

The Influence of Market Orientation on Sales Performance Mediated by Innovation

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Abstract. Marketing innovation is strengthened by commitment in service so as to improve marketing performance. Commitment to create products that are useful and in accordance with consumer desires. This research uses quantitative methods, collected through Google forms. The sample consists of 100 salesmen. Data were analyzed using SmartPLS 4.0. The results show that market orientation has a positive and significant effect on innovation and network capabilities to customers. Innovation has a positive and significant effect on market performance, while network capability has a small and insignificant effect. This is due to the lack of experience of salespeople in building relationships with partners and customers. This ability is the company's competitive resource. A limitation of our study is the sample size. Future studies can explore in more depth by utilizing a larger sample.

Keywords: Market Orientation, Innovation, Sales Performance.

1 Introduction

Market orientation is a business approach that focuses on the needs and desires of customers as the center of the company's attention. This concept views customers as the main resource for the company and places customer interests as the top priority in business decision making. [1] Market orientation is the process by which a company generates, disseminates, and effectively responds to the requirements and preferences of its existing and potential customers. By understanding customers, organizations can tailor their products and services to meet market demands, as well as find new business opportunities.

In the context of market orientation, the Resource-Based View RBV states that companies that have the resources and capabilities enabling them to be market orientatiton will have a greater competitive advantage. In addition, RBV in terms of sales performance states that resources and capabilities to support the company's sales performance must have quality services to meet customer needs and improve sales performance [2]. Sales in the company must have strong sales skills to sell their products and services effectively. In addition, to reach customers efficiently the company must have an effective distribution network .

For older organizations, a responsive competitor orientation has a beneficial effect on learning orientation, but for younger firms, it has a somewhat negative effect [3]. [4] This is show that salespeople are able to directly influence the process of developing new products. The study's main subject, has not showing the market-oriented salespeople's contribution to the company's innovation process. However, it's received much attention from previous studies. The two qualitatively different stages of the innovation process, creativity, or idea production, and implementation are acknowledged by researchers [5].

2 Literature Review and Hypothesis Model

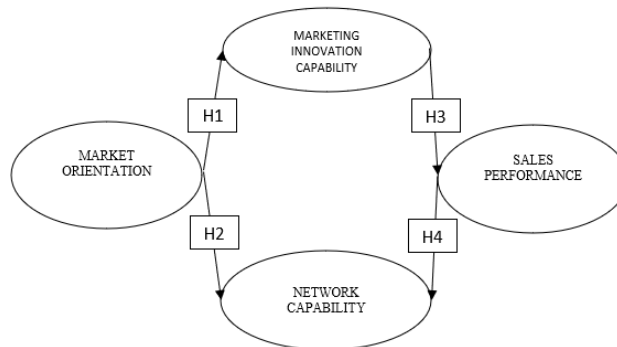


Figure 1. Conceptual model

1. Effect of Market Orientation on Innovation on Marketing performance

RBV contends that it is a driver of competitive advantage and that preparedness is crucial, because intellectual capital can integrate ideas from both inside and outside the firm. As a result, in order to implement a global market orientation strategy effectively and to spur open innovation to enhance performance, businesses must be prepared intellectually. Despite this, earlier researchers only looked at a portion of the connection between strategy, performance, intellectual capital, and open innovation [11,15-17]. Financial Literacy is the ability to comprehend finances and apply it to both individual and group financial management is known. Knowledge regarding money that are applied to achieving welfare.

The importance of relationships in today's complex and dynamic environment is critical if we are to understand firm success. As firms learn relationship skills they collaborate, such as how to leverage existing relationships to build new ones [6].

H1: "Market orientation has a positive and significant effect on capability innovation in cellphone sales in Surakarta".

H2: "Market orientation has a positive and significant effect on relationship capabilities in cellphone sales in Surakarta".

