



MSME's Marketing Performance Measures: Examining The Role of Innovativeness and Competitive Strategy

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ABSTRACT

MSME's has a significant role towards the national economics of Indonesia. It offers the resilience on national economics, even when a crisis. Thus, that is important to ensure the marketing performance. This research aimed to measure the MSME's marketing performance from the innovativeness and competitive strategy. The research involves 50 MSME's in Banjarmasin. The data analysis to test the hypotheses are the multi regression analysis. The results indicates that all of the hypotheses is accepted. However, the innovativeness indicates more prevalent results than the competitive strategy. This is due to the nature of MSME's is a rather have a collaboration than competing each other. This research contributes to the current literature by providing an evidence of presents MSME's marketing performance from the innovativeness and competitive strategy.

Keywords: *SME Resilience; Banjarmasin SME's; SME's Strategic Marketing; SME's Innovation; SME's Competitiveness*

INTRODUCTION

Micro, small and medium enterprises (MSMEs) have a significant role in the economies of developing countries. According to the World Bank (2020), as many as 90 percent of business entities are MSMEs whose contribution to global employment reaches 50 percent. In addition, formal small and medium enterprises contribute 40 percent of gross domestic product (GDP) in developing countries. MSMEs also have an essential role in completing the Sustainable Development Goals (SDGs), stimulating innovation and creativity and creating decent jobs for all.

For the last few months, the world has been busy with the coronavirus outbreak, which has also occurred in Indonesia and includes the city of Banjarmasin. Although in the City of Banjarmasin, the case of the COVID-19 outbreak is not as large as the National as a whole, there is still a concern that it will disrupt the economy in South Kalimantan especially the City of Banjarmasin. The impact of COVID-19 on the development of Micro, Small and Medium Enterprises in Banjarmasin is quite strong. Especially in the leading sector, such as the creative

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economy, where the business actors consist of Micro, Small and Medium Enterprises, the MSME sector is the first to be affected by the COVID outbreak. -19.

In order for a business to thrive and survive, innovation is needed. Innovation can be created as the company sees many competitors emerging from combining the advantages of competitors into a new advantage for the company (Ofori et al., 2019; Praharjo & Parwati, 2016). Additionally SME's levels of adoption towards technological aspect will determine their future agility (Zamrudi & Wicaksono, 2018).

Social media encourages social inclusivity and builds a sense of belonging in their community (Kotler et al., 2019; Zamrudi & Wicaksono, 2018). Besides innovation, good organizational performance is also required in micro, small and medium enterprises. There are many models of organizational management where there are differences in how to select, build, deploy, and protect the company's core competencies (Lamsah & Zamrudi, 2018). Good performance results from good work to leads to competitive advantage.

The development of Micro, Small and Medium Enterprises (MSMEs) in Banjarmasin City is relatively rapid every year. Table 1 exhibits the development of MSMEs in the City of Banjarmasin in 2020-2021 based on data from the Office of Cooperatives, MSMEs, and Manpower of the City of Banjarmasin.

Table 1. UMKM Kota Banjarmasin

Years	Micro	Small	Middle	WUB	Total
2020	32.167	3.724	1.643	2.585	40.119
2021	33.904	3.979	2.236	2.740	42.859

Source: Dinas Koperasi, UMKM, dan Tenaga Kerja Kota Banjarmasin, 2021

The table above shows that the number of business units increases yearly. It can be seen in the table data above that the year 2020-2021. Micro, small, and medium enterprises in Banjarmasin have developed with a growth rate from 40,199 to 42,859. It can be concluded that UMKM has increased significantly every year. Especially in the city of Banjarmasin, many MSMEs produce products.

Based on this description, this study aims to produce a comprehensive model by considering the Innovation and Competitive Strategy variables which impact the marketing performance of MSMEs in the City of Banjarmasin.

LITERATURE REVIEW

Research conducted by Djojjobo & Tawas (2014), Effect of Entrepreneurship Orientation, Product Innovation, and Competitive Advantage on Marketing Performance of Nasi Kuning Business in Manado City, the research method used is associative. The research data is based on a review of the relevant literature and a questionnaire sent to 47 yellow rice business owners in Manado. This study tests the influence of entrepreneurial orientation, product innovation, and competitive advantage on the yellow rice business's marketing performance in Manado. The study used a saturated sampling method. The data analysis tool used is path analysis. The study's results underline that entrepreneurial orientation does not positively and significantly affect competitive advantage. Product innovation has a positive and significant effect on competitive advantage, entrepreneurial orientation and product innovation simultaneously have a positive and significant effect on competitive advantage, and competitive advantage has a positive and significant effect on performance.

