

The Mediation Role of Trust from Past Experience on Market Orientation and MSME Performance: A Quantive Study During the Covid-19 Pandemic in Indonesia

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ABSTRACT

This research investigates the impact of market orientation on MSME performance with attention to the mediating role of trust in past experiences. The connection was examined using CB-SEM with a sample of 267 MSME managers in Indonesia, with a structured questionnaire design on a 7-point Likert scale. The finding of this research is that trust in past experience has a crucial role in improving the connection between market orientation and MSME performance. By listening to the success of previous transactions, consumers are going to be more confident to shop for these MSME products, which needless to say will affect increasing MSME performance in terms of total sales.

Keywords: Indonesia, Market Orientation, MSME Performance, Trust from Past Experience

JEL Classification: L26, M31, M37

INTRODUCTION

Market orientation is that the behavior of an entrepreneur who prioritizes customer needs as a key think about selling (Kepramareni & Pradnyawati, 2021). By listening to customers, then we will understand what sort of product quality is desired? how is that the development desired by customers? (Rihayana, Salain, & Rismawan, 2021; Singh et al., 2021), is that the asking price of the products offered equivalent because of the quality they have? the way to place customers as "Kings" so that they will become satisfied and loyal? (Mishra & Bekuretsion, 2020; Puspitawati & Atmaja, 2021), These various questions in theory will ask the market orientation that has got to be owned by entrepreneurs. Then the straightforward question is whether or not the appliance of market orientation can improve business performance?

Simply and logically, the business performance of SMEs is claimed to be good, if there's a growth in sales if there's a rise in operating income if there's a rise within the number of business units if there's a rise in company assets if there's a rise within the number of employees and various other improvements (Riwukore, Susanto, Pilkandis, & Habaora, 2021). However, returning to the initial question, does market orientation have a big effect on improving business performance for MSMEs?

LITERATURE REVIEW

A study conducted by (Modi & Sahi, 2017), explores the connection between market orientation and internal market orientation. A sample of 370 nonprofit organizations was analyzed using structural equation modeling. This study found that market orientation works through internal market orientation to get the specified results. Internal market orientation doesn't offer direct performance benefits but mediates the effect of market orientation.

Studies conducted to research the connection between learning orientation, market orientation, human resource practices, and innovation and their relationship to organizational performance are conducted by (Mavondo, Chimhanzi, & Stewart, 2005). The study wanted to demonstrate that human resource practices and innovation are important mechanisms for transmitting the advantages of learning orientation and market orientation into performance outcomes. The findings of this study are learning orientation and market orientation are during a more important position than innovation. additionally, learning orientation should be seen as exploration while market orientation is that the interface between exploration and exploitation, and human resource practices and innovation should be viewed as a matter of exploitation or implementation in operational activities within the company.

RESEARCH METHOD

The connection was examined using CB-SEM with a sample of 267 MSME managers in Indonesia, with a structured questionnaire design on a 7-point Likert scale. This research chose the situation within the province of West Kalimantan because this province is one among three provinces in Indonesia that features a direct land border with a neighboring country (Malaysia), this may open up great potential in terms of exporting products produced by MSMEs. West Kalimantan is that the third-largest province in Indonesia (147 thousand km²), making this province may be a worthy choice for research in terms of trade and economic activity, especially to work out the role of MSMEs in utilizing the potential of their natural resources.

RESULTS

The output results show that market orientation features a significant negative effect on past experience, which suggests that the upper the market orientation, the lower the experience from the past (beginners), also as past experience has no effect on performance, and market orientation doesn't affect on performance. Experience from the past is often explained by a market orientation variable of 31.7%, while performance is often explained by experience from the past and market orientation is merely 7.5%. The direct effect of market orientation on performance is -0.209, the indirect effect of market orientation on performance is -0.053, while the whole effect of market orientation on performance is -0.262. From the difference in numbers between direct and indirect effects, where the number of indirect effects is bigger than the direct effect. Thus, there's a task for the variable "Trust from past experience" in mediating the connection between market orientation and performance.

DISCUSSION

In the digital world (Eriksson, Hermansson, & Jonsson, 2020), we frequently realize e-commerce, testimonials from customers, the whole number of products that are purchased, and therefore the number of stars that are filled in by customers, are the driving factors that trigger consumers to have an interest in buying the products or services that we provide if there's a way of satisfaction, it's expected that buyers will come to shop for, to make loyal behavior from consumers and to become regular customers (Aryani et al., 2021; Li, Lin, Turel, Liu, & Luo, 2020; Yuliasuti, Kepramareni, Sugiantari, Giri, & Putra, 2021). Related to market orientation, entrepreneurs are certainly required to possess an orientation to focus on every need that the market wants.

Simply, entrepreneurs prepare various consumer needs at affordable prices, with the simplest quality and consistent with consumer desires (Jian et al., 2021; Singh et al., 2021). the variability of products they need, attractive packaging, responsive after-sales service, and friendliness when complaints occur, are an absolute choice for MSME owners to be sensitive and have high responsibility. So, the author interprets the term market orientation as a sort of awareness from entrepreneurs to be ready to quickly understand various consumer needs, various consumer problems and accept various suggestions and criticisms from consumers, to be ready to create loyal and satisfied customers (Tandon, Kiran, & Sah, 2017), which successively will have an impression on consumers. improvement of business performance.

CONCLUSION

In this conclusion, the author tries to supply a perspective from the religious side, which refers to the Holy Qur'an, which emphasizes the character of honesty in trading. Al-Qur'an Surah Al-Isra' verse 35: And complete the measure once you measure and weigh with the proper scales. that's more important (for you) and better as a result. Al-Qur'an Surah Asy-Syu'ara' verse 181-183: Complete the measure and don't harm others, and weigh with the proper scales, and don't harm people by reducing their rights and don't cause damage on earth.

If it's regarding e-commerce trading activities administered using the Marketplace platform (Maier & Wieringa, 2020), consumers can easily see which sellers are honest and which aren't. Consistent with the author, there must be in any case four sorts of suitability that have got to be applied by business actors, when displaying their products in their stalls or storefronts online. (1) The suitability of the products sent with

the order, (2) the suitability of the outline of the products with the particular situation, (3) the suitability of the merchandise image display, with the particular situation, and lastly (4) the suitability of the worth sold, with the standard of the merchandise. With the appliance of those four sorts of conformity, the authors believe, the potential for increasing sales performance, slowly but surely, will still grow and develop. Because trading by applying the principle of what's ordered by consumers, an equivalent as what's sold by merchants, with a dose or weight that's following the order and specifications that are by the order, will bring great trust from consumers. By emphasizing honesty and without harming consumers, the connection between market orientation and performance becomes stronger, mediated by 'trust in past experience'.

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DECLARATION OF CONFLICTING INTERESTS

I declare that there are no issues and no conflicts of interest associated with this research paper and I declare responsibility if it occurs.

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