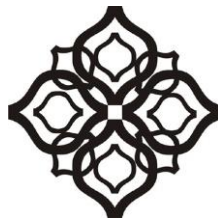


Volume 5, No. 3, September-December 2020

ISSN: 2503-4235 (p); 2503-4243 (e)



Shirkah

Journal of Economics and Business

Table of Contents

Institutional Quality and Sukuk Development: A Study of Five OIC Countries <i>Nuhatul Basyariah, Hadri Kusuma, Ibnu Qizam</i>	286
Performance of GoFood MSEs Partnership: An Integration of Entrepreneurial Orientation, Marketing Capabilities, and Brand Orientation <i>Septi Kurnia Prastiwi, Asep Maulana Rohimat</i>	310
Islamic Social Reporting Disclosure of Sharia Commercial Banks in Indonesia: A Form of Social Responsibility <i>Riduwan, Lu'liyatul Mutmainah, Rofiul Wahyudi</i>	337
Concentration and Specialization of Economic Activities in the Kingdom of Saudi Arabia <i>Salim Burchid Abdelkader, Hamidouche M'hamed, Abderrazak Ahmed Zian</i>	362
Indonesian Islamic Commercial Banks' Efficiency: A Stochastic Frontier Analysis <i>Sylva Alif Rusmita, Devy Ariesta Putri</i>	386
Islamic Economics Development in Indonesia: Reflection on Contemporary Thoughts of Muslim Intellectuals <i>Zainal Abidin</i>	411



Performance of GoFood MSEs Partnership: An Integration of Entrepreneurial Orientation, Marketing Capabilities, and Brand Orientation

Septi Kurnia Prastiwi*

Faculty of Islamic Economics and Business, IAIN Surakarta, Indonesia

**Corresponding author: septikurnia.prastiwi@iain-surakarta.ac.id*

Asep Maulana Rohimat

Faculty of Islamic Economics and Business, IAIN Surakarta, Indonesia

asepmaulanarohimat@iain-surakarta.ac.id

Abstract

The current application of Gojek with its GoFood feature can serve the function as promotion media to consumers at the maximum extent for the Micro and Small Enterprises (MSEs) in the culinary business. Nevertheless, not all have been able to experience the improvement of this business performance in terms of the new application feature. Therefore, this study aims at investigating and analyzing the role of entrepreneurial orientation, marketing capability, and brand orientation to improve the performance of GoFood partnering SMEs. There were 112 samples of business partners in Surakarta participated in this study. The data analysis technique was by SEM using the application of AMOS 2.4. The research findings provide a conclusion that there is a significant effect of entrepreneurial orientation on marketing capabilities, brand orientation, and business performance. However, marketing capability and brand orientation were not proven to improve business performance; similarly, the mediation of entrepreneurial orientation through marketing capability and brand orientation was not supportive of business performance development. This study provides an actual contribution to the performance improvement of MSEs entrepreneurs through the digital application as an innovation and creativity of business players.

Keywords: Brand Orientation; Entrepreneurial Orientation; Marketing Capability; MSEs Performance

Introduction

The Institution of Demography of Economic and Business Faculty of Universitas Indonesia (LD FEB UI) conducted a survey on digital marketing in early January 2019 and took 6.732 respondents into account, 1.000 of whom were GoFood partners. The survey shows that 55% of GoFood partners confirm that their sales turnover increases after engaging with GoFood; 87% affirms that GoFood offers safe partnership; 9% admits that their decision is because GoFood is the first service established in Indonesia and 92% of respondents choose GoFood as the merchant management application that provides convenient facilities (Walandouw & Primaldhi, 2019). On the other hand, Gojek internal data records 80% of their merchant has experienced an increase of transaction after joining the service's digital ecosystem. Additionally, there are 500.000 merchants registered in GoFood that offer various culinary products; therefore, in 2019, GoFood recorded 50 billion food and beverage orders done through the application (Pramudita, 2020).

Base on the data report from Ministry of Cooperatives and SMEs of Republik Indonesia (2019), on the national scale, there were 64.199.606 enterprises listed as the Micro Small and Medium Enterprises (MSMEs) in Indonesia, 98.68% of which was the Micro and Small Enterprises (MSEs). Simultaneously on the regional scale, the Surakarta region, as the research site, summed up 19.27% of the total national MSEs business players. Based on the data, it can be concluded that there has been few MSEs listed in the Ministry of Cooperatives and SMEs, especially those of the culinary sector that apply digital technology. Nevertheless, at present, there is an urge for MSEs to adapt well to digital technology innovation. Sukoco (2019) proposed that MSEs in Surakarta still had weak performance; MSEs still lack an understanding of business permits and requirements. On the other hand, performance mapping of MSEs in Surakarta generally faces cost

issues on raw material, human resources, promotion, and capital (Hartono & Hartomo, 2017).

Digitalization for MSEs is inevitable; that is the financial technology has a significant role over consumer demand in Indonesia (Purwantini et.al., 2020). Digital marketing is one of the forms of financial technology currently on-demand in Indonesia, especially by referring to the characteristics of the predominant consumers of MSEs in the culinary sector; most of them are millennial youth closely attached to the use of digital technology (Fadillah, 2020). The technology of digital application is mandatory for MSEs to function as the catalyst of business performance (Bamfo & Kraa, 2019). An example is the survey result of Semarang's online culinary business. The result shows that the sales turnover after partnering with GoFood application has increased compared to the condition before. This food and beverage business sector is the crucial factor to improve the Gross Regional Domestic Product (PDRB), an effective form of economic growth (Rahoyo, 2018).

Gojek application, through its GoFood feature, has become a platform for the culinary business player to promote their product and approach the consumers, especially those who are users of the application. The GoFood feature of the Gojek application is significant to increase the MSEs marketing attempt, especially the in culinary sector. Nevertheless, only 55% of the total MSEs have experienced increased turnover classification after partnering with GoFood (Walandouw & Primaldhi, 2019). The above data has become an evaluation concerning the fact that only half of the total MSEs that has benefitted from the partnership program with GoFood, one of Indonesia's digital marketing facilities. This situation is possibly stemming from the fact that MSEs partnering with GoFood is relatively new in operating digital applications to promote their products (Walandouw & Primaldhi, 2019).

