Martapura Beads MSME Performance: Product Innovation and Market Orientation

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ABSTRACT

Bead craft MSMEs in East Martapura face challenges in competing with other products in a dynamic market, as well as in meeting changing consumer preferences. Product innovation carried out by craftsmen is by paying attention to product quality, product variants, and product design. Meanwhile, in market orientation, craftsmen are customer-oriented, competitor-oriented, and coordinate between functions both with fellow employees and employees with their superiors. This study aims to analyze the influence of product innovation and market orientation on the performance of MSME bead crafts in East Martapura. The method used in this study is a quantitative method with a survey approach, where data is collected through questionnaires distributed to MSME bead craftsmen. The research population is MSME bead craftsmen in East Martapura, with a saturated sampling technique that covers all members of the population. Data analysis was conducted using multiple linear regression to determine the relationship between product innovation and market orientation on MSME performance. The results of the study indicate that product innovation has a positive and significant effect on MSME performance, indicating that developing quality and varied products can increase the attractiveness and sales of MSMEs. Conversely, market orientation has a negative effect on performance, indicating that excessive focus on market trends without considering internal stability can have a detrimental impact on MSMEs. The implications of this study highlight the importance of continuous product innovation and wise market orientation to maintain optimal MSME performance.

Keywords: MSMEs, product innovation, market orientation, MSME performance, bead crafts.

1. INTRODUCTION

According to Sumiati (2015), SMEs in a country hold important control over economic balance due to their resilience in adapting to economic shocks through income stability and job creation. Small and medium enterprises (SMEs) are defined by Halim (2020) as companies that earn a living by relying on local resources, skills, and traditional arts as their main raw materials. Meanwhile, micro, small, and medium enterprises (MSMEs) are an integral part of productive businesses that are developed independently and operated by people or organizations in all economic disciplines.

According to Febrianti & Herbert (2022), performance reflects the condition of the company from its activities in a certain period and is the income or achievements that are affected by the company's operational activities. According to Kristinae, Sambung, & Sahay (2019), business performance is an achievement created by business activities and is profitable for the business. According to Taufiq & Prihatni (2020), MSME performance is a form of assessment measure for something produced by MSMEs in a period of time with a predetermined standard assessment. Based on the explanation above, it can be concluded that MSMEs are productive businesses that are self-built and driven by individuals that produce goods and services using natural resources, talents, and traditional arts from the region itself.

MSME owners, especially those operating in the craft sector, are now, of course, always paying attention to the performance of their MSMEs. MSMEs, which are implemented, are expected to be able to compete and even exceed their competitors. Innovation is one factor that can influence company success.

There are many types of innovation. One type of innovation that can have an influence on the performance of MSMEs is product innovation. According to Sulaeman (2018), product innovation is a factor that can be seen as increasing product use, which can push goods to the forefront of their competitors' offerings as long as the product has advantages that are considered attractive to customers. According to Kotler & Armstrong (2018), product innovation is the process of developing creative ideas and turning them into useful products. According to Lapian, Massie, & Ogi (2016), product innovation is a new discovery that is different from existing ones. One form of product innovation is the creation of new products. These new products include original products, developed products, updated products, and new brands that are expanded through research and development efforts (Haryono & Marniyati, 2018). According to

research by Faidah & Said (2017), it shows that people who are able to innovate can increase sales value and expand market share. According to research by Sudirwo et al. (2021), product innovation combined with interactive digital marketing can increase customer engagement and create a more personalized shopping experience.

Apart from product innovation, which can have an impact on MSME performance, market orientation is also something that can have an influence on MSMEs too. According to Andika (2019), market orientation is the skill of small business actors in collecting information about the market and the growth that is occurring and making responses regarding that data as a business scheme. Market orientation is an inspiration for companies to implement innovative methods and also becomes a reliability to compete to grow the performance of a business for the better. Market orientation can enable companies to succeed in adapting to environmental changes. Market orientation is also an important factor in making companies understand the basics and needs required by the market (Hamel & Wijaya, 2020). According to Andika (2019), market orientation is the skill of small business actors in collecting information about the market and the growth that is occurring and making responses regarding that data as a business scheme. According to Silviasih, Slamet, & Iskandar (2016), market orientation is a process of obtaining, disseminating, and applying news to meet buyers' needs and find out the activities of rivals. Market orientation is a company culture that takes the perspective of buyer orientation, rival orientation, and coordination between functions (Lapian et al., 2016). According to Supriyanto et al. (2020), whose research highlights the importance of differentiation strategies in creating competitive advantage, market orientation can be seen as a key factor in building the competitiveness of a business. A strong market orientation allows companies to understand consumer needs, analyze competitors, and develop effective differentiation strategies.

