

Mediation of Marketing Capabilities in Market Orientation, Entrepreneurial Marketing on Marketing Performance

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ABSTRACT

Small businesses have become an important part of the Indonesian economy, but most of their performance has not been able to meet the growing demands of customers. This study aims to analyze the factors that can influence the marketing performance of small businesses in Bogor City using descriptive and verification methods. A survey of 350 respondents was conducted to determine a general description of the influence of market orientation, entrepreneurial marketing, and marketing capabilities on marketing performance, as well as the mediating role of marketing capabilities. Analysis of the influence between variables was conducted using the Structural Equation Modeling method, with data processed using Lisrel 10.2. The test results show that market orientation influences marketing capabilities, and entrepreneurial marketing influences marketing capabilities. The marketing capabilities of market orientation and entrepreneurial marketing influence marketing performance. Marketing capabilities can mediate the influence of market orientation on marketing performance and mediate some of the influence of entrepreneurial marketing on marketing performance. The novelty of this study is the discovery of a mediation relationship model of marketing capabilities in the influence of market orientation and entrepreneurial marketing on the resulting marketing performance.

Keywords: marketing performance, market orientation, entrepreneurial marketing, small business

INTRODUCTION

One of the main drivers of the economy in Indonesia is the *MSME* group, because the large number of business actors is the largest supporter of the national economy. According to the *ASEAN Investment Report* released by the United Nations Conference on Trade and Development (*UNCTAD*) in September 2022, Indonesia has the largest number of *MSMEs* in the ASEAN region. The report noted that the number of *MSMEs* in Indonesia in 2021 reached around 65.46 million units. Indonesian *MSMEs* are recorded as being able to absorb 97 percent of the total workforce, contributing 60.3 percent to Gross Domestic Product (*GDP*), and contributing 14.4 percent to national exports. The proportion of Indonesian *MSME* labor absorption is the largest in ASEAN. *MSMEs* in neighboring countries only absorb labor in the range of 35–85 percent. *MSMEs* have become a very important part of the economy, not only because of their large number but also because they are the main source of job creation. In Indonesia's current economic conditions, *MSMEs* are expected to be able to create local and overseas markets and serve as an important source for the surplus in the balance of trade and services or balance of payments. *MSMEs* have also proven to be resilient in facing economic crises, have fast transaction turnover, use domestic production, and are in touch with the primary needs of the community. Therefore, Indonesia must be able to make *MSMEs* strong, competitive, and able to develop, so that they can contribute maximally to the Indonesian economy and improve people's welfare.

Some basic reasons why *MSMEs* are important for the nation's economy are as follows. First, *MSME* business actors are very numerous and spread across urban, rural, and even remote areas. Second, the quality and creativity of *MSME* business actors are considered to have the potential to open up job opportunities and increase income for *MSME* business actors, as well as to become a starting point for investment in rural areas and a labor-intensive platform to increase entrepreneurial skills. Third, the *MSME* business lines that are mostly engaged in by the Indonesian people are in the agricultural sector, so that indirectly they become one of the assets supporting national development. Fourth, *MSME* businesses do not require a high level of education, so Indonesian people with low levels of education can also become actors in this business. Fifth, the flexibility of the types of *MSME* businesses is very high and diverse, enabling them to adapt quickly to changing times; when Indonesia

experienced a global economic crisis, *MSME* businesses were still able to survive. The criteria for grouping businesses according to the Law, based on the number of assets and sales turnover, are explained in the following table:

Table 1. Criteria for MSMEs Based on Assets, Turnover

No	MSME Group	ASSET	Income/Year
1	Micro Business	Maximum 50 million	Maximum 300 million
2	Small Business	>Rp 50 million - 500 million	>Rp300 -2.5 billion
3	Medium Business	>Rp 500 million - 10 billion	>2.5 M -50 billion

Source: Law No. 20 of 2008

The Central Statistics Agency (*BPS*) defines businesses in Indonesia as *Manufacturing Industry*, which is an economic activity that carries out activities to change basic goods mechanically, chemically, or by hand into finished or semi-finished goods, and/or goods of less value into goods of higher value, making their nature closer to the end user. Included in this activity are industrial services and assembly work. The industrial services referred to are industrial activities that serve the needs of other parties. In this activity, raw materials are provided by other parties, while the processing party only processes them by receiving compensation as a service fee (*Maklon wages*).