The role of MSEs is critical as it contributes significantly towards the Indonesian economy. Therefore, it requires improving the MSEs

performance and further evaluation towards crucial factors to increase GoFood business partners' performance. Business performance refers to adapting well to a business environment and developing proper strategies to equip the management skill with a harmonious balance between the environment and company (Bamfo & Kraa, 2019).

Entrepreneurial orientation in marketing business has become an interesting topic in the last couple of years, especially in improving the MSEs performance as the economic growth factor within a nation. Previous research has found that entrepreneurial orientation has become the company's crucial internal drifting factor for performance, especially the small and medium-size (Pascal, 2015). Hence, the MSEs performance will be higher because of the high entrepreneurial orientation from the business players, added with great competitiveness in the business environment (Ryidi & Yasa, 2016). Specifically, Prastiwi and Iswari (2019) has proven that entrepreneurial orientation and innovation significantly impact the performance of MSEs partnering with GoFood in Solo Indonesia. Further research by Pascal and Shin (2015) proposed that entrepreneurial orientation has a direct and indirect impact on MSEs performance through marketing capability. Based on the research, there are many affecting factors of MSEs performance, one of them is the entrepreneurial orientation.

Notwithstanding the fact, other studies have argued that the entrepreneurial orientation does not affect MSEs' marketing capability (Farida, 2016). Nevertheless, marketing capabilities can channel the merits of entrepreneurial orientation and performance of MSEs (Pascal & Shin, 2015). Marketing capabilities will create more significant successful potential in companies operating on domestic and international scales (Morgan et.al., 2009). Another study found that entrepreneurial orientation and marketing capability positively affect brand orientation; simultaneously, brand orientation can affect a company's performance, both directly and indirectly, to reinforce value creation with customers (Chang et.al., 2019).

Concerning the issue of entrepreneurial orientation, marketing capabilities, and brand orientation, this study proposes an integrated research model to examine the significant influence of these variables on GoFood MSEs partner's business performance. This study is significant with the upcoming concept in improving MSEs' performance concerning their role in developing economic society. As there have been inconsistent findings creating a research gap in the precursor studies; therefore, the gap needs to be settled. Hence, this study aims to close the gap by investigating the relationship among entrepreneurial orientation, marketing capabilities, brand orientation, and MSEs' business performance. This study involves GoFood business partners as digital application to order food online and the Micro Small Enterprises (MSEs) in Surakarta.

Review of Literature

MSEs Performance

Performance in business practice is a critical element in producing a maximum, precise, clear, complete, and directive performance. Hence, it requires a great deal of training, continuity, and systematical coaching (Rohimat, 2018). In another perspective, performance refers to all concepts that consider a company's success and its activity (Ng et.al., 2017). Anim et.al. (2018) suggested that business performance is the consequence of interaction and transaction in the sense that it enables the company to adapt to the external environment; thus, it integrates competencies and functionality.

Business performance is the work result of a group functionality within an organization affected by various factors to achieve the organization's goals in a certain period, significantly to improve the MSEs performance (Zin & Ibrahim, 2020). There are factors to be considered in improving the MSEs performance: the need for achievement, internal locus of control, self-reliance, inventory management practice, and extroversion (Abbas, 2018). In the context of micro business, these factors highly contribute to success of MSEs.

A study conducted by Atnafu and Balda (2018) in the context of Micro and Small Enterprises (MSEs) in Ethiopia depicts that higher levels of inventory management practice can lead to an enhanced competitive advantage and improve organizational performance. This study suggests that policy makers, universities, NGOs, and any concerned party related to MSEs have to work on assisting MSEs to foster their management practices that result in increasing their performance. As for the suggestion for further research, other factors that potentially influence MSEs' performance need to be examined. In this way, this study is crucial since it shed some light on the potential impact of entrepreneurial orientation, brand orientation, and marketing capabilities on MSEs' performance. Also, this study examines the relation among the involved variables.

Entrepreneurial Orientation

Entrepreneurial orientation is a multi-dimensional construction involving the company to participate in innovation, risk-taking, and proactive marketing (Pascal & Shin, 2015). Farida (2016) defined entrepreneurial orientation as the company's management perspective of trial experience, proactive, risk-taking, flexibility, and anticipative. A businessman needs to have a strong will and orientation in the business, honesty, work motivation, and other innovative characteristics following the global change (Prasetiawan & Rohimat, 2019).

At the same time, the entrepreneurial orientation reflects the need for achievement, internal locus of control, self-reliance, and extroversion within a company that is believed to improve its performance to the maximum extent. This antecedent is proven by Abbas (2018), who suggested that the entrepreneurial orientation impacts the MSEs' performance of the food and beverage industry in Makasar. Accordingly, Mohammad et.al. (2018) proposed that the performance improvement of entrepreneurial orientation through

innovation can positively impact the MSEs' performance; thus, business players need to invest more in innovative capability while running the business.

Previous research concerning entrepreneurial orientation has a significantly positive impact on MSEs' performance in Denpasar, Bali (Riyadi & Yasa, 2016). In association with Riyada and Yasa (2016), Pascal and Shin (2015) also suggested that entrepreneurial orientation, directly and indirectly, impacts MSEs' performance through marketing capability. On the other hand, Farida (2016) found a gap in her research, suggesting that entrepreneurial orientation does not affect marketing capability and social capital.

Another research proposes that the two factors, i.e. entrepreneurial orientation and marketing capability, encourage to form brand orientation (Chang et.al., 2019). Specifically, there is a significantly positive direct impact from brand orientation and identity towards the entrepreneurial orientation; therefore, the brand performance can improve and become stronger (Alanazi, 2018). Similarly, Tajeddini and Ratten (2020) suggest that profitable brand orientation is the major factor in increasing sales and improving the MSEs' performance. Hence, it is hypothesized that:

H1: Entrepreneurial orientation has a positive effect on marketing capability.

H2: Entrepreneurial orientation has a positive effect on the brand orientation of GoFood MSEs business partners.

H3: Entrepreneurial orientation has a positive effect on GoFood MSEs partners.

