

The Effect of Market Orientation on Firm Performance in F&B Business Sector: The Role of Supply Chain Integration and Firm Innovativeness

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Abstract

Objective: The purpose of this study is to investigate the impact of market orientation on firm performance, as well as the roles of supply chain integration and firm innovativeness in mediating the relationship in the food and beverage sector, micro, small-medium enterprises (MSMEs) in Bekasi Regency Indonesia.

Design/Methods/Approach: This study conducts the analyses based on 150 samples that are obtained through questionnaires. To analyze the data, this study employs Partial Least Square Structural Equation Modeling (PLS-SEM) using SmartPLS 3.

Findings: The results of this study indicate that market orientation and firm innovativeness have a positive and significant effect on firm performance. Supply chain integration has a positive and insignificant effect on firm performance. Firm innovativeness has a positive and significant effect on firm performance. Supply chain integration is not significant in mediating the relationship between market orientation and firm performance. Firm innovativeness is significant in mediating the relationship between market orientation and firm performance.

Originality: This study Contributes to enriching research of firm innovativeness and supply chain integration on MSMEs in Indonesia

Keywords: Firm Innovativeness, Firm Performance, Food and Beverage Sector, Market Orientation, Supply Chain Integration

JEL Classification: L26, M110, O36



I. Introduction

Food and beverage (F&B) is one of the business sectors with high prospects and opportunities in Indonesia. Market dynamics in 2019, especially with the appearance of Covid-19, have a negative and substantial impact on the public health issue, sustainable economic growth, and environmental performance of supply chains (Chowdhury et al., 2020). Furthermore, the Covid-19 situation affects supply chain flow due to activity restrictions such as limitations on transportation, distributor operations, wholesalers, and retailers, in procuring goods from suppliers (Chowdhury et al., 2020). In addition, the emergence of logistical interruptions and limited access to markets for selling products resulted in significant disruptions along the food supply chain (Ben Hassen, El Bilali and Allahyari, 2020).

According to Ministry of Cooperatives and SME, KemkopUKM Indonesia data in Manutur, A.R. el. (2021) stated that as of June 8, 2020, there were 185,884 MSMEs affected by Covid-19 and 3.322 cooperatives. The impact of Covid-19 was also felt by food and beverage MSME actors, such as decreased sales, lack of capital, and hampered distribution (Manutur, A.R. el., 2021). Meanwhile, MSMEs have a crucial contribution and role in the national economy because of the existence of dominant MSMEs in each sector (Sarfiyah, Atmaja and Verawati, 2019). According to data from the KemkopUKM in 2018, MSMEs supported 80 percent of domestic consumption, accounted for 60,3 percent of Indonesia's Gross Domestic Product (GDP), and absorbed a workforce of 116.978.631 people in Indonesia (Ichsan & Yusuf, 2021).

Companies can successfully overcome changes in external factors if they carry out market orientation, where companies need to look at customer needs, desires, and market conditions (Bamfo and Kraa, 2019). Market orientation can understand and overcome market dynamics while maintaining firm performance (Mandal and Saravanan, 2019). Businesses that adhere to the concept of market orientation will develop customer loyalty and satisfaction with organizational products, create superior customer value, and produce superior organizational performance (Dadfar et al., 2013). Companies with a high market orientation have high business performance compared to businesses with a low level of market orientation (M Saleh et al., 2021).

In the global economic situation and the era of intense business competition, a business needs to be integrated with internal functions and external partners, value creation, providing product and information flow from suppliers to customers (Alsadi and Aloulou, 2021). With supply chain integration, companies can coordinate operationally to be cost-effective because errors in supply chain operations are reduced and help respond to market uncertainties quickly and accurately (Liu et al., 2013). Supply chain integration improves partner-related routines and processes through collaboration and responding to technological and market changes (Didonet, S.R et al., 2014).

During the Covid-19 pandemic, from the consumer's food demand side, demand varies depending on food prices, consumer income levels, sociodemographic situations, consumption, shopping preferences, and time constraints (Aday & Aday, 2020). Without continuous development and innovation, the disruption of internal and external conditions will damage the market's balance between supply and demand (Kafetzopoulos et al., 2020). Companies that have knowledge of customers and competitors can respond with the right strategy, such as practicing innovation (Rahman, 2021).