The limitation of the definition of a company or industrial business is a business unit (unity) that carries out economic activities, aims to produce goods or services, is located in a certain building or location, and has its own administrative records regarding production and cost structure, with one or more people responsible for the business. From the definition of *Industrial Business*, which is interpreted as a business that carries out activities to change goods of less value into goods of higher value, it means that almost all types of businesses can be categorized as industrial businesses. Meanwhile, in the law, it is stated that *MSMEs* are productive businesses that are grouped based on the criteria of the number of assets and the amount of turnover.

BPS groups industrial businesses into four groups based on the number of workers, namely: *Large Industry* (100 or more workers), *Medium Industry* (20–99 workers), *Small Industry* (5–19 workers), and *Micro Industry* (1–4 workers). This grouping does not explain the amount of turnover and assets owned by the business. Therefore, the criteria for grouping businesses according to the Law and *BPS* can be combined for grouping types of Micro, Small, and Medium businesses based on the criteria of assets, turnover, and workforce. From this description, it can be concluded that the industrial business referred to in the formulation made by *BPS* is the same as the *MSME* referred to in Law No. 8 of 2008. The growth of Micro and Small Businesses in Indonesia has been positive so far, but in 2020–2021 it decreased due to mobility restrictions to prevent the transmission of the virus during the Covid-19 pandemic, which caused Micro and Small Businesses to suffer losses, with many being forced to close their businesses. These conditions can be seen from the development of the number and added value of Micro and Small Businesses, which grew negatively, as shown in Table 2:

Table 2. Growth of Micro and Small Businesses 2019-2021 (Units)

Year	Micro Business		Small business		MSE Total	Growth
	Total	Proportion	Amount	Proportion		
2019	4,127,108	94%	253,068	6%	4,380,176	
2020	3,909,718	93%	300,099	7%	4,209,817	-3.9%
2021*	3,956,083	95%	206,605	5%	4,162,688	-1.1%

Source: by Researcher

Micro and Small Enterprises have not been able to develop, as seen from the large proportion of *Micro Enterprises* which still dominate and have not changed much over several years, averaging 94% of the total *Micro and Small Enterprises*. The number recorded in the last three years showed an average annual decline of -2.5%, and this decline was followed by a decrease in labor absorption. Although labor absorption in *Micro and Small Enterprises* was still positive in 2020, it fell by -5.6 percent in 2021. During the pandemic, *Micro and Small*

Enterprises were among the sectors most affected; almost all experienced a decline in turnover due to reduced consumer purchasing power and mobility restrictions. This condition affected profits and the growth in added value (Central Statistics Agency, 2023). The added value of *Micro and Small Enterprises* in 2020 increased by 3.8%, then decreased by 9% in the following year, resulting in an average growth in added value from *MSMEs* of -2.6%.

Several factors influence the failure of *Small Enterprises*, including incompetent managerial factors, weak control systems, and lack of capital. According to the Ministry of Trade, there are three main problems faced by *MSMEs* in Indonesia: first, lack of experience; second, lack of network or *Networking*; and third, lack of funding (Liputan6.com, 2021). The condition of *MSMEs* so far has not enabled them to access the sources of financing needed for the micro sector, nor the resources to increase business capacity for the small and medium sector. To attract capital from various funding sources, good performance must be demonstrated, as it is the main requirement. Achieving good *MSME* performance is essential to create global competitiveness. Performance success is influenced by hard work, motivation and dedication, market demand for the products and services offered, and the managerial competence of *MSME* actors.

To realize strong and advanced *MSME* performance, related institutions must be able to resolve the structural problems faced by *MSME* actors. These problems include the quality of human resources, funding, product quality and continuity, and marketing. These issues must be addressed substantively, comprehensively, and systemically. Marketing and human resources are among the most important factors in a business, determining its performance not only as resources but also as the main capital for business development, and are seen as human capital.

