

# THE ROLE OF MARKET ORIENTATION THROUGH NETWORKING IN INCREASING THE PERFORMANCE OF THE EXPORT CREATIVE INDUSTRY

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**ABSTRACT:** *The purpose of this study is to analyze networking capabilities in an effort to improve the performance of the creative industry with market orientation owned by the Indonesian drum jimbeblitar. The research sample was 54 JimbeBlitar drum craftsmen (SMEs) who exported. Analysis tools used Structural Equation Modeling (SEM), with Partial Least Squares (PLS). The results of the study reveal that the relationship skill indicator is the most important indicator in forming networking, while the product performance indicator is the most important indicator in shaping the creative industry's performance. Market orientation cannot have any effect on creative industry performance, however market orientation gives effect to networking and networking gives effect to the performance of the jimbe drum creative industry in Blitar Indonesia. Networking is able to mediate the influence of market orientation on creative industry performance*

**Keywords:** Market Orientation, Networking, SME Performance, Creative Economy

## I. INTRODUCTION

Small and Medium Enterprises (SMEs) have a very important role for the economy of a country. SMEs contribute to creating jobs and reducing poverty (Eniola, et.al, 2015). In the midst of globalization and high competition, MSMEs must be able to face global challenges, such as increasing product and service innovation, developing human resources and technology, and expanding the marketing area through creative industries (Sedyastuti, 2018). Empowerment of SMEs in the midst of globalization and high competition makes SMEs must be able to face global challenges, such as increasing product and service innovation, developing human resources and technology, and expanding the marketing area. This needs to be done to increase the selling value of SMEs themselves, especially so that they can compete with foreign products that are increasingly flooding industrial and manufacturing centers in Indonesia.

The world's economic sector has experienced a significant negative impact due to the COVID-19 pandemic. This virus has become a global pandemic and has spread to various countries, including Indonesia. The pandemic caused turmoil in the health sector and the economy. As a result, global economic growth experienced a negative growth of -4.9% in 2020 (IMF, 2020). Meanwhile, Indonesia's 2020 economic growth contracted by 2.07 percent compared to 2019 (BPS, 2021). Negative economic growth also occurred at the regional level. In this case, Blitar Regency in 2020 experienced a growth contraction of 2.29%, greater than the national contraction (BPS Kabupaten Blitar, 2020).

Indonesia is the initiator to encourage the revival of the world's creative economy sector, as well as challenging Indonesia's creative economy sector. The year 2021 has been designated by the United Nations (UN) as the International Year of the Creative Economy through UN General Resolution No. 74/198. Indonesia initiated the UN resolution regarding the progress of the world's creative economy. Delivered at the Friends of Creative Economy (FCE) meeting on November 11, 2020, Indonesia is expected to be able to encourage the implementation of the International Year of the Creative Economy 2021 effectively, both for the recovery of the creative economy sector and the world economy (kemenparekraf.go.id).

The bright name of Indonesia in the world's creative economy sector was not born from a short process. Indonesia's big name in the world's creative economy was created thanks to the efforts of all creative economy actors in previous years. According to data from the Creative Economy OPUS 2020 report, the contribution of the creative economy sub-sector to the national Gross Domestic Product (GDP) reached IDR 1,211 trillion. This figure increased from 2017 and 2018, which were only IDR 1,000 trillion and IDR 1,105 trillion, respectively. This figure brings Indonesia to the third largest position in the world, with the contribution of the creative economy sector to GDP, while the two previous positions are the United States of America and South Korea (kemenparekraf.go.id).

Blitar, which is one of the regions in East Java, gave birth to creative industries such as handicrafts from lathe wood which are processed into jimbe drums. Not only as a superior product for Blitar, the potential generated by the creative industry of drum jimbe, contributes to creating jobs and production of drum jimbe has been exported to several countries such as China, America, Australia, Africa and Korea. Like other creative industries in Indonesia, the creative industry of drums jimbe faces problems with organizational resources, including problems of quality human resources, entrepreneurial knowledge, digital literacy, and access to capital (hall of [jatim.kemdikbud.go.id](http://jatim.kemdikbud.go.id)).