2. The effect of capability innovation on marketing performance in mobile phone sales in Surakarta

Value innovation capability is regarded as an that has value for businesses in order not just to maintain but also provide more competitive products as well as to implement overall strategies. VIC has the potential to drive business improvement by upholding the company's core values, which include awarding reward points for each transaction. Strengthening the former rather than the latter is therefore didn't considered as a strategical choice anymore but rather as a requirement for firms, so that they can resolve the market competition. Performance and innovation capability are directly correlated, as the literature has extensively shown [7]. This relationship stems from the fact that innovation capabilities necessitate two things: (1) putting in place isolation measures that lessen the likelihood that a firm's sources of competitive advantage will be copied by outside parties, and (2) improving the relevant between developed product and service, environmental factors, and market conditions [8].

H3: "Capability innovation is positively and significantly related to marketing performance

in mobile phone sales in Surakarta”.

3. The effect of capability relationship on marketing performance in mobile phone sales in Surakarta

Applying the same logic, we conclude that firms can only be guaranteed to be able to innovatively exploit knowledge generated in a relational context if they have integrated. In advance, exploratory mechanisms and processes that enable this knowledge to be adapted and absorbed, ensuring it's assimilative, integrative, and transformative into knowledge that can be applicable for internal use [9].

H3: “Relationship capabilities are positively and significantly related to marketing performance in cellphone sales in Surakarta”.

4. Innovation has a positive effect on business performance

It is well known that innovation has an impact as a variable of mediation on the relationship between learning orientation and business performance, as demonstrated by the findings of earlier substantiating study. In light of this. The connection between business performance, financial literacy, knowledge competency, and innovation. Financial literacy and the performance of entrepreneurs are significantly correlated.

H4: “Capability innovation mediates market orientation on marketing performance in cellphone sales in Surakarta”.

5. Network capabilities that mediate market orientation on marketing performance of mobile phone sales in Surakarta

The innovation of their ability to develop this network allows the Company to focus and be skillful in choosing partners and market entry opportunities, with it will make them rely more on formal procedural strategies. When relationships are weakened or excessive, companies will study relationships when they collaborate, such as how to utilize existing relationships and build new relationships

H5: network capability mediates market orientation on marketing performance in mobile phone sales in Surakarta.

3. Methodology

This study aims to analyze how important the role of innovation and network deployment is to the marketing performance of mobile phone sales. The theory used in this study uses the Resource-based view (RBV) theoretical framework. If multivariate analysis (correlation or multiple regression) is to be used in this study, then the number of sample members must be at least ten times the number of variables being examined. The sample size used in this study was 20 times the number of variables studied, in accordance with [10] and the analysis employed was multivariate with correlation or multiple regression. The sample is thought to be representative of the entire population and is a portion of the population whose characteristics are to be investigated. SMARTPLS software is used in this study's data analysis procedure. Partial least squares have the advantage of requiring comparatively few samples for analysis; additionally, SMARTPLS is thought to be more powerful since it does not rely on assumptions and can test SEM models with a variety of scales, including ratio, likert, and others. Two models make up PLS-SEM analysis are including an inner model and an outer model [11]

Specific Indirect Effect, Indirect effect analysis will be useful in testing hypotheses that have an effect or indirect effect on a variable that affects the affected or mediated 0.05, so the results are not significant. Which means the intervening variable (mediator variable). It is significant if the P-Value is less than 0.05. In other words, the effect is indirect because

the mediator variable mediates the relationship between an exogenous and an endogenous variable.

The model used in this study is to distribute questionnaires via google form. An interval scale, which is frequently used in the preparation of questionnaires, is combined with a Likert scale format to create the survey. Because the Strongly Agree statement has a “higher” level or preference than Agree and Agree is “higher” than Neutral, the Likert scale is referred to as an interval. Sugiono claims that the Likert scale is used to gauge people’s attitudes, perceptions, and opinions about social phenomena that are currently in existence.

