

MSMEs MARKET PENETRATION MANEUVER CAPABILITY OF PROCESSED MARINE PRODUCTS IN INDONESIA

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ABSTRACT

The research aims to develop a new concept, called the capability of maneuver penetration of the market, to fill the gap in the research orientation of entrepreneurship in marketing performance. The novelty of this research was obtained from relevant theoretical studies and tested in empirical research conducted on sea-based food processing MSMEs in Central Java, Indonesia. The study's novelty was synthesized from two significant theories: Resource-Based View (RBV) and marketing strategy theory. Possession of dynamic marketing capabilities helps change from a stable situation to a complex situation. Dynamic marketing capabilities help companies deal with rapid changes in market situations and conditions; from here, market penetration maneuvering capability is formed as a novelty variable in the research model developed.

Four hypotheses proved to be accepted in the five proposed hypotheses' testing, and one hypothesis was rejected. This statistical evidence strengthens the role of market penetration maneuvering capabilities in bridging the gap between entrepreneurial orientations to enhance the marketing performance of MSMEs. This research enriches the literature and provides scientific contributions related to the development of MSME performance models. Managerial implications and research agendas are also discussed in this article.

Keywords: Market Penetration Maneuvering Capability, Msmes Marketing Performance

INTRODUCTION

Background

Entrepreneurship orientation becomes a strength in facing the dynamics of change and is very helpful in maintaining business continuity. In the entrepreneurial orientation, there are five aspects of constituent elements. Those five aspects are innovativeness, proactiveness, risk-taking, autonomy orientation, and competitive aggressiveness (Lumpkin & Dess, 1996). The action of an entrepreneur refers to behavior in a decision condition of uncertainty, with a quick action to see opportunities to get maximum results. Experience and learning in entrepreneurial action and organizational learning are critical factors in managing the situation's dynamics (Autio & Frederiksen, 2013; Bamfo & Kraa, 2019). The capability of entrepreneurial actions is vital for entrepreneurs to develop new products, new processes, new organizations through modification or to reconfigure of resources, as well as overcoming the speed of market changes (Alpay, 2012; Leong, 2016; Nurhilalia, Kadir, Mahlia & Jusni, 2019; Retnawati & Irmawati, 2017).

Previous empirical research shows that there are still contradictory results of the influence of entrepreneurial orientation on marketing performance that is carried out on medium and small business companies. These results were significantly positive (Jeffrey & Miller, 2014; Gilmore, 2011; Hsu, 2011). However, the results are different, and there is no significant positive relationship between entrepreneurial orientation and marketing performance (Abebe,

2014; Renton, Daellenbach, Davenport & Richard, 2015; Rosli & Sidek, 2013). There is still a research gap that leaves contradictions, so the novelty is needed to bridge the different results.

Berta Bektı Retnawati & Irmawati (2014) also emphasized that entrepreneurial orientation with the speed of adapting to environmental changes will provide opportunities for sustainability for MSMEs. As the driving pillar of the economy in developing countries such as Indonesia, the contribution of MSMEs has provided evidence as a company that can survive in the dynamics and challenges of the existing competitive situation (Hadipuro, Maretha & Retnawati, 2013; Retnawati & Soekesi, 2009, 2010).

Various sectors of the economy are fully supported by the role of MSMEs as labor absorbers and contributors to the livelihoods of most people. In particular, this also applies to businesses that rely on wealth and local wisdom in marine-based food processing, which are considered capable of increasing the strength and welfare of the community (Retnaningsih, 2003, 2004). The creative process required here includes many aspects. Efforts to increase marketing performance for processed sea-based food products are a challenge for businesses on the MSME scale to maintain business continuity towards an increasingly competitive market and the importance of building intense marketing penetration (Retnawati, Trihardjanti & Sugiarto, 2010)

Marines and fisheries business potential phenomenon in Central Java, Indonesia is enormous, where there are 33 small islands scattered in the Java Sea and 331 coastal villages on the North Coast and 95 coastal villages on the South Coast. 172,214 people and 8761 units of MSMEs processing fishery products. The MSMEs centers for processing marine products in Central Java, Indonesia, are spread out in Semarang, Demak, Pekalongan, Rembang, Tegal, Brebes, and Cilacap districts. Various problems faced by small-scale sea product processing industries, such as the product not being marketable enough due to the lack of processing and packaging equipment and technology, are not being able to diversify flavors and packaging; hence they can be marketed to several market segments, market expansion, and promotional media that are still considered limited. However, it is still necessary to improve the performance of these sea product-processed MSMEs considering that their development potential is still wide open in the future.

