

## ANALYSIS OF MARKET ORIENTATION AND FINANCIAL LITERACY ON MSME PERFORMANCE

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### ABSTRACT

*MSME performance is the level of success achieved by MSME stakeholders in running their businesses based on set goals. To support the success of MSME performance, MSME owners must have basic knowledge such as market orientation and financial literacy because these two things can be a benchmark for the success of MSMEs. This study aims to analyze the influence of market orientation and financial literacy on the performance of food industry MSMEs in Sukabumi. The number of samples in this study was 110 respondents. This study used descriptive research methods and associative research methods with a quantitative approach. The results showed that market orientation and financial literacy had a positive and significant effect on MSME performance. The contribution made between market orientation and financial literacy to the performance of MSMEs with interpretation is very strong.*

**Keywords: Market Orientation, Financial Literacy, MSME Performance**

### INTRODUCTION

Today's business world continues to evolve and compete to meet various consumer needs. One of the growing companies is MSMEs (Micro, Small, and Medium Enterprises). MSMEs are companies regulated by Indonesian Law No. 20 of 2008 and include small to medium enterprises. The number of SMEs in Indonesia that continues to grow every year has a positive impact on Indonesia's labor-based economy (Abbas, 2018; Kumalasari & Haryono, 2019).

The existence of MSMEs can accommodate a very large workforce, meaning that the existence of MSMEs helps the government in overcoming employment problems. Most of Indonesia's micro or industrial enterprises (MSMEs) are engaged in food. According to the Central Statistics Agency (BPS), the number of MSMEs in the food sector increased to 1.51 million business units in 2020. The proportion of MSMEs in the food sector reaches 36 percent of all national MSMEs, with a total of 4.21 million business units. Culinary MSMEs thus dominate Indonesia's economic development by outperforming other MSMEs (Ahdiat, 2022).

Starting from the emergence of Covid 19 that hit Indonesia, made the Indonesian economy unstable, and also affected MSMEs. The government's call for widespread social restrictions (PSBB) caused many MSMEs to close. MSME players are not free to operate both in terms of production and marketing and delivery of products to consumers. The production of MSMEs distributed in souvenir shops that should have been increased has decreased. This is due to government policies to limit the activities of tourist attractions

so that the number of tourists has decreased (Hidayahtullah et al., 2023; Sidiqqoh & Alamsyah, 2017).

This pandemic has also resulted in many workers being laid off or even lost income, affecting the level of consumption and purchasing power of the community, especially in the category of daily and informal workers. According to the Ministry of Cooperatives and Small and Medium Enterprises, around 37,000 SMEs claimed to be severely affected by the pandemic, with around 56% reporting a decline in sales, 22% financial problems, and 15% problems distributing goods. and 4% reported difficulty obtaining raw materials (Aryansyah et al., 2020; Pratama et al., 2022).

A decrease in the number of buyers indicates poor business development (Arifudin et al., 2020; Yani et al., 2019), and has an impact on decreasing profits of UMKM, increasing sales can also increase profits, but the fact is that during the pandemic many companies have experienced a decline in terms of revenue (Afandrianti Maulida & Habiburahman, 2022; Latifiana, 2016). In addition, a decrease in buyers indicates the quality of products that are not yet qualified to compete in the market.

According to Aribawa (2016), performance is the success of an organization in achieving strategic goals and is predetermined by the behavior expected of the organization. The good performance of MSMEs makes them a stronger economic backbone and their role in the national economy is increasing (Idawati & Pratama, 2020; Lina & Permatasari, 2020; Medhika et al., 2018). However, there are also some obstacles to the performance of U M KM,

namely financial management which almost does not affect the performance of U M KM, because there are still entrepreneurs who are not used to compiling financial statements to collect funds and the performance of UMKM The appraiser itself (Ardila et al., 2020; Arodi, 2017; Septiani & Wuryani, 2020). And good product results affect sales, but the presence of Covid has had a big impact on the number of customers buying. Therefore, the income of MSMEs has decreased (Amin & Pamungkas, 2022; Hamanay et al., 2021; Sibarani et al., 2022).