Table 1. Recapitulation of MSME Data Development in Banjar Regency for The Period 2020-2022

Type of Business	2022	2023	2024
Micro	6.364	6.364	5.159

Source: One Banjar Regency Data, Banjar Regency Government, 2025

MSMEs have now become an important economic driver for Indonesia. This can be seen from its mushrooming MSMEs, who are in Indonesia. However, in Table 1 above in the Martapura area, including In East Martapura District, MSME growth from 2022 to 2024 has actually decreased. This can be seen from the stagnant growth of MSMEs from 2022 to 2023, and in 2023-2024, there is actually a decline in microbusinesses. Even though MSMEs themselves are one of the important pillars for the economy in Indonesia.

The problems faced by the Martapura area could be due to a lack of socialization and guidance from the local government towards residents regarding the benefits and advantages for the residents themselves to build their own MSMEs, and the government from Banjar Regency can provide guidance for its residents, such as providing training for its Human Resources (HR), the existence of infrastructure that provides halal permit certificates, and the existence of MSMEs that are followed into bazaars, which aim to be promotional media. MSMEs included in this activity are provided with capital by the local department so that the participating residents can find it easier and be more enthusiastic in advancing their own MSMEs.

Table 2. Data on Beads MSMEs in Banjar Regency

Subdistrict	Number of MSMEs
Astambul	4
Cintapuri Darussalam	5
Karang Intan	1
Martapura	17
West Martapura	100
East Martapura	63
Mataraman	10
Tabuk River	10
Total	**210**

Source: Department of Cooperatives, Small, Medium Enterprises, Trade and Industry, Banjar Regency, 2025

For bead MSMEs in Banjar Regency alone (Table 2), there are 210 MSMEs and as many as 63 bead craft MSMEs in the East Martapura area based on data from the Department of Cooperatives, Small, Medium Enterprises, Trade and Industry (DKUKMPP) Banjar Regency. A total of 10 bead craftsmen in the East Martapura area were interviewed directly by the author to ask about problems with product innovation, market orientation, and MSME performance of these bead craftsmen.

The results of interviews conducted by the author are that the performance of MSMEs from these bead craftsmen has increased. This can be seen from the growth in sales, which can be seen from the large number of requests for the production of beaded craft goods from customers; the growth in capital, which can be seen from the increase in production equipment from these craftsmen; and the growth in the market, which can be seen from the presence of customers who come from outside South Kalimantan. There is an increase in performance MSMEs. This is because these MSME craftsmen have carried out product innovation and market orientation towards their MSMEs.

In terms of product innovation, craftsmen maintain the quality of their products. This means that the craftsman makes products that have good durability. What is meant by having good durability is that the product has a long service life. This product can have a long service life due to re-checking after production before the product is marketed. This can certainly minimize the presence of defective products when marketed. Then craftsmen produce bead crafts with a wide variety of products. This can be seen in the many types of products made with these beads, such as clothes, traditional hats, arguci, calligraphy, necklaces, bracelets, and many other kinds of crafts made from these beads. And the last one is product design. This is seen from designing bead craft products efficiently. What is meant by efficient is designing bead craft products while maintaining low costs. And designing beaded products to be functional. What is meant by functional is that it has use value, such as producing goods such as tissue boxes, glass lids, and many more.

In terms of market orientation, craftsmen produce products according to the needs desired by consumers. For example, one of the craftsmen has increased his production of wallets with Kaltim motifs due to the large number of orders from shops in East Kalimantan. Then craftsmen also receive opinions from consumers. This can be seen by listening to criticism and suggestions from consumers regarding the products being made so that in the future the products produced can be even better. Then craftsmen are also oriented towards competitors. This can be seen by paying attention to competitors' actions in marketing their products. For example, there is one bead craftsman who also produces arguci from beads because other craftsmen also produce arguci.