Brand Orientation

Brand orientation describes the achievement range a company is willing to invest in its organizational source during the branding process (Yin Wong & Merrilees, 2007). Brand orientation has been developed by investigating marketing strategy and review activities on a particular brand to determine the unique characteristics and ability

based on improving the company's brand orientation and brand's performance (Odoom & Mensah, 2018). Another theory proposes that brand orientation is an approach where the organizational process is related to the creation, development, and security of brand identity in its continuous interaction with consumers. This action maintains a competitive excellence in the form of a brand (Odoom & Mensah, 2018)

The relation between brand orientation and performance tends to significantly affect if the business player can complete it with good innovation capability, both in small and medium enterprises (Odoom & Mensah, 2018). A previous study has proven that marketing, customer and brand orientations positively affect the MSEs' performance (Asheq, 2019). Brand orientation and adaptive capability are strong determinants towards consumers' performance (Ciunova-shuleska & Osakwe, 2016).

Chang et.al. (2019) supported a hypothesis explaining that brand orientation is closely related to brand performance in increasing the respective company's performance. This study also shows that entrepreneurial orientation and marketing capability positively affect brand orientation; they can also affect the company's performance, both directly and indirectly. Similarly, brand orientation affects the MSEs' performance, both directly and indirectly, by producing a destructive effect instead of a synergistic effect on the marketing capability and MSEs' performance (Alnawas & Abu Farha, 2020). This finding suggests the significance of marketing capability and MSEs' performance increase (Alnawas & Abu Farha, 2020). Therefore, it is hypothesized that:

H4: Brand orientation has a positive effect on GoFood MSEs partners.

H5: Brand orientation will mediate the relationship between entrepreneurial orientation and business performance of GoFood MSEs partners.

Marketing Capabilities

Murray (2011) defines marketing capabilities as the organizational routine required for marketing mix activities, such as pricing, product development, communication, and distribution. A company's marketing capability refers to its ability to make advantage differentiation on product and service over its competitors and produce and maintain profitable brands (Azizi et.al., 2009).

Marketing capability can help the company sense and respond to market change, such as the competitors' movement and technology evolution and revolution (Wilden & Gudergan, 2015). This enables the organization to utilize its partner's ability and resources to create the company's values and facilitate the company to predict and anticipate the consumers' demand (Parida et.al., 2019). Marketing capability can also help the company develop a new product or improve the existing ones with a new feature and attribute, especially by using smart digital marketing (Low et.al., 2020). Besides, the marketing capabilities are functioned to fulfill the customers' demand at present and new customers' to stabilize the position and maintain the survival skill in avoiding new competitors in the digital marketing world (Wang, 2020).

In association with marketing capabilities, research conducted by Agyapong (2015) proposed a positive and significant relation between marketing capabilities and the company's performance. Specifically, a research finding by Lekmat et.al. (2018) generalized the crucial role of marketing capabilities to improve the MSEs' performance despite the company size and marketing capabilities mediating the entrepreneurial orientation and the MSEs' performance. Additionally, Vicente (2018) also proposed that marketing capabilities have a significant impact on export performance. Thus, it is hypothesized that:

H6: Marketing capabilities has a positive impact on the business performance of GoFood MSEs' partners

H7: Marketing capabilities will mediate the relationship between entrepreneurial orientation and business performance of GoFood MSEs partners.

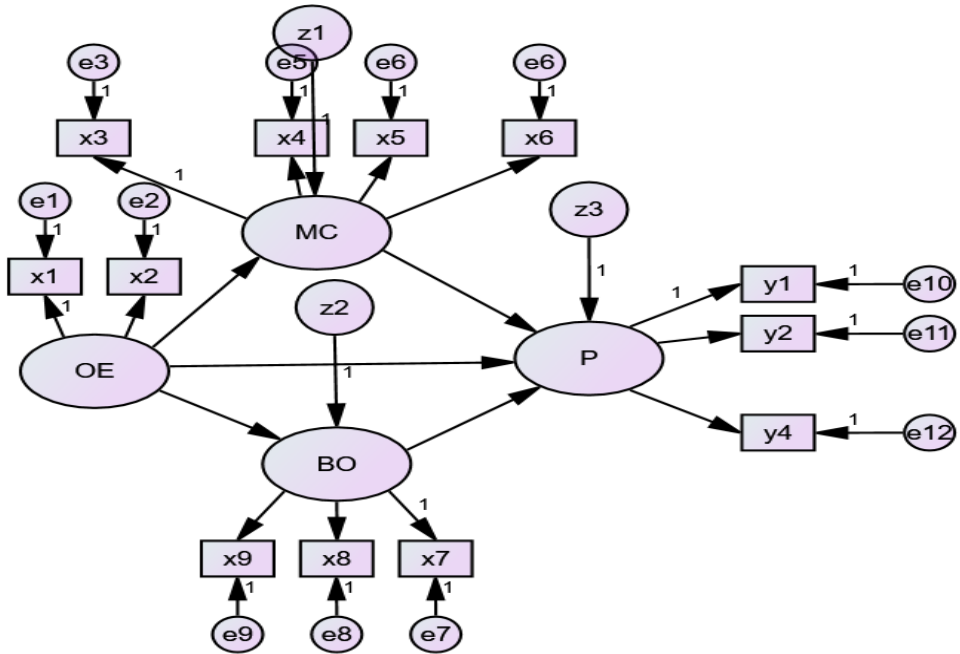


Figure 1. Research Model

Research Method

Sample Selection and Data Sources

This study specifies some variables that have potential impacts in improving the business performance of GoFood MSEs partners. In conveying the research purpose, the population of the culinary sector MSEs in Surakarta that have partnered with GoFood was involved. Chi-square SEM model that is sensitive over the sample amount requires 100 to 200 samples to fulfill the maximum likelihood estimation requirement for a reliable result (Ferdinand, 2006). There were 112 samples applied for this research; 12 were outlier; therefore, a total of 100 valid samples were potential to be analyzed. The samples were collected through purposive sampling (Hartono, 2013) based on

particular criteria. The sample criteria only included MSEs in Surakarta and those registered as business partners in the GoFood application.