4. Result and Discussions

Analysis of Data Results

Respondents in this study came from a population of employees who were at least 20 years old. This study's sampling strategy combined a purposive sampling strategy with a non-probability sampling method. Determination of the number of samples refers to the standard Structural Equation Model analysis, so the number of samples determined is 95 respondents. Respondent characteristics consist of gender, age, latest education, occupation, frequency in one year, and frequency per day. The following table shows these data is in the below:

Table 1. Gender

Gender					
Valid	Men	61	64,2	64,2	64,2
	woman	34	35,8	35,8	100,0
	Total	95	100,0	100,0	

Table 2. Age

AGE					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-30 Th	80	84,2	84,2	84,2
	31-40 Th	4	4,2	4,2	88,4
	41-50 Th	11	11,6	11,6	100,0
	Total	95	100,0	100,0	

Table 3. validity test results

	<i>Cronbach Alpha</i>	<i>Composite Reliability (rho_a)</i>	<i>Composite Reliability (rho_c)</i>	<i>Average Variance extracted (AVE)</i>
<i>IN</i>	<i>0,951</i>	<i>0,953</i>	<i>0,961</i>	<i>0,805</i>
<i>MO</i>	<i>0,950</i>	<i>0,951</i>	<i>0,960</i>	<i>0,800</i>
<i>NC</i>	<i>0,943</i>	<i>0,944</i>	<i>0,955</i>	<i>0,780</i>
<i>SP</i>	<i>0,955</i>	<i>0,957</i>	<i>0,964</i>	<i>0,819</i>

This table shows that the value of each indicator is higher from the r-table value of 0.2017 so that it is considered valid. This indicates that the questionnaire's questions are adequately understood by the respondents and that it has been able to accurately and clearly measure its goals.

Reliability Test Results

With SPSS Statistics 25 software, the reliability test is conducted to assess the consistency of the measuring tool by applying the Cronbach's alpha formula. If an indicator's Cronbach's alpha value is greater than 0.6, it is considered reliable. The following table that describes each variable's reliability test results is in the below:

Table 4. reliability tets

	<i>Cronbach Alpha</i>	<i>Composite Reliability (rho_a)</i>	<i>Composite Reliability (rho_c)</i>
<i>IN</i>	<i>0,951</i>	<i>0,953</i>	<i>0,961</i>
<i>MO</i>	<i>0,950</i>	<i>0,951</i>	<i>0,960</i>
<i>NC</i>	<i>0,943</i>	<i>0,944</i>	<i>0,955</i>
<i>SP</i>	<i>0,955</i>	<i>0,957</i>	<i>0,964</i>

Structural Model Evaluation Inner Model

Testing the model's goodness (model fit) and testing hypotheses comprise the structural model evaluation stage (inner model). To perform the model goodness test, the R-square (R2) and Q-square (Q2) values are examined. Testing of hypotheses is in the below:

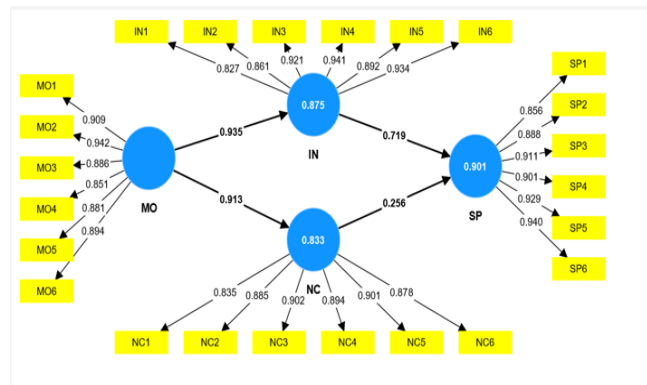


Figure 2. Structural model

Descriptive analysis

Table 5. Outer Loading

	IN	MO	NC	SP
IN1	0.827			
IN2	0.861			
IN3	0.921			
IN4	0.941			
IN5	0.892			
IN6	0.924			
MO1		0.909		
MO2		0.942		
MO3		0.886		
MO4		0.851		
MO5		0.881		
MO6		0.894		
NC1			0.835	
NC2			0.885	
NC3			0.902	
NC4			0.894	
NC5			0.901	
NC6			0.878	
SP1				0.856
SP2				0.888
SP3				0.911
SP4				0.901
SP5				0.929
SP6				0.940

