BP) is directly influenced by the Market Orientation (MO), Marketing Innovation (MI), and Competitive Advantage (CA) variables of 64.8% while the

remaining variables are influenced by other factors that were not recognized.

Table 2. Coefficient Determinant (R^2)

| Criterion | <i>R-Square</i> | Description |
|-----------------------|-----------------|-------------|
| Marketing Innovation | 0.424 | Moderate |
| Competitive Advantage | 0.492 | Moderate |
| Business Performance | 0.648 | Strong |

Source: Authors' primary data (2023)

5. DISCUSSION

a. Effect of Market Orientation on Marketing Innovation

The market Orientation variable to the Marketing Innovation variable has a favorable path coefficient of 0.651. It indicates that Market Orientation and Marketing Innovation have a unidirectional relationship, with an increase in Market Orientation leading to an increase in Marketing Innovation. P-value equals 0.000. H1 is acceptable since the result is <0.5 , indicating that Market Orientation significantly affects Marketing Innovation. The results of this research indicate that it supports the theory of Kohli and Jaworski (1990) regarding indicators of measuring market orientation toward marketing innovation and previous research (Prifti & Alimehmeti, 2017) which states that regardless of the components and dimensions of information gathering, information dissemination, and responsiveness can influence change, within the organization, which will also have an impact on its innovation.

b. Effect of Market Orientation on Competitive Advantage

Market Orientation and Competitive Advantage have a path coefficient value of 0.132 in a positive direction. It indicates that Market Orientation and Competitive Advantage have a one-way relationship, with Market Orientation increasing Competitive Advantage. $P=0.527$ is the value. H2 is rejected since the value is more significant than 0.5, indicating that Market Orientation has no appreciable impact on Competitive Advantage.

The results of this research indicate that it does not support the theory of Kohli & Jaworski

(1990) regarding indicators measuring market orientation toward competitive advantage and previous research by (Anning-Dorson, 2018) and Talaja *et al.* (2017), which stated that market orientation has a significant relationship to competitive advantage. However, supporting the results of previous research by (Zainul *et al.* 2016), market orientation conditions do not significantly affect competitive advantage. The relatively limited knowledge of market orientation for the Micro Business of Batik Jambi Industry owners in Seberang Jambi City during the Covid-19 pandemic in running their business led to a decrease in the competitive advantage of the Micro Business of Batik Jambi Industry.

c. Effect of Market Orientation on Business Performance

The market Orientation variable to Business Performance variable path coefficient value is 0.135 with a positive direction. It indicates that the link between Market Orientation and Business Performance is unidirectional. Business Performance will increase while Market Orientation increases. The P-value for it is 0.383. H3 is rejected since the value is more significant than 0.5, indicating that Market Orientation has no appreciable impact on Company Performance.

The results of this research indicate that it does not support the theory of Kohli & Jaworski (1990) regarding indicators measuring market orientation on business performance and previous research by (Long, 2013) and Herman *et al.* (2018), which stated that market orientation a significant relationship to business performance. However, supporting research by Han *et al.* (1998), it is known that market orientation affects performance first through innovation. The relatively limited knowledge of market orientation for the Batik Jambi Industry owners across the city of Jambi during the Covid-19 pandemic caused business performance to decline with the owner's unpreparedness in dealing with the Covid-19 pandemic problem.

d. Effect of Marketing Innovation on Competitive Advantage

The Marketing Innovation variable's path coefficient value to Competitive Advantage's coefficient of the path is 0.608 in the positive

direction. Thus, if Marketing Innovation increases, Competitive Advantage will also increase, indicating a unidirectional relationship between the two variables. P-value equals 0.000. H4 is approved since the value is <0.5 , indicating that Marketing Innovation significantly affects Competitive Advantage. The results of this research support previous research conducted by (Anning-Dorson (2018). Marketing innovation is a tool that helps develop and maintain a competitive advantage. Udriyah *et al.*, (2019) stated that marketing innovation significantly affects competitive advantage.

