

## **Improving Marketing Performance through Business Agility and Market Orientation in Micro, Small, and Medium Enterprises in Semarang City**

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### **Abstract**

*Environmental conditions are very uncertain due to the Corona Virus -19 (Covid-19) pandemic coupled with the very tight business competition; business Agility (business agility) is a very important key for companies to maintain their performance. Understanding and practicing business agility that leads to success is very important for business people. This study investigates the impact of business Agility and market orientation related to competitive advantage and marketing performance in Micro, Small, and Medium Enterprises (MSMEs) in Semarang City. The population of this research is all MSMEs in the city of Semarang, amounting to 17,564. The sample of this study amounted to 100 MSMEs using the Solving formula and proportional sampling technique. The data collected from 100 MSMEs in Semarang City are categorized into five types of businesses: Food MSMEs, Convection MSMEs, Trade MSMEs, Services MSMEs, and Animal Husbandry MSMEs. The analysis reveals that business agility and market orientation significantly improve competitive advantage and marketing performance. Competitive advantage can mediate business agility and market orientation towards marketing performance. This finding confirms that business agility creates a tendency for MSMEs owners always to have access to market changes and learn in business development to achieve competitive advantage and marketing performance. The implications of this finding emphasize that external environmental factors that cause risk tendencies will encourage MSMEs owners always to pay attention to environmental changes and always make efforts to adapt quickly, precisely, and flexibly to the dynamics that occur in the market, therefore MSMEs need to take advantage of the company's knowledge and resources to maintain its business and improve its competence excellence and company performance.*

### **Keywords**

*Business agility, market orientation, competitive advantage, marketing performance*

## 1. Introduction

The Covid-19 pandemic has had an impact on Indonesia's economic growth. It has caused the real sector, such as the processing industry, tourism, construction, and property, especially Micro, Small, and Medium Enterprises (MSMEs) whose businesses have been hit by the Covid-19 pandemic. Most (95 percent) of companies in Indonesia are small and medium-sized companies. The existence of MSMEs in Indonesia has been recognized for its role because it can become the backbone of the national economy. MSMEs have been proven to be able to provide employment as well as absorb unemployment. The Covid-19 pandemic has resulted in a decline in the marketing performance of MSMEs, which is indicated by declining sales, declining profits, and reduced customers. Data from the Kemenkop-UKM, until April 2020, the impact felt by MSMEs actors who reported that as many as 56 percent stated that they experienced a decline in sales.

Various changes occurred during the pandemic, such as communication modes, work patterns, and internal team dynamics. The behavior patterns of business consumers are also changing, many of which are new and shifting. Some of these new changes or transformations gave birth to the term "New Normal," namely changes in behavior to continue carrying out normal activities but by adding health protocols to prevent transmission of a new type of coronavirus, the cause of Covid-19. This condition requires MSMEs actors to respond to changes, especially market changes (Sparrow et al., 2020).

The pressure from unfavorable market changes encourages business actors to maintain business continuity through business management agility. "Agility" is a new way for organizations to develop flexibility and organizational responsiveness so that they can face changes in the business environment that are very fast, dynamic, and turbulent (Sharifi & Zhang, 1999; Sambamurthy et al., 2003; Lin et al., 2006; Sambamurthy et al., 2007; Yaghoubi & Dahmardeh, 2010; Chen & Siau, 2012). "Business agility" focuses not only on the ability to respond to change but also on the ability to sense and respond to unexpected changes, as well as a means for organizations to transform, reinvent, adapt, and ultimately survive in an ever-changing business environment.

The agility of the organization shows that the organization can succeed in a business environment through responsiveness, competence, flexibility, and speed, which will ensure the company's relevance and viability. Organizations must be able to change quickly and drastically to adapt to circumstances. Agility in companies, especially information technology (IT), is now very important because new normal conditions, namely new normal conditions after the pandemic, demand many changes in the company. It will impact decisions taken by the owner/leader of the company. With a digitalization strategy that can help businesses adapt and survive in the new normal era, MSMEs must be creative and agile to innovate to create new profitable businesses. Innovation can be done from various sides, namely innovation from sales channels, namely from offline synergizing with online, or innovating from the product side. The ability to adapt or even change business models very quickly, adapt to the unexpected and have a flexible plan has made a business survive and be more resilient than others (Juminto, 2020).