MSMEs need to study the effects of strategic innovation on company performance, following the results of the research by (Suryanto & Mukhsin, 2020), which was developed from the research by Sahibzada Jawad et al. (2020) by adding a variable of Supply Chain Integration suggested by the research of (Alsadi & Aloulou, 2021). Subsequently, this research can enrich the knowledge of market orientation in SMEs, as most of the studies conducted the research of market orientation in developed countries, instead of developing countries, especially in MSMEs (Octavia and Ali, 2017).). Furthermore, this research is being expected to enrich the knowledge of market orientation in the environment of developing countries, such as Indonesia, which there are some differences in the level of market orientation integration in the environment of developed countries and developing countries, which will affect in whether strategic orientation and capability of a company are able to influence the performance (Alsadi and Aloulou, 2021). Also, the amount of the research of company innovation and supply chain integration on MSMEs in Indonesia is still a few, which this research should be conducted. Thus, according to the explanation above, the aim of this research is to analyze the effect of market orientation, supply chain integration, and firm innovativeness in food and beverages MSMEs in Bekasi district.

2. Literature Review and Hypotheses Development

Market orientation enables organizations to improve company performance by properly understanding and coping with market dynamics and changes caused by external factors such as disturbances and uncertainties in the environment, the current global economic situation, and an increasingly competitive era of competition. Market-oriented companies can predict changes in the expectations, demands, and needs of existing or potential customers, resulting in increased customer satisfaction, profitability, productivity, and competitive advantage (Aydin, 2021). Companies need to integrate with suppliers and customers and collaborate to survive (Hendijani and Saeidi Saei, 2020). Integrated SMEs will receive information so that SMEs can survive (Hakim, Maulina and Purnomo, 2018). Information divided into supply chain members such as producers, suppliers, resellers, and customers can add to the understanding of quality and market needs to move supply chain flows in specific market segments (Nggili and Katayane, 2017).

Market-responsive companies by staying close to customers enabling them to identify, evaluate, and develop new products matched to customer preferences more effectively than their competitors (Bodlaj et al., 2012; Wei et al., 2014; Zulu-chisanga et al., 2016). Innovativeness is the desire to support creativity and experimentation in introducing new products and developing new production processes (Lee et al., 2014). The most crucial factor influencing the growth of small and medium enterprises in Indonesia is innovation. It helps SMEs survive, has a competitive advantage, has more profits, and absorbs more workers (Anton et al., 2015).

Market Orientation and Firm Performance

Market orientation is an activity carried out by companies in creating superior customer value (Yakin and Suhaeni, 2020). Market orientation through the dimensions of customer orientation, competitor orientation, and inter-functional coordination can measure company performance (Yadav and Tripathi, 2014; Sutapa, Mulyana and Wasitowati, 2017). Firm performance is one economic category that reflects the company's ability to utilize resources to achieve firm targets (Nguyen et al., 2021). Firms need to know performance as an evaluation and assessment of firm performance (Hastuti, 2018). Market orientation carried out by MSMEs in the manufacturing sector in Serang, Indonesia, has a positive effect on company performance (Suryanto and Mukhsin, 2020). Furthermore, research on Ghanaian SMEs stated that market orientation positively affects the performance level of Ghanaian SMEs in business activities (Bamfo and Kraa, 2019). Then the hypothesis generated in this study are:

H₁: Market orientation has a positive effect on firm performance

Market Orientation, Supply Chain Integration, and Firm Performance

Supply chain integration is a strategic level related to managing inter-organizational and intra-organizational processes in the supply chain flow (Flynn, Huo and Zhao, 2010; Hendijani and Saeidi Saei, 2020). According to Liu et al. (2013) and Alsadi and Aloulou (2021), supply chain integration consists of 2 dimensions, namely information sharing and operational coordination. Information sharing refers to exchanging information among supply chain members (Liu et al., 2013). Information sharing in making decisions lead to increases in time and accuracy since information can be accessed by all members of the supply chain (Alsadi and Aloulou, 2021). Operational coordination is how the company coordinates and collaborates with channel partners on operational activities such as joint work processes, decision making, material flow, and delivery to meet customer demands (Alsadi and Aloulou, 2021).

By integrating the supply chain, the necessary information related to markets, suppliers, and customers will be generated, stored, and shared through the supply chain (Alsadi and Aloulou, 2021). The results of Suryanto and Mukhsin (2020) and Alsadi and Aloulou (2021) prove a positive and significant effect between market orientation and supply chain integration. The implementation of supply chain integration can affect the long-term success of an organization (Huo et al., 2014). Referring to Alsadi and Aloulou (2021) research on Saudi firms, supply chain integration has a positive effect on firm performance. Therefore, the hypotheses made are:

H₂: Market orientation has a positive effect on supply chain integration

H₄: Supply chain integration has a positive effect on firm performance

Market Orientation, Firm Innovativeness, and Firm Performance

Firm innovativeness refers to accepting and implementing new ideas related to processes, products, and services (Lee et al., 2014). Innovation is done by generating ideas, and strategic creative actions use available ideas to produce products and solve problems (Kusumawardhany, 2018). Innovation is carried out not only as a reaction to external changes but also as a driver of the company's evolutionary strategy (Kusumawardhany, 2018). Innovation is one of the determinants of a company to survive because innovation will make the company different from its competitors (Wahyuni and Sara, 2020).