Instrumentation and Data Collection

Data collection was obtained by filling in the questionnaire provided directly for the GoFood business partners by ensuring that their business had been registered in the application. The questionnaire begun with respondents' descriptions of sex, business duration, monthly average turnover, and turnover increase after partnering with GoFood. As the main part, the questionnaire consisted of several items aiming at examining possible impact of entrepreneurial orientation, marketing capability, and brand orientation on business performance performed by MSEs involved in this study. The questionnaire items were measured by Likert 1-5 scale, ranging from disagreeing to very agree.

Variable Measurement

A structural equation model (SEM) with AMOS 2.4 software was used to assess the proposed research model. A low chi-square value was generated a higher probability value than the significance value; thus, it shows that covariant matrix input between the prediction and actual observation is not significantly different. Normed Chi-Square (CMIN/DF) value equals the chi-square index divided by the degrees of freedom. This index might be less sensitive to sample size. The criterion for acceptance varies across researchers, ranging from less than 2 Normed Chi-Square (CMIN/DF) equals the chi-square index divided by the degree of freedom. This index measures the relation between goodness-of-fit models with the sum of estimation coefficients expected to achieve the compatibility degree. CMIN/ DF is the chi-square statistics; X^2 is divided by its DF. $CMIN/DF < 2.0$ is the fit size (Ghozali, 2014).

The goodness of Fit Index (GFI) was developed by Joreskog and Sorbom (Ghozali, 2014). It is a non-statistical measurement ranging from 0 (poor fit_ to 1.0 (perfect fit)). A high GFI index shows fitness to

a better degree; many researchers suggest GFI > 90% as the good fit standard. The Adjusted Goodness of Fit Index (AGFI) is the GFI improvement adjusted to the freedom comparison degree between the proposed and null models. The recommended value is equals or > 0.90. Tucker Lewis Index (TLI) is an incremental fit index comparing the tested and null models. This measure combines the parsimony measure into a comparison index between the proposed and null models; the TLI index ranges from 0 to 1.0. The recommended TLI value is > 0.9 (Ghozali, 2014).

Comparative Fit Index (CFI) is the incremental compatibility index between the tested and null models. CFI values range from 0 to 1; larger values (close to 2) indicate a better fit. CFI is not affected by sample values; therefore, this index is suitable to measure the model's acceptance level. Ferdinand (2006) recommended CFI \geq 0.95 as the best level to be accepted. The CFI is strongly recommended as it is relatively insensitive with the amount of sample and less-affected by the model complexity. The Root Mean Square Error of Approximation (RMSEA) is the values to have an approximate population that fits with the model as chi-square propensity is sensitive to a large number of samples. According to Baumgartner and Homburg in Ferdinand (2006), RMSEA is an index to compensate chi-square statistics with a large population and sample. Specifically, Brown and Cudeck in Ferdinand (2006) proposed that RMSEA value equals or lower than 0.80 determines the model to be accepted.

Variables measurement in this study refers to several indicators adapted from prior research, i.e. entrepreneurial orientation (Ryiadi & Yasa, 2016), business performance (Bamfo & Kraa, 2019), marketing capability (Pascal, 2015), and brand orientation (Odom & Mensah, 2018) (see table 1). The indicators were used as the basis of developing questionnaire distributed to a group of micro and small enterprises in Surakarta Indonesia as the participants. Scale applied in this study is

the Likert scale ranging from strongly disagree to strongly agree with the proposed items (Allen, 2007).

Table 1. Variable Indicators

Variables	Indicators	References
Entrepreneurial Orientation	a. Introducing new product instantly	(Ryiadi & Yasa, 2016)
	b. Creating product with added values	
	c. Seeking for alternative to avoid failure	
	d. Risk-taking	
Business Performance	a. Increased business income	(Bamfo & Kraa, 2019)
	b. Increased business profit	
	c. Increased consumers	
	d. Zero complaint	
	e. Well-sold product	
Marketing capability	a. Advertisement and promotion	(Pascal, 2015)
	b. Public relations	
	c. Personal selling	
	d. New product/ service	
	e. Channel management or distribution	
Brand Orientation	a. Brand is an asset and crucial for the company	(Odoom & Mensah, 2018)
	b. Brand is essential strategy for the company	

Results

Respondents' Demographic Information

Demography information on respondents' data was achieved by distributing questionnaires to 112 GoFood business partners. Table 2 shows that the questionnaires are predominate by the male respondent (81%), the majority age is below 30 years (48%), and business duration is mostly more than two years (62%). The average monthly turnover is majorly below IDR 10.000.000 or amounting to 81%. The respondents are mostly micro businesses whose turnover has increased after

partnering with the GoFood feature. Around 90% of respondents experience a more than 10% turnover increase every month.

Table 2. Respondents' Demographic Information

	Description	Number	%
Sex	Male	81	72%
	Female	31	28%
Age	Below 30 years old	48	43%
	30-40 years old	34	30%
	Above 40 years old	30	27%
Business duration	Below 6 months	33	29%
	1- 2 year(s)	10	9%
	Above 2 years	69	62%
Monthly turnover	Below 10,000,000	91	81%
	10,000,000-20.000.000	5	4%
	Above 20,000,000	16	14%
Turnover increase after partnering with GoFood	Below 10%	11	10%
	10-30%	80	71%
	Above 30%	21	19%

Hypotheses Testing

Measurement Model

The measurement model was used to test the hypothesized model's validity and further provides analysis to determine how constructs relate to one another. Based on table 3, the reliability of each construct is above 0.7. Simultaneously, the variance extracted measurement shows that all constructs meet the cut-off value requirement that is 0.5 by the least. The reliability test by using composite (construct) reliability and variance extracted requires the cut off value to reach 0.70 by the least (for construct reliability) and 0.50 by the least (for variance extracted) (Ghozali, 2014).

Table 3. Reliability and Convergent Validity

Construct	Item Loading	Composite Reliability	AVE
Entrepreneurial Orientation	0.73-0.93	0.72	0.7
Brand Orientation	0.64-0.97	0.82	0.62
Marketing Capability	0.56-0.76	0.83	0.56
Performance	0.67-0.94	0.87	0.7

Moreover, based on the discriminant validity test result, each latent variable (construct) has good discriminant validity. The finding can be observed from AVE's square root of each latent construct proven to be higher than the correlation value among constructs. The detailed result of discriminant validity is presented in table 4.