Business performance reflects the strategic management perspective as a sub-section of the overall concept of business effectiveness. High business performance is the ultimate goal of all business functions, whether in small, medium, or large-scale businesses, using specific criteria. Business performance generates information that allows companies to determine strategies, which can be influenced by various factors such as market expansion, brand awareness, workforce availability, experienced managers, financial capabilities, management systems, innovation capabilities, cost control, and technology levels.

Measurement of a company's business performance can be seen through financial performance indicators, including profitability, return on investment, and return on sales, as well as marketing performance indicators, which include market share and sales growth. Marketing performance is the output of all marketing efforts and strategies that have been implemented by entrepreneurs. Synergy and collaboration between sectors, including the government, can drive performance. Ananda et al. (2017), in their research, stated that the availability of human resources who understand information technology well is very important, especially when *MSMEs* are interacting with multinational companies. Clarke et al. (2011) concluded from their research on public companies that intellectual capital has a positive influence on firm performance.

Market Orientation is seen as a philosophy of business and a process of business management behavior. Business philosophy refers more to a series of values and beliefs, attitudes, and corporate culture, contributing to the operational order in the form of a series of business management activities. Furthermore, market orientation is understood as behavior or activities that reflect the implementation of the marketing concept. This market orientation behavior is reflected in the marketer's understanding of customers, competitors, and coordinated use of resources, all of which affect the achievement of marketing performance results. Several previous studies have revealed that *Market Orientation* affects marketing performance. However, other results indicate that *Market Orientation* does not affect marketing performance (Hidayat & Murwatiningsih, 2018). In addition to understanding the market, it requires a never-give-up attitude, insight in creating opportunities, courage to take risks, and the ability to make decisions and act. These traits support product success and increase the number of customers.

Entrepreneurial marketing is a spirit and orientation, as well as a process to pursue opportunities, create, and develop businesses to provide value to customers through relationships by applying innovation, creativity, sales, marketing, networking, and flexibility, all of which affect the achievement of marketing performance. *Entrepreneurial marketing* is seen as having the ability to improve a company's marketing performance.

Market understanding and the nature of *entrepreneurial marketing* will take shape. In line with several studies, it is stated that *entrepreneurial marketing* affects the marketing performance of reliable marketer capabilities. Previous studies have also shown that market orientation is positively related to marketing capabilities (Reimann et al., 2022). Studies conducted on *MSMEs* show that marketing capabilities mediate market orientation and *entrepreneurial marketing* on marketing performance. Marketing capability is the ability to mobilize resources in order to carry out marketing activities so that customer needs can be met. Marketing

capability is also described as the company's ability to carry out marketing activities such as building a position in the market, promoting the business, conducting market analysis, identifying target markets, setting and meeting sales targets, and setting and achieving profit targets. Marketing capability can drive the company's marketing performance, in line with research results showing that marketing capability has a positive effect on the company's marketing performance (Reimann et al., 2022). In addition, marketing capability can mediate the influence of market orientation and *entrepreneurial marketing* on marketing performance. The dominant factors that can support marketing performance according to small food business actors were obtained through a preliminary survey by distributing 40 questionnaires to small business actors in Bogor, resulting in 38 responses deemed appropriate; the results are presented in the following table:

Table 3. Factors Supporting SME Marketing Performance

No	Supporting Factor Statement	% Yes answers
1	Understanding of consumer needs, competitor strengths, coordination in running a business	60 %
2	Proactive, creative, innovative attitude, courage to take risks	52%
3	Strengthening business capital (having access to obtain loan capital)	15 %
4	Ability to manage products, prices, promote, distribute products offered	71 %
5	Use of technology in marketing	21 %
6	Experience of business actors/Length of business	28 %
7	Personal Characteristics of Business Actors	8 %
8	Having a business license or Business Legality and Business Location, the place where the business is located	18%

Source: pre-survey results, 2023

The results of the pre-survey show that the first, second, and fourth statements were identified as factors influencing marketing performance by more than 50 percent of respondents. The first statement, regarding understanding consumer needs, competitor strengths, and coordination in running a business—which are indicators of *market orientation*—was chosen by 60 percent of respondents. The second statement, which reflects proactive, creative, and innovative attitudes as well as courage to take risks—a dimension of *entrepreneurial marketing*—was selected by 52 percent of respondents. The fourth statement, concerning the ability to manage products, set prices, promote, and distribute the products offered—a factor of *marketing capabilities*—was chosen by 71 percent of respondents as influencing marketing performance. Other statements were selected by no more than 30 percent of respondents. Based on these preliminary survey results, this study focuses on the dominant factors—*market orientation*, *entrepreneurial marketing*, and *marketing capabilities*—as the main influences on marketing performance, which is also supported by findings from several previous studies.