Market orientation helps companies identify their customers' preferences regarding rapid technological changes and enhances the firm's innovativeness (Sahibzada Jawad et al., 2020; Ramayah et al., 2011). Market orientation by software houses positively affects firm performance (Sahibzada Jawad et al., 2020). In the study of garment SMEs in Denpasar, market orientation is positive and has an effect on innovation. Therefore the more market-oriented companies are, the innovation will increase (Putri, Yasa and Rahyuda, 2016). Then the hypothesis we proposed in this study are:

H₃: Market orientation has a positive effect on firm innovativeness

H₅: Firm innovativeness has a positive effect on firm performance

2.4 Mediation role of Supply Chain Integration and Firm Innovativeness

In helping a firm achieve better performance, it is necessary to implement supply chain integration as a mediator of market orientations to improve firm performance. Research on MSMEs in the processing industry in Serang, Indonesia, Suryanto and Mukhsin (2020) concludes that supply chain integration mediates market orientation with company performance. This shows that a better market orientation among supply chain members can improve company

performance (Suryanto and Mukhsin, 2020). Another study stated that market orientation indirectly and positively affects SMEs' performance through supply chain integration (Didonet et al., 2014).

Small and medium-sized companies need to consider the ability to apply the latest things so that they can meet market demand (Sahibzada Jawad et al., 2020). The implication for SMEs is that the presence of an inter-functional orientation does not necessarily boost performance unless SMEs apply innovative practices to their SME business (Bamfo & Kraa, 2019). The research by Putri, Yasa and Rahyuda (2016) found that innovation could mediate market orientation on the performance of garment SMEs in Denpasar. Furthermore, the findings of firm innovativeness studies can partially mediate the relationship between market orientation and firm performance (Sahibzada Jawad et al., 2020). Then the hypothesis we proposed in this study are:

H₆: Supply chain integration mediates the relationship between market orientation and firm performance

H₇: Firm innovativeness mediates the relationship between market orientation and firm performance

The conceptual model for this research is as follows :

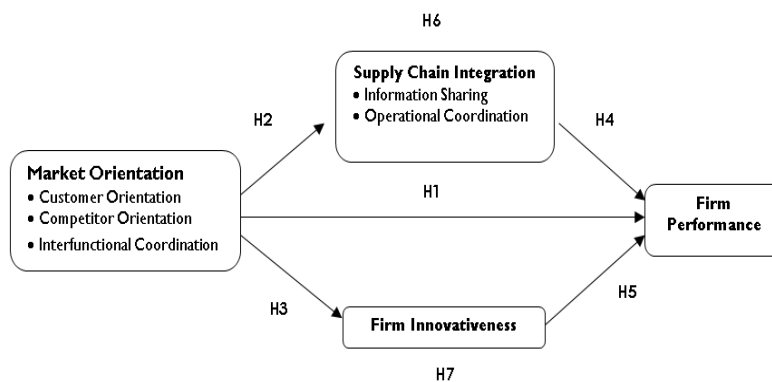


Figure 1. Conceptual Research Model

3. Method

In this study, hypothesis testing is carried out to test the characteristics of the relationship with a certain influence between groups of two or more factors in a certain situation (Sekaran and Bougie, 2013). Hypothesis testing will analyze the effect of market orientation on firm performance through supply chain integration and firm innovativeness. Based on the time horizon, this research is cross-sectional because it is collected once in a certain period (Sekaran and Bougie, 2016). The variable and items on the questionnaire were adapted from previous studies, as shown in Table 1. All variables were measured using a Likert scale, ranging from a scale of 1 (strongly disagree) to a scale of 5 (strongly agree), such as the measurement adapted from the study of Sahibzada Jawad et al. (2020).