Nurcholis's (2020a) research results show that *agility* significantly influences marketing performance, which can be done through developing an organizational culture focused on understanding market needs, wants, and demands. Market orientation is *a market-oriented culture*. Narver & Slater (2012) and Kumar (2017) define market orientation as a company's organizational culture that is customer-oriented, competitor, and inter-functional coordination in creating customer value and contributes significantly to increasing the number of organizational competencies.

The achievement of good performance is a contribution from the dynamic of strategy and several success factors, including commitment, support, strong team management, ability to develop and maintain business continuity; using the right strategic approach; able to identify and focus on the market (*market-oriented*); have the vision, leadership skills and good relationships with customers or clients (*market-oriented*) is a company that makes customers as a reference for companies to run their business (*customer orientation*) so that companies can continuously be customer-oriented, at the same time the company must also be oriented to competitors (*competitor orientation*). Both orientations can be carried out well if the company performs coordination (*interfunctional coordination*) between functional well.

Akimova et al. (1999) prove a positive and significant relationship between market orientation and competitive advantage. It is reinforced by Bharadwaj et al. (1993), which states that a corporate culture that emphasizes the importance of companies paying attention to the market (*market-oriented*) will strengthen the company's competitive advantage. Utaminingsih (2016) and Merakati et al. (2017) find that market orientation significantly affects marketing performance. In contrast to Hatta (2015), market orientation does not directly affect marketing performance. Li (2005) found a positive influence between competitive advantage and marketing performance as measured by sales volume, profit level, market share, and *return on investment*.

MSMEs actors in Semarang City have made various efforts to maintain their business due to the impact of the Covid-19 pandemic. However, the impact of this pandemic is still being felt. Efforts to overcome the impact of the Coronavirus pandemic through business agility and market orientation are expected to increase competitiveness and marketing performance have been carried out by MSMEs in Semarang City. Starting from these problems, it is interesting to research improving marketing performance through business agility and market orientation in Micro, Small, and Medium Enterprises in Semarang City.

Based on the description above, the problems can be formulated, namely: how are the influence of *business agility* and market orientation on competitive advantage, how is the effect of competitive advantage on marketing performance, and how is the influence of *business agility* and market orientation on marketing performance both directly and through competitive advantage. This study aimed to determine the effect of *business agility* and market orientation on competitive advantage and the effect of *business agility* and market orientation on marketing performance either directly or through competitive advantage.

## 2. Literature Review

### 2.1. *Business Agility*

Maskell (2001) and Zhang & Sharifi (2007) suggest that business agility is the ability to succeed in a constantly changing and unpredictable environment and must see change as an opportunity to gain a competitive advantage in the market. Setia et al. (2008) identify agility as the ability of an organization to be able to: (1) find new opportunities for competitive advantage, (2) utilize existing knowledge, assets, and relationships to seize opportunities, (3) adapt to sudden changes in environmental conditions business.

Thus, *business agility* is defined as a business that can adapt quickly to market dynamics and respond appropriately and flexibly to customer demands, with the following indicators: (a) able to adapt to changes that occur, (b) able to detect opportunities and existing threats, (c) able to utilize the company's knowledge and resources to make changes (innovations) faster than competitors.

### 2.2. *Market Orientation Market*

Market orientation is important for companies in line with increasing global competition and changes in customer needs, where companies realize that they must always be close to their markets. *Market Oriented Company* is a company that makes customers a reference for companies to run their business (*customer orientation*). Market orientation must be used as a business culture where the organization is committed to continuing to be creative in creating superior value for customers. Kohli & Jaworski (1990) suggested that market orientation is a corporate culture that can lead to increased marketing performance. Slater & Narver (1998) define market orientation as the most effective and efficient organizational culture to create the behaviors needed to create superior *value* for buyers and produce *superior performance* for the company, especially in a competitive environment. Thus, it can be said that the important key to winning the competition lies in the company's ability to create a competitive advantage. Competitive advantage can be achieved if the company can provide more value to customers than what is provided by its competitors.