Data analysis begins with building a structural model, then testing the validity and reability of the measurement model (outer model), testing the significance of the relationship between variables (inner model) and categorical moderation test (PLS-MGA) to determine the comparison of variable effects. Based on the conceptual framework that

has been prepared, the structural model in this study is as follows:

Discriminant Validity

The Fornell-Larcker Criterion (FLC) value and cross loadings are commonly used approaches in discriminant validity testing. The FLC value and cross loadings of an indicator on its own latent construct are expected to be greater than the cross loadings on other latent constructs. The table that show the results of discriminant validity testing is in the below:

Table 6. Discriminant Validity

	<i>IN</i>	<i>MO</i>	<i>NC</i>	<i>SP</i>
<i>IN</i>				
<i>MO</i>	0,983			
<i>NC</i>	0,911	0,962		
<i>SP</i>	0,986	0,988	0,922	

This table shows that each indicator has the largest FLC value in its own latent construct compared to the FLC values in other constructs. This clarifies why the study's indicators have strong discriminant validity in defining their respective variables. In addition to the cross loadings value, the Average Variant Extracted (AVE) value provides insight into the discriminant validity test results. An AVE value is required for each latent construct.

Test Model R-Square

Table 8. test R-Square

	<i>R-square</i>	<i>R-square adjusted</i>
<i>IN</i>	0.875	0.873
<i>NC</i>	0.833	0.832
<i>SP</i>	0.901	0.899

This table shows that the endogenous variable IN has an R-square value of 0.875. This figure indicates that the NC and SP variables have an 87.5% predictive power for IN. Moreover, the NC variable's R-square value is 0.833. Apart from the R-Square value, the Q-square value is also utilized to assess the model's goodness of fit; a higher Q-Square value suggests that the structural model provides a better fit for the data.

Value of Relationship Between Variables (direct and indirect effect)

When conducting a hypothesis test, the direction of the relationship between the variables is ascertained using the original sample estimates (O) value; the significance level of the relationship is ascertained using t-statistics (T) and p-values (P). A positive relationship is indicated by an original sample value near +1, and a negative relationship is indicated by a value near -1. A significant relationship between variables is indicated by a p-value less than the significance level higher than 0.05 or a t-statistics value greater than 1.96. The table that displays the findings from the investigation hypothesis's testing is in the below:

Table 9. Test Direct dan indirect effect

	<i>Original Sample</i>	<i>Sample Mean</i>	<i>Standard Deviation</i>	<i>T statistics</i>	<i>P values</i>
<i>MO->NC->SP</i>	0,234	0,225	0,076	3,057	0,002
<i>MO->IN>SP</i>	0,672	0,649	0,0112	6.013	0,000

Based on the table above, the relationship between the study variables can be explained as follows:

1. The effect value of MO variable on NC on SP is 0.2934 with a p-value of 0.002 (<0.05). Thus H1 is accepted, namely market orientation has a positive and significant effect on network capability and on sales performance on marketing performance.
2. The effect value of the MO variable on IN on SP is 0.672 with a p-value of 0.000 (<0.05). Thus H2 is accepted, namely Market orientation has a positive and significant effect on innovation and on sales performance on marketing performance.