Tabel.1 Variable and measurement item

Variables	Dimension	Items	Sources
Market Orientation	Customer Orientation	CSO1. We have a strong commitment to our customers	(Bamfo & Kraa, 2019) (Alsadi & Aloulou, 2021) (Putri et al., 2016)
		CSO2. Focus on customer satisfaction is our company goal	
		CSO3. We assess customer satisfaction on a regular basis	
		CSO4. After-sales service is an important part of our business strategy	
	Competitor Orientation	CMO1. We regularly monitor our competitors' marketing efforts	
		CMO2. We frequently collect information on our competitors	

Variables	Dimension	Items	Sources
	Interfunctional Coordination	<p>CMO3. We often discuss competitors' actions</p> <p>CMO4. We are aware competitors will want to take our customers</p> <p>IFC1. Everyone in the company contributes to creating customer value</p> <p>IFC2. The integration of all business functions serves as a market target</p> <p>IFC3. The culture of all departments within a company is responsive in serving the needs and demands of customers.</p>	
Supply Chain Integration	Information Sharing	<p>IFS1. We regularly exchange future demand forecasting information with key partner</p> <p>IFS2. We regularly exchange delivery schedule information with key partners</p> <p>IFS3. We regularly exchange order status information with key partners</p> <p>IFS4. We provide any information that might help the other party will be provided to them</p> <p>IFS5. We keep each other informed about events or changes that may affect the other party</p> <p>OPC1. We jointly plan the development of demand forecast with key partners</p>	(Alsadi & Aloulou, 2021)
	Operational Coordination	<p>OPC2. We coordinate extensively with key partners with respect to different operational activities</p> <p>OPC3. We coordinate with key partners on order execution</p> <p>OPC4. We coordinate with key partners on engineering change</p> <p>OPC5. We coordinate with key partners on new product/service introduction</p>	(Alsadi & Aloulou, 2021)
Firm Innovativeness		<p>FI1. In our company, technical innovation, based on research results, is readily accepted</p> <p>FI2. In our company, we actively seek innovative product and service ideas.</p> <p>FI3. In our company, innovation is readily accepted in program/project management</p> <p>FI4. In our company, innovation is encouraged</p> <p>FI5. In our company, innovation is perceived as constructive and is actively accepted</p>	(Sahibzada Jawad et al., 2020)

Variables	Dimension	Items	Sources
Firm Performance		FPI. In comparison with your major competitors over the past three years, more market share.	(Sahibzada Jawad et al., 2020)
		FP2. In comparison with your major competitors over the past three years, more sales.	
		FP3. In comparison with your major competitors over the past three years, more profitability.	

The population used in this study is Food and Beverage (F&B) MSMEs in Bekasi Regency. The choice of Bekasi Regency is because Bekasi Regency is a potential area and has a large enough share in the West Java and the national economy (Sulistiyo and Putra, 2020). In addition, on the geographical side, Bekasi Regency is located in a strategic area because it is directly adjacent to the State Capital, Jakarta, so it influences the development and increases the number of residents (Sulistiyo and Putra, 2020). Based on data from the Central Bureau of Statistics or *Baand Pusat Statistik* (BPS) the population of Bekasi Regency in 2020 is 3.113.017 people (BPS Kabupaten Bekasi, 2021).

This research uses a purposive sampling technique to determine the sample based on certain considerations (Sugiyono, 2016). The sample criteria used in this study are respondents who occupy positions or positions as Owners, Managers or Managers and Employees with a minimum of 3 years of work. They are expected to have in-depth knowledge of their MSME units. Another criterion used is the location of the food and beverage MSMEs which are located in 12 sub-districts of the 23 sub-districts in Bekasi Regency, namely Central Cikarang District, North Cikarang, South Cikarang, West Cikarang, Cibitung, Setu, East Cikarang, North Tambun, South Tambun, Cibarusah, Serang Baru and Sukatani. The sub-district was chosen because it has a large population and large migration flows.

According to Hair et al. (2014), in determining the number of representative samples, the indicator variable or statement is multiplied by 5 to 10. The indicators in this study are 29, so at least 145 samples are needed. After distributing questionnaires in November 2021, both online and offline, a sample of 150 respondents was obtained from 200 questionnaires distributed. Furthermore, data processing, validity, reliability, and analysis of the PLS-SEM (Partial Least Square-Structural Equation Modeling) model were carried out with smartPLS 3.

4. Result and Discussion

4.1 Respondent characteristic

The research and data analysis results were collected through the distribution of questionnaires in November 2021, which was carried out online and offline. Based on the results of the study, when viewed from the location of the business by sub-district, the largest respondents were West Cikarang at 21.3%, South Cikarang 16.67%, North Cikarang at 12.67%, Central Cikarang 8% this was due to the many business opportunities such as the area industry. A total of 68.7% of respondents are women—as many as 50% of respondents are aged between 25 to 34 years. The majority of respondents are owners of 82.7%. For lastest education, it is known that at the High School level, as much as 36%. Furthermore, based on the number of workers, 72.7% have 1 to 4 employees. Then, based on the length of the business, 80.7% run their business for 1-5 years.

