

MARKETING | RESEARCH ARTICLE

Exploring the Impact of Entrepreneurial and Market Orientation on Marketing Performance: The Mediating Role of Product Innovation in Rattan Craftsmanship

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ABSTRACT

This study investigates the impact of entrepreneurial and market orientation on marketing performance, with product innovation as a mediating factor among rattan artisans in Jepara. Employing a quantitative approach, the research utilizes Structural Equation Modeling-Partial Least Squares (SEM-PLS) through SmartPLS 0.4. Data were gathered via questionnaires and interviews with 155 artisans, selected using the Slovin formula and purposive sampling. The findings indicate that product innovation significantly enhances the influence of entrepreneurial and market orientation on marketing performance. While entrepreneurial orientation alone does not directly improve marketing performance, its effect becomes significant when mediated by product innovation. In contrast, market orientation positively affects marketing performance both directly and indirectly. These results underscore the critical role of product innovation in aligning entrepreneurial strategies with market demands, highlighting its importance in enhancing marketing outcomes.

Keywords: Marketing Performance, Product Innovation, Entrepreneurial Orientation, Market Orientation.

JEL Code: M31, L26, O31.

I. Introduction

Indonesia is rich in natural resources and culture, with its diverse natural wealth supporting various industries, including rattan crafts. Due to their practicality, Rattan products are valued as handmade and widely used as furniture. As the source of 80% of the world's rattan, Indonesia has significant potential to improve community welfare through this industry (Indonesia.Go.id, 2024). However, despite the growing global demand for rattan furniture, with an average annual import growth of 4.3%, Indonesia faces a decline in rattan exports and a trade deficit. According to Suherman (2024), the government's ban on raw rattan exports, intended to increase domestic products' added value, has negatively impacted upstream industry players. The resulting price pressure has discouraged businesses from cultivating or harvesting raw rattan, making it difficult for domestic industries to obtain quality raw materials. Additionally, the rising use of synthetic rattan, which is 20-30% cheaper than natural rattan, poses a serious challenge. Countries like China,



leveraging competitive pricing on synthetic rattan, have now become the world's leading exporters of rattan furniture.

The Jepara region, renowned for its rattan craft industry, is home to many artisans striving to create competitive products using various crafting techniques to produce unique and appealing items such as chairs, tables, baskets, and decorative pieces. However, many artisans face challenges in optimizing their marketing performance due to limited innovation and insufficient understanding of market demands. A key issue in the rattan industry is the weak competitiveness of both crafts and furniture, exacerbated by difficulties in obtaining quality raw materials and a lack of design innovation. Addressing these challenges requires close collaboration between companies, relevant institutions, and economic stakeholders. Strategies for improvement include ensuring the availability of high-quality raw materials, such as enhancing the rattan drying process and fostering product design innovation. Despite these challenges, the rattan craft business in Jepara has immense growth potential. Strengthening the industry's competitiveness requires improving marketing performance, particularly by overcoming weak market access. Many artisans still rely on simple methods, such as word-of-mouth marketing and waiting for consumers to purchase, highlighting the need for more effective marketing strategies.

The marketing performance of rattan artisans reflects their effectiveness in selling products and can be measured through key factors that enhance sales, such as improved marketing strategies. To attract consumer attention and open up business opportunities, artisans must maximize their resources, create diverse rattan products, and implement effective strategies to produce appealing designs. According to Fauziah (2020), marketing performance is determined by three main aspects: sales value, sales growth, and market share, all of which contribute to increased company profits. As a crucial part of managerial discipline and marketing effectiveness, marketing performance directly influences organizational strategies and overall company success. Komaryatin (2024) emphasizes the importance of business actors in improving marketing performance, as a company's marketing success significantly impacts its overall performance. Additionally, Arifin (2023) notes that marketing performance, along with customer value creation, is also shaped by external factors. Nofrizal (2020) further defines marketing performance as a measure of a company's achievements in its overall marketing process, indicating how much a product has succeeded in the market. The following presents data on the number of MSME industries in Jepara from 2019 to 2023.