The jimbe drum has become one of the icons of Blitar City. The production of this drum jimbe is also not always smooth, especially when it is faced with the Covid 19 pandemic situation so that production has experienced a decline. The delivery process that is not smooth hampers the distribution of drums jimbe because several containers in each month do not always run, where each container contains 3,600 jimbe drums of various sizes, according to order([rri.co.id](http://rri.co.id)). In addition, the emergence of buyers (collectors) who purchase jimbe drums for SMEs at lower prices is also very detrimental to the owners or craftsmen of jimbe drums in Blitar Regency, because they are forced to sell their products in order to survive and continue to produce. In addition, during the COVID-19 pandemic, the payment process carried out by buyers was also very pressing and detrimental to the Jimbe drum MSME actors by making payments when the product arrived overseas.

Meanwhile, linking business success and organizational resources is a key factor for small business growth. This has been highlighted in resource-based theory (Ritthaisong, Y., et.al,2014). RBT states that the higher the resources available to a company, the greater the chance of survival (Barney, J. (1995), although (Williams, D.A, (2014) argues that lack of resources cannot justify business failure among SMEs, which means there are factors that can influence failure. In other words, the claim that resources are the main determinant of small business success is still being questioned (Williams, DA,2014).Creative economy can be said as an economic concept in the new economic era that intensifies information and creativity by relying on ideas and stock of knowledge from Human Resources (HR) as the main production factor in its economic activities ([setneg.go.id](http://setneg.go.id)).

Based on the phenomena faced by the creative industryjimbedrumIt is interesting to conduct a study by conducting a study on the performance of the creative industry.Developmentcreativeindustryindicated by increased business performance. Business performance is the result of achieving work performance or company goals related to sales growth and profitability (Hult, GTM, and Ketchen, 2001). (Camison, C., & Villar-Lopez,2010) measures the performance of small and medium enterprises by referring to three aspects, namely profitability, productivity, and market. The majority of SMEs are not willing or objected to providing company performance data with data related to finance, so it is possible to use the owner's perception approach.

Gin and Chong, (2008) revealedSME performance can be measured in a variety of ways, including financial performance (eg, profitability, return on investment), product performance (eg, product reliability, number of unique product features), and market performance (eg, market share, customer satisfaction). Hao, Q. (2009) shows a different point of view in measuring performance, namely financial performance indices such as profit and return on investment, and non-financial performance such as market breadth and growth. Ndubisi, NO, and Iftikhar, K. (2012) revealed that the performance of SMEs can be measured by market breadth, sales growth, and profit growth.

A number of researchers have concluded that the increase in company performance is due to the application of market orientation. Market orientation is something that is important for companies in line with increasing global competition and changes in customer needs where companies realize to always be close to the market. Market orientation helps companies determine strategies and approaches to understanding the market (Vorhies, DW & Morgan, NA, 2009). Market orientation provides a better understanding of the environment, and businesses that adopt market orientation can meet customer needsin a better way (Grainer, B., and Padanyi, P,2005). Market-oriented companies will have a better performance in understanding their customers and competitors (Lings, IN, and Greenley, 2009). The applied market orientation will form better customer relationships which can increase the results of sales performance, growth, market share and profit (Shehu, AM, and Mahmood, R, 2014).

Empirical evidence shows that orientationThe market has a direct impact on the performance of SMEs in Ghana (Mahmood, R., and Hanafi, 2013) the performance of SMEs in Malaysia (Affendy et al , 2015) the performance of SMEs in seaweed processing in South Sulawesi (Abdullah, et al 2017) and the performance of textile SMEs in Selangor, Malaysia (Udriyah, Tham, J., &Azam, FS. 2019). The results of a different study are shown by (Solikahan, EZ, & Mohammad, A, 2019). concluding that market orientation has no effect on the performance of Karawo SMEs in Gorontalo City. Shehu, AM, and Mahmood, R.(2014) conclude thatfound no relationship between market orientation and SME performance in Kano, Nigeria. Acosta, AS, Crespo, . H., &Agudo, JC(2018). concluded that market orientation has no effect on kSME performance in Mexico.

The results of the empirical study of the influence of market orientation on the performance of SMEs, there is still a research gap, so that the networking war as a mediation is interesting to do an empirical study.