Table 4. Discriminant Validity

Construct	OE	BO	MC	P
Entrepreneur Orientation	0.826			
Brand Orientation	0.555	0.787		
Marketing Capability	0.812	0.495	0.748	
Performance	0.667	0.427	0.643	0.836

Goodness of Fit

The research model's measurement result on the goodness of fit indicates that the model is acceptable (see table 5). The finding is based on the low chi-square value and the probability value that is above 0.05 (*Chi-square* = 45.859 and *probability* = 0.209). The CMIN/DF value of this model is 1.176 that indicates a fit model for the study. Simultaneously, this research's model's GFI value is 0.923, which has met the goodness of fit level requirement. The AGFI value of this model is that 0.870 indicates a marginal acceptance. Additionally, the model has shown well-fit goodness of fit level by TLI= 0,981. By considering the recommended value CFI>0.9, the research's CFI 0.986 shows that this

model has well-fit goodness of fitness level. Based on the recommended acceptance value <0.08 , the RMSEA model reaches 0.042 in this study has shown a good acceptance level.

Table 5. Goodness-of-Fit Model Result

<i>Goodness-of-fit Indices</i>	<i>Cut-off Value</i>	Result	Evaluation Model
<i>Chi-Square (χ^2)</i>	≥ 0.05	45.859	----
<i>Sig Probability (p)</i>	≤ 2.0	0.209	Good
<i>CMIN/DF</i>	≥ 0.9	1.176	Good
<i>GFI</i>	≥ 0.9	0.923	Good
<i>AGFI</i>	≥ 0.9	0.870	Marginal
<i>TLI</i>	≥ 0.9	0.981	Good
<i>CFI</i>	≤ 0.08	0.986	Good
<i>RMSEA</i>		0.042	Good

Structural Model

Based on the data analysis results presented in table 6, 3 hypotheses out of the 7 hypotheses proposed in this study were accepted (see table 6). The hypotheses testing result indicates a positive effect between the entrepreneurial orientation with marketing capabilities ($\beta = 0.817$; SE = 0.182; CR = 2.394; $p = 0,000$). Statistically, this means that the entrepreneurial orientation positively affects marketing capabilities. The testing result also indicates a significant and positive relation between the entrepreneurial orientation and Brand orientation ($\beta = 0.396$, SE = 0.101, CR = 3.931, $p = 0,000$). Thus, statistically, the result shows that entrepreneurial orientation has a positive effect on brand orientation. In association with the effect of the entrepreneurial orientation on the GoFood MSEs business partners, the study result indicates a positive effect between the entrepreneurial orientation and business performance ($\beta =0.589$; SE = 0.306; CR = 2.424; $p = 0.015$). Hence, a conclusion can be drawn that the entrepreneurial orientation has been proven to positively and significantly impact

business performance. Therefore, hypotheses 1, 2, and 3 of this study are fully supported.

Table 6. Hypotheses testing results

			Estimate	S.E.	C.R.	P	Conclusion
MC	<--	EO	1.057	.199	5.314	***	Significant
BO	<--	EO	.396	.101	3.931	***	Significant
P	<--	MC	.210	.470	.447	.655	Insignificant
P	<--	BO	.151	.218	.693	.488	Insignificant
P	<--	EO	.589	.306	2.427	.015**	Significant

*Significant at level 10%, ** Significant at level 5%, ***Significant at level 1%

Table 6 further shows that there is insignificant and negative correlation between brand orientation and MSEs' business performance ($\beta = 0.151$; $SE = 0.218$; $CR = 0.693$; $p = 0.488$). With its significance value = 0.488 ($> 0,005$), statistically the brand orientation does not have significant effect on the MSEs' business performance. According to Baron and Kenney, mediation effect testing must follow the rules explaining that the test can proceed if the main impact (the direct relation between independent and dependent variables) is significant, or else, it cannot continue (Hartono, 2013).

Furthermore, the data analysis result indicates that brand orientation does not significantly affect GoFood MSEs partners' business performance (H4). Hence, the mediation testing between entrepreneurial orientation and business performance through the variable of brand orientation cannot proceed, as H5 of this study is not supported. The data analysis result also proposes that there is not any significant relation between marketing capabilities and MSEs business performance (H6) ($\beta = 0.210$; $SE = 0.470$; $CR = 0.447$; $p = 0.655$). With a significance value of 0.655 ($> 0,005$), statistically marketing capability does not significantly impact MSEs' business performance. As H6 is not proven, the mediation testing between the entrepreneurial orientation and business performance through marketing capability cannot process; therefore, H7 of this study is not supported.

