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THE INFLUENCE OF MARKET *ORIENTATION AND PRODUCT QUALITY* ON THE SUCCESS OF SOUVENIR MSMES IN THE WORKSHOP MARKET

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ABSTRACT

This study analyzes the effect of market orientation and product quality on the success of UMKM souvenirs at the Perbaungan Workshop Market. The research method used in this research is descriptive quantitative. This research was conducted on Pasar Workshop Street, Serdang Berdagai Regency. The time of this research began in August-September 2022. The population in this study were SMEs for souvenirs at the Perbaungan workshop market. The sampling technique in this study is saturated sampling technique. The number of SMEs for souvenirs in the garage workshop market is 53 people (less than 100 people), so all SMEs are taken as respondents. The analytical method used is multiple linear regression using the SPSS version 20 program. The results of this study obtained a multiple linear regression equation Y = 14.811 + 0.273 X1 + 0.224 X2 + e. The results of this study indicate that the t-count > t-table (2.255 > 1.29907) and a significant value of 0.029 is less than 0.1, meaning that market orientation has a significant effect on the success of UMKM souvenirs in the Perbaungan workshop market, so Ha1 is accepted. The t-count > t-table (1.935 > 1.29907) and a significant value of 0.058 is less than 0.1, meaning that product quality has a significant effect on the success of UMKM souvenirs in the Perbaungan workshop market, so Ha2 is accepted. Fcount (4.290) > Ftable (3.183), and a significant value of 0.019 <0.1, it can be concluded that the fourth hypothesis is accepted, meaning that the market orientation (X1) and product quality (X2) variables simultaneously influence the success of MSMEs by -gifts at the Perbaungan workshop market (Y). The adjusted coefficient of determination (R Square) is 0.383, this means that 38.3% of the dependent variable can be explained by the independent variable while the rest (100% - 38.3% = 61.7%) is explained by other variables outside the variables studied.

Keywords: *Market orientation product quality, MSME success.*

INTRODUCTION

Pasar Bengkel is a souvenir trading center in Serdang Bedagai Regency, b isa said to be a typical culinary tour of Serdang Bedagai. Pasar Bengkel is also known as Dodol Market, because many sell Dodol which is typical of Serdang

Bedagai Regency. There are several choices of dodol flavors offered, such as durian, vanilla, pandanus, strawberry, sesame, peanut and original flavors, as well as various types of chips, sweets, chicken feet and bean bread. The workshop market has a pretty good dodol business potential. Dodol has become such a hallmark of this blood that its demand will remain. Increased sales of dodol make this food have bright prospects for development, since the raw materials for its manufacture are available locally.

Along with the development ofsafe z that is increasingly advanced, MSME players are forced to persevere by choosing the right strategy. Only MSME actors who are able to adapt to environmental conditions are able to survive and are able to develop their business. *Market Orientation* is one of the influences of business success (MSMEs) in running their business. This is because market orientation can determine success in running and developing a business, without *market orientation*, the business will certainly not run smoothly and as expected. *Market* orientation must be strong if you want to be successful because *market orientation* itself is a process, arrangement, strategy in business planning itself.

According to Swastha and Handoko, *Market Orientation* is the main thing for the sustainability of the company, in line with the increasing global competition and changes in customer needs or desires where the company is aware that being close to consumers is a must (Darmanto & Wardaya, 2016: 37).In addition *to market orientation, product quality* is also very important in business success (MSMEs). According to Kotler and Keller (2016:156) quality is the totality of features and characteristics of a product or service that has the ability to meet stated or implied needs. Product Quality is a determining factor in the level of satisfaction obtained by consumers after making a purchase of a product. Product quality is a characteristic of a product or service that depends on its ability to meet stated or implied customer needs, (Kotler and Armstrong 2015:253).

MSMEs have an important role in the regional economy of Perbaungan District, because businesses in the MSME sector absorba lot of work. In addition, businesses in the MSME sector are also one of the alternative solutions that are good in opening up job opportunities for the surrounding community who cannot afford to work in the company. MSMEs in Perbaungan District itself have received support from the Regional Government in the hope of growing and encouraging the community to independently open business opportunities for the community, so as to reduce the unemployment rate in the Perbaungan District Area.