METHOD

This study was a quantitative study of the causality of the causal relationship between *market orientation* variables and *entrepreneurial marketing* with *marketing capabilities* and *marketing performance*, complemented by descriptive analysis. The types of data used in this study were qualitative and quantitative data. In this study, qualitative data were obtained from responses collected through questionnaires distributed to a number of respondents, while quantitative data were in the form of numbers or calculations. The data were obtained from the results of questionnaire calculations related to the problems discussed in the study.

Primary data were collected directly from small business actors in Bogor City as respondents through distributed questionnaires. Meanwhile, secondary data in the form of information were obtained from journals and books related to the study, as well as data from other parties related to the number of small businesses in

Bogor City at the Cooperatives and *UMKM* Office and *BPS*. The population in this study consisted of all small business actors in Bogor City registered with the Cooperatives and *UMKM* Office; in 2023, there were 2,773 small business actors recorded, spread across six sub-districts. The sampling technique used was a nonprobability sampling approach with the purposive sampling method. The determination of the number of samples from the accessible population used the Slovin formula at a margin of error of 5%. Based on these calculations (rounded to 350), the number of samples for each sub-district of the population was as follows:

Table 4. Sample Distribution

Subdistrict	Number of Samples	%
Tanah Sereal	76	22%
Bogor Utara	68	20%
Bogor Timur	41	12%
Bogor Tengah	36	10%
Bogor Selatan	61	17%
Bogor Barat	68	19%
Total	350	100%

Source: by Researcher

Data collection, in addition to observation and interviews, was carried out using an instrument in the form of a questionnaire, so validity and reliability tests were carried out on this research instrument.

RESULTS AND DISCUSSION

Normality Test

To determine the estimation method of Structural Equation Modeling (SEM), univariate and multivariate data normality tests are carried out. The test is carried out using the kurtosis value test statistic.

Table 5. Univariate Normality Test of SEM Model Data

Test of Univariate Normality for Continuous Variables

Variable	Skewness		Kurtosis		Skewness and Kurtosis	
	Z-Score	P-Value	Z-Score	P-Value	Chi-Square	P-Value
MO.1	-6.909	0.000	2.428	0.015	53.622	0.000
MO.2	-8.879	0.000	6.103	0.000	116.079	0.000
MO.3	-11.996	0.000	7.703	0.000	203.230	0.000
EM.1	-7.412	0.000	4.202	0.000	72.591	0.000
EM.2	-9.387	0.000	6.622	0.000	131.969	0.000
EM.3	-5.407	0.000	0.870	0.384	29.993	0.000
EM.4	-5.134	0.000	-0.236	0.814	26.414	0.000
EM.5	-3.138	0.002	-1.053	0.293	10.953	0.004
EM.6	-5.580	0.000	0.302	0.763	31.232	0.000
MC.1	-3.909	0.000	0.287	0.774	15.365	0.000
MC.2	-3.460	0.001	-0.258	0.796	12.035	0.002
MC.3	-9.310	0.000	6.585	0.000	130.033	0.000
MC.4	-7.889	0.000	4.814	0.000	85.409	0.000

MC.5	-7.442	0.000	3.076	0.002	64.838	0.000
MP.1	-5.955	0.000	3.857	0.000	50.344	0.000
MP.2	-5.588	0.000	2.784	0.005	38.976	0.000
MP.3	-7.286	0.000	2.427	0.015	58.973	0.000
Relative Multivariate Kurtosis = 1.292						

Source: by Researcher

The results in the table above show the significance value of the Skewness and Kurtosis test for the indicator (observed variable) is less than 0.05. So it is concluded that the indicator (observed) does not meet the normal distribution.