Slater & Narver (1999) stated that market orientation would include three behavioral components: customer orientation, competitor orientation, and inter-functional coordination. Companies that have made an organizational culture will focus on external market needs, wants, and demands as the basis for strategy formulation for each business unit in the organization and determine the company's success. Best (2006) states that market orientation is not solely the responsibility or concern of the marketing function alone, but the participation of all departments in gathering dissemination and following up on market information. In addition, market orientation focuses on the market, including customers and the factors or forces that influence them.

Zhou et al. (2009) examined the relationship between market orientation, competitive advantage, and firm performance, with two dimensions on each variable. Performance measurement uses financial and non-financial performance. The results of this study indicate that market orientation has a significant relationship with a

competitive advantage. Competitive advantage has a significant positive relationship with company performance, but research conducted by Miller (1993) and Raju & Lonial (2001) state that the relationship between competitive advantage and firm performance is predicted to increase through the perception of environmental uncertainty.

Referring to the statements above that, the concept of market orientation can be defined by the company's organizational culture that is oriented towards customers, competitors, and inter-functional coordination in creating customer value, while the indicators used are:

- a. Customer Orientation
- b. Competitor orientation
- c. Market information.

### ***2.3. The Competitive Advantage***

The competitive advantage needs to be owned by the company if you want to win the competition. Bharadwaj et al. (1993) explain that competitive advantage is the result of implementing a strategy that utilizes various resources owned by the company. Thatte (2007) argues that competitive advantage consists of distinctive competencies that differentiate organizations from competitors, thereby giving them an edge in the marketplace. Competitive advantage is the advantage gained over competitors by offering customers greater value through lower prices or by providing additional benefits and services that provide similar or possibly higher prices. Porter (2016) defines competitive advantage as the ability of a company to achieve economic benefits above the profits that competitors can achieve in the same industry, including differentiation and price. So to realize competitive advantage, the most basic factor is to provide buyers with superior value for an item or service at low prices, superior service and the best value offering, and an attractive combination of price, features, quality, service, and other attributes that buyers find attractive.

Human Resources theory explains how organizations can achieve a competitive advantage. Katua (2014) explains that businesses that focus on business resources and capabilities will have a competitive advantage. This theory shows that competitiveness can be achieved innovatively by providing superior value to customers through strategic identification, and the use of resources by business people to develop competitive advantages in a sustainable manner (Michieka & Ogollah, 2013)

A competitive strategy is a special approach used by business people to achieve success in each strategic business field (Ogutu & Samuel, 2012), providing an advantage over their competitors. The competitive strategy aims to achieve a sustainable competitive advantage by improving company performance. It can be achieved by implementing a value creation strategy not simultaneously but through the conditions of potential competitors (Barney, 1991). This strategy is carried out to attract customers and defend against competitive forces. The most fundamental factor for realizing competitive advantage is providing buyers with superior value for goods or services at low prices, superior service and best value offerings as well as attractive combinations of price, features, quality, service, and other attributes that

buyers find attractive. Competitive advantage is measured by cost, differentiation, and service (Porter, 1985).

The concept of competitive advantage used in this study is a situation in which the company can create a good defensive position against its competitors, with the following indicators:

- a. Lower prices than competitors
- b. Product innovation
- c. Product differentiation

#### ***2.4. Marketing Performance***

Performance is all systems related to activities and results (*outcomes*) obtained. Marketing performance is a measure of achievement obtained from a company or organization's overall marketing process activities. In addition, marketing performance can also be viewed as a concept used to measure the extent to which a product produced by the company has achieved market achievements. Marketing performance is a factor often used to measure the impact of the strategy implemented by the company (Ferdinand & Fitriani, 2000). Furthermore, Ferdinand also stated that good marketing performance is expressed in three main values: sales value, growth, and market share. Moderate Voss & Voss (2000) defines marketing performance as an effort to measure the level of performance, including sales volume, number of customers, profits, and sales growth.