A network in business is an important part that needs to be considered. Businesses on a large or small scale both need a network. Walter et.al (2006) stated that networking is defined as the company's ability to initiate, develop and utilize internal organizations as well as external organizational relationships. Building new relationships is important to build an innovative orientation to build higher performance Parida, V *et al.*(2017). Mu, Jifeng & Anthony Di Benedetto (2012) revealed that the components of networking capabilities consist of finding and finding partners, managing relationships with partners, and making the most of existing relationships. Walter, Achim et.al (2006). revealed four components of networking ability, namely coordination, relationship skills, partner knowledge, and internal communication.

Naude. PG Zaefarian, *et al* (2014) concluded that the performance of SMEs in Iran is influenced by network structure and external network behavior. Surin, EF *et al* (2017). concluded that network centrality has a positive and significant effect on the performance of SMEs in Malaysia. Fahmi, AKA & Mudianton (2019) concluded that networking affects the performance of MSMEs in Purwokerto. Market orientation as an orientation concept that focuses on creating high value for consumers. Market orientation is one of the intangible factors that have an impact on company performance (Homburg, C., Krohmer, H., Workman, 2003). Market orientation is a business culture that generates performance by creating customer value (Slater, SF, and Narver, JC, 2000). Companies must be able to continue to innovate in every aspect of business operations to be able to compete and survive in a competitive market. There is a market orientation

The results of the study Rohmaniyah, A., & Nurhayati, T.(2017). concluded that market orientation has a positive and significant influence on networking, meaning that the higher the market orientation, the company can know, understand and answer the needs and expectations of customers, so good networking is needed in connecting one another. The results of the research conducted Kumar Panda, D.(2014) The results support the positive significant effect of strategic orientation including market orientation (customer orientation, competitor orientation and inter-functional orientation), technology orientation and entrepreneurial orientation on managerial network (business and political network) building in Indian SMEs.

Based on the background, it is interesting to conduct an empirical study on building networking through market orientation in order to improve performance export-oriented creative industry in the Blitar Region.

## **II. LITERATURE REVIEW**

### **1. SME Performance**

The performance of SMEs is the result of work achieved by individuals who adjust to the role or task of the individual in a company at a certain time period, which is associated with a certain value or standard (Mutegi, HK, Njeru, PW, and Ongesa, NT, 2015). (Daft, L. Richard, 2010) revealed that the performance of MSMEs is the level of success achieved both in quality and quantity from the level of achievement that has been targeted. In the context of SMEs. Taticchi, P., et al (2010) explained that the SME performance measurement scale uses financial performance, such as ROI, and ROE. Meanwhile, Hafeez, MH, *et al* (2012). the performance indicators of SMEs are seen from financial performance and market performance. Financial performance is measured by operating profit and Return On Investment per year. Meanwhile, market performance is seen from the level of sales and market share of SMEs for three years. Alasadi, R. and Al Sabbagh, H. (2015) explained that financial performance is measured by financial indicators, innovation, production and market. Li, S., et al (2004) and Nybakk, E. (2012). explain that performance indicators are measured by financial performance, market performance and competitiveness. Camison, C., & Villar-Lopez. (2010) measures the performance of small and medium enterprises by referring to three aspects, namely profitability, productivity, and market.

### **2. Networking**

Networks (networks) are related to ongoing business activities, intertwining / interrelated and interdependent as a consequence of this relationship, so that they are spread everywhere naturally (Jamsa, Paiviet al 2011). The network includes both hidden relationships and active relationships, how individuals organize and determine these relationships, both consciously and unconsciously in various ways to reflect their needs (Jack, L., Sarah, 2010). Jamsa, Paivi., Tahtinen, (2011) sees the network in SMEs as a view of the competence of SMEs in carrying out marketing activities. The competency view highlights skills and learning in the network and sees activity as something that can be developed through an investment of time and resources. Networks can also have an impact on a firm's bargaining power and help identify new market opportunities, and influencing SME marketing activities to become more interactive and informal, as networking is seen as a more people-oriented approach to marketing Carson, D., Gilmore, A. & Rocks, S. (2004). Parida, V et al (2017) suggests five components of networking capabilities which consist of, the company's ability to organize/coordinate collaborating partners, the company's interpersonal relations ability to influence partners, have information or knowledge about company partners and competitors, the company's internal communication capabilities in distributing the knowledge gained from partners, as well as the company's ability to build new relationships. Walter, Achim, et al (2006). revealed network indicators, namely coordination, relationship skills, partner knowledge, and internal communication. Papastamatelou, J., et al (2016) namely network

characteristics, network orientation and network resources.