Table 1. Number of Industries SME in Jepara

Year	Number of SME Industries
2023	81.909
2022	81.026
2021	80.966
2020	80.050
2019	79.511

Based on Table 1, the number of MSME industries in Jepara showed an overall increase from 2019 to 2023. However, despite this growth, the number of rattan industries in Jepara remained relatively small, with only 151 businesses operating in 2023 and employing 946 rattan craftsmen (BPS, 2023). The increasing competition in rattan crafts requires artisans to understand various factors influencing marketing performance. Entrepreneurial and market orientation are crucial in shaping marketing success and are key factors for rattan artisans in Jepara. However, previous studies on their impact have shown mixed results. Research by Li (2023) and Kumar (2022) found that entrepreneurial and market orientation positively and significantly affect marketing performance, while studies by Khan (2023) and Baker (2022) suggested a negative and insignificant impact.

This study aims to analyze the impact of Entrepreneurial Orientation and Market Orientation on Marketing Performance, with Product Innovation as a mediating variable among rattan artisans in Jepara. The research theoretically contributes by enriching the literature on the relationship between Product Innovation, Entrepreneurial Orientation, Market Orientation, and Marketing Performance in rattan crafts. The findings

provide valuable insights for rattan artisans in Jepara to develop effective marketing strategies, enhance innovation, and adapt their organizational structures to meet market demands, ultimately driving growth in the rattan industry. A key factor in boosting product sales is improving marketing performance, which requires artisans to optimize their resources to attract consumer attention. To seize business opportunities, they must innovate, diversify their product offerings, and implement effective strategies to create appealing products that capture consumer interest.

II. Literature Review and Hypothesis Development

2.1. Marketing Performance

Marketing performance is a concept used to measure a business's marketing achievements, reflecting its success in market competition (Wibowo, Khasanah, et al., 2022). It is a construct that evaluates the impact of corporate strategies, highlighting a company's ability to introduce and market its products (Puspaningrum, 2020). The marketing performance process aligns with developing marketing strategies and company creativity (Ali, 2024). Silaningsih et al. (2022) define marketing performance as a measure of an organization's overall marketing process achievements. Additionally, it assesses market success through indicators such as high sales volume, market share, and profitability, which signify competitiveness in the business environment (Fadhillah, Yacob et al., 2021). Arifin (2020) describes marketing performance as a comprehensive measure of a company's marketing success and a key indicator of how well a product performs in the market. Mandy et al. (2018) identify buyer growth, sales growth, and increased productivity as key marketing performance indicators. Narver and Slater (1990) highlight new product success, sales growth, and annual profit as essential measures.

2.2. Entrepreneurial Orientation

According to Novrianda, Shar et al. (2021), Entrepreneurial Orientation is a company's approach focused on identifying and exploiting opportunities, which can lead to improved business performance. It is also defined as a strategic approach that enables companies to compete more effectively in the marketplace (Mujahidah & Wiwoho, 2021). Entrepreneurial orientation reflects the attitudes and behaviors of individuals or organizations toward business opportunities, encompassing innovation, risk-taking, and proactive leadership (Angguningrum, 2021). It involves market engagement through product innovation and bold decision-making, allowing companies to introduce proactive innovations and develop superior capabilities compared to competitors. Additionally, entrepreneurial orientation serves as an intangible resource that creates a competitive advantage and enhances company performance, as intangible assets play a more significant role in performance differences than physical assets, given their resistance to imitation (Kiyabo & Isaga, 2020). The key indicators of entrepreneurial orientation include innovativeness, proactivity, and risk-taking, while Lumpkin and Dess (1996) and Narver and Slater (1990) expand these indicators also to include competitive aggressiveness and autonomy.