Hypothesis Testing

The calculation of the hypothesized influence model was obtained using LISREL 10 Software. The results of the calculation of the test statistics in the hypothesis testing are summarized and can be seen in the following table:

Table 6. Hypothesis Test Recapitulation

Hypothesis	Path Coefficient	Count	p-value	Decision	Information
Direct Effect					
Market orientation affects marketing performance	0,2719	2,8109	0,005	H ₀ is rejected	Significant
Entrepreneurial marketing affects marketing performance	0,3290	6,0250	0,000	H ₀ is rejected	Significant
Marketing capability affects marketing performance	0,4727	4,8612	0,000	H ₀ is rejected	Significant
Market orientation affects marketing capability	0.5847	7,9834	0,000	H ₀ is rejected	Significant
Entrepreneurial marketing affects marketing capability	0,3031	4,5826	0,000	H ₀ is rejected	Significant
Indirect Effect					
Market orientation affects marketing performance through marketing capability	0,2764	4,1516	0.000	H ₀ is rejected	Significant
Entrepreneurial marketing affects marketing performance through marketing capability	0,1433	3,3341	0.000	H ₀ is rejected	Significant

Source: Results of LISREL 10 data processing

Testing the Influence of Market Orientation (MO) on Marketing Capability (MC)

Based on the results of the calculation of the influence coefficient for Market Orientation on Marketing Capability, it was obtained positive at 0.5847, with a calculated t value of 7.9834 and p-value = 0.000. The statistical value of the t test obtained is in the H₀ rejection area, namely t count is greater than t_{critical} = 1.96. (t count = 7.9834 > 1.96) and p-value < 0.05. Then the decision can be taken to reject H₀. So it can be concluded that the results of the statistical test show that Market Orientation has an effect on Marketing Capability with a positive influence direction.

Testing the Influence of Entrepreneurial Marketing (EM) on Marketing Capability (MC)

Based on the results of the calculation of the influence coefficient for Entrepreneurial Marketing, it was obtained positive at 0.3031 with a calculated t value of 4.5826 and p-value = 0.000. The statistical value of the t-test obtained is in the H0 rejection area, namely t count is greater than t critical = 1.96. (t count = 4.5826 > 1.96) and p-value <0.05. Then it can be decided to reject H0. So it can be concluded that the results of statistical testing indicate that Entrepreneurial Marketing influences Marketing Capability with a positive influence direction

The Influence of Marketing Capability on Marketing Performance

Based on the results of the calculation of the influence coefficient for Marketing Capability on Marketing Performance, it is obtained positive at 0.4727 with a t count value of 4.8612 and p-value = 0.000. The statistical value of the t-test obtained is in the H0 rejection area, namely t count is greater than t critical = 1.96. (t count = 4.8612 > 1.96) and p-value <0.05. Then it can be decided to reject H0 or a significant test. So it can be concluded that the results of statistical testing indicate that Marketing Capability influences Marketing Performance with a positive influence direction.

Testing the Influence of Market Orientation (MO) on Marketing Performance (MP)

Based on the calculation results of the influence coefficient for Market Orientation on Marketing Performance, it is obtained positive at 0.2719 with a calculated t value of 2.8109 and p-value = 0.005. The statistical value of the t test obtained is in the H0 rejection area, namely t count is greater than tcritical = 1.96. (t count = 2.8109> 1.96) and p-value <0.05. Then the decision can be taken to reject H0. So it can be concluded that the results of the statistical test show that Market Orientation has an effect on Marketing Performance with a positive influence direction.

Testing the Influence of Entrepreneurial Marketing (EM) on Marketing Performance (MP)

Based on the calculation results of the influence coefficient for Entrepreneurial Marketing on Marketing Performance, it is obtained positive at 0.3290 with a calculated t value of 6.0250 and p-value = 0.000. The statistical value of the t-test obtained is in the H0 rejection area, namely tcount is greater than tcritical = 1.96. (tcount = 6.0250 > 1.96) and p-value <0.05. Then the decision can be taken to reject H0. So it can be concluded that the results of the statistical test show that entrepreneurial marketing has an effect on marketing performance with a positive influence direction

The Effect of Market Orientation on Marketing Performance Through Marketing Capability

The results of the calculation of the Sobel test value obtained a tcount value of 4.15168889 with a probability value (significance) of 0.00001650.