Of the 53 stores in the workshop market, there are several stores that have superior marketing strategies in marketing their products so that they are much more known to consumers. Some of these stores are Dodol "Anugrah", Dodol "Sinar Serdang", Dodol "Ri tanah", Chips "Rumah Gadang" and Manisan "Jastip". The store has a marketing strategy by working with several bus drivers, so bus passengers buy souvenirs at their stores. The store also markets their products using social media, so that way they don't just encourage customers to come to the

store. They also entrust some of their products to several small shops. The products they sell are also quite varied and have their own characteristics from each of these stores.

To support the phenomenon that occurs in MSMEs in the Perbaungan District of Workshop Village, the author conducted an initial *survey* of 30 respondents of randomly selected business actors (MSMEs). The results of the *survey* can be seen in the table below:

Table 1
Pre-Survey Data Results
Market Orientation Indicator

No	***Market Orientation*** Indicator	Disagree	%	Agree	%
1	Understand about products that suit the wants and needs of consumers	11	36.7%	19	63.3%
2	Always coordinate with parts or departments under the company	24	80%	6	20%
3	Have a strategy used to deal with competitors	24	80%	6	20%

Source: Questionnaire Dissemination Results, 2022.

Based on table 1.1, it can be seen that Market *Orientation* in business actors (MSMEs) as a whole tends to disagree more, due to the large number of business actors who lack coordination with subordinate parts and the lack of strategies used to deal with competitors. As many as 80% of business actors who disagree with the statement, lack of coordination between sections and lack of strategic use to deal with competitors. This needs to be considered so that there is no decline in the success of MSMEs and business actors must provide strategies to face their competitors so as not to switch to other places. In addition, it also conducts a pre-survey on *Product Quality* for business actors (MSMEs) as follows:

Table 2
Pre-Survey Data Results
Product Quality Indicators

No	***Product Quality*** Indicators	Disagree	%	Agree	%
1	Providing a variety of dodol flavors with their own distinctive cirri	1	3,3%	29	96,7%
2	Get a discount, if you have bought a dodol product above the average purchase amount	1	3,3%	29	96,7%
3	The price offered is quite stable	2	6,7%	28	93,3%
4	Dodol products available in stores are kept clean	3	10%	27	90%
5	Packaging is not easily damaged	2	6,7%	28	93,3%
6	Product color combined with taste	2	6,7%	28	93,3%

	options				

Source : Questionnaire Dissemination Results, 2022

Based on table 1.2, it can be seen that *Product Quality* in business actors (MSMEs) has a good effect. Judging from the results of the pre-survey conducted overall, more respondents agreed because the *available Product Quality* made customers interested in visiting and enjoying the available products. As many as 96.7% of business actors agree with the statement, Get a discount, if they have purchased dodol products above the average purchase amount and provide a distinctive taste from each store.

Table 3
Pre-Survey Data Results
Indicators of MSME Success

No	Indikator Success of MSMEs	Disagree	%	Agree	%
1	Production results have increased with the increase in the number of products sold	2	6,7%	28	93,3%
2	Experienced an increase in turnover	11	36,7%	19	63,3%
3	The products offered are varied	2	6,7%	28	93,3%

Source : Questionnaire Dissemination Results, 2022

Based on table 1.3, it can be seen that the overall success of MSMEs tends to have more people agree, such as the product statement offered varies as many as 93.3% of business actors who agree. The average customer is satisfied to visit at MSMEs in Perbaungan Village, Workshop Village and come because of their own desire to make a purchase.

From the description above, the formulation of the problem in this study is:

1. Is there any influence of *market orientation* on the success of MSMEs?
2. Is there any influence of *product quality* on the success of MSMEs?
3. Is there any influence of *market orientation and product quality* on the success of MSMEs?

The objectives of this study are:

1. Describe the effect of *market orientation* on the success of MSMEs.
2. Describe the effect of *product quality* on the success of MSMEs.
3. Describe the effect of *market orientation and product quality* on the success of MSMEs.

RESEARCH METHODS

This research consists of two variables, namely the free variable (X), namely *Market Orientation* (X1), *Product Quality* (X2) and the related variable (Y), namely the success of MSMEs. This study aims to test the Effect of Market *Orientation and Product Quality* on the Success of Souvenir MSMEs in the Dairy Workshop Market.

According to Sugiyono (2018:80) "Population is a generalized area consisting of objects or subjects that have certain qualities and characteristics that are determined by researchers to be studied and then drawn conclusions. Based on the above understanding, it can be concluded that the population is the sum of the entire study subject and population. In this study, all MSME players in the Perbaungan Workshop Market totaled 53 stalls in 2021.

