Analysis of Enhancing Marketing Performance in MSMEs Through Strategies to Boost Local Value-Creation and Competitiveness

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Abstract. The implementation of value creation strategies in Small and Medium Enterprises (SMEs) within Karawang Regency is a key approach for enhancing their competitiveness. The greater the emphasis on value creation in the operational activities of SMEs, the higher their level of competitiveness. This, in turn, contributes to improved marketing performance for SMEs. The primary research question addressed in this study pertains to the extent of value creation's impact on the competitiveness of SMEs. The objective of this research is to thoroughly analyze data and information concerning the implementation of value creation strategies and the competitive landscape among SMEs in Karawang Regency. This study employs a descriptive-verification approach, utilizing explanatory surveys and cross-sectional methods to gather primary data via questionnaires. Data analysis for this research was carried out using SPSS Statistics 25. The findings of the study indicate a statistically significant relationship between the creation of local value and competitiveness, with a 2.4% influence of local value on competitiveness. The remaining 97.6% of the factors affecting competitiveness are attributable to other unexamined variables.

Keywords: Competitiveness, Marketing Performance, Small and Medium Enterprises, Value Creation

1 INTRODUCTION

The impact of the COVID-19 pandemic on the global economy has led to the necessity for economic stimulus (Fang, 2021). This study examines the competitiveness of Indonesian MSMEs, particularly those in Karawang, West Java, in response to the pandemic and the New Normal. It emphasizes the importance of value creation as a strategy to enhance SME competitiveness. Herdina et al. (2021) suggest that the more value MSMEs create in their operations, the greater their competitiveness, resulting in improved marketing performance. Juliana et al. (2021) underscore the significance of value creation in entrepreneurship, emphasizing that innovative products or services must provide market value to achieve commercial success. Competitiveness is vital for MSMEs, as a lack of it can impede progress and success (Farida & Setiawan,

2022). In a highly competitive business environment, companies must prioritize competitiveness to thrive.

1.1 Strategy

Strategy is an archetype with specific purpose in managing and allocating resources and guiding how organizations engage with markets, rivals, and various environmental factors. The specifications of this definition include "what", reffering to the objects must be completed, "where", signifying the focus of the industry and product markets, and "how", referring to which resources and activities within the environment can create opportunities and overcome challenges to increase profits for the company [10].

1.2 Value creation

Value creation also refers to the definition that customers collaborate and finction as producers in the supplier process, while suppliers concurrently engage in suitable process to actively participate in creating value for customers [1] [3]. Value creation as a fundamental aspect of entrepreneurship because innovative products or services that fail to convey market value lack the potential for commercial successl [8]. This definition explains that value creation is very important for the opertion od entrepreneurial businesses, especially for MSMEs aiming to achieve success through the implementation of innovative products.

1.3 Competitiveness

Competitiveness is the ability to attain success in the market, resulting in an improve quality of live for everyone [4]. This definition explains that competitiveness is a fundamental requirement for companies aiming to succeed in the competitive business environment that companies must confront.

2 METHOD

This research employs a quantitative methodology with the objective of analyzing the impact of enhancing the marketing performance of Micro, Small, and Medium Enterprises (MSMEs) through efforts to bolster their competitiveness while emphasizing the creation of local values. The study was conducted among owners of businesses that specialize in local products within Karawang Regency. The cross-sectional method was employed for sampling, specifically utilizing a purposive sampling technique. The sample size for this research consisted of 190 respondents, determined using the formula by Hair et al. The analytical approach employed in this study combines descriptive and verificative methods. The analysis tools used for this research are based on SPSS Statistics 25.

3   RESULT AND DISCUSSION

3.1   Test of Validity and Reliability

Validity

In the validity test using SPSS Statistics 25, known by comparing Rcount and Rtabel with the condition that if Rcount ≥ Rtabel then the question is declared valid [9]. The results of the validity test in this research are presented in Table 1:

Table 1. Validity Test

Variables	R Count	R Table	Explanation
X.1	0,166	0,142	Valid
X.2	0,22	0,142	Valid
X.3	0,221	0,142	Valid
X.4	0,374	0,142	Valid
X.5	0,186	0,142	Valid
X.6	0,431	0,142	Valid
X.7	0,281	0,142	Valid
X.8	0,348	0,142	Valid
X.9	0,221	0,142	Valid
X.10	0,631	0,142	Valid
X.11	0,708	0,142	Valid
X.12	0,685	0,142	Valid
X.13	0,646	0,142	Valid
X.14	0,603	0,142	Valid
X.15	0,756	0,142	Valid
X.16	0,749	0,142	Valid
X.17	0,652	0,142	Valid
X.18	0,601	0,142	Valid
Y.1	0,502	0,142	Valid
Y.2	0,628	0,142	Valid
Y.3	0,621	0,142	Valid
Y.4	0,561	0,142	Valid
Y.5	0,47	0,142	Valid
Y.6	0,152	0,142	Valid
Y.7	0,368	0,142	Valid
Y.8	0,363	0,142	Valid
Y.9	0,152	0,142	Valid
Y.10	0,469	0,142	Valid
Y.11	0,712	0,142	Valid
Y.12	0,645	0,142	Valid
Y.13	0,704	0,142	Valid
Y.14	0,593	0,142	Valid
Y.15	0,469	0,142	Valid
Y.16	0,712	0,142	Valid

| Y.17 | 0,47 | 0,142 | Valid |
| Y.18 | 0,628 | 0,142 | Valid |

Based on Table 1, it shows that the correlation value (r count) on each question items on the local value variable used in this study has a value of more than r table, it can be said that all question items are declared valid.

Reliability

The reliability of the test was assessed using Cronbach's Alpha, with the established criterion that a Cronbach's alpha value of ≥ 0.6 is considered reliable, while conversely, if Cronbach's alpha is ≤ 0.6, it is deemed unreliable [11] as shown in Table 2.

Table 2. Reliability test

Variables	Cronbach's Alpha	Explanation
Local Value	0,714	Reliable
Competitiveness	0,736	Reliable

Table 2 reveals that all variables are considered reliable, as their Cronbach's Alpha values exceed 0.6. Therefore, it can be asserted that the measurement instrument utilized in this study is consistent and reliable.

3.2   Test of Simple Regression Analysis

The purpose of this analysis is to ascertain the direction of the relationship between the independent variable and the dependent variable, whether it is positive or negative, and to predict the value of the dependent variable in the event of an increase or decrease in the independent variable. The outcomes of the simple regression analysis are presented in the following Table 3:

Table 3. Simple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
1 (Constant)	51.119	4.234		12.074	.000
Local Value	.126	.058	.156	2.167	.032

Based on the table above, The following regression equation is obtained:
$$Y = 51{,}119 + 0{,}126\ X$$
The regression equation can be explained as follows:
 α = 51,119 is a constant value, if there is no local value or equal to 0, then competitiveness has a value of 51,119. It means that local value variable has influence on competitiveness

b = 0.126 is a coefficient value indicating that if the value of local value, it will be worth 1 point, then competitiveness will increased by 0.126.

3.3   Test of Hypotesis (T-Test)

Partial test is used to test the partial significance of each independent variable on the dependent variable, decision making, to find out the influence of the local value variable (X) on the competitiveness variable (Y) by comparing the t-count value with the t-table at a significance level of 5% (0.05).
Based on the hypothetical assumptions below:
Ho: There is no significant effect between local value and competitiveness.
Ha: there is a significant influence between local value and competitiveness.
As for the decision-making criteria:
 1. If t count < t table then Ho is accepted and Ha is rejected
 2. If t count > t table then Ha is accepted and Ho is rejected.
According to Table 3, the t-count value is 2.167, with degrees of freedom (df) calculated as n-k, where n represents the number of samples and k represents the number of constructs. Thus, df = 190-2 = 188. The critical t-table value is 1.653. Since the t-count (2.167) is greater than the t-table value (1.653) at a significance level of 0.032, which is less than 0.05, the null hypothesis (Ho) is rejected, and the alternative hypothesis (Ha) is accepted. This implies that local value has a significant effect on competitiveness.

3.4   Test of Coefficient Determination

Coefficient of determination is used to calculate the contribution of variable X to variable Y, or in the other words to calculate the influence of local value on competitiveness. The coefficient determination value can be seen in the Table 4 below:

Table 4. Coefficient determination test

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate
1	.156[a]	.024	.019	9.147

a. Predictors: (Constant), Local Value
b. Dependent Variable: Competitiveness

Based on the Table 6, the coefficient f determination (R2) value is 0,024. This shows that local value (X) can explain the effect of 2,4% on competitiveness. While the remaining 97,6% is influenced by other factors which in this case were not examined.

4   CONCLUSION

Based on the research that has been done, the conclusions in this research are there is a positive and significant effect of local value on competitiveness. The result show that if MSMEs do not have good local value, their competitiveness will still increase. MSMEs are expected to increase their competitiveness by paying attention to local value creation in their products. MSMEs must Look for other factors that have not been reached in this study. Examining at locations with different sample sizes and comparing several objects so that it is expected to provide better results.

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