Many factors affect the performance of UMKM, including the financial literacy of MSME managers. Financial literacy is the knowledge, skills, and beliefs that influence attitudes and behaviors to improve the quality of decision-making and financial management to achieve wealth. Financially savvy MSME managers have the potential to be more productive, thus creating MSMEs that are more competitive in managing and developing better businesses (Farina & Opti, 2023). Many countries prioritize or use financial literacy as a combination of awareness, knowledge, skills, attitudes, and good financial behavior (Ardila et al., 2020; Otoritas Jasa Keuangan, 2017; Shafi et al., 2020).

Therefore, financial literacy is very important for MSME actors. Financial literacy is expected to be able to change or improve people's behavior so that they can manage their finances to improve human welfare. One of the socialization measures for entrepreneurs is to facilitate access to credit due to tightening regulations for financial institutions. The low financial literacy of micro, small, and medium enterprises has an impact on banks' ability to borrow. The difficulty of getting capital is a reason that often crosses the minds of entrepreneurs, so there are many reasons why businesses fail to develop (Latifiana, 2016; Septiani & Wuryani, 2020; Wise, 2013).

In addition to financial competence, market orientation is also a factor that affects the performance of MSMEs. Market orientation is considered a very important factor for the success of the company. According to Slater and Narver, market orientation is one of the main goals of MSME entrepreneurs to increase their knowledge in implementing various marketing strategies to develop their businesses (Abbas, 2018; Foley & Fahy, 2009; Lu & Fan, 2021). Therefore, their strategy must be able to maintain customer satisfaction. Meanwhile, according to Balnkson and Cheng, market orientation prioritizes customer satisfaction based on the needs and desires of the target market. There are three behavioral factors in

this market orientation: customer orientation, competitive orientation, and coordination between departments. Customer centricity is more valuable in terms of customer satisfaction than understanding or knowing the purpose of the purchase (Ong et al., 2021; Pertiwi & Siswoyo, 2016; Prasetyo & Wijaya, 2019).

In addition to declining sales, low market access to sell products is also an obstacle for operators. In addition to the COVID-19 pandemic, many factors have caused the decline in UMKM revenue, namely limited resources, limited place, and business infrastructure, especially the availability of quality tools and equipment, cheap and easily available raw materials, and intensive business competition inside and outside the region (Kurniawan & Kusumawardhani, 2017; Pratama et al., 2022; Wibowo, 2018). Another obstacle is the low quality of human resources in these MSMEs. This is reflected in the low knowledge and skills of MSME actors in various fields such as management, organization, marketing, and especially entrepreneurship. In addition, the ability to read market needs is still immature and has not been able to accurately understand the needs desired by the market. Unprofessionalism is often an obstacle to improving product quality. In addition, the educational background of MSMEs is also very low, making it difficult for them to understand or learn how to improve quality, standardize products, and expand access to financing. Therefore, it is not surprising that Indonesia's competitiveness is relatively low compared to other ASEAN countries such as Thailand, Singapore, Malaysia, and the Philippines (Afifah et al., 2021; Dhamayantie & Fauzan, 2017; Ratnawati & Hikmah, 2012).

Sukabumi City has a very diverse number of MSMEs with great development potential. If MSMEs develop well, then increasing productivity will also improve community welfare and ultimately have an impact on improving the regional economy. MSME products in Sukabumi City have become trademarks. However, with the emergence of this pandemic, many MSME owners complained about sales, consumer losses, production stoppages, and reduced market flexibility due to people's purchasing power. Experience and skills gained from resources can help solve problems faced by MSMEs (Arianto, 2020; Purwaningsih et al., 2022; A. M. Ramdan & Siwiyanti, 2022).

Based on data from the Office of Cooperatives, Small and Medium Enterprises, Trade and Industry of Sukabumi City, there are 69,368 MSMEs recorded in the data applying for

Assistance for Business Actors (BPU) (Ilham Budiman et al., 2020; A. M. dan L. S. Ramdan, 2022). Only 254 MSMEs are still running and producing, the rest are dead or not producing and are recorded as Production MSMEs. Most of the productive MSMEs in Sukabumi City are engaged in the food industry. This is because the food industry MSMEs are the pillars of Sukabumi City and improve the economy of its citizens, especially in the creative industry where the number of entrepreneurs continues to grow. The

characteristics of the meals offered by each operator vary. These differences are adjusted to the needs of MSMEs.