2.3. Market Orientation

Market orientation refers to the behaviors and activities that reflect the implementation of marketing concepts, serving as a source of inspiration for companies to adopt innovative methods and gain a competitive advantage in improving marketing performance. It is essential for businesses, as it helps them understand market direction and meet consumer satisfaction (Harini, Silaningsih, et al., 2022). Market orientation involves identifying and fulfilling the needs and wants of target customers more effectively and efficiently than competitors to achieve business objectives (Irfandi, 2025). It represents a strategic mindset in which organizations prioritize understanding and responding to market and customer needs (Juminawati,

Syamsulbahri, et al., 2024). Rizan and Utama (2020) define market orientation as a company's commitment to collecting, disseminating, and responding to market intelligence to meet customer needs and ensure strong performance. Key indicators of market orientation include customer orientation, competitor orientation, and market information (Mardiyono, 2015), while Narver and Slater (1990) add coordination among functions as an additional component.

2.4. Product Innovation

Product innovation is a long and cumulative process that cannot be achieved in a single attempt, involving various decision-making stages from idea generation to market implementation (Lestari, Pradani, et al., 2022). It represents the social and economic success derived from introducing new methods or combining existing ones to transform inputs into outputs, creating significant changes in perceived value and pricing (Harini, Silaningsih, et al., 2022). Lestari (2024) defines innovation as a company's tendency to introduce new products, imitate existing ones, and develop product line extensions. According to Lukas and Ferrel (in Djodjoko and Tawas, 2014), product innovation can be categorized into three types: Product Extension, which involves familiar products; Product Imitation, referring to products new to the business but familiar to the market; and New Products, which are entirely new to both the business and the market.

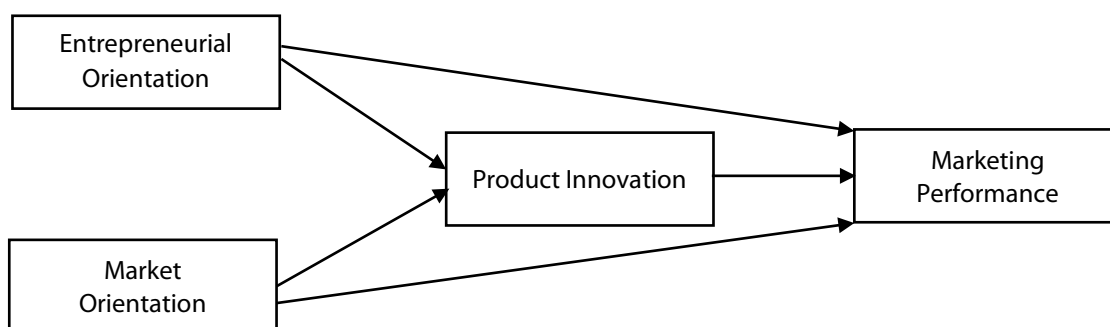


Figure 1. Research Model

- H1: Product innovation positively and significantly influences marketing performance among rattan artisans in Jepara.
- H2: Entrepreneurial orientation positively and significantly influences product innovation among rattan artisans in Jepara.
- H3: Entrepreneurial orientation negatively and insignificantly affects marketing performance among rattan artisans in Jepara.
- H4: Market orientation positively and significantly influences product innovation among rattan artisans in Jepara.
- H5: Market orientation positively and significantly influences marketing performance among rattan artisans in Jepara.

III. Research Method

3.1. Research Design

This study employs a quantitative approach with a causal design to analyze the influence of entrepreneurial and market orientation on marketing performance. Additionally, it examines the crucial role of product innovation as a mediating factor. Through statistical analysis, this research aims to uncover how the relationships between these variables impact overall marketing performance. This study focuses on rattan artisans in Jepara Regency, which comprises 16 sub-districts, with representative samples taken from various

sub-districts and villages. Conducted from September to December 2024, the research aims to gather the latest data on the development of rattan crafts and the challenges faced in the sector post-pandemic.