This model was tested on two groups of subjects, namely the respondent group. Based on the table, the Multi-Group Analysis (PLS-MGA) results for the two test groups are explained as follows:

1. The path coefficient difference value of the effect of IN on SP is 0.719 with a p-value of 0.000 (<0.05). This means that the effect of IN on SP on cellphone sales has a greater impact. Thus H1 is accepted, that is, there is a significant difference between the effect of Innovation vs Sales Performance on marketing performance.
2. The path coefficient difference value of the effect of MO on IN is 0.935 with a p-value of 0.000 (<0.05). This means that the effect of MO on IN on marketing performance has a greater impact. Thus H2 is accepted, namely that there is a significant difference between the influence of Market orientation vs. Innovation on attitudes towards marketing performance.
3. The path coefficient difference value of the effect of MO on NC is -0.913 with a p-value of 0.000 (>0.05). This means that the relationship between MO and NC variables on marketing performance has a greater impact. Thus H3 is accepted, namely there is a significant difference between the influence of Market Orientation vs. Network Capability on visiting interest.

Discussion

1. The Effect of Innovation on Sales Performance on Marketing Performance

Innovations significantly and favorably impact sponsored marketing performance and sales performance (H1). This conclusion supports the findings of a study on proficiency in developing new products and inventiveness in external relations with [12] also offers a conceptual model that explains how improving new product development capability can improve marketing performance.

2. The Effect of Market Orientation on Innovation on Marketing Performance

Market orientation has a positive and significant effect on Innovation on Marketing Performance. Opinions in his research can also provide an explanation for this finding, namely. This findings indicated that product innovation has a value of (0.000 <0.05) on the effect of competitive advantage; market orientation has a value of (0.045 <0.05) on

marketing performance; and (0.029 <0.05) on competitive advantage. Together, these factors have a positive and significant impact on each other.

3. The Effect of Market Orientation on Network Capability on Marketing Performance

Marketing performance is positively and significantly impacted by market orientation to network capability. The findings indicate that innovation and competitive aggressiveness are important mediators between the production of knowledge and the success of businesses, and that NC has a positive relationship with knowledge creation.

5. Conclusion and Suggestions

Based on the results of research and discussion in the previous chapter, it can be concluded in accordance with the calculations using SMARTPLS 3.2.8 as follows:

- a. There is a positive and significant influence between Innovation variables on Sales Performance. This is due to the lack of innovation so that employees have a less innovative attitude.
- b. There is a positive and significant influence between the Market Orientation variable Innovation, this happens because the job satisfaction provided by the company is not maximized enough, such as the facilities provided, promotional activities and so on.
- c. There is a positive and significant influence between Market Orientation variables on Network Capability, this happens because the capacity connections provided by the company are not maximized enough, such as the facilities provided, promotional activities and other things.

Salespeople actively share information and expertise with their fellow salespeople within the sales unit, collaboration is driven by tasks and the interdependence of results. Ideas, information, and knowledge may overlap and become redundant when intra- and inter-unit collaborative processes are employed because cooperation within units may incorporate intelligence from cooperation between units and vice versa. Hence, task/outcome interdependence and interdepartmental coordination may be viewed as partial replacements in the dissemination of market intelligence and the creation of problem-solving strategies.

The results of this study provide valuable guidance for companies in optimizing their strategies to achieve competitive advantage in the dynamic mobile market. It is important to highlight the study's key findings and underline their relevance in the context of the mobile phone industry. The study provides valuable insights into how market orientation can improve sales performance in this competitive industry, with practical implications that can help companies optimize their marketing strategies.

1. **Suggestion for company**

Based on the research results, it needs to be said that in the future the company must maintain or further maximize the supervision carried out, as well as provide guidance and direction to employees while working, check employee attendance, employee uniforms and reprimand employees who make mistakes and set the right example. Then in job satisfaction it is hoped that it can be maintained or even more maximized so that employees always feel satisfied or job satisfaction provided by the company, both in the form of work facilities, job promotions and satisfaction with the salary received.

2. **Suggestion for future research**

This study used cellphone sales respondents, Suggestions for further research are that it would be better to expand the research area, such as in a section that is more broad enough to work. Future research can also use other variables not only supervision and job

satisfaction. Future research on this topic will provide further insight into how companies in the mobile phone industry can optimize their market orientation, innovation, and sales performance to achieve competitive advantage and sustainable growth.

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