Table 6. Significance Test of the Effect of Market Orientation on Marketing Performance Through Marketing Capability

$P_{zx} \times P_{yz}$	T _{count}	T _{critical}	P-value	Kesimpulan
0,2764	4,15168889	1,96	0.00001650	Signifikan

Source: by Researcher

Based on the calculation results, the indirect effect coefficient (Indirect Effects) of Market Orientation on Marketing Performance through Marketing Capability is 0.2764. The results of the Sobel test value obtained a t-value of 4.15168889 and a p-value of 0.00001650. The statistical value of the t-test obtained is in the H0 rejection area, namely t-count is greater than t-critical = 1.96. (t-count = 4.15168889> 1.96) and p-value <0.05. So the decision was taken to reject H0. So it can be concluded that the results of the statistical test show that Market Orientation has an effect on Marketing Performance through Marketing Capability.

The Influence of Entrepreneurial Marketing on Marketing Performance Through Marketing Capability

The calculation result of the Sobel test value obtained a t-value of 3.33413230 with a probability value (significance) of 0.00085566

Table 7. Significance Test of the Influence of Entrepreneurial Marketing on Marketing Performance Through Marketing Capability

PZX	PYZ	t-value	t-critical	P-value	Conclusion
0.1433	3.33413230	1.96	0.00085566	Significant	

Source: by Researcher

Based on the calculation result, the coefficient of indirect effects of entrepreneurial marketing on marketing performance through marketing capability was 0.1433. The result of the Sobel test value obtained a t-value of 3.33413230 and a p-value of 0.00085566. The statistical value of the t-test obtained is in the H0 rejection area, namely tcount is greater than tcritical = 1.96. (tcount = 3.33413230 > 1.96) and p value <0.05. So the decision was taken to reject H0. So it can be concluded that the results of statistical testing show that Entrepreneurial Marketing has an effect on Marketing Performance through Marketing Capability.

Results

The Influence of Market Orientation on Marketing Performance

The results of statistical tests show that market orientation has an effect on marketing performance. The interpretation of these results means that small business actors' understanding of customers is indicated by the activity of providing services beyond just transactions, responding when there is input about customer needs and preferences; small business actors' understanding of their competitors is indicated by the activity of responding with strategic actions when competitors make certain strategic changes in marketing; Small business actors' activities to coordinate between functions are indicated by the behavior of sharing information with their employees about the habits and characteristics of their customers. These behavioral activities have an effect on customer satisfaction, customer development, and profitability which are the achievements of their business' marketing performance. If small business actors behave in a way that reflects a better market orientation, it will affect the achievement of better marketing performance. In line with the results of previous studies which stated that market orientation has an effect on marketing performance (Alam et al., 2022; Sefnedi et al., 2022).

The Influence of Marketing Orientation on Marketing Capability

The results of statistical tests show that market orientation has an effect on marketing capability. The interpretation of the results means that small business actors' understanding of customers is indicated by the activity of providing more services for satisfaction, responding when there is input about customer needs and preferences; small business actors' understanding of their competitors is indicated by the activity of responding with strategic actions when competitors make certain strategic changes in marketing; small business actors' activities to coordinate between functions are indicated by the behavior of sharing information with their employees about the habits and characteristics of their customers.

These behavioral activities have a positive effect on the ability of small business actors to obtain information about their customers, the ability to set appropriate prices, the ability to make quality products, the ability to establish good relationships with those involved in distribution and the ability to communicate products to customers. If small business actors behave in a way that reflects a better market orientation, it will increase the ability of small business actors to market. In line with the results of previous studies which stated that market orientation has a positive effect on marketing capabilities (Agusdin et al., 2023; Alqahtani et al., 2022; Ikramuddin et al., 2021; Mu, 2015).