3.2. Population and sample

The research population comprises 946 rattan artisans in Jepara, from which a sample of 155 respondents was selected using the Slovin formula with an 8% margin of error to ensure an optimal balance between accuracy and feasibility (Slovin, 1960). This formula is commonly used in survey research to determine the appropriate sample size when the population is known. This study utilizes a purposive sampling technique, selecting respondents based on specific criteria such as experience, business scale, and production methods (Sekaran & Bougie, 2020). Unlike random sampling, purposive sampling ensures that participants provide relevant insights aligned with the research objectives (Etikan, Musa, & Alkassim, 2016). This approach is beneficial when focusing on a specific subgroup with the necessary knowledge and experience related to the research topic (Taherdoost, 2016). By applying this method, the study aims to obtain reliable and relevant data to analyze the conditions and challenges faced by rattan artisans in Jepara

3.3. Data Collection

Data were collected using a mixed-method approach, combining online questionnaires and face-to-face interviews. The questionnaires, distributed via Google Forms, utilized a Likert scale ranging from 1 to 10, allowing respondents to rate various factors influencing their craftsmanship. Key themes included business sustainability, supply chain challenges, market access, and government support. Additionally, face-to-face interviews with selected rattan artisans provided in-depth insights into their experiences, challenges, and market adaptation strategies. To ensure validity and reliability, the questionnaire underwent content validation by industry experts, and a pilot study was conducted with 20 artisans before full deployment. Triangulation was applied by cross-referencing interview responses with survey data to enhance reliability.

3.4. Data Analysis

The collected data were analyzed using Structural Equation Modeling (SEM) with SmartPLS 4 software to evaluate direct and indirect relationships influencing rattan craftsmanship. The analysis included the Outer Model Test to assess construct validity and reliability, the Inner Model Test to evaluate path coefficients and variable relationships, Hypothesis Testing to determine statistical significance, and Mediation Testing to analyze indirect effects. By employing SEM, this study provides a comprehensive understanding of the factors affecting the performance of rattan artisans in Jepara. This study ensures that all respondents participate voluntarily and their data remains confidential. Researchers safeguard participants from potential harm and adhere to ethical research standards. The study is conducted with full accountability, respecting the rights and privacy of all individuals involved. Every research step is carefully monitored to ensure transparency and fairness in all procedures.

IV. Result and Discussion

4.1. Demography of Respondent and Data

Table 2. Respondent Characteristics Based on Gender

Gender	Frequency	%
Man	122	79
Woman	33	21
Total	155	100.0

Table 3. Respondent Characteristics Based on Length of Business

Length of Business (Years)	Frequency	%
1 - 2 Years	6	4
3 - 4 Years	56	36
5 - 6 Years	93	60
Total	155	100.0

Table 4. Respondent Characteristics Based on Age

Age (Years)	Frequency	%
17 - 25 Years	22	14
26 - 30 Years	26	17
31 - 35 Years	15	10
36 - 40 Years	29	19
> 40 Years	63	41
Total	155	100.0

Table 5. Respondent Characteristics Based on Last Education

Education Level	Frequency	%
Primary School	15	10
Junior High School	33	21
Senior High School	75	48
Bachelor	32	21
Total	155	100.0

4.2. Statistical Results

4.2.1. Convergent Validity Test

The measurement is considered satisfactory when the outer loading exceeds 0.7 and the AVE value is at least 0.5 (Ulum, Ghozali, et al., 2008). The results of the convergent validity test for the research model are presented in Table 6.