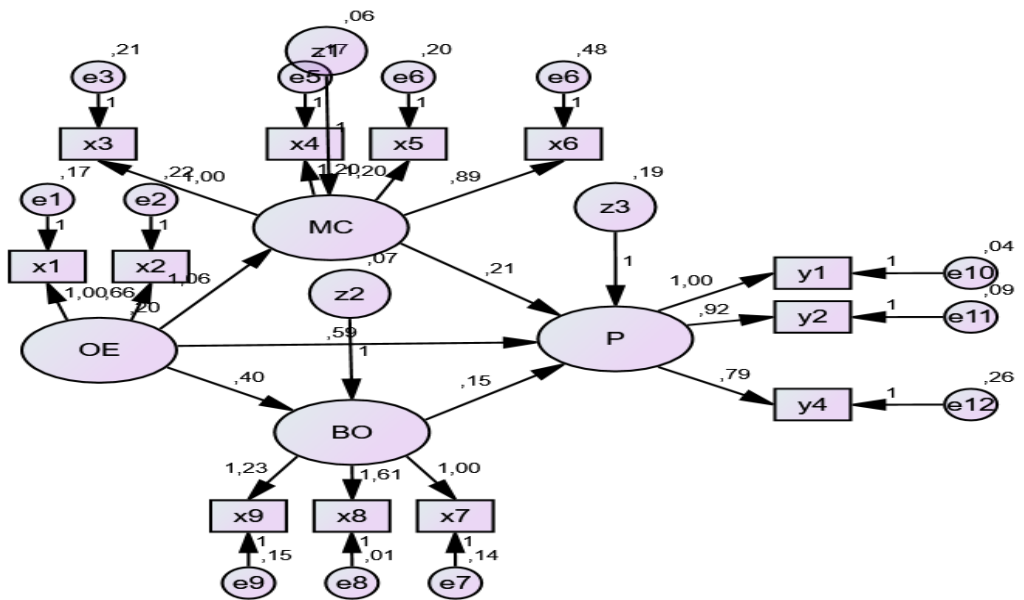


Figure 2. Research Result

Discussion

The hypotheses that suggest the entrepreneurial orientation significantly affects brand orientation, marketing capability, and business performance are supported. This study's result is in association with previous research by Pascal and Shin (2015) that proposed the entrepreneurial orientation has a positive effect on marketing capability, brand orientation (Chang et.al., 2019) and business performance (Martin & Javalgi, 2016). On the other hand, this study's result is contradictory with Affendy et.al. (2015) that proposed the entrepreneurial orientation does not significantly affect the MSEs' business performance in Malaysia. Referring to the study's results, the business players registering to be GoFood partners must have a strong entrepreneurial orientation as it has been proven to increase the marketing capability and brand orientation. The entrepreneurial

orientation is believed can increase the MSEs business performance by using the GoFood application assistance.

The hypotheses that suggest the marketing capability and brand orientation affect business performance are not supported in this study. Hence, it implies that registering as GoFood partners does not instantly increase business performance. There are more efforts to do, such as having entrepreneurial orientation, which in this study becomes a variable that increases the GoFood MSEs partner's business performance. GoFood has been equipped with a complete and easy-to-operate feature through smartphones, a facility offer to be utilized by MSEs business players. It may become a possible reason why marketing capability and brand orientation do not have any influence on the performance of MSEs, as found in this study. The results of this study indicate that GoFood partners only need to obtain a strong entrepreneurial orientation that includes proactive, risk-taking, and promotion efforts to attract consumers through the application.

For MSEs business players, the entrepreneurial orientation elements that convey risk-taking, proactive, trial experience, flexibility, and anticipation effort become crucial to increase the marketing capabilities (Linton & Kask, 2017). Furthermore, business routine in conducting marketing mix such as pricing, product development, promotion, and distribution are also significant to conduct. his study's result supports research by Pascal (2015) suggesting that entrepreneurial orientation has both direct and indirect impacts on the business performance through marketing capability and research by Martin and Javalgi (2016) that proposed the entrepreneurial orientation has a significantly positive impact on marketing capability. MSEs business players who own an excellent entrepreneurial orientation tend to increase their marketing capability (Butkouskaya et.al., 2020).

This study's results further indicate that an increasing entrepreneurial orientation, such as proactive and risk-taking ability, can improve brand orientation. The increase is predominantly due to the business players' focus on brand promotion through the GoFood

application. This study is also associated with research by Chang et.al. (2019) suggesting that entrepreneurial orientation and marketing capability encourage brand orientation formation.

A better entrepreneurial orientation will improve business performance. MSEs' business performance can be observed from the owner's satisfaction over profit, turnover, and business development (Ndubisi et.al., 2020). Based on the respondents' answers who predominantly have become GoFood partners, they already have a strong entrepreneurial orientation. The strong entrepreneurial orientation is marked by the respondents' average business duration that is more than one year (79%), and the willingness of risk-taking by creating innovations through GoFood partnership in promoting their products. The data analysis result indicates that almost all respondents have experienced an excellent business performance after registering a partnership with GoFood, which is marked with a 10% minimum sales increase. The result of the study supports the research by Ryadi and Yasa (2016) that propose the entrepreneurial orientation has a positive and significant impact on the MSEs' business performance in the food industry sector in Denpasar and Malaysia. This study also supports a research by Martin (2016) suggesting that entrepreneurial orientation has a strong positive and significant impact on business performance.

However, this study's result does not support Asheq (2019) who proposed that marketing orientation, customer orientation, and brand orientation positively impact MSEs' business performance. This finding implies that brand orientation level is in line with the MSEs' business performance level (Asheq, 2019). On the contrary, this study found that brand orientation does not significantly affect the business performance of GoFood MSME's partners. Research by Oddom and Mensah (2018) also found that the correlation between brand orientation and innovation capability that significantly affects brand performance existed only in the medium-sized companies but insignificant in the small ones. Further, a finding suggests that the

interaction between brand orientation and social media capability seems to support medium-sized companies more than it does to the small-sized ones in terms of moderating the brand orientation and brand performance.

This study's results suggest that the business players' ability to promote their products cannot directly increase the business performance of GoFood MSEs partners. This fact is because the MSEs partners must also follow the GoFood application policies' promotion rules. Besides, they also must compete with other MSEs players and more prominent companies. The application is completed with promotion features and an easy-to-use template for the partners; therefore, it does not require particular skills for the marketing sector. Therefore, the above fact supports this study's result, proposing that marketing capability does not support GoFood MSEs partners' business performance.

This study's results can be taken as a suggestion for the government programs in improving the MSEs business performance by suggesting the culinary business players register and join as partners in the food online application. Training for MSEs must convey training material to increase the entrepreneurial orientation of the partners. The step is based on this study's results that found the direct and strong impact of entrepreneurial orientation on the marketing capability increase. The finding is also supported by all respondents running culinary businesses on a micro and small scale; their turnover has increased after joining GoFood as its partners.

Conclusion

The results of this study indicate a significant impact of entrepreneurial orientation on marketing capability, brand orientation, and GoFood MSEs partners' business performance. Meanwhile, brand orientation does not significantly affect GoFood MSEs partners; therefore, it cannot function as a mediator between entrepreneurial orientation and GoFood MSEs partners' business performance.

Another result indicates that marketing capabilities do not significantly affect GoFood MSEs partners' business performance; thus, the variable of marketing capabilities cannot channel entrepreneurial orientation with GoFood MSEs partners' business performance. Apart from these interesting results, this study indicates that the role of financial technology in enhancing the business performance of MSEs can be enriched. Thus, it is strongly suggested that future studies must evaluate other factors that can increase the performance of the small micro business in the future. Besides, the research's population must be enlarged and spread to other areas other than Surakarta with different backgrounds and characteristics.