Empirical studies on MSMEs' entrepreneurial orientation and marketing performance and the phenomenon of the importance of improving the performance of MSMEs processing fish products make this research essential and relevant to do. As mentioned as the market penetration maneuvering capability, the novelty variable becomes a bridge in elaborating the contradictions of research results on entrepreneurial orientation with marketing performance.

LITERATURE REVIEW AND MODEL DEVELOPMENT

Entrepreneurial Orientation: A Driving Force for Change

This concept has dimensions of risk-taking ability, innovativeness, and proactiveness to help business actors taking advantage of opportunities and face the dynamics of change. Miller (1983) first sparked this entrepreneurial orientation, which then continued to subsequent initiators (Covin & Slevin, 1989; Lumkin & Dess, 2001). Knight (2000) adds two dimensions; they are autonomy and aggressive competition. Entrepreneurial orientation has received much attention from researchers and is associated with its constituent dimensions: its effect on strategic orientation, financial performance, marketing performance, competitive advantage over competitors, or management culture (Abebe, 2014; Jeffrey & Miller, 2003, 2014; Dai, Maksimov, Gilbert & Fernhaber, 2013)

Having an entrepreneurial orientation will be a strong driving force for various market penetration maneuvers because there is the ability to manage market opportunities (proactive), manage risk (risk-taking), and the ability to innovate (Renton et al., 2015; Stam, Arzlanian &

Elfring, 2014). Therefore, the strength of entrepreneurial orientation mediated by market penetration maneuvering capabilities will be the main impetus for improving marketing performance.

The hypothesis is as follows:

H1 : The higher the entrepreneurial orientation, the higher the market penetration maneuvering capability

Market Orientation

The company's ability to fulfill what customers want to get market sympathy is the main focus of the concept of market orientation. This strength will encourage the company to get a positive response from the market and help achieve customer satisfaction (Ajay Kohli & Jaworski, 1990). Viewed from the point of view of Narver & Slater (1990), the definition of market orientation is as an organizational culture that is most effective in creating the behaviors needed to create superior value for buyers and provide superior performance for the organization, namely customer orientation, competitor orientation, and cross-border function coordination. Other researchers, Ajay K Kohli, Jaworski & Kumar (1993), focused on the dimensions of customer focus and coordinated marketing. Market orientation becomes a company's competence to create a competitive advantage (Ming-Hong Tsaia, Lib & Linb, 2012). Prioritizing customer needs and wants while still considering the needs of other stakeholders is equally essential (Gebauer, Gustafsson & Witell, 2011; Hsu, 2011). This market orientation capability will encourage increased market penetration maneuvering capabilities and marketing performance.

The hypothesis is as follows:

H2 : The higher the market orientation, the higher the market penetration maneuvering capability

Market Penetration Maneuverability

The dynamic marketing capability construct explains how the human capital, social capital, and cognitive involvement of managers create, use, and integrate market knowledge and marketing resources to match and create market and technological changes (Bruni & Verona, 2009). Understanding of market knowledge as an understanding that is closely related to the domain (region) of customers and competitors (Ajay & Jaworski, 1990; Narver & Slater, 1990), while marketing resources include tangible and intangible assets such as products, brands, and distribution channels (Robert, 1991). The dynamic marketing capability is based on two underlying assumptions, namely the first, the capability to coordinate tasks and make it a functional dimension. Marketing becomes a functional knowledge area in a company's value chain (Grant, 1996).

Having dynamic marketing capabilities helps companies change from a stable situation to a complex situation. In dynamic marketing capabilities, it helps companies deal with rapid changes in market situations and conditions. It is integrated between market sensing and customer-linking capabilities in dynamic marketing capabilities (Danneels, 2002). Understanding dynamic marketing capabilities elaborates and expands the company's internal dynamic managerial capabilities (managers) to build, integrate, and reconfigure its capabilities over time (Bruni & Verona, 2009). Dynamic marketing capabilities help companies deal with the process of rapid changes in market situations and conditions (Danneels, 2002)