Table 6. Convergent Validity Test

Variable	Indicator	Outer Loading	AVE	Result
Entrepreneurial Orientation	OK1	0,819	0,593	Valid
	OK2	0,711		
	OK3	0,719		
	OK4	0,842		
	OK5	0,750		
Market Orientation	OP1	0,787	0,615	
	OP2	0,779		
	OP3	0,718		
	OP4	0,818		
	OP5	0,814		
Product Innovation	IP1	0,716	0,616	
	IP2	0,734		
	IP3	0,822		
	IP4	0,789		
	IP5	0,854		
Marketing Performance	KP1	0,763	0,648	
	KP2	0,823		
	KP3	0,808		
	KP4	0,815		
	KP5	0,813		

Based on these results, the indicators measuring Entrepreneurial Orientation, Market Orientation, Product Innovation, and Marketing Performance have outer loading values above 0.7, demonstrating their strong ability to explain their respective variables. Additionally, the AVE value exceeding 0.5 confirms that the instrument is valid.

4.2.2. Reliability Test

Composite Reliability (CR) measures the reliability of a variable, with a value above 0.7 considered acceptable, although it is not an absolute standard. Meanwhile, Cronbach's Alpha evaluates the reliability of all indicators within a variable on a scale from 0 to 1. A Cronbach's Alpha value exceeding 0.7 indicates that the variable is reliable.

Table 7. Value Composite Reliability and Cronbach's Alpha

Variable	Composite reliability	Cronbach's alpha	Result
Entrepreneurial Orientation	0.889	0.843	Reliable
Market Orientation	0.902	0.864	Reliable
Product Innovation	0.879	0.831	Reliable
Marketing Performance	0.888	0.843	Reliable

The reliability test results show that all variables have a Composite Reliability value above 0.7 and a Cronbach's Alpha value exceeding 0.7, confirming that all variables in this study exhibit strong reliability.

The inner or structural model illustrates the causal relationships between latent variables, which cannot be measured directly, and the underlying hidden constructs. Figure 2 visually represents these relationships, clearly depicting how the latent variables interact and influence one another within the research model.

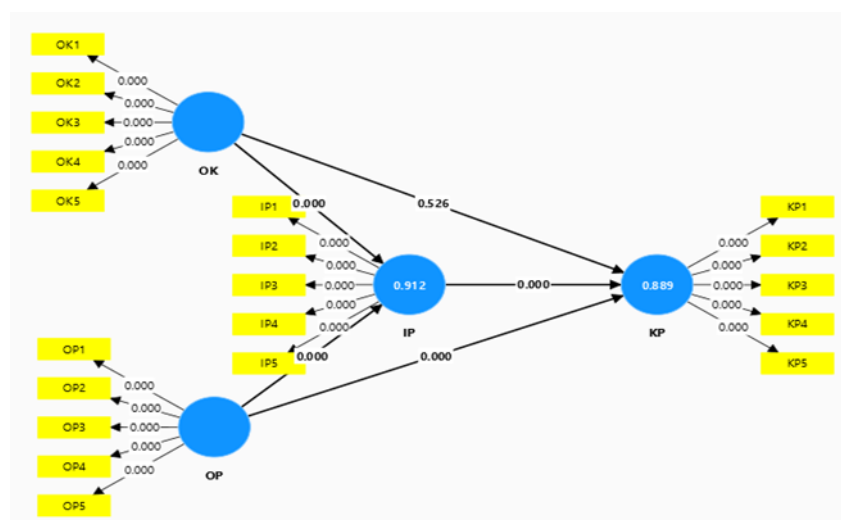


Figure 2. Inner Model

4.2.3. R-square

R-square is a statistical measure that indicates how independent variables influence dependent variables. An R-square value of 0.67 signifies a strong influence, while a value of 0.33 indicates a moderate influence and a value of 0.19 reflects a weak influence.

Table 8. R-Square

Variable	R-Square	R-Square Adjusted	Description
Product Innovation	0.912	0.911	Strong
Marketing Performance	0.889	0.886	Strong

The results indicate that the R-Square value for Product Innovation is 0.912, with an Adjusted R-Square of 0.911. This means that the exogenous variables in the model explain 91.2% of the variance in Product Innovation, while the remaining 8.8% is influenced by other factors not included in this study. Furthermore, the R-Square value for Marketing Performance is 0.889, with an Adjusted R-Square of 0.886. This indicates that the exogenous variables in the model explain 88.9% of the variance in Marketing Performance, while the remaining 11.1% is influenced by other factors not included in this study.