4.2 Outer Model Evaluation Result

The outer model with reflexive indicators is evaluated through the convergent validity and discriminant validity of the indicators and composite reliability for the indicator block (Ghozali and Latan, 2015). The validity test was carried out to test the ability of statement items to represent the concepts described (Sekaran and Bougie, 2016). The criteria for the Convergent Validity value, namely an indicator, is said to be valid if the value is greater than 0.7 and the Average Variance Extracted (AVE) value is greater than 0.5 (Ghozali and Latan, 2015).

Table 2. Outer Model Test Result

Variable	Code	Outer Loading	AVE	Composite Reliability	Cronbach's Alpha
Market Orientation	CSO1	0.913	0.566	0.935	0.923
	CSO2	0.915			
Customer Orientation	CSO3	0.826			
	CSO4	0.797			
Competitor Orientation	CMO1	0.893			
	CMO2	0.868			

Variable	Code	Outer Loading	AVE	Composite Reliability	Cronbach's Alpha
Interfunctional Coordination	CMO3	0.863	0.620	0.942	0.931
	CMO4	0.804			
	IFC1	0.898			
	IFC2	0.882			
	IFC3	0.893			
Supply Chain Integration					
Information Sharing	IFS1	0.766	0.620	0.942	0.931
	IFS2	0.852			
	IFS3	0.872			
	IFS4	0.807			
	IFS5	0.838			
Operational Coordination	OPC1	0.835	0.620	0.942	0.931
	OPC2	0.856			
	OPC3	0.844			
	OPC4	0.779			
	OPC5	0.866			
Firm Innovativeness			0.691	0.918	0.888
	FI1	0.766	0.691	0.918	0.888
	FI2	0.824			
	FI3	0.856			
	FI4	0.869			
	FI5	0.837			
Firm Performance			0.831	0.936	0.898
	FPI	0.912	0.831	0.936	0.898
	FP2	0.923			
	FP3	0.899			

Based on the results of Table 2 above show that 29 item measurements in this study have an outer loading value above 0.70, so all items are valid and can measure research variables. The AVE value, which consists of Market Orientation 0.566, Supply Chain Integration 0.620, Firm Innovativeness 0.691, and Firm Performance 0.831, so that it can be said that all variables are valid because of the acceptance criteria, the resulting Average Variance Extracted (AVE) value is greater than 0.5 (Ghozali and Latan, 2015). A reliability test is a test of consistency, stability of answers, and free of errors (Sekaran and Bougie, 2016). Composite reliability is a measurement in determining the accuracy of product results on testing in the form of reliability. It is reliable if the test value is greater than 0.70 (Hair et al., 2014).

Based on Table 1, it can be seen that all variables in this research model are reliable because composite reliability is greater than 0.7. Based on Table 1, it can also be seen that all variables in this research model are reliable because Cronbach's alpha is greater than 0.6 (Ghozali and Latan, 2015), where the value of Cronbach's alpha for the Market Orientation variable is 0.923, Supply Chain Integration is 0.931, Firm Innovativeness is 0.888, and the Firm Performance is 0.898.

Table 3. Discriminant Validity Test Result (Fornell-Larcker Criterion)

	Market Orientation	Supply Chain Integration	Firm Innovativeness	Firm Performance
Market Orientation	0.752			
Supply Chain Integration	0.694	0.787		
Firm Innovativeness	0.540	0.459	0.831	
Firm Performance	0.606	0.554	0.652	0.911

The discriminant validity test can also be done with the Fornell-Larcker criteria, where acceptance by looking at the square root of the AVE for a construct must be greater than the correlation value in other constructs. The results of the discriminant validity test can be seen in Table 3 above.

4.3 Inner Model Evaluation Result

Testing of the inner model or structural model is carried out to determine the relationship between constructs (Ghozali and Latan, 2015). The acceptance criteria for R² refer to the probability value of R² > 0.67, then the model is

said to be strong. If the value is $0.33 < R^2 < 0.67$, then the model can be said to be moderate, and if the value is $0.19 < R^2 < 0.33$, then the model is said to be weak. (I Ghozali, 2014).