High capital with entrepreneurial orientation needs to be supported by increasing market penetration maneuvers to maximize marketing performance. Marketing capability is an integrated process designed to manage various capitals that include knowledge, skills, and

company resources in responding to market-related needs. Market penetration maneuvering strategy requires companies to increase their marketing capabilities aggressively. In general, there are three forms of market penetration, namely efforts to persuade the market to want to increase purchases, both in frequency and quantity. Second, it is necessary to increase the effort to attract and influence potential customers from competitors who are unwilling to switch to the company's products, and the third is to increase the effort to attract non-users in their market environment. Market penetration can be implemented in various ways, such as modifying the product, improving quality, and promoting new ways of using the product. The power of maneuver will accelerate companies and business actors to carry out work processes and methods quickly, agilely, and unpredictably in the dynamics of change (McGrath, 2013). Chien & Tsai (2012) assert that ownership of essential assets or capabilities will lead to competitive advantage, basing resources as the main strength. Day (1994) states that companies must improve their competitive advantage by exploring their potential capabilities. The strength of market penetration maneuvering capability will strengthen the speed of responding to market dynamics, further strengthening the company to increase its positional advantage in the competition and potentially improve its marketing performance.

The market penetration maneuvering capability that is developed in this study is a new concept built on the synthesis of two main theories, namely the Resource-Based View (RBV) theory and the marketing strategy theory (Banerjee, 2003; Guenzi & Troilo, 2006; Ma, 2004; McGuinness, Morgan & Oxtoby, 2002). The dynamic capability approach as part of the RBV is an effort to address the challenges of increasingly complex problems to maintain an edge in a rapidly changing environment to assist in carrying out the necessary maneuvers. The penetration strategy is a part of the marketing strategy to explore deeper market and customer growth opportunities. The indicators variable developed in the novelty of the market penetration maneuvering capability is finding new customers, maintaining good relations with customers, and moving customers to invite other potential customers.

The hypothesis is as follows:

H3 : The higher the market penetration maneuvering capability, the higher the marketing performance

Marketing Performance

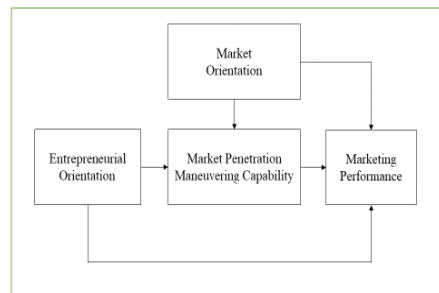
Company performance in functional management can be described in the performance of human resources, production performance, marketing performance, and financial performance (Ferdinand, 1999). There are two groups in measuring performance, namely, measuring financial performance and measuring non-financial performance. Non-financial performance can be evaluated by the level of productivity of human resources, the level of creativity and innovation in the organization, the high quality of products and services, reflected in market share, and marketing profitability. Some of what can be measured from the marketing performance of medium and small businesses can be seen from the value of sales, sales volume, increase in the number of customers, and the growth of market area (Hult, Hurley & Knight, 2004; Kreiser & Davis, 2010). Marketing performance will be fully supported by several variables, including entrepreneurial orientation and market orientation, and new variables tested in this research model.

The hypothesis is as follows:

H4 : The higher the entrepreneurial orientation, the higher the marketing performance

H5 : The higher the market orientation, the higher the marketing performance

The following describes the research model in this research:



Source: Model Development

FIGURE 1 EMPIRICAL RESEARCH MODEL

Model testing by including the novelty variable as a mediator of entrepreneurial orientation with marketing performance. This novelty variable is the ability to maneuver market penetration and add a market orientation variable, which in theory is believed to affect marketing performance and is also thought to affect this novelty variable (Achtenhagen, Melin & Naldi, 2013; Biedenbach & Müller, 2012; Dutta & Thornhill, 2008; Heusinkveld, Benders & Van den Berg, 2009; Thornton, Henneberg & Naudé, 2013; Webb, Bruton, Tihanyi & Ireland, 2013). This research is an attempt to provide novelty that is studied both theoretically and empirically. This research enriches the literature and provides scientific contributions related to developing marketing performance models concerning entrepreneurial orientation. This research is further developed in a causal research design that will test the research hypothesis to identify cause and effect relationships between variables (Augusty Tae Ferdinand, 2012). There are five hypotheses tested in this research model based on a review and the relationship between variables. The development of this research model will test the novelty of the variable as the market penetration maneuvering capability as a mediator from the research gap described previously.