e. Effect of Marketing Innovation on Business Performance

The path coefficient value of the Marketing Innovation variable on Business Performance is 0.377 in a positive direction. As a result, Marketing Innovation and Business Performance are directly related. If Marketing Innovation increases, Business Performance will increase. The P-value is 0.044. H5 is acceptable because the <0.5 result indicates that Marketing Innovation significantly affects Business Performance. The results of this study support previous research conducted by Amin *et al.* (2016). Businesses with innovative capacity and good collective abilities are likelier to promote business performance. SMEs are proposed to focus on improvements in innovation to boost SME performance (Udriyah *et al.*, 2019).

f. Effect of Competitive Advantage on Business Performance

Competitive Advantage on Business Performance has a variable path coefficient value of 0.396 and a positive direction. It indicates a direct relationship between Competitive Advantage and Business Performance. If Competitive Advantage increases, Business Performance will increase. The P-value is set at 0.009. H6 is acceptable because the <0.5 result indicates that Competitive Advantage significantly affects Business Performance. The results of this research support previous research conducted by Herman *et al.* (2018), which stated that businesses with advantages in carrying out their business activities would provide good things for the performance of the business itself. Competitive advantage can be achieved from the

business's capability to innovate, organize, and use resources optimally, as well as the capital owned by the business to trigger the creation of good business performance (Zainul *et al.*, 2016).
* Hypotheses Testing Result (see Appendix 3)

6. CONCLUSION AND RECOMMENDATION

Conclusions

This research aims to analyze and explain the effect of market orientation and marketing innovation on competitive advantage and business performance in Jambi batik industry micro-enterprises across Jambi City during the Covid-19 pandemic. The Covid-19 epidemic had a detrimental effect on the micro business in the Batik Jambi sector. Because business owners need to prepare for significant changes in the market, which affect competitive advantage and business performance in the Batik Jambi micro business sector, it has dropped or falls short of expectations set by owners of microbusiness Batik Jambi. It is because the results of this analysis show that market orientation has a significant and not significant on both competitive advantage and business performance. Also, it indicates that market orientation has been effectively carried out by the proprietors of the Jambi Batik microbusiness in acquiring information up until it is receptive to this information; however, the impact of the covid 19 pandemic has caused it to have no discernible effect in enhancing competitive advantage and business performance.

Although the Covid-19 epidemic has had a detrimental impact, this survey would assist Jambi batik business owners in increasing competitive advantage and outstanding business performance via comprehension of market orientation and practical marketing innovation. According to earlier studies, market orientation and marketing innovation significantly impact competitive advantage and business performance. Furthermore, contributions to academic research can be developed more broadly. They can adapt to the conditions of the times related to business disciplines and specialize in micro, small, and medium enterprises so that they can always survive in various market conditions. Future research with this available information is expected to use related models and create broader research items.

Recommendations

Because this research uses measurements widely applied in other micro businesses, the author is aware of the limitations in presenting it. The same sample and research item will then show a discrepancy. It is intended that subsequent researchers would be able to develop this study variable by including additional factors, more accurate measurements, and broadening the research object to be researched in related studies.

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Appendix 1. Measurement Scales