A sample is a portion of the number and characteristics possessed by the population, or a small part of the population members taken according to a certain procedure so that it can represent its population (Siyoto and Muhammad, (2015:64). The sampling technique used is saturated sampling. Opinion of Sugiyono (2017) The saturated sampling technique is a technique for determining samples if all members of the population are used as samples. Related to the number of MSME players in the Perbaungan Workshop Market amounted to 53 stalls (less than 100). So all MSME actors are taken as research objects.

Table 4

Data on MSME Business Actors

Research Samples

No	MSMEs	Sum
1	Dodol	20
2	Candied	11
3	Chips	14
4	Bean Bread	5
5	Chicken Feet	3
	Sum	53

Source: Researchers 2022

This research was conducted on MSMEs located on Jl. Pasar Bengkel, Serdang Bedagai Regency, Perbaungan District, Begkel Village, North Sumatra 20986.

In this study, the free variable (X1) is *Market Orientation*, (X2) is *Product Quality*. The bound variable that is a factor in conducting investigations in this study is the success of MSMEs.

Validity test to find out whether the measured tool has been compiled in a truly capable way of measuring what should be measured. The validity test is used to test how carefully a measuring instrument performs its measuring

function. The provision of an instrument is valid if it has a *Product Moment* correlation coefficient (rhitung) > rtabel with a significant level of 95% with (α=0.05 or 5%). The study analyzed the data using *product correlation as* follows:

$$rxy = \frac{n\Sigma xy - (\Sigma x)(\Sigma y)}{\sqrt{\{n\Sigma x2 - (\Sigma x)2\}\{n\Sigma xy2 - (\Sigma y)2\}}}$$

Where:

r_{xy} : Correlation coefficient

x1 and x2: Free Variable X1 (*Market Orientation*), Variable X2 (*Product Quality*)

y: Bound variables (MSME Success)

n: Number of samples

To test the hypothesis, statistical testing of Multiple Linear Regression Test is used to measure how much *influence Market Orientation and Product Quality* have on the success of MSMEs in the Dairy Workshop Market. For the measurement of the equation of the multiple linear regression formula the equation is:

$$Y{+}{+}e = a + b_1X_1b_2X_2$$

Where:

Y= Dependent variable (Success of MSMEs)

a = Kostanta Value

$b_{1,x\ 1}$ = Regression Coefficient of *Market Orientation* variables

b_2x_2 = Variabael Product Quality Regression Coefficient

e= Other factors outside the model

According to Sugiyono (2018: 187) "Partial test to require preliminary hypotheses about the Effect of Market *Orientation and Product Quality* on the Success of Souvenir MSMEs in the Settlement Workshop Market".

$$t = \frac{r\sqrt{n-2}}{\sqrt{1+r^2}}$$

Information:

$t=t_{calculate}$ to be tested with t_{table}

r= The value of the correlation coefficient between x and y

n= Number of samples

Hypothesis testing criteria:

a. If $t_{count} < t_{the\ table}$ Ho is rejected then there is a significant influence between the variables x and y.
b. If $t_{count} > t_{the\ table}$ Ho is rejected then there is no significant influence between the variables c and y.

The F test is used to see if the independent variables together (synchronously) have an influence on the dependent variables. Sugiyono's hypothesis testing (2018:192) can be used as follows:

$$Fn = \frac{R^2/k}{(1 - R^2)/(n-k-1)}$$

D:

F_h = F $_{calculate}$ to be compared to F of the$_{table}$

R= Double correlation coefficient

k= Number of independent variables

n= Number of sample members

Hypothesis testing criteria:

1. If $t_{count} < t_{the\ table}$ Ho is rejected then there is a significant influence between the variables x and y
2. If $t_{count} >$ t table Ho is rejected then there is no significant influence between the variables x and y

The coefficient of determination test is used to see how much the free variable contributes to the bound variable. According to Sugiyono (2018: 199) the greater the value of the coefficient of determination, the better the ability of the variable (X) to explain the variable (Y).

$$D = r^2 x100\%$$

Where:

D= Coefision of determination

r^2 = Coefision of sequential correlation

RESULTS AND DISCUSSION

The validity test is used to measure whether or not a questionnaire is valid or valid. A questionnaire is said to be valid if the question on the questionnaire is able to reveal something that the questionnaire will measure (Ghozali, 2018) . The validity test was carried out by distributing questionnaires to 30 respondents outside the respondents of this study with a significant criterion of 5%. The results of the validity test in this study can be seen in the following table:

Table 5
Validity Test Results

Variable	Statement Item Indicator	Corrected Item- Total Correlation	Measurement Value	Category
Market Orientation (X1)	P1	0,721	0,5	Valid
	P2	0,653	0,5	Valid
	P3	0,596	0,5	Valid
	P4	0,685	0,5	Valid
	P5	0,634	0,5	Valid
	P6	0,504	0,5	Valid
	P7	0,697	0,5	Valid
	P8	0,637	0,5	Valid
	P9	0,554	0,5	Valid
Product Quality (X2)	P1	0,713	0,5	Valid
	P2	0,557	0,5	Valid
	P3	0,663	0,5	Valid
	P4	0,801	0,5	Valid
	P5	0,733	0,5	Valid

	P6	0,660	0,5	Valid
	P7	0,660	0,5	Valid
	P8	0,676	0,5	Valid
	P9	0,663	0,5	Valid
	P10	0,801	0,5	Valid
	P11	0,546	0,5	Valid
	P12	0,556	0,5	Valid
Success of MSMEs (Y)	P1	0.531	0,5	Valid
	P2	0,714	0,5	Valid
	P3	0,626	0,5	Valid
	P4	0,571	0,5	Valid
	P5	0,734	0,5	Valid
	P6	0,637	0,5	Valid
	P7	0,576	0,5	Valid
	P8	0,700	0,5	Valid
	P9	0,529	0,5	Valid

Source: Research Results, 2022.

Based on tabel , it was obtained that the test of all questions had a value above 0.5. Thus it can be concluded that all questions from product development variables, prices and purchasing decisions are valid and can be used as research instruments.

Reability is a tool for measuring a questionnaire that is an indicator of a variable or construct. A questionnaire is said to be reliable or reliable if a person's answer to a statement is consistent or stable over time (Ghozali,2018). A construct or variable is said to be reliable if it gives the cronbach alpha (α) value >0.70. The results of the reliability test of this study can be contained in the following table:

Table 6
Reliability Test Results

No	Variable	Cronbach's Alpha	Measurement Value	Category
1	*Market Orientation*	0.883	0,7	Reliable
2	*Product Quality*	0,919	0,7	Reliable
3	The success of MSMEs	0,877	0,7	Reliable

Source: Research Results, 2022.

Based on the reliability test with Cronbach Alpha, all variabel research belongs to the reliabel category, because Cronbach alpha > of 0.7.H the research results of the reliability test show that the measurement of variable items In this study, it meets the relibiality test and can be used as a measuring instrument.

This multiple linear regression analysis is used to test the relationship/correlation/influence of more than one free variable against one bound variable.

Table 7
Multiple Linear Regression Analysis

Type	Unstandardized Coefficients	Standardized Coefficients	t	Sig.

		B	Std. Error	Beta		
1	(Constant)	14,811	6,744		2,196	,033
	Market Orientation	,273	,121	,295	2,255	,029
	Product Quality	,224	,116	,253	1,938	,058

a. Dependent Variable: The Success of MSMEs

Source: Data processing results, 2022.

$$Y = 14.811 + 0.2\ 73\ X_1 + 0.224\ X_2 + e$$

In the table above shows that the calculation obtained the value of the constant (a) 14.811, b1 by 0.2 73, b2 by 0.2 24 so that a multiple linear regression equation Y = 14.811 + 0.2 73 X 1 + 0.2 24 X 2 + e is obtained , from the regression equation tit can be concluded that:

1. The constant (β 0) = 14.811 means that if the variables of market *orientation* and *product quality*are worth 0, the success of MSME souvenirs in the Perbaungan workshop market is 14,811
2. Coefficient (β_1)= 0.273 means that if the market *orientation* variable increases by one unit, the success variable of souvenir MSMEs in the Perbaungan workshop market will increase by 0.273.
3. Coefficient (β_2)= 0.224 means that if the *product quality* variable increases by one unit, the success variable of MSME souvenirs in the Perbaunganakan workshop market increases by 0.257.