References

- Abbas, D. (2018). Pengaruh Modal Usaha, Orientasi Pasar, Dan Orientasi Kewirausahaan Terhadap Kinerja Ukm Kota Makassar. *Jurnal Minds: Manajemen Ide dan Inspirasi*, 5(1), 95-111. <https://doi.org/10.24252/minds.v5i1.4991>
- Affendy, A. H., Asmat-Nizam, A.-T., & Farid, M. S. (2015). Entrepreneurial orientation effects on market orientation and SMEs business performance-A SEM approach. *Review of Integrative Business and Economics Research*, 4(3), 259.
- Agyapong, G. K. Q. (2015). Linking Marketing Capabilities with Firm Performance: Evidence from Ghana ' s Microfinance Industry. *Journal of Business and Enterprise Development*, 5 (1), 36-51.
- Alanazi, T. M. (2018). SMEs Branding: The Interaction of Entrepreneurial Orientation. *Journal of Research in Marketing*, 9(3), 739-751.
- Allen, E. (2007). Statistics Roundtable: Likert Scales and Data Analyses. *Quality Progress*, 40(7), 64-75.
- Alnawas, I., & Abu Farha, A. (2020). Strategic orientations and capabilities' effect on SMEs' performance. *Marketing Intelligence & Planning*, 38(7), 829-845. <https://doi.org/10.1108/MIP-11-2019-0548>
- Anim, P., Agbemabiese, G., Acheampong, G., Adams, M., & Boakyee, E. (2018). Market Orientation, Innovation and Business

- Performance: Insight from Womenpreneurs in the Fashion Industry in Ghana. *Journal of Creativity and Business Innovation*, 4. www.journalcbi.com
- Asheq, A. Al. (2019). SME Performance: Impact of Market, Customer and Brand Orientation. *Academy of marketing Studies Journal*, 23(1), 1-9.
- Atnafu, D. & Balda, A. (2018). The impact of inventory management practice on firms' competitiveness and organizational performance: Empirical evidence from micro and small enterprises in Ethiopia. *Cogent Business & Management*, 5(1), 1-16. <https://doi.org/10.1080/23311975.2018.1503219>
- Azizi, S., Movahed, S. A., & Khah, M. H. (2009). The Effect of Marketing Strategy and Marketing Capability on Business Performance. Case Study: Iran's Medical Equipment Sector. *Journal of Medical Marketing*, 9(4), 309-317. <https://doi.org/10.1057/jmm.2009.33>
- Bamfo, B. A., & Kraa, J. J. (2019). Market orientation and performance of small and medium enterprises in Ghana: The mediating role of innovation. *Cogent Business and Management*, 6(1), 1-16. <https://doi.org/10.1080/23311975.2019.1605703>
- Butkouskaya, V., Llonch-Andreu, J., & Alarcón-del-Amo, M.-C. (2020). Entrepreneurial Orientation (EO), Integrated Marketing Communications (IMC), and Performance in Small and Medium-Sized Enterprises (SMEs): Gender Gap and Inter-Country Context. *Sustainability*, 12(17), 59-71. <https://doi.org/10.3390/su12177159>
- Chang, Y., Wang, X., & Arnett, D. B. (2019). Enhancing firm performance: The role of brand orientation in business-to-business Marketing. *Industrial Marketing Management*, 72(1), 17-25. <https://doi.org/10.1016/j.indmarman.2018.01.031>
- Ciunova-shuleska, A., & Osakwe, C. N. (2016). Complementary impact of capabilities and brand orientation on smbs performance. *Journal of Business Economics and Management*, 17(6), 1270-1285. <https://doi.org/10.3846/16111699.2016.1181101>
- Fadillah, A. (2020). Re-Design Digital Marketing Innovation of Food SMEs in The Era of Industry 4.0. *Solid State Technology*, 63(5), 3694-3699.
- Farida, N. (2016). Determinants of Marketing Performance: Innovation, Market Capabilities and Marketing Performance. *JDM (Jurnal*

- Dinamika Manajemen*, 7(1), 59-65.
doi:<https://doi.org/10.15294/jdm.v7i1.5759>
- Ferdinand, A. (2006). *Metode penelitian manajemen*. Semarang: Badan Penerbit Universitas Diponegoro.
- Ghozali, I. (2014). *Model persamaan struktural konsep dan aplikasi dengan program AMOS 22.0 update bayesian SEM*. Semarang: Universitas Diponegoro.
- Hartono, H., & Hartomo, D. D. (2017). Faktor-Faktor Yang Mempengaruhi Perkembangan Umkm di Surakarta. *Jurnal Bisnis dan Manajemen*, 14(1), 15-22.
<https://doi.org/10.20961/jbm.v14i1.2678>
- Hartono, J. (2013). *Metodologi penelitian bisnis*. Yogyakarta: BPFE.
- Lekmat, L., Selvarajah, C., & Hewege, C. (2018). Relationship between Market Orientation, Entrepreneurial Orientation, and Firm Performance in Thai SMEs: The Mediating Role of Marketing Capabilities. *International Journal of Business and Economics*, 17(3), 213-237.
- Linton, G., & Kask, J. (2017). Configurations of entrepreneurial orientation and competitive strategy for high performance. *Journal of Business Research*, 70(1), 168-176.
<https://doi.org/10.1016/j.jbusres.2016.08.022>
- Low, S., Ullah, F., Shirowzhan, S., Sepasgozar, S. M. E., & Lin Lee, C. (2020). Smart Digital Marketing Capabilities for Sustainable Property Development: A Case of Malaysia. *Sustainability*, 12(13), 5402. <https://doi.org/10.3390/su12135402>
- Martin, S. L., & Javalgi, R. (Raj) G. (2016). Entrepreneurial orientation, marketing capabilities and performance: The Moderating role of Competitive Intensity on Latin American International New Ventures. *Journal of Business Research*, 69(6), 2040-2051.
<https://doi.org/10.1016/j.jbusres.2015.10.149>
- Ministry of Cooperatives and SMEs. (2019). *Perkembangan data usaha mikro, kecil, menengah (umkm) dan usaha besar (ub) tahun 2017-2018*. 2.
- Mohammad, I. N., Massie, J. D. D., & Tumewu, F. J. (2018). The Effect of Entrepreneurial Orientation and Innovation Capability towards Firm Performance in Small and Medium Enterprises (Case Study: Grilled Restaurants in Manado). *Jurnal EMBA: Jurnal*