The concept of marketing performance in this study is all systems related to activities and results (*outcomes*) obtained in carrying out marketing activities, which are measured through the following indicators:

- a. Sales growth,
- b. Customer growth,
- c. Profitability.

#### ***2.5. Business Agility and Competitive Advantage***

Agility is a company's ability to adapt to a rapidly changing environment amid today's complex and volatile market. The company will generate a competitive advantage if it manages to respond to changes correctly (Setili, 2014). The most fundamental factor for realizing competitive advantage is providing buyers with something different from competing companies, such as the excellent value of an item or service at low prices, excellent service, and best value offerings, as well as attractive combinations of price, features, quality, service, and other attributes that the buyer finds attractive. Starting from the thinking above, it can be formulated as follows:

*H1: Business agility has a positive and significant effect on competitive advantage*

#### ***2.6. Market Orientation and Competitive Advantage Market***

Market orientation is important for companies with increasing global competition and changing needs of company customers to always be close to the market. Market orientation is a business culture where the organization is committed

to creating superior value for customers (Sugiyarti, 2016). Companies need to pay attention to customer needs to provide superior value and customer satisfaction levels. Market-oriented companies have advantages in customer knowledge, and these advantages are used to create products that meet customer wants and needs through low prices, good service, and product quality. So competitive advantage is created if the company can provide the same product but is different from competing companies in terms of product innovation. Based on the above considerations, the following hypothesis can be formulated:

*H2: Market orientation has a positive and significant effect on competitive advantage.*

## **2.7. Business Agility and Marketing Performance**

*Business agility* is the ability to identify and capture business opportunities continuously and faster than competitors Nurcholis (2020b). Business agility allows companies to face a changing environment and engage in new actions to control the risks and uncertainties of the market environment (Tallon *et al.*, 2019). Sugiyarti (2016) states marketing performance is a measure of achievement from a company's overall marketing process activities.

Marketing performance can be viewed as a concept used in measuring the extent to which market achievements can be achieved for a product the company has produced. For this reason, the better the ability to capture business opportunities, the better market performance, and the better the marketing performance. The research results reinforce this by Nurcholis (2020b) that *business agility* significantly affects marketing performance. It means that the better the level of agility in doing business, the better the marketing performance, shown through sales growth; customer growth and sales volume can increase with a fast response to changes in demand, innovation, service, and prices. Based on the opinion above, the following hypothesis can be formulated:

*H3: Business agility has a positive and significant effect on marketing performance.*

## **2.8. Market Orientation and Marketing Performance Market**

Market orientation balances the orientation between customers and competitors and can produce value to achieve superior business performance (Astuti *et al.*, 2015). It is reinforced by Tsotsou & Vlachopoulou (2011) that companies that carry out market orientation can achieve desired marketing performance. Marketing performance is a benchmark to determine the extent of the work that has been achieved by the company so that the level of success of its business in market competition can be known. Astuti *et al.* (2015) research results prove that market orientation positively and significantly impacts marketing performance. Market orientation will focus the strategy on customers by paying attention to competitors to increase performance. Based on the opinion above, the following hypothesis can be formulated:

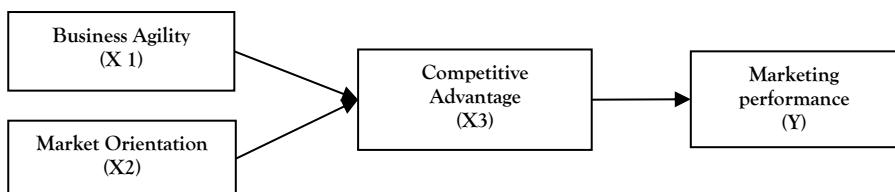
*H4: Market orientation has a positive and significant effect on marketing performance*

## 2.9. Competitive Advantage and Marketing Performance Competitive

Competitive advantage is defined as an advantage that creates value for customers and provides a unique position in the market, not easily imitated so that it is superior to competitors (Wulandari & Murniawaty, 2019). Companies with competitive advantages will become leaders in their markets and achieve above-average profits (Zimmerer et al., 2008), Haji et al. (2017) suggest that the use of competitive advantage can positively impact marketing performance.