Research conducted by Muafi et al. (2020), Patterns of relationship innovation of people equity organizations and the performance of SMEs, The type of research is a survey. This study examines the relationship between organizational innovation, people equity and SME

performance. The results of the study show that: (1) there is a positive influence of organizational innovation on the performance of SMEs; (2) there is a positive effect of organizational innovation on people equity (alignment, capability, engagement); and (3) there is a negative influence of people equity (alignment, capability, engagement) on the performance of SMEs. The practical implications of this research are: (1) increasing the skills, knowledge and abilities of human resources; (2) owners or managers can encourage conformity with people equity (alignment, capability, engagement) with the vision and mission of SMEs. (Štefko R., Steffek V., 2018).

Research conducted by Supriyati & Iqbal (2013), Internet Marketing Adoption Factors for Micro and Small and Medium Enterprises (MSMEs) in Kudus Regency with SEM (Structural Equation Model) and Cobit 4.1 Framework, the indicators analysed are indicators of internet marketing use. From this identification, questionnaires were distributed to MSMEs. The structural Equation Model (SEM) approach is used to empirically analyse the factors associated with the use of internet marketing in marketing MSME products. The results of this study indicate that the correlation between Internet Marketing and PO5 is quite strong (-0.358). However, the direction is negative, so the smaller the IT investment setting, the smaller the Internet marketing use.

Research conducted by Adietya et al. (2016), Analysis of the Effect of Information Technology and Innovation on Competitive Advantage to Improve Organizational Performance (Study on SMEs in Semarang City). This research was conducted by analysing the factors that affect organizational performance using variables such as information technology, innovation and competitive advantage variables as intervening variables. This study develops a theoretical model by proposing five hypotheses to be tested using the Structural Equation Model (SEM) as an analytical tool. This study's respondents were SMEs in Semarang's food industry, amounting to 119 respondents. This study aims to find out how to improve the organizational performance of SMEs in the food industry. The results of data processing using SEM for the theoretical model have met the Godness of Fit as follows: Chi-Square value = 45,151; df = 48; p = 5%; Probability = 0.340; GFI = 0.869; AGFI = 0.907; TLI = 1.006; CFI = 1,000; RMSEA = 0.000. The results show that this model is feasible to use. The results of this study indicate that organizational performance increases along with excellent information technology and competitive advantage, but the results of this study indicate that innovation does not positively affect organizational performance improvement.

RESEARCH METHOD

This study used a quantitative approach. This research is explanatory research, which examines the influence between the variables of Innovation (X1) and competitive strategy (X2), while the dependent variable is Marketing Performance (Y). This research is conducted in Banjarmasin, South Kalimantan Province, Indonesia, from January 2022 to March 2022. The total sample that became the analysis unit in this research is 50 MSME actors.

The instrument development employed in this research is synthesized from prior research. The detailed information related to the instrument development is presented in Table 2. As proposed in introduction section, this research is aimed to conduct a hypotheses model based on the proposed model of innovativeness, competitive advantage, and marketing performance. This research employs a multi regression analysis to test the hypothesis.

Table 2. Research instrument development

Measures	Source
<i>Innovation Variable</i>	Kotler et al., 2019
X1.1 Product design	Amstrong et al., 2014
X1.2 Various products made	Apanasovich et al., 2016
X1.3 Products that are in demand by the market	Pullen et al., 2012
X1.4 Repair process	Bairle et al., 2020
<i>Competitive strategy Variable</i>	Anwar & Shah, 2021
X2.1 Product/special motif	Cho & Lee, 2018
X2.2 Product quality	Yanes-Estévez et al., 2018
X2.3 Market segment	
X2.4 Service Quality	
<i>Marketing Performance Variable</i>	Afriyie et al., 2019
Y1.1 Increased sales volume	Afriyie et al., 2018
Y1.2 Production volume has increased	Suherna, 2021
Y1.3 The amount of capital increases	Astuti et al., 2018
Y1.4 Additional capital is needed for business development	Al Asheq & Hosain, 2019

RESULTS AND DISCUSSION

Innovations owned by MSMEs in Banjarmasin in product quality, product variants, process improvements, and developing products and processes affect marketing performance. The regression coefficient value of Innovation is 0.350, which means that if 0.350 units increase the value of the Innovation variable, it will cause a change in the value of Marketing Performance (Y) of 0.350 with the assumption that the value of other variables is constant or zero. By means this shows a positive relationship or direction with marketing performance.