- Riset Ekonomi, Manajemen, Bisnis dan Akuntansi*, 7(1), 1-10.
<https://doi.org/10.35794/emba.v7i1.22255>
- Morgan, N. A., Vohies, D. W., & Mason, C. H. (2009). Market orientation, marketing capabilities, and firm performance. *Strategic Management Journal*, 30(8), 909-920.
<https://doi.org/10.1002/smj.764>
- Murray, J. Y., Gao, G. Y., & Kotabe, M. (2011). Market orientation and performance of export ventures: The process through marketing capabilities and competitive advantages. *Journal of the Academy of Marketing Science*, 39(2), 252-269.
<https://doi.org/10.1007/s11747-010-0195-4>
- Ndubisi, N. O., Zhai, X., & Lai, K. (2020). Small and medium manufacturing enterprises and Asia's sustainable economic development. *International Journal of Production Economics*, 107971. <https://doi.org/10.1016/j.ijpe.2020.107971>
- Ng, K.-S., Ahmad, A. R., Chan Wei, K., & Hairul Rizad Md, S. (2017). SMES Are Embracing Innovation for Business Performance. *Journal of Innovation Management in Small and Medium Enterprises*, 2017, 1-17. <https://doi.org/10.5171/2017.824512>
- Odoom, R., & Mensah, P. (2018). Brand orientation and brand performance in SMEs: the moderating effects of social media and innovation capabilities. *Management Research Review*, 42(6) <https://doi.org/10.1108/MRR-12-2017-0441>
- Parida, V., Sjödin, D., & Reim, W. (2019). Reviewing Literature on Digitalization, Business Model Innovation, and Sustainable Industry: Past Achievements and Future Promises. *Sustainability*, 11(2), 391. <https://doi.org/10.3390/su11020391>
- Pascal, V. J. (2015). The Role of Marketing Capabilities and Entrepreneurial Orientation on SME Performance. *Journal of International Marketing Strategy*, 3(1), 37-54.
- Pramudita, B. A. (2020). GoFood Catat 50 Juta Order Per Bulan di Akhir 2019. *Warta Ekonomi*. Retrieved from <https://www.wartaekonomi.co.id/read271308/gofood-catat-50-juta-order-per-bulan-di-akhir-2019>
- Prasetiawan, A. A., & Rohimat, A. M. (2019). Pemberdayaan Perempuan Berbasis Pesantren dan Social Entrepreneurship. *Muwazah Jurnal Kajian Gender*, 11(2). <https://doi.org/DOI:10.28918/muwazah.v11i2.2281>

- Prastiwi, S. K. & Iswari, P. W. (2019). The Roles of Trust within Information Quality and Price to Engage Impulsive Buying Behaviour to Generate Customer's Repurchase Intention: A Case of M-Commerce in Indonesia (GoFood). *International Conference on Economics, Management, and Accounting (ICEMA)*, page 446-462. doi.10.18502/kss.v3i26.5391
- Purwantini, A. H., Athief, F. H. N., & Waharini, F. M. (2020). Indonesian Consumers' Intention of Adopting Islamic Financial Technology Services. *Shirkah: Journal of Economics and Business*, 5(2), 171-196. <https://doi.org/10.22515/shirkah.v5i2.304>
- Rahoyo. (2018). Dampak Bisnis Kuliner Melalui G0-Food Bagi Pertumbuhan Ekonomi Di Kota Semarang. *Journal Dinamika Sosial Budaya*, 20(2), 120-133.
- Rohimat, A. M. (2018). *Metodologi Studi Islam: Memahami Islam Rahmatan Lil'alamin* (1 ed.). Yogyakarta: Gerbang Media Pustaka.
- Ryadi, N. A., & Yasa, N. N. K. (2016). Kemampuan Inovasi Memediasi Pengaruh Orientasi Kewirausahaan terhadap Kinerja Produk IMK Sektor Industri Makanan di Kota Denpasar. *E-Jurnal Apresiasi Ekonomi*, 5(3), 1915-1941.
- Sukoco, J. B. (2019). Kapasitas Kelembagaan Dalam Pembinaan Usaha Mikro Kecil dan Menengah Di Kota Surakarta. *Jurnal Administrasi Bisnis*, 8(1), 15-22. <https://doi.org/10.14710/jab.v8i1.21215>
- Tajeddini, K., & Ratten, V. (2020). The moderating effect of brand orientation on inter-firm market orientation and performance. *Journal of Strategic Marketing*, 28(3), 194-224. <https://doi.org/10.1080/0965254X.2017.1293138>
- Vicente, M. (2018). Capabilities and innovation: The moderating effect of environmental turbulence. *European Journal of Applied Business and Management*, 4(4), 1-24.
- Walandouw, P., & Primaldhi, A. (2019). *Dampak GOJEK terhadap Perekonomian Indonesia di 2018*. Lembaga Demografi FEB Universitas Indonesia. Retrieved from <https://ldfebui.org/wp-content/uploads/2019/11/Lembaga-Demografi-FEB-UI-Dampak-Sosial-dan-Ekonomi-GOJEK-2018-Updated.pdf>
- Wang, F. (2020). Digital marketing capabilities in international firms: A relational perspective. *International Marketing Review*, 37(3), 559-577. <https://doi.org/10.1108/IMR-04-2018-0128>

- Wilden, R., & Gudergan, S. P. (2015). The impact of dynamic capabilities on operational marketing and technological capabilities: Investigating the role of environmental turbulence. *Journal of the Academy of Marketing Science*, 43(2), 181–199. <https://doi.org/10.1007/s11747-014-0380-y>
- Yin Wong, H., & Merrilees, B. (2007). Multiple roles for branding in international marketing. *International Marketing Review*, 24(4), 384–408. <https://doi.org/10.1108/02651330710760982>
- Zin, M. L. M., & Ibrahim, H. (2020). The Influence of Entrepreneurial Supports on Business Performance among Rural Entrepreneurs. *Social Science Research Network*. <https://papers.ssrn.com/abstract=3530418>