This research chooses MSMEs Beads in East Martapura as the subject. Observing this phenomenon, the author wants to evaluate the extent to which product innovation and market orientation influence the performance of MSMEs. Therefore, this research problem focuses on (1) whether there is a significant influence of product innovation on performance MSMEs beads in East Martapura and (2) whether there is a significant influence of market orientation on performance MSMEs beads in East Martapura.

RESEARCH METHODS

The population in this study was craftsmen MSMEs in the East Martapura area. According to the latest data from the Department of Cooperatives, Small, Medium Enterprises, Trade and Industry (DKUKMPP), Banjar Regency has 63 MSMEs and bead craftsmen in the East Martapura area. In this research, the author took 52 respondents. The sampling technique used by the author in this research used saturated samples.

The collected data is processed and analyzed using descriptive statistical analysis to compare research variable indicators. Next, the author carried out validity and reliability tests to see whether the variables used were appropriate and reliable. The author then carried out a normality test based on the One Sample Kolmogorov-Smirnov test. Next, the author carried out a multicollinearity test to test whether or not there was a high correlation between the independent variables in a multiple linear regression model. After that, the author carried out a heteroscedasticity test, which aims to test whether in the regression model there is inequality in the variance and residuals from one observation to another. If the variance of the residuals from one observation to another is constant, then it is called homoscedasticity, and if it is different, it is called heteroscedasticity (Ghozali, 2018).

Next, the author carried out a linearity test to see whether the model specifications used were correct or not and to find out whether the two variables had a linear or not significant relationship, which was used in an empirical study in linear, quadratic, or cubic form (Ghozali, 2018). After that, the author carried out multiple linear regression analysis to determine the relationship between the independent variable and the dependent variable. Whether each independent variable is positively or negatively related and to predict the value of the dependent variable if the value of the independent variable increases or decreases. Next, the coefficient of determination is carried out to measure how far the model's ability is to explain variations in the dependent variable (Ghozali, 2018). After that, the F test and T test were carried out to see whether the model being analyzed had a high level of model suitability and how much influence an individual independent had in explaining variations in the dependent variable (Ghozali, 2018).

RESULTS AND DISCUSSIONS

Respondent characteristics, the majority of bead craftsmen in East Martapura are over 40 years old with a frequency of 33 respondents (63.5%), while respondents aged 31-40 years number 19 people (36.5%). This data shows that the majority of artisans are individuals who have extensive experience in this industry. This long experience becomes a valuable asset in maintaining skills and product quality, as supported by Anggraeni's (2017) research, which states that as a person ages, their knowledge and skills also expand. In the bead craft industry, these skills not only encompass production techniques but also an understanding of market tastes and adaptation to evolving trends.

In addition, female respondents dominated with a total of 48 people (92.3%), while male respondents only numbered 4 people (7.7%). The dominance of women in this sector aligns with the Global Entrepreneurship Monitor (GEM) report, which states that around 126 million women worldwide run businesses and 98 million women actively operate their enterprises (Astuti, 2021).

The majority of respondents have a high school education (67.3%), while the remaining 32.7% only reached the junior high school level. The level of education has a significant impact on the performance of MSMEs, as explained in the research by Putri & Marwan (2023), that the higher someone's level of education, the better their understanding of business strategies and management. Higher education enables artisans to adapt more quickly to changing market trends, leverage technology in marketing, and implement a wider variety of product innovations.

Table 3. Validity Test Results

Statement Items	r value	R table	P-Value	Results
X1.1	0.727	0.2353	0.000	Valid
X1.2	0.688	0.2353	0.000	Valid
X1.3	0.766	0.2353	0.000	Valid
X1.4	0.786	0.2353	0.000	Valid
X1.5	0.608	0.2353	0.000	Valid
X1.6	0.630	0.2353	0.000	Valid
X2.1	0.494	0.2353	0.000	Valid
X2.2	0.580	0.2353	0.000	Valid
X2.3	0.671	0.2353	0.000	Valid
X2.4	0.615	0.2353	0.000	Valid
X2.5	0.776	0.2353	0.000	Valid
X2.6	0.667	0.2353	0.000	Valid
Y.1	0.867	0.2353	0.000	Valid
Y.2	0.454	0.2353	0.001	Valid
Y.3	0.797	0.2353	0.000	Valid
Y.4	0.804	0.2353	0.000	Valid
Y.5	0.557	0.2353	0.000	Valid
Y.6	0.460	0.2353	0.001	Valid

The validity test in Table 3 shows that all question items have an r-value greater than the r-table (0.2353) with a significance level below 0.05, which confirms that the instrument used in this research is valid. For example, item X1.1 has an r-count of 0.727 with a p-value of 0.000, indicating that the item is valid and able to measure the concept in question.