RESEARCH METHODS

This research was conducted on sea-based food processing MSMEs in Central Java, Indonesia. The fishing industry is growing in Indonesia because our nation is a maritime country. The location of Central Java was chosen because the potential of small and medium-sized businesses in sea product-based food processing is relatively high, and the number of entrepreneurs in it is pretty significant. The sampling technique was purposive sampling, *i.e.*, sea product-based food processing MSMEs entrepreneurs who already had a minimum of one year experience to obtain quality information as needed from the indicators of the research variables. This research was developed in a causal research design that will test the research hypothesis to identify cause and effect relationships between variables. Primary data was taken from MSMEs of processed sea products based on 135 respondents consisting of various food products produced. Hypothesis testing using the Structural Equation Modeling data analysis tool from the AMOS statistical package.

Testing models and hypotheses using the Structural Equation Modeling data analysis tool from the AMOS statistical package. As a structural equation model, AMOS is often used in research and is used to analyze and test hypothetical models.

Respondents Descriptive Analysis

Following is the profile of the respondents in this study

Table 1. Respondent Profile

Table 1				
Profile of MSMEs Sea Products Processed's Respondents				
No	Classification	Sub-Classification	Qty	Percentage (%)
1	Gender	Male	48	35,6%
		Female	87	64,4%
2	Product	Fish ball	5	3,70
		Presto milkfish	15	11,11
		Crispy squid	5	3,70
		Ebi	3	2,22
		Frozen food	3	2,22
		Savory dried-fish	4	2,96
		Crispy dried-fish	5	3,70
		Sweet dried-fish	2	1,48
		Smoked-fish (stingray, jambal)	9	6,67
		Salted-fish	15	11,11
		Savory fish	6	4,44
		Sweet fish	6	4,44
		Grilled fish	15	11,11
		Pindang fish	5	3,70
		Fish chips	6	4,44
		Fish crackers	2	1,48
		Fish stick crackers	3	2,22
		Frawn crackers	3	2,22
		Mangut	5	3,70
		Fish nuggets	3	2,22
Frilled fish cake	3	2,22		
Milkfish tofu meatballs	3	2,22		
Fish tofu	3	2,22		
Tempura	2	1,48		
shrimp paste	2	1,48		
crispy prawns	2	1,48		
3.	Member in cluster	Yes	26	19,25
		No	109	80,75
4.	Length of the business run	< 1 year	14	10,4
		1-5 years	27	20,0
		6-10 years	36	26,7
		>10 years	58	43,0
5.	Education	Elementary School	21	15,6
		Junior High School	40	29,6
		Senior High School	54	40,0
		Associate Degree	5	3,7
		Undergraduate	12	8,9
		Other	3	2,2
6.	Employee	Done personally	44	32,6
		1-5 employees	61	45,2
		6-10 employees	18	13,3
		>11 employees	12	8,9

Source: Primary Data Processed

From the table above, the respondents shown are primarily women with the majority of education of high school graduates and junior high school graduates. Processed foods that are made include presto milkfish, grilled fish, and salted fish. Most MSMEs have more than ten years, meaning that the experience of managing a business is long enough so that they have experienced the business dynamics that occur. However, most of them do not belong to clusters or associations of business groups usually formed in a particular area.

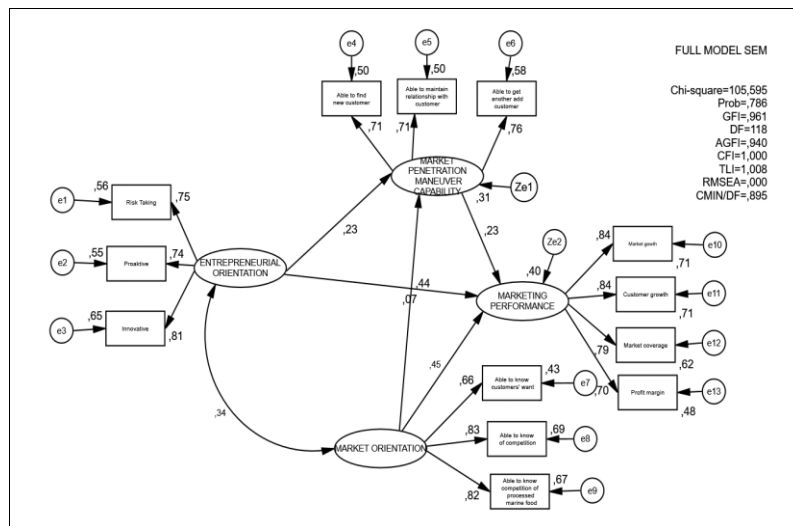
SEM Analysis

Based on the model in Figure 1, the hypotheses built are as follows:

- H1: The higher the Entrepreneurial Orientation, the higher the Market Penetration Maneuverability
- H2: The higher the Market Orientation, the higher the Market Penetration Maneuverability
- H3: The higher the Market Penetration Maneuverability, the higher the Marketing Performance
- H4: The higher the Market Orientation, the higher the Marketing Performance
- H5: The higher the Entrepreneurial Orientation, the higher the Marketing Performance

Model Test Results

The following figure is the display of the analysis results using SEM from AMOS 26. After passing the test stages required in SEM, the full SEM model is as follows:



Source: Primary Data Processed (2020)

**FIGURE 2
FULL SEM MODEL TESTING**

Compared to the model feasibility test index (Ferdinand, 2012; Hair, Money, Samouel & Page, 2010) in table 1, results of the analysis have met the requirement; further, it can be continued by looking at the results of the hypothesis testing as seen in the following table:

Table 2 REGRESSION WEIGHTS: (GROUP NUMBER 1 - DEFAULT MODEL)							
			Estimate	SE.	CR.	P	Label
MPP	<---	OP	,416	,095	4,397	***	par_11
MPP	<---	EO	,170	,067	2,515	,012	par_12
KP	<---	MPP	,352	,142	2,472	,013	par_9
KP	<---	EO	,076	,090	,845	,398	par_10

KP	<---	OP	,640	,139	4,616	***	par_15
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Source: Primary Data Processed (2020)

The table description is as follows: Marketing Performance (KP); Entrepreneurial Orientation (EO); Market Penetration Maneuver (MPP); Market Orientation (OP).

Table 2 can be used to get the results of whether the hypothesis is accepted or not. The results of the analysis with SEM get the following findings:

H1: The higher the Entrepreneurial Orientation, the higher the Market Penetration Maneuverability (accepted)

The results of statistical testing on hypothesis 1 in table 2 show the estimated parameter value of 0.170, the standard error value of 0.067, the critical ratio value of 2.515, with a probability value of 0.012. The significance level of alpha (α) of 0.05 can be concluded that there is strong empirical evidence to reject Ho. Thus, the hypothesis states that the higher the Entrepreneurial Orientation, the higher the Market Penetration Maneuvering Capability is proven. The hypothesis proves that the role of this new variable can be a bridge between the two previous variables.

H2: The higher the Market Orientation, the higher the Market Penetration Maneuverability (Accepted)

The results of statistical testing on hypothesis 2 in table 2 show the estimated parameter value of 0.416, the standard error value of 0.195, the critical ratio value of 4.397 with a probability value of 0.000. Therefore, the significance level of alpha (α) of 0.05 can be concluded that there is strong empirical evidence to reject Ho. Thus, the hypothesis states that the higher the Market Orientation, the higher the Market Penetration Maneuverability is proven.

H3: The higher the Market Penetration Maneuverability, the higher the Marketing Performance (Accepted)

The results of statistical testing on hypothesis 3 in table 2 show the estimated parameter value of 0.352, the standard error value of 0.142, the critical ratio value of 2.472, with a probability value of 0.013. Therefore, the significance level of alpha (α) of 0.05 can be concluded that there is strong empirical evidence to reject Ho. Thus, the hypothesis states that the higher the Market Penetration Maneuverability, the higher the Marketing Performance is proven.

H4: The higher the Market Orientation, the higher the Marketing Performance (Accepted)

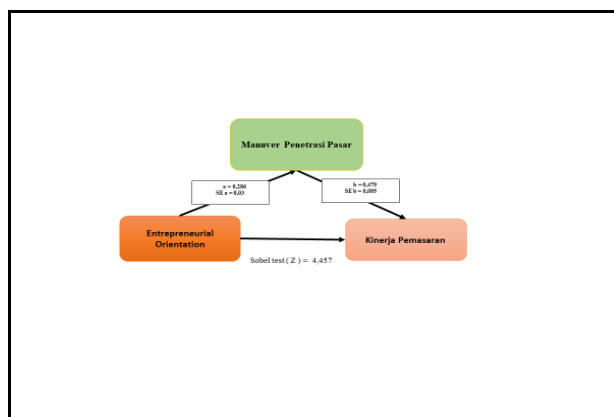
The results of statistical testing on hypothesis 4 in table 2 show the estimated parameter value of 0.640, the standard error value of 0.139, the critical ratio value of 4.616, with a probability value of 0.000. Therefore, the significance level of alpha (α) of 0.05 can be concluded that there is strong empirical evidence to reject Ho. Thus, the hypothesis states that the higher the Market Orientation, the higher the Marketing Performance is proven.