### **3. Market Orientation**

Wang, CH, *et al* (2012) stated that the main concept of market orientation still involves generating, disseminating, sharing information, and reacting well to changing market needs in order to achieve organizational goals, ensuring the needs and wants of customers, while simultaneously considering the interests of all company stakeholders. Afsharghasemi, A., *et al* (2013) stated that the company must ensure that the strategy being developed should not be preceded by competitors in making new and better innovations in providing the needs and desires of its consumers. Market orientation is a unifying element of individual and departmental effort and performance, leading to higher performance. Thus, the greater the level of market orientation of the company, the better its performance Felgueiraa, T., &Gouvenia, R. (2012).

## **III. HYPOTHESES DEVELOPMENT**

Improved company performance due to the application of market orientation. The applied market orientation will form better customer relationships which can increase the results of sales performance, growth, market share and profit Shehu, AM, and Mahmood, R. (2014). Empirical evidence shows that market orientation has a direct impact on the performance of SMEs in Ghana (2011) the performance of SMEs in Malaysia Affendy, AH *et al* (2015) the performance of SMEs in seaweed processing in South Sulawesi Abdullah, A., *et al* (2017) and the performance of textile SMEs in Selangor, Malaysia ( Udriyah, *et al* 2019). Market-oriented companies will have a better performance in understanding their customers and competitors (Lings, IN &Greenley, GE, 2009).

### **H1 Market Orientation has a significant effect on the performance of the creative industry.**

Market orientation is defined as a process and activity related to customer creation and satisfaction by continuously assessing customer needs and wants. The application of market orientation will lead to improved performance for MSMEs. The results of research Rohmaniyah, A., &Nurhayati, T.(2017), Kurniawan, R. *et al* (2021) and Kumar Panda, D.(2014) concluded that market orientation has a positive and significant influence on networking, meaning that the higher the market orientation, the company can know, understand and answer the needs and expectations of customers, so networking is needed. good at connecting with one another.

### **H2 Market Orientation has a significant effect on networking.**

Walter, Achim, *et al* (2006). stated that networking is defined as the company's ability to initiate, develop and utilize internal organizations as well as external organizational relationships. Building new relationships is important to build an innovative orientation to build higher performance (Parida, V., *et al* 2017) Networking capabilities are not only looking for and managing external networks from the company, networking capabilities talk about network relationships within the company itself. Walter *et al* (2006). revealed four components of networking ability, namely coordination, relationship skills, partner knowledge, and internal communication. The dense network structure will strengthen the positive effect for the tendency to improve the company's performance strategy (Andrevski.G, 2009). (Naude *et al* (2014) concluded that the performance of SMEs in Iran is influenced by network structure and external network behavior. Surin, EF *et al* (2017). concluded that network centrality has a positive and significant effect on the performance of SMEs in Malaysia. However, the network of family members and network density have a positive but not significant effect on performance in Malaysia. D'souza, C (2021) Market orientation affects the performance of MSMEs in Central Java

### **H3 Networking has a significant effect on the performance of the creative industry.**

Mahmoud, A (2011), Affendy, *et.al*(2015), Lings, IN, and Greenley, GE (2009), Shehu, AM, and Mahmood, R. (2014), Abdullah, A., *et al* (2017), Udriyah, Tham, J., &Azam, FS. (2019) explain that market orientation has a positive influence on the performance of MSMEs. While Walter, (2006), Mu, Jifeng, And Anthony Di Benedetto (2012) and Andrevski.G., (2009)concluded that networking has a positive influence on the performance of SMEs

### **H4. Networking mediates the effect of market orientation on creative industry performance**

## **IV. RESEARCH METHODS**

In accordance with the main problem and research objectives, this study uses pquantitative approach, which is an approach that emphasizes testing theories or concepts through metric/numerical measurement of variables and performing data analysis procedures with statistical equipment and aims to testhypothesis. The type of research is explanatory research. The pattern of influence that will be revealed in this study is the effect of market innovation on the performance of MSMEs mediated by networking. The population in this study were SMEs (craftsmen) of drums jimbe in the Blitar area with a total of 227 registered at the cooperative and trade office of Blitar, while the sampling technique used purposive sampling with the criteria of craftsmen (MSMEs) who exported as many as 54 craftsmen of drums jimbeBlitar.