4.2.4. Mediation Test

Three possible scenarios can occur in mediation analysis: non-mediation, complete, and partial mediation. The bootstrapping test results using SmartPLS 4.0 interpret the indirect effect based on the P-value, where $P > 0.05$ indicates a non-significant effect, while $P < 0.05$ indicates a significant effect.

Table 9. Specific Indirect Effects

Variable	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
OK -> IP -> KP	0.130	0.127	0.039	3.286	0.001
OP -> IP -> KP	0.243	0.236	0.066	3.697	0.000

- Product Innovation mediates the effect of Entrepreneurial Orientation on Marketing Performance. Table 9 indicates that the coefficient of Entrepreneurial Orientation on Marketing Performance shows a negative relationship ($P\text{-value} = 0.526 > 0.05$). Meanwhile, Table 9 reveals that the indirect effect of Entrepreneurial Orientation on Marketing Performance, mediated by Product Innovation, exhibits a positive relationship ($P\text{-value} = 0.001 < 0.05$), classifying it as Full Mediation.
- Product Innovation mediates the effect of Market Orientation on Marketing Performance. Table 9 shows that the coefficient of Market Orientation on Marketing Performance has a positive relationship ($P\text{ value} = 0.000 < 0.05$). Additionally, Table 9 indicates that the indirect effect of Market Orientation on Marketing Performance, mediated by Product Innovation, also has a positive relationship ($P\text{ value} = 0.000 < 0.05$), classifying it as Complementary Mediation.

4.2.5. Hypothesis Test

In hypothesis testing, T-statistics and P-values are analyzed to determine the significance of relationships. A hypothesis is accepted if the P-value is less than 0.05. The Path Coefficient values, obtained through the Bootstrapping technique using SmartPLS 4.0, are presented below.

Table 10. Path Coefisien

Variable	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
IP -> KP	0.365	0.356	0.100	3.663	0.000
OK -> IP	0.354	0.354	0.036	9.715	0.000
OK -> KP	-0.029	-0.027	0.045	0.634	0.526

Variable	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
OP -> IP	0.664	0.664	0.038	17.682	0.000
OP -> KP	0.617	0.624	0.083	7.401	0.000

1. The Effect of Product Innovation on Marketing Performance (H1)

Product innovation involves developing or improving products, processes, or systems that deliver new and significant value. As shown in Table 10, the coefficient value (0.365), T-statistics (3.663 > 1.655), and P-value (0.000 < 0.05) confirm that H1 is accepted, indicating that marketing performance is significantly influenced by product innovation.

2. Effect of Entrepreneurial Orientation on Product Innovation (H2)

Entrepreneurial orientation reflects how individuals or organizations think, behave, and make decisions in developing and managing businesses innovatively and proactively. As shown in Table 10, the coefficient value (0.354), T-statistics (9.715 > 1.655), and P-value (0.000 < 0.05) confirm that H2 is accepted, indicating that product innovation is significantly influenced by entrepreneurial orientation.

3. The Effect of Entrepreneurial Orientation on Marketing Performance (H3)

Entrepreneurial orientation focuses on innovation, risk-taking, and opportunity-seeking in the entrepreneurial process. Covin and Slevin (1989) emphasize that this orientation can enhance a firm's competitive advantage. However, as shown in Table 10, the coefficient value (-0.029), T-statistics (0.634 < 1.655), and P-value (0.526 > 0.05) indicate that H3 is rejected, meaning entrepreneurial orientation does not have a significant effect on marketing performance.