Table 4. Testing result of R^2 and Q^2

Variable	R^2	Category	Q^2
Supply Chain Integration	0.481	Moderat	0.294
Firm Innovativeness	0.291	Weak	0.185
Firm Performance	0.533	Moderat	0.420

The results of the construct cross-validation redundancy test that the predictive relevance results show a predicted relevance value > 0 , which is shown in Table 4, with the acceptance criteria of Q-square predictive relevance where the value must be greater than 0 (Hair et al., 2017), the model can be is said to be feasible and has a relevant predictive value.

4.4 Hypotheses Testing Result

The acceptance criteria for testing the research hypothesis used a t-statistic coefficient > 1.96 and a p-value < 0.05 (Ghozali and Latan, 2015). The results of hypothesis testing in this research are shown in figure 2 below.

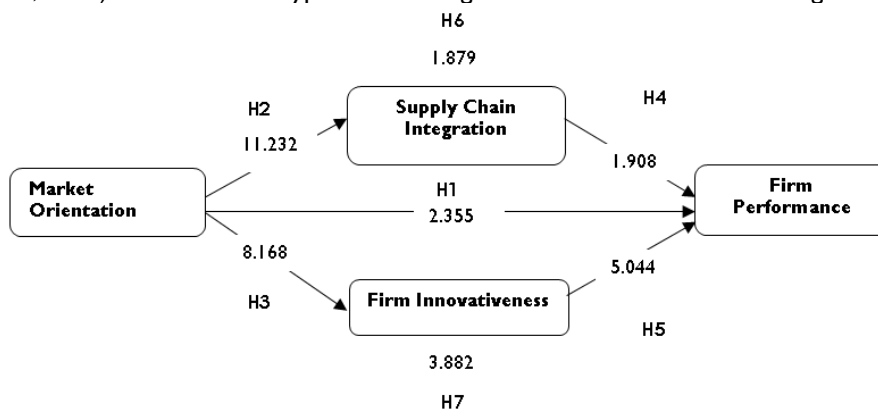


Figure 2. Hypothesis Testing Result

Table 5. Hypothesis Testing Result

Hypothesis	Original Sample	T Statistics	P Values	Result
H1 Market Orientation → Firm Performance	0.241	2.355	0.019	Accepted
H2 Market Orientation → Supply Chain Integration	0.694	11.232	0.000	Accepted
H3 Market Orientation → Firm Innovativeness	0.540	8.168	0.000	Accepted
H4 Supply Chain Integration → Firm Performance	0.186	1.908	0.057	Rejected
H5 Firm Innovativeness → Firm Performance	0.436	5.044	0.000	Accepted
H6 Market Orientation → Supply Chain Integration → Firm Performance	0.129	1.879	0.061	Rejected
H7 Market Orientation → Firm Innovativeness → Firm Performance	0.235	3.882	0.000	Accepted

Based on Table 5, for the first hypothesis, the t-statistic value is $2.355 > 1.96$, the p-value is $0.019 < 0.05$, and the original sample is 0.241, so it can be concluded that market orientation has a positive and significant effect on firm performance. Then for the second hypothesis, the t-statistic value is $11.232 > 1.96$, the p-value is $0.000 < 0.05$, and the original sample is 0.694, so that market orientation has a positive and significant effect on the supply chain integration. Furthermore, for the third hypothesis, the t-statistic value is $8.168 > 1.96$, the p-value is $0.000 < 0.05$, and the original sample is 0.540, so market orientation has a positive and significant effect on firm innovativeness. In the fourth hypothesis, the t-statistic value is $1.908 < 1.96$, the p-value is $0.057 > 0.05$. The original sample is 0.186, so supply chain integration has a positive effect. However, this result is not significant on firm performance. Then for the fifth hypothesis, the t-statistic value is $5.044 > 1.96$, the p-value is $0.000 < 0.05$, and the original sample is 0.436. It is concluded that firm innovativeness has a positive and significant effect on firm performance. For the sixth hypothesis, the t-statistic value is $1.879 < 1.96$, the p-value is $0.061 > 0.050$, and the original sample is 0.129, so supply chain integration does not

significantly mediate the relationship between market orientation and firm performance. As for the seventh hypothesis, the t-statistic value is $3.882 > 1.96$, the p-value is $0.000 < 0.05$, and the original sample is 0.235, significant firm innovativeness mediates the relationship between market orientation and firm performance

The results of research conducted on MSMEs in the food and beverage sector in Bekasi Regency are known that market orientation has a positive and significant effect on firm performance. The study results are also in accordance with previous research, such as research on MSMEs in the processing industry sector in Serang (Suryanto and Mukhsin, 2020). In addition, the same results were obtained in the study of garment SMEs in Denpasar, which suggested that the market orientation of SMEs had a positive and significant effect on company performance (Putri, Yasa and Rahyuda, 2016). Food and beverage MSMEs in Bekasi Regency have a high commitment to customers regarding the products and services provided because it is one of the goals of food and beverage MSMEs in Bekasi Regency, namely customer satisfaction. Customer satisfaction is a feeling of pleasure with the products and services purchased so that a sense of loyalty can be created to the products and services offered (Mu'Ah et al., 2020). A satisfied feeling will make customers do positive things for these products and services (Lupiyoadi, 2013). Examples of positive things that satisfied customers do include providing positive information about products and services, then recommending these products and services to other customers, and inviting people to use or buy these products and services (Qomariah, 2016).