Competitive Strategy owned by MSMEs in Banjarmasin in terms of increasing productivity indicators, indicators of increasing work effectiveness and indicators of improving performance has a significant effect on Marketing Performance itself. The ability of MSMEs in their activities to use Competitive Strategy has a significant effect on their performance in business. Amstrong (2014) stated that product diversification that suits the market needs is a strong point in product innovation. Additionally, in an emerging market, current market needs remain focused on the variety of products and series of product development (Bairle et al., 2020).

The value of the regression coefficient (X2) is 0.388, which means that if 0.388 units increase the value of the Competitive Strategy variable, it will cause a change in the value of Marketing Performance (Y) of 0.388 with the assumption that the value of the other variables is constant or zero. Anwar & shah (2021) mentioned that the proper strategic development in the lower level is also essential to ensure the SME's sustainability. This research argued that the combination of product quality and service quality contributes to the competitive Strategy. Choo & Lee (2018) mentioned that a strong integration of service and product characteristics would increase the product's image, thus creating a good impression. The coefficient of determination R square in this study is 0.537, which indicates that Innovation and Competitive Strategy simultaneously significantly affect Marketing Performance by 53.7%, while variables outside this study influence the remaining 46.3%.

The regression coefficient for the Competitive Strategy variable in this study is 0.388, indicating a positive or direct relationship with Marketing Performance. This means that if the Competitive Strategy increases by 0.388, the Marketing Performance will also increase by 0.388. In contrast, the Competitive Strategy variable is significant, namely $0.01 < 0.05$, thus, it

can be concluded that the Competitive Strategy has a significant effect on Marketing Performance in Banjarmasin by 0.388.

Innovation and Competitive Strategy simultaneously significantly affect Marketing Performance. The constant value is 1.434, which means that without the independent variable, namely the marketing performance variable, it can be assessed as the dependent variable, namely the marketing performance of fish processing in Banjarmasin.

The F value in the ANOVA is 17.768, while the F value in the table is 4.784. These results indicate that the F count is more significant than the F table, so it can be stated that Innovation and Competitive Strategy simultaneously significantly affect Marketing Performance.

The significant value obtained is 0.00 or smaller than which is set at 0.05, indicating that the simultaneous regression coefficient has a significant effect. Concerning the above conditions, it can be stated that Innovation and Competitive Strategy simultaneously significantly affect Marketing Performance. The linear regression equation shows that the coefficient for the independent variable is positive. This means that Innovation and Competitive Strategy have a unidirectional relationship or are directly proportional to Marketing Performance. The unidirectional relationship means that the higher the Innovation and Competitive Strategy, the higher the Marketing Performance, and vice versa, the lower the Competitive Strategy Innovation and Technology, the lower the Marketing Performance.

Table 3. Hypotheses Testing Results

Model	Beta	Std. Error	t	P-Sig
(Constant)	1,434	3,3076	3,841366	,060430
Inovativeness (X1)	0,388	0,180	2,156	0,036
Competitive advantage (X2)	0,350	0,181	1,931	0,060
R			0,732	
R ²			0,537	
F-Annova			17,768	

Note: Dependent variable is Marketing Performance (Y)

CONCLUSION

Based on the research that has been done on Sasirangan-based MSMEs in Banjarmasin regarding Innovation and Competitive Strategy on performance, it greatly affects Marketing performance in Banjarmasin. The results indicates that both of the hypotheses testing is supported. However, this research suggest that the innovativeness is remain the main contributor to the marketing performance. However, the competitive advantage is also important aspect in future development of SME, especially those related to strategic development.

This research was constrained by the limited time allocated for distributing questionnaires to collecting questionnaires, distributing and collecting questionnaire data during the -19 pandemic throughout the world, especially in Banjarmasin, where Large-Scale Social Restrictions (PSBB) was being implemented, so the researchers distributed questionnaires. The method uses the Google Form application (online). Researchers cannot directly meet face to face and exchange opinions, Competitive Strategies regarding everything related to differentiation strategies. In addition, the object of this research is homogeneous, namely only on Sasirangan-based SMEs, so there is a tendency to have the same problems. A

more heterogeneous object may provide a perfect picture of the perception of Marketing Performance in Banjarmasin.

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