Table 4. Realibility Test Results

Variables	Cronbach's Alpha	Results
X1	0.794	Reliable
X2	0.702	Reliable
Y	0.752	Reliable

The results of the reliability test shown in Table 4 with the Cronbach's Alpha coefficient indicate good results for all variables, with a Cronbach's Alpha value of 0.794 for X1, 0.702 for X2, and 0.752 for Y. These results indicate that the instruments used are reliable because all variables have values above 0.70, which signifies that the instruments are consistent in measuring the desired variables.

Table 5. Normality Test Results

Kolmogorov-Smirnov normality test	P-Value
Asymp. Sig. (2-tailed)	0.200

Based on the Kolmogorov-Smirnov normality test, a p-value of 0.200 was obtained, which is greater than 0.05. This in Table 5 shows that the data is normally distributed, so the normality assumption is met and the model can proceed to regression analysis.

Table 6. Multicollinearity & Heteroscedasticity Test Results

Variables	Tolerance	VIF	Sig.
C			0.639
X1	0.998	1.002	0.839
X2	0.998	1.002	0.733

The multicollinearity test in Table 6 shows that the value of the Variance Inflation Factor (VIF) for variables X1 and X2 is 1. This shows that there is no multicollinearity problem between the independent variables.

The results of the heteroscedasticity analysis in Table 6 show that the significance values for variables X1 and X2 are 0.839 and 0.733 respectively. Because all these values are greater than 0.05, it can be concluded that there is no heteroscedasticity problem. This means that the residual variability in the regression model is constant, so the model can be trusted to produce results information which is accurate.

Table 7. Linearity Test Results

	P-Value X1	P-Value X2
Linearity	0.000	0.000

The results of the linearity test in Table 7 show a linearity significance value of 0.000 for variables X1 and X2, which is smaller than 0.05. This shows that the relationship between the independent and dependent variables is linear, so the regression model used is appropriate and meets the linearity assumption.

Table 8. Coefficient of Determination & F Test Results

R Square	Adjusted R Square	F-count	F
0.412	0.388	17.146	0.000

The coefficient of determination test results in Table 8 show an R² value of 0.412, with an adjusted R-square value of 0.388. This means that around 41.2% of the variation in the dependent variable (MSME performance) can be explained by the independent variables (product innovation and market orientation), while the remaining 58.8% is influenced by other factors not included in this model.

In the F test in Table 8 show, the calculated F value was 17.146 with a significance of 0.000. Because this significant value is smaller than 0.05, the regression model used is considered feasible and statistically significant for predicting the dependent variable based on the existing independent variables. Thus, this model can be used to explain the combined influence of product innovation and market orientation on MSME performance.

Table 9. T Test Results

	Coefficient	t-count	Sig.
C	23.594	11.456	0.000
X1	0.259	4.631	0.000
X2	-0.172	-3.396	0.001

The t-test in Table 9 shows that the product innovation variable (X1) has a t-count of 4.631 with a significance of 0.000, indicating that this variable has a significant effect on the performance of MSMEs. On the other hand, the market orientation variable (X2) has a t-count of -3.396 with a significance of 0.001, which is also significant but shows a negative direction. This means that, partially, product innovation has a positive and significant effect on MSME performance, while market orientation has a negative and significant effect on performance.

CONCLUSION

Based on the results of the analysis in this research, the following two things can be concluded, the Influence of Product Innovation on MSME Performance. Based on research results, product innovation has a positive and significant influence on the performance of bead craft MSMEs in East Martapura. MSMEs that implement innovation in quality, design, and product variety experience an increase in sales and market expansion. These findings indicate that product innovation can strengthen the competitiveness of MSMEs by creating value-added products in line with consumer preferences.

The Influence of Market Orientation on MSME Performance. The results of the analysis show that market orientation has a negative influence on MSME performance. High dependence on market dynamics and rapid changes in trends actually weakens business stability, especially for MSMEs that have limited resources. MSMEs that focus too much on market demand often face challenges in maintaining consistent quality, which ultimately has a negative impact on their performance.

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