4. The Effect of Market Orientation on Product Innovation (H4)

Market orientation is a business approach that focuses on understanding and responding to customer needs. As shown in Table 10, the coefficient value (0.664), T-statistics (17.682 > 1.655), and P-value (0.000 < 0.05) indicate that H4 is accepted, meaning that market orientation significantly influences product innovation.

5. The Effect of Market Orientation on Marketing Performance (H5)

Market orientation prioritizes customer needs and preferences as a key marketing strategy. As shown in Table 10, the coefficient value (0.617), T-statistics (7.401 > 1.655), and P-value (0.000 < 0.05) indicate that H5 is accepted, meaning that market orientation significantly influences marketing performance.

4.3. Discussion

4.3.1. The Effect of Product Innovation on Marketing Performance

Product innovation involves developing and utilizing skills and experience to create or improve products (goods or services), processes, or systems that provide new and significant value to update, change, or make product processes more effective. This study found that product innovation positively and significantly impacts marketing performance among rattan artisans in Jepara, aligning with the research of Khalid (2019) and Fahroji (2020), which states that product innovation significantly enhances marketing performance. Furthermore, field findings reveal that rattan artisans in Jepara enhance product innovation through effective customer interactions to boost sales. For instance, artisans have developed modern and attractive product designs to meet consumer preferences better, making customers feel valued. This suggests that a higher level of product innovation increases the ability to improve marketing effectiveness and achieve sales targets.

4.3.2. Effect of Entrepreneurial Orientation on Product Innovation

Entrepreneurial orientation is a concept that describes a unique way of thinking, acting, and making decisions for individuals or organizations with the passion and ability to develop and manage businesses innovatively and proactively. This study found that entrepreneurial orientation positively and significantly impacts product innovation among rattan artisans in Jepara. This aligns with research by Rachmawati (2020) and Yusof (2019), stating that entrepreneurial orientation significantly enhances product innovation. Additionally, field findings indicate that rattan artisans in Jepara demonstrate the ability to take risks. For instance, artisans willing to experiment with new products or enter new markets can uncover unexpected opportunities, which may contribute to business growth and sustainability. This suggests that companies with a high entrepreneurial orientation are more likely to innovate and develop new products.

4.3.3. The Effect of Entrepreneurial Orientation on Marketing Performance

Entrepreneurial orientation is a framework that describes individuals' or organizations' attitudes, behaviors, and approaches when starting and managing new businesses, emphasizing innovation, risk-taking, and a focus on opportunities. This study found that entrepreneurial orientation has a negative and insignificant impact on marketing performance among rattan artisans in Jepara. This aligns with Khan's (2020) and Gonzalez's (2019) research, indicating that entrepreneurial orientation does not significantly affect marketing performance. Additionally, field findings suggest that entrepreneurial orientation can lead to ineffective marketing strategies without a solid market understanding among rattan artisans in Jepara. For instance, rattan artisans who focus on expanding into international markets without considering local market needs have experienced sales fluctuations. This suggests that when not aligned with market insights, the entrepreneurial approach and mindset have little or no meaningful impact on marketing performance.

4.3.4. The Effect of Market Orientation on Product Innovation

Market orientation is a marketing and management approach that emphasizes the importance of product development and improvement as key drivers of customer satisfaction and business success. It focuses on product features, quality, and innovation that meet or exceed consumer expectations. This study found that market orientation positively and significantly impacts product innovation among rattan artisans in Jepara, aligning with research by Kumar (2022) and Lee (2023), indicating that market orientation significantly influences product innovation. Additionally, field findings show that rattan artisans in Jepara actively gather information about customer needs and preferences to create more relevant and innovative products that align with market demands. This suggests that a higher level of understanding and management of market-oriented practices within an organization increases the likelihood of artisans developing innovations that improve their products' quality, attractiveness, or functionality.