Data collection techniques in this study were carried out by means of online questionnaires and face-to-face with respondents to obtain relevant information about facts in the form of opinions on assessments of networking on market innovation and MSME performance. To measure the variables to be studied through respondents' responses, a Likert scale was used and each answer to the questions in the questionnaire was given a measurement score of 5 (1=strongly disagree, 3=neutral, and 5=strongly agree). The analytical technique in this study is Structural Equation Modeling (SEM), with Partial Least Squares used to analyze the data in this study (PLS). The following are the steps taken in the testing process: (1) Designing the Inner Model, (2) Designing the Outer Model,

In general, the constructs and indicators used are presented in Table 1.

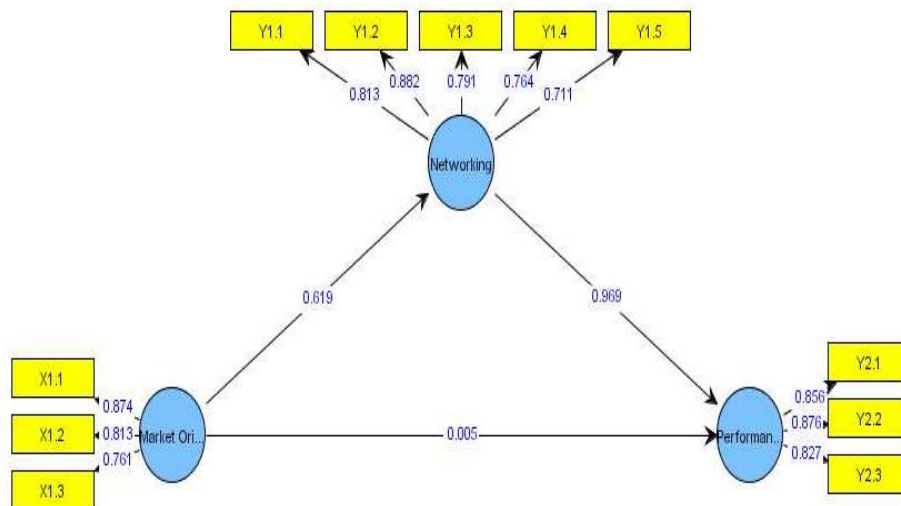
**Table 1. Operational Matrix of Research Variables**

No	Variable	Indicator	Source
1	Market orientation (X1)	1. Competitor orientation 2. Customer orientation 3. Coordination between functions	Parida, V., Pesämaa (2017), Mahmoud, Abdulai.(2011), Papastamatelou, J et.al (2016) and Liu, S. (2013).
2	Networking (Y1)	1. Coordination 2. Relationship skills 3. Network characteristics 4. Network orientation 5. Network resources	Jeong, SW(2016), Narooz, R., Child, J.(2017), Walter, Achim et.al (2006)
3	Creative industry performance (Y3)	1. Financial performance 2. Production performance 3. Market performance	Li, S., Nathan et.al (2004), Nybakk, E. (2012), Hafeez, MH et al (2012), Meutia. (2013) and Ratnawati et.al (2018)

**V. RESULT**

**Outer Model Testing (Measurement Model)**

Outer model test(measurement model) is an assessment of the reliability and validity of research variables. There are three criteria to assess the outer model, namely: convergent validity, discriminant validity and composite reliability.



**Figure 1. Testing the Outer Model (Measurement Model)**

The results of the outer model testing are: convergent validity, composite reliability and discriminant validity on the research variables can be seen in Table 2.

**Table 2 Results of Convergent Validity, Composite Reliability and Discriminant Research Variable Constructs**

Variable	Indicator	Loading factors	Standard Error	T-stats	Composite Reliability	AVE
Market orientation	Competitor orientation	0.874	0.034	26.017	0.858	0.668

	Customer orientation	0.813	0.060	13,522		
	Coordination between functions	0.761	0.096	7.956		
<i>Networking</i>	Coordination	0.813	0.051	16,090		
	Relationship skills	0.882	0.032	27,568		
	Network characteristics	0.791	0.069	11,548	0.895	0.631
	Network orientation	0.764	0.079	9,658		
	Network resources	0.711	0.069	10.351		
Creative industry performance	Financial performance	0.856	0.041	20.884		
	Production performance	0.876	0.037	23,440	0.889	0.728
	Market performance	0.827	0.054	15,359		