This study shows that the market orientation carried out by MSMEs in the food and beverage sector in Bekasi Regency has a positive and significant effect on supply chain integration. The results of the study are in accordance with the results of previous studies, which prove that market orientation has a positive effect on supply chain integration, such as the research of Suryanto and Mukhsin (2020), Didonet et al. (2014) and Alsadi and Aloulou (2021). In carrying out their business, MSMEs in the food and beverage sector in Bekasi Regency are market-oriented and try to collect information related to the market environment. The integration of the food and beverage MSME supply chain in Bekasi Regency is carried out through social media via WhatsApp, Facebook, or others. Social networking sites can be used to achieve business goals because there is much information related to individuals and their networks (Kusumawardhany, 2018). Information sharing activities carried out properly can reduce uncertainty and improve customer order fulfillment services so that the overall performance of the company's supply chain increases (Kusmantini et al., 2020). In implementing the operational coordination dimension with a market orientation, MSME business actors in the food and beverage sector in Bekasi Regency have chosen the right quality suppliers and made good cooperation. Quality supply will make it easier for food and beverage SMEs to produce products and services that are also have high quality. This is because suppliers have an important role in determining quality, cost, and product development (Kalam, Kusmantini and Ediningsih, 2019). Therefore, a good cooperative relationship between business actors and suppliers is needed (Kalam, Kusmantini and Ediningsih, 2019).

It is known that market orientation research conducted by food and beverage MSMEs in Bekasi Regency has a positive and significant effect on firm innovativeness. In practice, several MSMEs in the food and beverage sector in Bekasi Regency include innovating selling services through social networking sites or social media. The results obtained are in accordance with the research of Sahibzada Jawad et al. (2020), which states that corporate innovation has a positive and significant effect on software companies in Pakistan. Openness to innovation must be a culture and business readiness to do new things at a different time and market (Sasaki, Nummela and Ravasi, 2021). Small and medium enterprises with openness to innovation have a high tolerance for risk and an effective business model (Raya et al., 2021). Differences in market geography, customer or product segments, and new market segments will require strategic innovation (Sasaki, Nummela and Ravasi, 2021).

The findings of research on MSMEs in the food and beverage sector in the Bekasi Regency are known to have a positive and insignificant effect between supply chain integration on firm performance. However, this result is not in accordance with the research conducted by Suryanto and Mukhsin (2020) and Alsadi and Aloulou (2021), which stated that supply chain integration was found to have a positive and significant effect on firm performance. In the results of the research on MSMEs in the food and beverage sector in Bekasi Regency, it can be seen that MSMEs because there are more respondents from the micro and small category where there are few users of information technology who have databases regarding the key partners, so that information on the application of supply chain integration is still not optimal in terms of sharing information into business function. An information technology system is needed where key partners can have access to a shared database in real-time to improve the company's communication capabilities (Ruslim et al., 2022). The results of this study are similar to those of Fitrianto et al. (2016) concluded that there is a positive and insignificant effect between information sharing and cooperation in the supply chain on the operational performance of the mobile phone counter in Semarang, Indonesia.

The results of testing the fifth hypothesis show that firm innovativeness has a positive and significant effect on firm performance. From the observations of food and beverage MSMEs in the Bekasi Regency, they already have the will and openness to firm innovation, where business actors believe that innovation will be able to build and improve business. The results of the study are in line with research conducted by Putri et al., (2016) which states that the innovations carried out by the company have a positive and significant effect on the performance of MSMEs in Denpasar, Bali. The company's innovation created by market orientation is the main tool to meet the company's performance requirements (Nassiuma et al., 2018). Ideas that come from customers create suggestions that companies can do to innovate so that the company's performance will be better (Praharjo and Parwati, 2021). With the increased success of

introducing new innovative products, companies can attract new customers, sell more units of their products, and obtain greater sales and assets (Zulu-chisanga et al., 2016). There is a large and positive impact of innovation on MSME business performance, such as increasing work effectiveness, cost efficiency, work productivity, and the quality of the work environment to increase work motivation, employee satisfaction, and loyalty (Rahadi, 2016).

