

Innovation Capability Mediation: Market Orientation and Consumer Orientation on the Success of MSME Bag Businesses in Ciampea District, Bogor

Alicia Nurfitriani Ramadhanti^{1*}, Emy Amriani Asmin², Yulianingsih³

^{1,2,3} Management, Djuanda University, Bogor, Indonesia

* Corresponding Author: alicianurfitriani@gmail.com

Article History

Received: 14-07-2026

Revised: 21-07-2026

Published: 30-07-2026

Keywords: Market Orientation, Consumer Orientation, Innovation Capability, Business Success, UMKM Tas

ABSTRACT

This study aims to analyze the effect of market orientation and customer orientation on business success by considering the role of innovation capability as an intervening variable among bag SMEs in Ciampea District, Bogor. This research employed a quantitative approach using descriptive and associative methods with path analysis. The research sample consisted of 100 bag SME owners in Ciampea District, Bogor, selected using a purposive sampling technique. Data were collected through questionnaires and analyzed using IBM SPSS Statistics version 26. The results indicate that market orientation and customer orientation have a positive and significant effect on innovation capability and business success. In addition, innovation capability also has a positive and significant effect on business success. Furthermore, the findings reveal that innovation capability is able to mediate the relationship between market orientation and customer orientation on business success. These findings imply that strengthening market orientation and customer orientation, supported by innovation capability, can enhance business success among bag SMEs in Ciampea District, Bogor.

INTRODUCTION

According to the Ministry of Cooperatives and Small and Medium Enterprises (2021), the MSME sector's contribution to Indonesia's GDP in 2021 reached IDR 8,573.89 trillion, or 61.07%. This figure demonstrates the strategic position of MSMEs in supporting the national economy. The growth of the *fashion industry* in Indonesia shows a positive trend and continues to grow in line with the increasing public demand for clothing and accessories, including bags, as lifestyle and functional accessories. This development is inseparable from the role of various regions that have become centers of the creative industry, one of which is West Java.

In the Ciampea District, particularly in production centers such as Bojongrangkas Village and its surroundings, the bag MSME sector is a rapidly growing business sector with significant market potential. Therefore, strengthening innovation capabilities is crucial to

ensure that bag MSMEs in Ciampea are not merely market followers *but* also adaptive players with a strong bargaining position in the *fashion industry*. Business success is the primary goal of every business, including *fashion micro, small, and medium enterprises (MSMEs)* in the Ciampea District. According to Aprilia (2021), business success is the level of achievement of business goals, indicating the extent to which a business is able to manage and utilize its resources effectively and efficiently. One factor influencing business success is innovation *capability*. (Al-Haddad, 2020) defines innovation capability as a company's overall capacity to implement various categories of innovation, not just limited to products or technology. Market orientation is a business's ability to understand market needs and desires, monitor competitor movements, and coordinate all business activities to create superior value for customers. Market-oriented bag MSMEs are better able to identify emerging opportunities and threats in the market, thus utilizing this market information as a basis for creating relevant and valuable innovations for consumers. Bag MSMEs with a strong consumer orientation will more easily create innovations that meet consumer expectations, thereby increasing customer satisfaction and positively impacting business success.

Market-oriented bag MSMEs will be better able to identify emerging opportunities and threats in the market, so that this market information can be used as a basis for creating innovations that are relevant and valuable to consumers. Effective market orientation focuses not only on a business's ability to observe market conditions and competitor activity but also requires a deep understanding of consumer behavior as a basis for formulating business strategies. According to Solomon & Russell (2023), "*consumer behavior covers all of the processes involved when we select, purchase, use or dispose of products, services, ideas or experiences.*" Consumer behavior is the entire process carried out by individuals or groups in selecting, purchasing, using, and disposing of products, services, ideas, and experiences to fulfill their needs and desires. Understanding consumer behavior is a crucial foundation for MSMEs in identifying ever-changing market needs, enabling them to produce products and services that meet consumer expectations. As a growing center for bag crafts in Bogor Regency, this region has unique characteristics, with the majority of businesses operating in home industries.

As a first step to strengthen the research phenomenon, a preliminary survey was conducted among bag MSMEs in the region. This survey was conducted with 30 bag MSMEs in 2026 who were actively running their businesses and had direct experience in managing bag production and sales. Several previous researchers have analyzed the influence of market orientation on *innovation capability* and business success, showing inconsistencies. Most studies found that market orientation positively impacts *innovation capability* and business success.

RESEARCH METHODS

The type of data used in this study is quantitative data obtained through structured instruments such as questionnaires, where respondents' answers are measured using a Likert

scale. Thus, each variable indicator is converted into a numerical score which is then analyzed using path analysis. Based on its source, the data in this study consists of primary and secondary data. The testing method used is a statistical analysis method using *the Statistical Package for the Social Sciences* (SPSS) software.