Based on its development, the MSME food industry always finds innovations to maintain the quality it offers, both through continuous innovation in the production process and through promotion, which is closely related to the tight competition of the rapidly growing food industry (Hidayatullah et al., 2023; Nurhasanah et al., 2022).

**Table 1. Data Sum UMKM Industry Food City Sukabumi**

Year	Sum	Percentage
2019	11359	0
2020	5892	93%
2021	3223	83%

Source: MSME Database Recap in Sukabumi City, 2021

Based on Table 1.3 above, it can be seen that there is a decrease in the number of food industry MSMEs from 2019 to 2021. The data shows that Sukabumi City has problems with the operations of the food industry MSMEs. This problem is speculated to understand MSME actors in financial management, usually MSME actors do not distinguish between corporate finance and personal finance (Farizki et al., 2020; Lestari et al., 2022; Santiago & Estiningrum, 2021). Plus the inability of the food industry MSME players in Sukabumi City to enter the market (Hidayat, 2022).

This study aims to measure the influence of market orientation and financial literacy on the performance of MSMEs in the food industry in Sukabumi City. The Grand Theory in this study is based on (Weol et al., 2019) states that the notion of management is a process consisting of planning, organizing, deploying human resources (HR), and multiple control activities to achieve achievable goals. Middle Range Theory According to Seputro (2019), Strategic management is what managers do to develop organizational strategy. This is an important task that involves all basic management functions - planning, organizing, leading, and controlling.

The Applied Theory used for the dependent variable (Y1) is the performance of MSMEs according to (Yani et al., 2019) It can be measured by various aspects of the environment, namely internal factors and external factors. Internal factors include human resource aspects, financial aspects, production aspects, and marketing aspects. Meanwhile, external factors include technological aspects, government policies,

socio-economic aspects, and aspects of the role of related institutions. The performance of MSMEs from all the variables above is one of the supporting factors if you want to make companies or MSMEs more advanced. Human resources (HR) and subordinate control to achieve the goals to be achieved.

Applied Theory used for the independent variable (X2) is financial literacy consisting of two dimensions: understanding and application. Understanding here is defined as individual knowledge about finance, and application is the application of individual finance (Rahmawati, 2016). According to Oseifuah (2010), there are 3 indicators of Financial Literacy (Suryanto & Rasmini, 2018), Among others: financial knowledge, financial attitudes, and financial behavior.

The independent variable (X1) that researchers use is market orientation by Rosnawintang (2012:461) that the size of orientation can be measured by customer orientation, competitor orientation, and coordination between functions. Because the definition contains indicators that are by the object of study.

Many previous studies have discussed the relationship between market orientation, financial literacy, and MSME activities, but there are still differences of opinion among researchers. According to Taufik's research, (2020) explained that market orientation has a positive effect on the performance of MSMEs, while research conducted by Abbas (2018) explains that market orientation does not affect market orientation. In addition, research (Naufal & Purwanto, 2022) states that

financial literacy has a positive impact on the performance of SMEs. But according to research by Hilmawati & Kusumaningtias, (2021), financial literacy does not affect the performance of MSMEs. Based on the problems and research gaps, the author is interested in conducting a research entitled "Analysis of Market Orientation and Financial Literacy on MSME Performance"

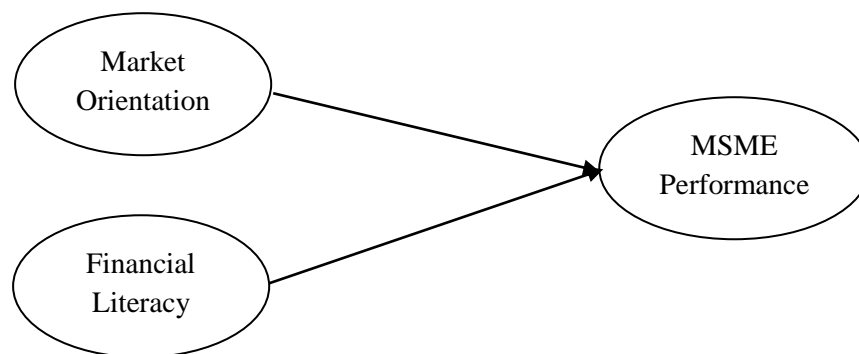
## RESEARCH METHODS

The research methods used by researchers to find and get answers to the problems studied are descriptive research methods and associative research methods with a quantitative approach. Descriptive analysis methods are used to provide empirical descriptions and descriptions of data collected in research (Ferdinand, 2014). Descriptive research is carried out to obtain a detailed picture and describe the characteristics or

functions of a variable. Associate research (Juliandi et al., 2014) aims to analyze the relationship of an independent (independent) variable or to predict its effect on the dependent (related) variable.