H5: The higher the Entrepreneurial Orientation, the higher the Marketing Performance (rejected)

The results of statistical testing on hypothesis 5 in table 2 show the estimated parameter value of 0.076, the standard error value of 0.090, the critical ratio value of 0.845, with a probability value of 0.398. Therefore, the significance level of alpha (α) of 0.05 can be concluded that there is strong empirical evidence to accept Ho. Thus, hypothesis 5 states that the higher the Entrepreneurial Orientation, the higher the Marketing Performance is not proven. The hypothesis is in line with previous research, which stated no significant positive relationship between the two, so a mediating variable was needed as a bridge.

Sobel Mediating Variable Test

The next step is to test the role of the novelty variable as a mediating variable, which is carried out with the Sobel Test. The results are as follows:



Source: Primary Data Processed

FIGURE 3 SOBEL TEST

From the calculation of the Sobel test, the value is 4.457 because the Z value > 1.96 (for a significance level of 5%) proves that the Market Penetration Maneuver can mediate the relationship between the influence of Entrepreneurial Orientation on Marketing Performance. So it can be concluded that the Market Penetration Maneuver as a mediator variable has a significant influence.

CONCLUSION

As stated in the background, this research aims to fill the research gap on entrepreneurial orientation in enhancing marketing performance. Testing the research model has proven that there are several things that we should pay attention to, first is that at entrepreneurial orientation will be strong with the ability to maneuver market penetration to lead to increased marketing performance. The novelty variable of the market penetration maneuvering capability, which is the ability to find new customers, maintaining good relations with customers, and moving customers to invite other potential customers, will significantly determine the ability of MSMEs to improve marketing performance. Second, marketing with increasing market orientation. The ability to understand changes in consumer preferences and desires, which is the main focus of business actors, becomes a solid capital to maneuver market penetration so that, in the end, it can enhance marketing performance. Third, this study proves that entrepreneurial orientation is not enough to enable business actors to enhance their marketing performance, which is in line with several previous studies. Therefore, the power of the new variable as a mediator is expected to provide a solution and emphasize that although the entrepreneurial orientation is essential, it still needs to be supported by the new variables tested in this study.

The contribution of this research is undoubtedly expected to provide new treasures in the body of knowledge in marketing science on the role of market variables of penetration maneuvering capability in bridging the research gap between entrepreneurial orientations and marketing performance. The novelty of this concept also plays a role in mediating market orientation towards marketing performance. Its novelty concept is expected to help contribute to the idea of additional strength, and it is the ability to maneuver market penetration in the ever-changing business dynamics. The managerial implication of the results of this research is that

MSMEs need to have a strong will and effort in exploring opportunities in market penetration to maintain their business sustainability in the long term.

LIMITATIONS AND RESEARCH AGENDA

Any research is reasonable if there are still some weaknesses. This research is still an initial test to analyze the novelty of variables to add to the academic literature in marketing management. However, this research still leaves some limitations and becomes the following research agenda. For example, the development of technology that is now necessary has not been explored in this study. Further research can be included as an additional variable to examine it more comprehensively and refine the research model. Another limitation is that the MSMEs marketing performance assessment still uses self-assessment by business actors, not considering other parties such as customers or potential buyers. So that dyadic research is feasible to be carried out later to obtain complete and comprehensive data and be measured objectively. Finally, the generalization of research can be extended to a broader scope of business, both in terms of the number of respondents and other areas, and generalized in a more diverse scope.

The future research agenda requires improvement and re-examination of this research model towards a more significant scientific contribution. Replication of the research model is carried out on a broader scope of MSMEs. Conducting comparative research with two or more countries so that the results and perceptions that arise from the differences in these places can be known, of course, is a challenge for a researcher to mix and match comparative research with a broader scope. Future research may include other variables as moderators, such as consumer tastes, government policies, a global competition to improve existing research models further.

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