The results of testing the sixth hypothesis state that supply chain integration does not significantly mediate the relationship between market orientation and firm performance. It can be said that supply chain integration cannot mediate the relationship between market orientation and firm performance. Based on research on food and beverage MSMEs in Bekasi Regency, it is known that food and beverage MSMEs business actors in Bekasi Regency have implemented market orientation such as setting a suggestion box in the store or conducting surveys to customers regarding the assessment of the products offered, but some information cannot be shared optimally because there are still many MSMEs that does not yet have a data set regarding key partners. Furthermore, there is still a low exchange of information related to helpful info or operational techniques with key partners. According to Quayle (2003) in Mahmud et al. (2021), collaboration and coordination are required for smooth supply chain practices in SMEs. Collaboration is a key success factor in supply chain management by aligning each company's plans and goals and maintaining a competitive advantage (Mahmud et al., 2021).

The results of this study contradict the research results carried out by Suryanto and Mukhsin (2020). It was found that supply chain integration carried out by MSMEs in the processing sector in Serang was able to mediate between market orientation and company performance better. However, the results of this study are in line with the findings of Didonet et al. (2014), which state that market orientation indirectly and positively affects organizational performance in SMEs through supply chain integration.

The results of the research on MSMEs in the food and beverage sector in Bekasi Regency show that if MSMEs are able to be market-oriented well, then MSMEs are able to respond to competitors' competitive actions quickly, all functional groups can work together to prioritize customer satisfaction because of the high commitment of MSMEs to customers. Market orientation will be encouraged to innovate to improve the company's business performance. The study results are in accordance with Sahibzada Jawad et al. (2020) which proves that firm innovativeness mediates the relationship between market orientation and firm performance. Utilization of creativity will increase profitability and improve overall company performance (Sahibzada Jawad et al., 2020). One of the innovations made by food and beverage MSMEs in Bekasi Regency is by utilizing social networking sites to make sales and services to meet customer needs. The company's competitive advantage can be generated by utilizing social networking sites because companies can create social communities such as customers, suppliers, and other companies through virtual relationships (Kusumawardhany, 2018).

5. Conclusion

This study aims to determine the effect of Market Orientation, Supply Chain Integration, Firm innovativeness, and Firm Performance on MSMEs in the food and beverage sector. Based on the research results conducted on MSMEs in the food and beverage sector in Bekasi Regency. The analysis results show that market orientation has a positive and significant effect on supply chain integration, firm innovativeness, and firm performance. The study results also show that supply chain integration has a positive and insignificant effect on firm performance. Furthermore, Firm innovativeness has a positive and significant impact on firm performance. Supply chain integration is not significant in mediating the relationship between market orientation to firm performance, and firm innovativeness is significant in mediating the relationship between market orientation to firm performance.

Based on the conclusions above, the managerial implications that are expected to be input for MSME business actors in the food and beverage sector, especially in Bekasi Regency, namely MSME business actors in the food and beverage sector in conducting market orientation need to identify competitors and use assessment media for products and services. In this digital era, you can take advantage of online surveys and social media to make it easier to see comments or reviews. Furthermore, in terms of supply chain integration, MSMEs in the food and beverage sector need to have solid cooperation with key partners such as suppliers and create a data collection or database of information about the main partners so that information related to the supply chain can be shared and create better operational coordination. In addition, MSMEs in the food and beverage sector need to innovate their products. Furthermore, in improving the performance of MSMEs in the food and beverage sector, it is necessary to pay attention to market segmentation where the product is accepted by consumers who are the target of the business and expand market share.

The limitation of the research is that the research MSME sector is only food and beverage in 12 sub-districts from 23 sub-districts in Bekasi Regency. Besides that, the research sample is small, which is only 150 respondents. Therefore, suggestions that can be given for further research are the number of samples, scope, or research area needs to be enlarged. Further research is recommended to investigate how firms reinforce supply chain integration to improve MSME performance from a dynamic capability. Also, deepen understanding of the interactive effect of market orientation and innovation capability MSME perspective to address rapidly changing environment.

Author Contribution

Author 1: conceptualization, writing original draft, data curation, formal analysis, methodology, and visualization. Author 2: writing review and editing, validation, visualization, and supervision.

Financial Disclosure

This article is not funded or related to any funding agency.

Conflict of Interest

The authors declare that the research was conducted without any commercial or financial relationships that could be construed as a potential conflict of interest.

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