The t-test is used to test the degree of influence between independent variables and dependent variables. These test criteria are established based on probabilities. If the significant rate used is 10 percent, in other words, if the probability of Ha > 0.1 then it is declared insignificant, and if the probability of Ha < 0.1 then it is declared significant (Ghozali, 2018). Test results t can be loaded on the following tabel:

Table 8

T Test Results

Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14,811	6,744		2,196	,033
	Market Orientation	,273	,121	,295	2,255	,029
	Product Quality	,224	,116	,253	1,938	,058

a. Dependent Variable: The Success of MSMEs

Source: Data processing results, 2022.

1. Effect of *Market Orientation* (X_1) on MSME Success (Y)
   It is known that the significant value for the influence of market orientation (X 1) on the success of MSMEs (Y) is 0.029< 0.1 which means that there is an influence between market orientation (X 1) on the success of MSMEs (Y)

and the calculated t value of 2.255>t table 1.29907, so it can be concluded that there is an influence of *market orientation* (X_1) on the success of MSMEs (Y).

2. Effect of *Product Quality* (X_2) on MSME Success (Y)
   It is known that the significant value for product quality (X 2) on the success of MSMEs (Y) is 0.058< 0.1 which means that there is an influence between product quality (X 2) on the success of MSMEs (Y) and the calculated t value of 1.935>t table 1.29907, so it can be concluded that there is an influence of *product quality* (X_2) on the success of MSMEs (Y).

Statistical test F is the accuracy of the sample regression function in assessing the actual value. If the significant value of F < 0.1, then the regression model can be used to predict independent variables. The statistical test F also shows all the independent variablesthat are embeddedin the model that affect together the dependent variables, (Ghozali, 2018). Test F results can be contained in the following table:

Table 9
F Test Results

Type		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	60,265	2	30,133	4,290	,019[b]
	Residual	351,206	50	7,024		
	Total	411,472	52			

a. Dependent Variable: The Success of MSMEs
b. Predictors: (Constant), Product Quality, Market Orientation

Source: Data processing results, 2022.

Table above F test results show that the calculated F value is 4.290> F table 3.183 with sig values. 0.019< 0.1. The results of this F test prove that *market orientation* (X_1) and *product quality* (X_2) simultaneously have a positive and significant effect on the success of MSMEs (Y).

Table 10
Test Results Summary[b]

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,383[a]	,146	,112	2,650

a. Predictors: (Constant), Product Quality, Market Orientation
b. Dependent Variable: The Success of MSMEs
Source : Data processing results, 2022

Based on table 4.14 the R value of 0.383 means that the success of MSMEs can be explained by the *variables of market orientation* and *product quality* of 38.3%, while the rest can be explained by other variables that were not studied in this study, the standard *error of the estimate* is 2,650 which means that the smaller the standard deviation, the better the model.

CONCLUSION

Based on various tests and data analysis, from this study, several conclusions can be obtained regarding the influence of *market orientation* and *product quality* on the success of MSMEs souvenir the market of the workshop market, namely as follows:

1. Data processing in this study used the SPSS version 20 program. The results of this study obtained multiple linear regression equations, namely Y = 14.811 + 0.273 X 1 + 0.224 X $_2$ + e. This multiple linear regression analysis is used to test the relationship/correlation/influence of more than one free variable on one bound variable.
2. From the results of the T test study, it is known that the significant value for the influence of market orientation (X 1) on the success of MSMEs (Y) is 0.029 < 0.1 which means that there is an influence between market orientation (X 1) on the success of MSMEs (Y) and the calculated t value of 2.255 >t table 1.29907, so it can be concluded that there is an influence of *market orientation* (X $_1$) to the success of MSMEs (Y). It is known that the significant value for product quality (X 2) on the success of MSMEs (Y) is 0.058 < 0.1 which means that there is an influence between product quality (X 2) on the success of MSMEs (Y) and the calculated t value of 1.935 >t table 1.29907, so it can be concluded that there is an influence of *product quality* (X_2) to the success of MSMEs (Y).
3. From the results of the F test study, it shows that the $_{calculated}$ F value is 4.290 > F $_{table}$ 3.183 with a sig value. 0.019 < 0.1. The results of this F test prove that *market orientation* (X $_1$) and *product quality* (X_2) simultaneously have a positive and significant effect on the success of MSMEs (Y).
4. The summary test results show an R value of 0.383 meaning that the success of MSMEs can be explained by the variables of *market orientation* and *product quality* of 38.3%, while the rest can be explained by other variables that are not studied in this study, the standard error of the *estimate of* 2,650which means that the smaller the standard deviation, the better the model.

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