Research data was obtained by distributing and collecting questionnaires from respondents, namely food industry MSME owners in the city of Sukabumi. Sampling using a sampling method that can be used to make a good sample from a large population is *stratified cluster sampling* (Wati, 2015).

The quantitative research model or simple paradigm form where there are three variables, namely market orientation (X1) and financial literacy (X2) as independent variables expressed by (X) and MSME performance variables used as dependent variables marked (Y) can be described as follows:



**Figure 1. Research Model**

Ferdinand (2014) states that a variable is either established as an independent, dependent, mediating, or intervening variable and the moderation used qualifies for hypothesis testing developed by the researcher. In this study, the research variables are market orientation and financial literacy as independent variables (X) while the performance of MSMEs as dependent variables (Y). Here we can see which resulted in a significant influence of the elements of market orientation (X1), and financial literacy (X2) on the performance of MSMEs (Y) in the food industry MSMEs in Sukabumi.

Data analysis techniques in this study used *Statistical Program for Social Science* (SPSS) analysis (Ghozali, 2016). Test the measurement with Validity, Reality, and Classical Assumption tests, as well as hypothesis testing in

Determination Correlation Analysis, f-Test, Multiple linear regression analysis, and t-Test.

## RESULTS AND DISCUSSION

This study was conducted on 110 respondents of food industry MSMEs in the city of Sukabumi, the results of the questionnaire were processed using SPSS version 25. The normality test decision-making using the Kolmogorov-Smirnov formula with SPSS is seen from the significant value in the residual value of the data, if the significance value is more than  $> 0.05$ , it can be declared a normal residual value and if the significance value is less than  $< 0.05$ , it is declared an abnormal residual value. It can be seen in Table 4.6 as follows:

**Table 2. Kolmogrov-Smirnov Test Results**

N		110
Normal Parameters <sup>a</sup>	Mean	.0000000
	Std. Deviation	4.45816210
Most Extreme Differences	Absolute	.074
	Positive	.058
	Negative	-.074
Test Statistic		.074
Asymp. Sig. (2-tailed)		.180 <sup>c</sup>

Source: Data Processing Results, 2023

Based on Table 2. The results of the above test can be explained that the results of the Kolmogrov-Smirnov normality test of this study show normal with a significance value of 0.180 greater than > 0.005. So the conclusion is the independent variable, namely market orientation, and financial literacy to the dependent variable, namely the performance of normally distributed MSMEs.

Multicollinearity tests are needed to determine whether there are independent variables that have similarities with other dependent variables in a model, the detection of multicollinearity in a model can be seen from several things.

If the value of Variance *Inflation Factor* (VIF) is less than >10 and the value of Tolerance is not less than 0.1, then it can be said to be free from multicollinearity and the value of  $VIF = 1 / Tolerance$ , If  $VIF = 10$  then  $Tolerance = 1/10 = 0.1$ . The higher the VIF, the lower the *Tolerance*. If the VIF value is smaller than <10.00 then multicollinearity does not occur.

Using the same data and variables used in the regression test in the previous chapter, the classical statistical assumption of multicollinearity can be expressed in Table Coefficient 3. The results of the Social Science Statistics Package are as follows:

**Table 3. Multicollinearity Tolerance and VIF Coefficients <sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	12.469	3.587		3.477	.001		
	orientasi	.250	.096	.265	2.606	.010	.240	4.162
	literasi	.516	.085	.617	6.078	.000	.240	4.162

Sumber: Hasil Pengolahan Data, 2023

Based on Table 3 above regarding the *variance inflation factor* (VIF) test from the results of the research output using the SPSS coefficients table, each independent variable, namely market orientation and financial literacy has a VIF of not more than 10.00 and a *tolerance* value not less than 0.1. Therefore, it is stated that multiple variable linear regression models against dependent dependencies are free from classical statistical assumptions and can be used in research.