The test results on the convergent validity of market orientation, networking and creative industry performance variables show that the outer loading construct indicator has a loading value > 0.50 and has a t-statistic value greater than t table > 1.960. Thus, overall, it can be concluded that the indicator measurements for market orientation, networking and creative industry performance variables meet the convergent validity test. Competitor orientation indicator is the most important indicator in forming market orientation. The relationship skill indicator is the most important indicator in forming networking, while the product performance indicator is the most important indicator in shaping the creative industry performance. The test results on the composite reliability of market orientation variables, networking and creative industry performance have high reliability, this can be seen from the composite reliability value of all constructs greater than 0.60. The results of the discriminatory validity test by looking at the value of the square root of average variance extracted (AVE) market orientation, networking and creative industry performance have a value > 0.5, so market orientation, networking and creative industry performance have high discriminatory validity.

**Structural Model Testing or Inner Model**

Testing the structural model or the Inner Model is evaluated by looking at the R2 value of the latent variable using the Geisser Q Square test, then looking at the magnitude of the structural path coefficient. The estimated stability of the structural path coefficients was evaluated using the t-statistic test obtained from the bootstrapping procedure. The inner model test can be seen from the R-Square value in the equations between latent variables. The results of the R-Square calculation can be seen in Table 3.

**Table 3. R-Square . Calculation Results**

Variable	R-Square
<i>Networking</i> (Y1)	0.383
Creative industry performance (Y2)	0.945

Based on the results of the calculations in Table 3, the calculation of Q-square using R-square data can be done as follows:

$$\begin{aligned}
 Q^2 &= 1 - (1 - 0.383^2) * (1 - 0.945^2) \\
 &= 1 - (0.853) * (0.107) \\
 &= 1 - 0.091
 \end{aligned}$$

$$Q^2 = 0.909$$

Based on the calculation of Q-square (Q2) obtained a Q-square value of 0.909. These results can be interpreted that the research model can explain 90.9% of the influence contribution market orientation towards networking and creative industry performance is 90.9%, so the model that has been built has predictive relevance or an accurate level of prediction.

**Hypothesis Testing Results**

Hypothesis testing was carried out using the structural equation method with the PLS (Partial Least Square) approach, by testing the significance of the path coefficients in the model. If the t statistic on the tested path is 1.960, then the research hypothesis is proven. The test results in detail can be seen in Table 4.

**Table 4 Results of Regression Weight Analysis**

Connection	T-Statistics	Note:
Market Orientation -> Performance	0.135	Non Sig
Market Orientation -> Networking	8,269	Sig
Networking -> Performance	47,796	Sig
Market Orientation -> Networking -> Performance	8,136	Sig

Based on the results of the study it was explained that *market orientation* cannot have any effect on creative industry performance, however *market orientation* give effect to *networking* and *networking* give effect to creative industry performance. Based on the results of the mediation test, *networking* is able to mediate the influence of *market orientation* on creative industry performance.

## VI. DISCUSSION

Market orientation is described as a concept with the ability to create value for consumers, which focuses on external market needs, wants and market demands as the basis in formulating strategies for each business unit so that social networks are needed. Market orientation is formed by indicators of competitor orientation, customer orientation and coordination between function Mahmoud, Abdulai (2011), Liu, S. (2013), Parida, et al. (2017) and Papastamatelou, J., (2016) Based on the results of the confirmatory factor analysis, the indicators that are considered to have the largest or strongest contribution in shaping market orientation are competitor orientation compared to customer orientation and coordination between functions.

Jamsa, Paivi et al. (2011) revealed that *networking* is a competency possessed by SMEs in running their business with the skills and learning they have as an investment and resource. *Networking* is formed by indicators of coordination, relationship skills, network characteristics, network orientation and network resources Jeong, SW (2016), Narooz, R., Child, J. (2017) and Walter, Achim et al. (2016) Based on the results of the confirmatory factor analysis, the indicator that is considered to have the largest or strongest contribution to forming *networking* is relational expertise.

Daft, L. Richard. (2010). MSME performance is the level of success achieved both in quality and quantity from the level of achievement that has been targeted. Creative industry performance is shaped by financial performance, production performance and marketing performance Li, S., Nathan (2004), Ratnawati et al (2018), Meutia (2013) and Hafeez, MH et al (2013). Based on the results of the confirmatory factor analysis, the indicator that is considered to have the largest or strongest contribution in shaping the performance of the creative industry is production performance.