The concept is in line with the findings of Sugiyarti (2016) and Tampi (2016), which state competitive advantage has a positive and significant effect on marketing performance and is reinforced by Porter (2016), who explains that *competitive advantage* is the heart of marketing performance to face competition.

Based on the literature review, this research can be modeled as follows:



**Figure 1.** Relationship Model: Agility Business, Market Orientation, Competitive Advantage, and Marketing Performance.

## 3. Methods

This research is explanatory, with a population of all MSMEs in Semarang City amounting to 17,564. The sample taken in this study amounted to 100 MSMEs using the Solving formula. The sampling technique is *proportional sampling*, namely, taking samples by considering the elements or categories in the research population.

**Table 1.** Sampling

No	Type of MSMEs	Calculation
1	MSMEs of Food	$6.147 / 17.564 * 100 = 35$
2	MSMEs of Convection	$2.635 / 17.564 * 100 = 15$
3	MSMEs of Trading	$5.270 / 17.564 * 100 = 30$
4	MSMEs of Services	$2.535 / 17.564 * 100 = 15$
5	MSMEs of Livestock	$877 / 17,564 * 100 = 5$
TOTAL		17,564

Source: primary data processed in 2021

Data collection methods used in this study were questionnaires and a literature study. Questionnaires were distributed to 100 MSMEs via Google Forms. The questionnaire is a multiple-choice questionnaire in which each item is provided with 5 (five) answer choices. In this study, the answers given by the respondents were then scored using a Likert scale in the form of a checklist. The results of the validity test can be seen in table 2 as follows:

**Table 2.** Validity Assessment

Variables	Indicator	r count	>/<	r table	Description
<b>Business Agility (X<sub>1</sub>)</b>	Indicator 1	0,672	>	0,361	Valid
	Indicator 2	0,424	>	0,361	Valid
	Indicator 3	0,514	>	0,361	Valid
<b>Market Orientation (X<sub>2</sub>)</b>	Indicator 1	0,699	>	0,361	Valid
	Indicator 2	0,439	>	0,361	Valid
	Indicator 3	0,442	>	0,361	Valid
<b>Competitive Advantage (Z)</b>	Indicator 1	0,603	>	0,361	Valid
	Indicator 2	0,603	>	0,361	Valid
	Indicator 3	0,761	>	0,361	Valid
<b>Marketing Performance (Y)</b>	Indicator 1	0,891	>	0,361	Valid
	Indicator 2	0,782	>	0,361	Valid
	Indicator 3	0,649	>	0,361	Valid

Processed primary data, 2021.

Validity test conducted on research questions to improve marketing performance through *business agility* and market orientation in Micro and Small Enterprises in Semarang City, obtained r count > r table (0.361), which means that all question items are valid. The reliability test shows that each variable has a Cronbachs *alpha* greater than 0.70, so it can be said that all measuring concepts of each variable are reliable, which means that the questionnaire used is reliable, meaning that the answers given are consistent, and are expected to be used for further research. A literature study is carried out to complete the data with books or journals and theories related to the research to be carried out.

The results showed that the majority (56 percent) of MSMEs entrepreneurs in Semarang City were male, 51 percent had a high school education, 30 percent were aged between 42-45 years, and 35 percent were engaged in the food sector, and 32 percent had a business period of 1-5 years.

Respondents' responses to the variable *business agility* were found: 25 percent of respondents agree that MSMEs can adapt to cope with unexpected changes, 48 percent agree that they can detect opportunities and threats, and 33 percent agree that they can implement changes faster than competitors, 44 percent agree that they can utilize the company's knowledge and resources to create innovation.

Respondents' responses to market orientation variables found that 60 percent of respondents agreed that MSMEs were always customer-oriented, 63 percent agreed that they were always competitor-oriented, and 60 percent agreed to seek market information to market their products, create a competitive advantage and improve business performance.

Respondents' responses to the variable of competitive advantage found that 72 percent of respondents agreed that MSMEs always provide lower prices than competitors, 69 percent agreed always to innovate their products, and 66 percent agreed to *differentiate* their products so that they became the main choice for consumers.