4.3.5. The Effect of Market Orientation on Marketing Performance

Market orientation is a marketing management concept emphasizing product development and quality as the key strategy to dominate the market. This study found that market orientation positively and significantly impacts marketing performance among rattan artisans in Jepara. This aligns with research by Al-Khalifa (2023) and Nguyen (2022), which state that market orientation significantly enhances marketing performance. Additionally, field findings indicate that rattan artisans in Jepara tend to be more innovative when creating new products. For example, customer feedback is a foundation for innovation, enabling artisans to introduce new designs and functions that appeal to consumers. This, in turn, enhances the competitiveness of rattan products in both local and international markets. This suggests that the higher the quality, features, and value of the product, the more significantly it influences the ability of rattan artisans to market their products effectively.

4.3.6. Product Innovation mediates the effect of Entrepreneurial Orientation on Marketing Performance

There is a significant positive indirect effect of entrepreneurial orientation on marketing performance through product innovation, as shown by the Specific Indirect Effects in Table 9. The results indicate that product innovation mediates between entrepreneurial orientation and marketing performance. Business owners can implement more effective marketing strategies when they have product innovation, ultimately improving overall marketing performance. In the context of rattan handicrafts in Jepara Regency, entrepreneurial orientation plays a crucial role in the success of artisans by driving product innovation. This has led to significant growth in the creative industry, particularly in rattan products such as furniture, tables, chairs, and other crafts. Entrepreneurial orientation helps artisans better understand customer preferences, motivating them to create products that meet local market demands. These findings align with research by Warmadewa (2020), which highlights that a strong entrepreneurial orientation greatly enhances marketing performance by fostering product innovation. Rattan artisans can achieve product innovation by gaining a deeper understanding of customer needs through entrepreneurial orientation.

4.3.7. The Effect of Market Orientation on Marketing Performance Mediated by Product Innovation.

Market orientation has a significant positive indirect effect on marketing performance through product innovation, as shown by the Specific Indirect Effects in Table 9. These results highlight the statistical value (p-value) for the impact of product innovation as a mediating variable between market orientation and marketing performance. Rattan artisans can implement more effective and efficient marketing strategies focusing on product innovation, ultimately enhancing their overall marketing performance. In Jepara Regency, market orientation is crucial in influencing marketing performance through product innovation. This is particularly important as many artisans still rely on traditional methods for production and marketing, highlighting the need for training and support to adopt more efficient systems. Market orientation enables artisans to understand customer preferences better, motivating them to produce products that align with local market demands, such as handmade crafts, tables, chairs, rattan furniture, and other rattan products. These findings are consistent with research by Haryanto and Widyantara (2017), which emphasizes that market orientation positively affects marketing performance, with product innovation playing a key role in strengthening this relationship. The greater the level of product innovation, the more significant its impact on improving marketing performance.

V. Conclusion

This study examines the impact of entrepreneurial and market orientation on marketing performance, explicitly focusing on rattan artisans in Jepara. The results show that entrepreneurial orientation does not directly improve marketing performance (H3 was rejected). However, entrepreneurial orientation significantly enhances marketing outcomes when mediated by product innovation. These findings are consistent with previous research that highlights the importance of innovation as a key driver of business performance, especially for small and medium-sized enterprises (SMEs) (Hughes & Morgan, 2007; Hult et al., 2004). These findings are particularly relevant for MSMEs in the rattan handicraft and furniture industry, suggesting several product innovations. By utilizing local raw materials and traditional hand-crafted techniques, artisans can create products that are not only functional but also aesthetically appealing. Adopting an innovation-driven strategy can enhance competitiveness, especially in global markets where unique craftsmanship is highly valued (Najafi-Tavani et al., 2018). Future research should explore additional mediating variables, such as digital marketing strategies or brand positioning, to better understand the relationship between entrepreneurial orientation and marketing performance. Expanding the research scope to include e-commerce and online branding could provide valuable insights into how digital platforms impact market reach and sales performance for rattan-based SMEs.

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