Market orientation is not able to directly affect the performance of the creative industry in Blitar jimbe drums because the owners of the drum jimbe industry do not require management observations with competitors, they do not focus on providing information about products produced in print and electronic media, do not need to explain about the products sold to customers and consumers like. This is because Jimbe Blitar's drum craftsmen make their products according to customer orders, so they don't need an understanding of the customers about the products being sold. In addition, the jimbe drum craftsmen did not coordinate between the parts in each stage of the product processing process.

Market orientation is able to contribute to the *networking* of the creative industry of Blitar jimbe drums, meaning that jimbe drum craftsmen are able to take full advantage of market orientation, so as to increase *networking*. Drum jimbe craftsmen as an effort to increase the network by coordinating with customers, craftsmen apply relationships in meeting the demand for jimbe drum products including the relationship between raw materials (wood, lathe, plong) to get finished goods to order, so that the characteristics and network orientation of the craftsmen Kendang Jimbe plays a very important role in the importance of *networking* in the creative industry. Rohmaniyah, A., & Nurhayati, T. (2017) explained that market orientation has a positive and significant influence on *networking*, with understand and respond to customer needs and expectations. The results of this study are in accordance with studies conducted by Rohmaniyah, A., & Nurhayati, T. (2017), Kumar Panda, D. (2014) and D'souza, C., Nanere, M. et al (2021) which concluded that market orientation has a positive and significant influence on *networking*.

*Networking* has a direct influence on the performance of the creative industry of drums jimbe craftsmen, meaning that by developing a network of creative industries of drums jimbenya, the performance of SMEs drums jimbe will increase. The role of the drum jimbe network in an effort to improve production performance, is able to increase production volume and reduce production costs with a network of raw material suppliers that support raw materials for the production of drums jimbe, besides the network owned by drums jimbe (distribution network) is able to meet the accuracy of delivery abroad and network. The role of the network in improving marketing performance, Blitar kendang jimbe craftsmen are able to maintain quality conformity until the goods are sold abroad and have a good market share. While financial performance, Jimbe drum craftsmen can increase the profits from their operations and total assets owned. These results are in accordance with studies conducted by Naude. PG Zaefarian et al (2014), Surin, EF, Edward et al (2017) and D'souza, C., Nanere, M. (2021) explaining that the network has a positive and significant effect on the performance of SMEs.

*Networking* able to mediate the effect of market orientation on the performance of the drumming jimbe creative industry. That is, the role of the network owned by jimbe drum craftsmen by coordinating with relations (suppliers, customers), network characteristics, network orientation and network resources that they have can improve performance, namely product performance, market performance and financial performance. The role of

networking in an effort to improve the performance of jimbe drum craftsmen, including being able to maintain the suitability of the quality of the products sold, during the pandemic period which began to decline, craftsmen began to increase their sales (the role of the network of semi-finished material suppliers and customers who did not limit the number of goods sent), and jimbe drum craftsmen. Blitar has a good market share in Asia. So the jimbe drum craftsmen.

## **VII. CONCLUSION**

Improving the performance of the creative industry of Blitarjimbe drums requires the owner's understanding of the importance of market orientation so that craftsmen in addition to being able to focus on the wants and needs of customers, able to manage their business by observing competitors and coordinating the parts that support the production process to marketing. The role of market orientation in efforts to develop a network (networking) of Blitarjimbe drum craftsmen is carried out by always coordinating with customers and suppliers so that they are able to fulfill orders from abroad. Blitarjimbe drum craftsmen with the characteristics and network orientation they have are able to maintain their business in a pandemic even though they are experiencing a decline. The role of networking is able to mediate market orientation in the performance of the drumming jimbe creative industry as an effort to improve production performance, marketing performance and financial performance. Production performance, including the network owned, is able to control the elasticity of its production, deliver its products on time and reduce production costs. Meanwhile, in marketing performance with the role of market orientation, craftsmen are able to maintain the suitability of the quality of goods produced to the hands of customers, experience an increase in total sales and have a good market share. Financial performance can be achieved with indicators that the jimbe drum craftsmen are able to get profit from the results of their operations.

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