The autocorrelation test in a model aims to determine whether there is a correlation between confounding (et) intruders in the previous period (et-1). Autocorrelation generally occurs in samples with time series, sample n is one period. Instead,

the data sample is cross-sectional with n sample objects such as companies, individuals, regions, and others. Some of these are rare because the confounding variables in one sample item are different from those in a sample.

A simple way to detect autocorrelation is the Durbin-Watson test. Multiple linear regression models have no autocorrelation if the calculated Durbin-Watson values are within a range without autocorrelation. Position determinants are assisted by dl and du tables, supplemented by k values (number of independent variables). Therefore, the statistical classification assumptions of autocorrelation can be detected from the output of *SPSS Version 25* in Table 4 as follows:

**Table 4. Durbin-Watson Autocorrelation Results**

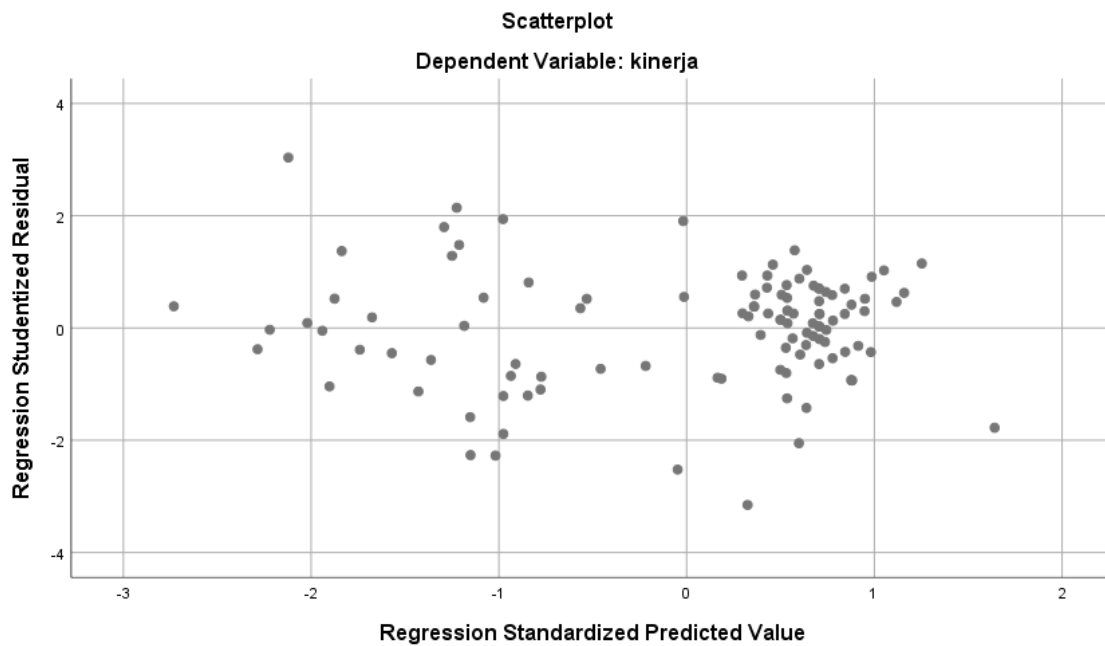
Model Summary					
Model	R	R Square	Adjusted R Square	Std. An error in the Estimate	Durbin-Watson
1	.857 <sup>a</sup>	.735	.730	4.49963	2.024

Source: Data Processing Results, 2023

Based on Table 4, the Durbin-Watson value is 2.024. Furthermore, the dl value from the table lookup (k) = 2 with the number of samples (n) = 110, the result dl 1.65. It was concluded that the Durbin Watson values of  $2.024 < 1.65$  dl so

that the multiple linear regression model of independent variables to the dependent is free from the classical assumption of autocorrelation statistics.

**Figure 2. Results of Heteroskedastias Scatterplots**



Source: Data Processing Results, 2023

Based on the results in Figure 2 state that the results of the Heteroskedastias Test in this study are independent variables that do not occur symptoms because there is no wavy, narrowed, or widened occurrence, then the points above and

below have the number 0. So it can be concluded that linear regression coupled with independent variables to dependent is free from the classical assumption of heteroskedasticity and can be used in this study.