Respondents' responses to marketing performance variables found that 69 percent of respondents agreed that daily sales growth was quite large, 65 respondents

agreed that customer growth had increased every month, and 70 percent agreed that profitability was improving marketing performance and can survive until now.

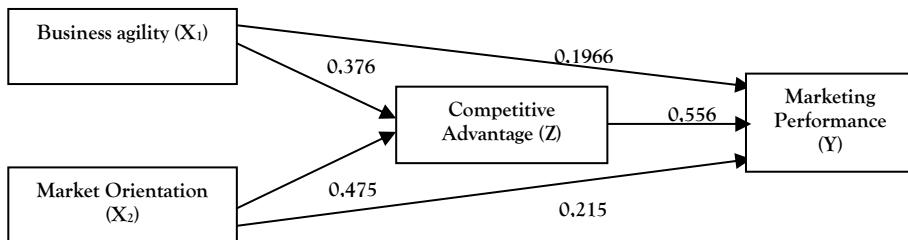
#### 4. Results and Discussion

The first normality test results in a significance value of  $0.237 > 0.05$ , so the data distribution in the first regression model is normally distributed, thus fulfilling the normality assumption. The second normality test has a significance value of  $0.112 > 0.05$ , then the data distribution in the second regression model is normally distributed, thus fulfilling the normality assumption.

The classical multicollinearity assumption test of the first regression model has a tolerance of  $0.789 > 0.10$  and a VIF value of  $1.27 < 10$ , so there is no correlation between independent variables, so there is no symptom of multicollinearity. The classical multicollinearity assumption test of the second regression model has a tolerance of  $0.538, 0.475, 0.326 > 0.10$  and a VIF value of  $1.858, 2.106, 3.070 < 10$ , so there is no correlation between independent variables, then there is no symptom of multicollinearity. The heteroscedasticity test shows the significant value of each variable is 0.882 and 0.338,  $> 0.05$ , so the first regression model does not occur heteroscedasticity. The heteroscedasticity shows the significant value of each variable 0.571, 0.438, and 0.529  $> 0.05$ , so the second regression model does not occur heteroscedasticity.

The test *Goodness of fit*: the coefficient of determination of the first regression model in the *Adjusted R Squared* is 0.668, meaning that business *agility* and market orientation can explain the variation of the competitive advantage variable of 66.8% obtained from  $0.668 \times 100\%$ , while the rest is 33, 2% ( $100\% - 66.8\%$ ) variation in competitive advantage is explained by other variables not examined. The coefficient of determination of the second regression model in the *Adjusted R Squared* is 0.735, meaning that business *agility*, market orientation, and competitive advantage can explain the variation of marketing performance variables of 73.5% obtained from  $0.735 \times 100\%$ , the remaining 26.5% ( $100\% - 73.5\%$ ) variation in marketing performance is explained by other variables not examined.

The F test of the first regression model has a significance value of  $0.000 < 0.05$ , then the regression model is fit and significant, meaning that the first regression model regarding the effect of business *agility* and market orientation on competitive advantage is feasible. The second regression model F test is  $0.000 < 0.05$ , then the regression model is fit and significant, meaning that the second regression model regarding the effect of business *agility*, market orientation, and competitive advantage on marketing performance is feasible. Test the hypothesis (t-test) of the first regression model, the t value of the business *agility* (6.700) and market orientation (7.989)  $>$  from t table (1.661) and a significance value of  $0.000 < 0.05$ , meaning that business *agility* and market orientation have a positive and significant effect on competitive advantage. Test the hypothesis of the second regression model, the t value of business *agility* (3.073), market orientation (2.981), competitive advantage (5.087)  $>$  from t table (1.661), and a significance value of 0.003, 0.004,  $0.00 < 0.005$  meaning business *agility*, market orientation, competitive advantage and significant positive effect on marketing performance.