The Effect of Entrepreneurial Marketing on Marketing Performance

The results of statistical tests show that entrepreneurial marketing has an effect on marketing performance. The interpretation of these results means that the attitude and behavior of small business actors who are proactive in dealing with various problems related to business opportunities is characterized by innovation, the courage to take risks and optimize resources, has an effect on the achievement of marketing performance characterized by customer satisfaction, their customers growing, and the achievement of profitability. If small business actors behave in a way that reflects better entrepreneurial marketing, it will affect the achievement of better marketing performance. These results are in line with the results of previous studies which show that entrepreneurial marketing has a significant effect on marketing performance.

The Influence of Entrepreneurial Marketing on Marketing Capability

The results of statistical tests show that entrepreneurial marketing has an effect on marketing capability. The interpretation of these results means that the behavioral attitude of small business actors who are proactive in facing various problems related to business opportunities is characterized by innovation, courage to take risks

and optimize resources, influencing the ability of small business actors to carry out various marketing functions in meeting customer needs. If small business actors behave in a way that reflects improved entrepreneurial marketing, it will affect better marketing capabilities. In line with the results of previous studies which stated that entrepreneurial marketing has an effect on marketing capabilities (Purnamasari & Wijaya, 2020)

The Influence of Marketing Capabilities on Marketing Performance

The results of statistical tests show that marketing capabilities have an effect on marketing performance. The interpretation of these results means that the ability of small business actors to apply knowledge, skills, and resources they have to carry out various marketing functions has an effect on the achievement of marketing performance marked by customer satisfaction, customer development, and profitability. If small business actors behave in a way that reflects better marketing capabilities, it will affect the achievement of better marketing performance. In line with the results of previous studies which stated that marketing capabilities have an effect on marketing performance (Reimann et al., 2022)

The Influence of Marketing Orientation on Marketing Performance Through Marketing Capability

The results of statistical tests show that market orientation has an effect on marketing performance through marketing capabilities. This means that marketing capabilities can mediate the influence of market orientation on marketing performance. In line with previous research, it shows that marketing capabilities can mediate the influence of market orientation on marketing performance (Hartini, 2013; Hidayat & Murwatiningsih, 2018; Primadhita et al., 2023). The indirect effect of market orientation on marketing performance through marketing capability is greater than the direct effect of market orientation on marketing performance. This means that marketing capability mediates the effect of market orientation on marketing performance.

The Influence of Entrepreneurial Marketing on Marketing Performance Through Marketing Capability

The results of statistical tests show that entrepreneurial marketing affects marketing performance through marketing capability. This means that marketing capability can mediate the influence of entrepreneurial marketing on marketing performance. These results are supported by previous studies which state that marketing capability mediates the influence of entrepreneurial marketing on marketing performance (Jin et al., 2018; Prastiwi & Rohimat, 2020; Susanto et al., 2023; Zahara, 2022). The value of proactive behavioral attitudes in exploiting new opportunities affects the ability to develop market information that can affect market growth.

The calculation results show that the direct influence of entrepreneurial marketing on marketing performance (0.3290) is greater than the indirect influence of entrepreneurial marketing on marketing performance through marketing capability (0.1433). This mediation is partial mediation, because both through and without the marketing capability variable, entrepreneurial marketing has a significant effect on marketing performance, but the value of the direct influence coefficient is greater than the indirect influence coefficient. This means that the proactive attitude and behavior of entrepreneurial marketing reflections possessed by small business actors have a direct influence on marketing performance and marketing capability only partially mediates the indirect relationship.

CONCLUSION

This study identified that the marketing performance of small food businesses in Bogor City is significantly influenced by market orientation, entrepreneurial marketing, and marketing capabilities. Using a quantitative, survey-based approach, the research found that strong customer and competitor orientation, proactive and innovative entrepreneurial behavior, and robust marketing capabilities all directly enhance outcomes such as market growth, profitability, and customer satisfaction. The study also revealed that marketing capabilities fully mediate the effect of market orientation on marketing performance and partially mediate the effect of entrepreneurial marketing, highlighting the importance of internal marketing processes in translating strategic approaches into tangible results. For future research, it is suggested to explore additional factors such as digital marketing adoption, external environmental influences, or longitudinal impacts to provide a more comprehensive understanding of what drives sustained marketing success in small businesses.

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