**Table 5. Multiple Correlation Coefficient**

Model Summary									
Mode	R	R Square	Adjusted R Square	Std. The error in the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.857 <sup>a</sup>	.735	.730	4.49963	.735	148.501	2	107	.000

Source: Data Processing Results, 2023

Based on the results of Table 5 above, it can be interpreted that, the relationship between market orientation variables and product innovation variables on MSME performance there

is a relationship of 0.857. The results of the calculations in relationship with a guideline in Table 6 are as follows:

**Table 6. Interpretation of Correlation Coefficient**

Coefficient Interval	Correlation Coefficient
0,00 – 0,199	Very Low
0,20 – 0,399	Low
0,40 – 0,599	Keep
0,60 – 0,799	Strong
0,80 – 1,000	Very Powerful

Source: (Amanda et al., 2019)

From Table 6 when viewed in the interpretation table, a multiple correlation coefficient r is obtained, which is 0.857 for a coefficient position that is 0,80-1,000. From this, it can be concluded

that the relationship between the independent and dependent variables is so strongly correlated that it allows the research to continue.

**Table 7. Results of the Coefficient of Determination**

Model	Model Summary <sup>b</sup>				Change Statistics				
	R	R Square	Adjusted R Square	Std. The error in the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.857 <sup>a</sup>	.735	.730	4.49963	.735	148.501	2	107	.000

Source: Data Processing Results, 2023

Based on Table 7 above, it is stated that the value of R. Square (coefficient of determination) or the value of the Market Orientation variable and the Financial Literacy variable is 0.735 which means it influences 73.5%. So the contribution of the Market Orientation and Financial Literacy variables amounted to 73.5% to MSME Performance while the remaining 26.5%

was influenced by other variables that were not studied in this study. Based on the coefficient of determination test above, it can be concluded that Kd is close to number 1 where there is an influence of the independent variable on the strong dependent so it is declared worthy of further investigation.

**Table 8. Simultaneous Test Results**

		ANOVA <sup>a</sup>				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6013.320	2	3006.660	148.501	.000 <sup>b</sup>
	Residual	2166.398	107	20.247		
	Total	8179.718	109			

Source: Data Processing Results, 2023

Based on the results of the F test table 8 above, states that the sig value (0.000 < 0.05) is significant, while F counts 148,501 > F table 3.33, which means significant (n-k-1 = 110-2-1 = 107). The significance here is if F calculate > F table,

which means that the independent variable affects the dependent variable or there is an influence of Market Orientation and Financial Literacy variables on MSME Performance, it is declared worthy to continue the research.

**Table 9. Multiple Linear Regression Calculation Results**  
Coefficients <sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Itself.
		B	Std. Error	Beta		
1	(Constant)	12.469	3.587		3.477	.001
	Market Orientation	.250	.096	.265	2.606	.010
	Financial literacy	.516	.085	.617	6.078	.000

Source: Data Processing Results, 2023

Based on Table 9 of the results of multiple linear regression calculations above the constant value of 3.090 and the Market Orientation value (X1) of 0.302 while the Financial Literacy value (X2) of 0.581, therefore the value of the multiple linear regression equation is as follows:

$$a = 12.469$$

$$b_1 = 0.250$$

$$b_2 = 0.516$$

So we get the multiple linear regression equation for two predictors (market orientation and financial literacy) as follows:

$$Y^* = a + b_1 x_1 + b_2 x_2$$

$$Y^* = 12.469 + 0.250 +$$

$$0.516 x_2$$

From the multiple linear regression equation above, it can be concluded

1. A constant value of = 12,469 has a positive value, this indicates that the independent variable and the dependent variable which includes market orientation and financial literacy have increased significantly. A

positive sign means that it shows a unidirectional influence between the independent variable and the dependent.

2. The market orientation coefficient has a value of 0.250 with a positive value, this shows that the market orientation variable has increased, then the performance of MSMEs will increase by 0.250. assuming independent variables that are in the same direction between market orientation variables and MSME performance variables.
3. The financial literacy coefficient has a value of 0.516, therefore this shows a positive influence between financial literacy variables and MSME performance. This shows that the financial literacy variable has increased, and the MSME performance variable will increase by 0.516. A positive sign means a unidirectional influence between financial literacy variables on MSME performance variables.