Source: processed primary data, 2021

**Figure 2. Results of Pathway Analysis of the Effect of Market Orientation and Market Orientation on Marketing Performance through Competitive Advantage**

The intervening test shows that the indirect effect of *business agility* on marketing performance through competitive advantage obtained a value of  $0.209 = 0.376 \times 0.556$ . This value is greater when compared to the direct effect of *business agility* on the competitive advantage of 0.196, which can be written as follows:  $0.209 > 0.196$ , meaning that competitive advantage can strengthen or mediate the influence of *business agility* on marketing performance so that competitive advantage variable *intervenes* between the influence of *business agility* on marketing performance.

The intervening test shows that the indirect effect of market orientation on marketing performance through competitive advantage is obtained by a value of  $0.264 = 0.475 \times 0.556$ , and this value is greater than the direct effect of market orientation on the competitive advantage of 0.215, which can be written as follows:  $0.264 > 0.215$ . It means that competitive advantage can strengthen or mediate the effect of market orientation on marketing performance. Then the competitive advantage variable *intervenes* between the effect of market orientation on marketing performance.

#### **4.1. The Influence of Business Agility on Competitive Advantage of MSMEs in Semarang City.**

Based on the analysis results, hypothesis one is accepted, meaning that *business agility* has a positive and significant effect on competitive advantage. It can be seen from the *t* arithmetic value, which is greater than the *t* table. The significance value is less than 0.05, meaning that if every MSME can adapt to changes that occur and the ability to detect existing opportunities and threats as well as the ability to utilize knowledge and company resources to make changes (innovations) faster than competitors, then the competitive advantage possessed by each MSMEs in Semarang City is increasing.

These results indicate that *business agility* that every business owner applies will directly be able to create a competitive advantage over MSMEs in Semarang City, and if it is used as a culture, it will be able to face the competition that occurs. *Business agility* focuses not only on the ability to respond to change but also on sensing and responding to unexpected changes. Therefore, MSMEs owners in Semarang City must realize that in managing a business, agility is needed to adapt to environmental

changes to increase their competitive advantage. Companies can achieve agility if they can respond dynamically to market changes and have high flexibility to adapt to an unstable environment, so *business agility* is the key to gaining a competitive advantage.

The results of the descriptive analysis showed that most of the respondents agreed with the questions asked, meaning that they had applied agility in managing their business. It shows that MSMEs owners in Semarang City are trying to continue to implement *agility* to the maximum to increase their competitive advantage. These results support the results of research by Gaddis (2000), Roberts & Grover (2012), Wang & Ahmed (2007), and Yaghoobi et al. 2014, which states that business agility is critical to increasing competitive advantage. The ability of a company or organization to sense and quickly respond to environmental changes will impact the company's operations management by engaging and reconfiguring enterprise resources (Roberts & Grover, 2012).

#### ***4.2. The Effect of Market Orientation on Competitive Advantage on MSMEs in Semarang City***

Based on the analysis results, the second hypothesis is accepted, meaning that market orientation has a positive and significant effect on competitive advantage. This can be seen from the t-count value, which is greater than the t-table, and the significance value is less than 0.05. This means that if each MSMEs has a customer orientation, competitor orientation, and market information that is getting better and higher, the competitive advantage possessed by each MSMEs in Semarang City will increase. These results indicate that the market orientation applied by each business owner will directly create a competitive advantage for MSMEs in Semarang City. This indicates that market orientation must be owned by MSMEs owners, such as focusing on customers and providing services that follow consumer expectations, which will lead to strengthening the competitive advantage of MSMEs in Semarang City so that they can survive in the midst of existing competition because with increased market orientation can increase their competitive advantage.

The results of the descriptive analysis showed that most of the respondents agreed with the questions asked, meaning that they had implemented customer orientation and competitor orientation and applied market information well. This also shows that MSMEs owners in Semarang City strive to continue applying market orientation to the maximum to increase their competitive advantage. These results have supported the results of the study. Irina Akimova et al. (1999) proved that market orientation positively influences competitive advantage. The results of this study support the opinion of Bharadwaj et al. (1993), which states that a culture that emphasizes the importance of companies paying attention to the market (market-oriented) will strengthen the company's competitive advantage.