| Variable | Indicators | Items | Source |
|----------------------------|----------------------------|---|--|
| Market Orientation (MO) | Intelligence generation | Doing a variety of internal business research | Kohli and Jaworski (1990); Talaja <i>et al.</i> , (2017) |
| | | Collecting information formally and informally | |
| | | Detecting changes in product references to customers | |
| | | Continuously review possible changes that occur in the business environment with customers | |
| | Intelligence dissemination | Discuss business strategies and competitor tactics | |
| | | The marketing department and other functional units discuss future customer needs | |
| | | Identify customer, competitor, or industry conditions, all business units in a short time | |
| | | Disseminating customer satisfaction data to all business units periodically and regularly | |
| | Responsiveness | Responding to significant changes in competitor pricing structures | |
| | | Respond quickly when competitors conduct intensive campaigns targeted at loyal customers | |
| | | Developing new products | |
| | | Reviewing periodically to develop products to customer needs and wants | |
| Marketing Innovation (MI) | Approach of Market | Making changes to the shape and appearance of the product design without changing the characteristics | Gupta <i>et al.</i> , (2016) |
| | | Creating new concepts and media online for business | |
| | | Developing and launching new brand images | |
| | | Offering low-cost package deals to customers | |
| | Channel of Communication | Establishing and maintaining relationships with loyal customers | |
| | | New distribution systems such as product licensing, online and offline catalog sales, exclusivity contracts | |
| | | Offering products in small batches to loyal customers | |
| | | Offering large batches of products at affordable prices to government and private agencies | |
| | Product Delivery | Providing product packaging services neatly and safely | |
| | | Providing safe product delivery services | |
| | Service Delivery | Providing communication and consultation services through media online | |
| | | Providing custom product services or adjusting customer desires in designing the desired product | |
| Competitive Advantage (CA) | Superior efficiency | Efficiency of budget | Amirullah (2015:96); Distanont and Khongmatal (2018) |
| | | The ability of micro businesses to market their products directly to customers | |
| | Superior quality | Ability to offer quality products at competitive prices | |
| | | Ability to provide access to faster and more responsible delivery | |
| | | The products offered have good-quality materials and designs | |
| | Customer responsibility | Accuracy and speed in providing services through easy and up-to-date communication access | |
| | | Internal business skills in providing detailed explanations of products marketed to consumers | |
| | | Easy for consumers to search, pay and track every transaction that has been made | |
| | | Availability of more reliable e-commerce accounts for consumers who are on transaction terms | |

| Variable | Indicators | Items | Source |
|---------------------------|---------------|---|--------------------------------|
| Business Performance (BP) | Profitability | Business processes indicate a satisfied level of effectiveness and efficiency | Lestari <i>et al.</i> , (2020) |
| | | Business in 2020 has increased profits | |
| | | Sales realization in 2020 met the expected target | |
| | | The enterprise has no difficulty in paying obligations in 2020 | |
| | Assets | The cash flow of the Jambi batik business has increased in 2020 | |
| | | Brand name recognized by the government and customers | |
| | | The quality and quantity of batik equipment has increased in 2020 | |
| | | The quality and quantity of Batik Jambi home production has increased in 2020 | |

Appendix 2.

| Variable | | λ | AVE | CR | α |
|-----------------------|--|-----------|-------|-------|----------|
| Market Orientation | | | 0.596 | 0.946 | 0.938 |
| MO 1 | | 0.755 | | 0.917 | 0.879 |
| MO 2 | | 0.781 | | 0.900 | 0.851 |
| MO 3 | | 0.775 | | 0.916 | 0.878 |
| Marketing Innovation | | | 0.598 | 0.947 | 0.938 |
| MI 1 | | 0.779 | | 0.901 | 0.853 |
| MI 2 | | 0.786 | | 0.912 | 0.871 |
| MI 3 | | 0.737 | | 0.939 | 0.871 |
| MI 4 | | 0.762 | | 0.880 | 0.727 |
| Competitive Advantage | | | 0.604 | 0.932 | 0.918 |
| CA 1 | | 0.755 | | 0.889 | 0.750 |
| CA 2 | | 0.760 | | 0.888 | 0.809 |
| CA 3 | | 0.798 | | 0.896 | 0.843 |
| Business Performance | | | 0.601 | 0.923 | 0.904 |
| BP 1 | | 0.752 | | 0.888 | 0.832 |
| BP 2 | | 0.795 | | 0.912 | 0.870 |

Appendix 3. Hypotheses Testing Result

| Hypothesis | Influence | Path of Coefficient | T Statistics (O/STDEV) | P Values | Conclusions |
|-------------------|--|----------------------------|---------------------------------|-----------------|--------------------|
| H1 | Market Orientation - Marketing Innovation | 0.651 | 6.997 | 0.000 | Significant |
| H2 | Market Orientation - Competitive Advantage | 0.132 | 0.633 | 0.527 | Not Significant |
| H3 | Market Orientation - Business Performance | 0.135 | 0.873 | 0.383 | Not Significant |
| H4 | Marketing Innovation - Competitive Advantage | 0.608 | 3.778 | 0.000 | Significant |
| H5 | Marketing Innovation - Business Performance | 0.377 | 2.016 | 0.044 | Significant |
| H6 | Competitive Advantage - Business Performance | 0.396 | 2.631 | 0.009 | Significant |