**Table 10. Partial Test (t-Test)**  
Coefficients <sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Itself.
		B	Std. Error	Beta		
1	(Constant)	12.469	3.587		3.477	.001
	Market Orientation	.250	.096	.265	2.606	.010
	Financial literacy	.516	.085	.617	6.078	.000

Source: Data Processing Results, 2023

Based on the results of partial test testing (f-test) in table 10 analysis of the *coefficients* table to be able to determine how influential the independent variables of Market Orientation and Financial Literacy partially affect the dependent variables as follows:

1. From the results of tests conducted by researchers on the influence of market

orientation variables on MSME performance, *Sig* values of 0.010 < 0.05 mean significant, while t-count value t 2.606 > t-table 1.982 means significant. The significance here H0 was rejected H1 was accepted. Based on this, it can be interpreted that market orientation variables partially have a significant effect on the performance of MSMEs.



2. The results of tests conducted by researchers on the influence of financial literacy variables on MSME performance showed that the *Sig* value of  $0.000 < 0.05$  means significant, while the t-count value of  $6.078 > t\text{-table } 1.982$  means significant. Significant here is  $H_0$  rejected and  $H_1$  accepted. Based on this, it can be interpreted that the variable of financial literacy partially has a significant impact on the performance of MSMEs.

### **Analysis of the Effect of Market Orientation on MSME Performance**

Following the results of hypothesis testing, it can be seen from the t-test table, where the t-count and significant values in testing between market orientation variables to MSME performance variables show t-count values of  $2.6060 > 1.982$  and *Sig* values of  $0.010 < 0.05$ . The test results show that there is a significant influence between market orientation on MSME performance.

This is my opinion (Aulia et al., 2019) which states that market orientation has a significant effect on the marketing performance of culinary MSMEs. This is also by research (Prasetyo & Wijaya, 2019) which states that market orientation has a significant effect and is positively related to the performance of MSMEs in the culinary sector in the Old Market of Tangerang.

### **Analysis of the Effect of Financial Literacy on MSME Performance**

By the results of hypothesis testing, it can be seen from the t-test table, where the t-count and significant values in testing between financial literacy variables against MSME performance variables show t-count values of  $6.078 > 1.982$  and *Sig* values of  $0.000 < 0.05$ . The test results show that there is a significant influence between financial literacy on MSME performance.

This is in line with the results of the study (Hertadiani & Lestari, 2021; Idawati & Pratama, 2020) stated that financial literacy has a positive and significant effect on the performance of MSMEs both in the city of Denpasar and in East Jakarta area. So it can be concluded that the results of the research found by the researcher are by previous research.

## **CONCLUSION**

Based on the results of research conducted in the research and discussion described above regarding the analysis of market orientation and

financial literacy on MSME performance, the following conclusions can be drawn:

1. Market orientation on food industry products in Sukabumi by generating value (very high). This assessment is from respondents who own MSMEs in the food industry.
2. Financial literacy in food industry products in Sukabumi by producing (high) value. This assessment is from respondents who own MSMEs in the food industry.
3. The performance activities of industrial MSMEs in Sukabumi by producing (high) value. This assessment is from respondents who own MSMEs in the food industry.
4. Research and testing partially market orientation have a significant effect, showing *Sig* values of  $0.010 < 0.05$  are significant. So the food industry MSMEs show a good influence on the performance of MSMEs, therefore for customers there should be an increase in market orientation
5. Partial research and testing of financial literacy has a significant effect on competitive advantage with t-test testing ( $0.000 < 0.05$ ) meaning significant. So the food industry MSMEs in building MSMEs have good value in the eyes of customers and the need to increase financial literacy.

## **RESEARCH IMPLICATIONS**

Market orientation has a positive and significant influence on the performance of MSMEs in the food industry, therefore owners of MSMEs in the food industry must have a good understanding of market orientation. Based on the indicators in this study, owners of MSMEs in the food industry must understand customer needs, competitive conditions and interfunctional contributions. A good understanding of these three indicators leads to improved performance of MSMEs in the food industry

Financial literacy has a positive and significant influence on the performance of MSMEs in the food industry. MSMEs owners should improve financial knowledge, financial attitudes, and financial behavior because it is proven that this understanding can legitimately and convincingly improve the performance of MSMEs in the food industry

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