#### ***4.3. The Influence of Business Agility on Marketing Performance on MSMEs in Semarang City***

Based on the analysis results, the third hypothesis is accepted, meaning that business agility positively and significantly affects marketing performance. This can

be seen from the t-count value, which is greater than the t-table, and the significance value is less than 0.05. It means that if every MSME can adapt to changes that occur and the ability to detect existing opportunities and threats as well as the ability to utilize the company's knowledge and resources to make changes (innovations) faster than competitors, then the marketing performance of each MSMEs in Semarang City is increasing.

These results indicate the importance of *business agility* carried out by MSMEs owners to improve the marketing performance of MSMEs in Semarang City. This indicates that an increase in *business agility* will impact the marketing performance of MSMEs in Semarang City. These results show that the increasing business agility as measured by indicators of having the ability to adapt to changes that occur and the ability to detect existing opportunities and threats, as well as the ability to utilize the company's knowledge and resources to make changes (innovations) faster than competitors, becomes a consideration for MSMEs owners to improve marketing performance.

The results of the descriptive analysis showed that most of the respondents agreed with the questions asked. It means that MSMEs owners in Semarang City have tried to improve their agility business to improve their marketing performance. These results support the research results of Tallon & Pinsonneault (2011) and Ravichandran (2018), which state that *business agility* has a positive and significant effect on company performance.

#### **4.4. The Effect of Market Orientation on Marketing Performance on MSMEs in Semarang City**

Based on the analysis results, the fourth hypothesis is accepted, meaning market orientation positively and significantly affects marketing performance. It can be seen from the t-count value, which is greater than the t-table, and the significance value is less than 0.05, meaning that if each MSME has a high customer orientation, high competitor orientation, and better coordination between functions, the marketing performance will be better owned by each MSMEs in Semarang City is increasing. The market orientation of MSMEs owners in Semarang City appears in the form of a business strategy, which is always directed to produce good market performance, such as the development of the number of sales and business profits. To increase sales volume and profit, it is necessary to understand intensive market orientation.

These results show that a better market orientation as measured by indicators such as customer orientation, competitor orientation, and market information will be able to be an assessment of whether or not market orientation is carried out by MSMEs owners in Semarang City so that they will be able to improve their marketing performance. The results of the descriptive analysis showed that most of the respondents agreed with the questions asked. It means that MSMEs owners in Semarang City have implemented market orientation to improve their marketing performance. These results have supported Merakati et al.'s (2017) research, which found that market orientation significantly affected marketing performance.

#### **4.5. The Effect of Competitive Advantage on Marketing Performance**

Based on the analysis results, hypothesis five is accepted, meaning that competitive advantage positively and significantly affects marketing performance. It can be seen that the t-count value is greater than the t-table, and the significance value is less than 0.05. It means that if each MSME has a lower price than competitors, product innovation, and product differentiation, then the marketing performance of each MSME in Semarang City will increase. It indicates that to improve the performance of their business, the MSMEs owners in Semarang City must create their competitive advantage first so that they can obtain a higher average profit than their competitors, can further emphasize the position of MSMEs in market share and their competitiveness within MSMEs and able to survive in competition among MSMEs.

The results of the descriptive analysis show that most of the respondents have responded agreeably to the statement submitted, which means that the competitive advantage possessed by MSMEs in Semarang City is good so that it can improve the marketing performance of these MSMEs. These results support previous research, which shows a positive influence between competitive advantage and marketing performance (Li et al., 2006; Barney, 1991; Majeed, 2011; Nguyen et al., 2007; Agha et al., 2012; Chantika, 2013).

### **5. Conclusion**

MSMEs in Semarang City can increase their competitive advantage and marketing performance if they have *business agility*, which includes the ability to adapt to changes, detect opportunities and threats, and utilize the company's knowledge and resources to make changes (innovations) faster than competitors. The competitive advantage and marketing performance of MSMEs in the city of Semarang will increase if they have a broad market orientation which includes customer orientation, competitor orientation, and better and higher market information. MSMEs in Semarang City can improve their marketing performance if they can create a competitive advantage, namely having a lower price than competitors, being able to innovate, and product differentiation.

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