RESULTS AND DISCUSSION

Validity Test Results

The results of the validity test of the market orientation (X1) and consumer orientation (X2) variables on business success (Y) through *innovation capability* (Z) were statistically processed using SPSS 27 with testing on 100 consumers. The following are the results of the validity test for the market orientation variable (X1).

Table 4.20 Results of Validity Test of All Variables

No	Variables	rhitung	rtable	Information
1	Market orientation versus consumer orientation	0.769	0.3	Valid
2	Market orientation towards <i>innovation capability</i>	0.728	0.3	Valid
3	Market orientation towards business success	0.793	0.3	Valid
4	Consumer orientation towards <i>innovation capability</i>	0.685	0.3	Valid
5	Consumer orientation towards business success	0.744	0.3	Valid
6	<i>Innovation capability</i> towards business success	0.806	0.3	Valid

Source: Statistical Data Processing Results with SPSS Version 27, 2026

Based on Table 4.20, all calculated r values obtained are greater than the r table value of 0.3. These test results indicate that all research variables are valid. Thus, the instrument used is able to accurately measure the relationship between variables and is suitable for use in research.

Reliability Test Results

Table 1 Reliability Test Results of All Variables

Reliability Statistics	
Cronbach's Alpha	N of Items
.920	4

Source: Statistical Data Processing Results with SPSS Version 27, 2026

Based on Table 4.22, the reliability test results show that *the Cronbach's* alpha value is 0.920 for the four variables tested. This value is greater than the minimum reliability limit of 0.7. Therefore, it can be concluded that the research instrument has a high level of internal consistency and all statement items used in this study are declared reliable, making it suitable for use as a data collection tool to measure market orientation, consumer orientation, *innovation capability*, and business success variables.

Normality Test

Table 4.23 Normality Test of the First Equation with Kolmogorov-Smirnov

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		100
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	4.53953316
Most Extreme Differences	Absolute	.088
	Positive	.088
	Negative	-.058
Test Statistic		.088
Asymp. Sig. (2-tailed) ^c		.056
Monte Carlo Sig. (2-tailed) ^d	Sig.	.058
	99% Confidence Interval Lower Bound	.052
	Upper Bound	.064

Source: Primary Data Processed with SPSS Version 27, 2026

Based on Table 4.2 3, it shows that the research in the first equation is normally distributed with a *Monte Carlo Sig* (2-tailed) value of 0.058. This means that the sig value is greater than 0.05.

Table 4.24 Results of the Normality Test of the Second Equation with Kolmogorov-Smirnov

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		100
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	3.23682858
Most Extreme Differences	Absolute	.055
	Positive	.049
	Negative	-.055
Test Statistic		.055
Asymp. Sig. (2-tailed) ^c		.200 ^d
Monte Carlo Sig. (2-tailed) ^e	Sig.	.660
	99% Confidence Interval Lower Bound	.648
	Upper Bound	.673

Source: Data Processed with SPSS Version 27, 2026

Based on Table 4.24, it shows that the research on the second equation is normally distributed with a *Monte Carlo Sig value* (2-tailed) of 0.660. This means that the Sig value is greater than 0.05.

Multicollinearity Test

The multicollinearity test aims to determine whether there is a high correlation between independent variables in a regression model. A good regression model does not

experience multicollinearity. The test is conducted using *Tolerance* and *Variance Inflation Factor* (VIF) values, with the criteria for no multicollinearity being if the *Tolerance* value is > 0.10 and the VIF is < 10 .

Table 4.25 Results of the First Multicollinearity Test

Model	Collinearity Statistics		Decision
	<i>Tolerance</i>	VIF	
Orientation Market	0.409	2,445	Free Multicollinearity
Orientation Consumer	0.409	2,445	Free Multicollinearity

Source: Primary Data Processed with SPSS Version 27, 2026

Based on Table 4.25, the results of the first multicollinearity test show that the VIF value is < 10 and the *tolerance* value is > 0.10 , so it can be concluded that the regression model for the market orientation and consumer orientation variables does not have multicollinearity problems.

Table 4.26 Results Test Multicollinearity Second

Model	Collinearity Statistics		Decision
	<i>Tolerance</i>	VIF	
Orientation Market	0.333	3,003	Free Multicollinearity
Orientation Consumer	0.375	2,664	Free Multicollinearity
<i>Innovation Capability</i>	0.432	2,316	Free Multicollinearity

Source: Data Primary Processed with SPSS Version 27, 2026

Based on Table 4.24, the results of the first multicollinearity test show that the VIF value is < 10 and the *tolerance* value is > 0.10 so it can be concluded that the regression model for the variables market orientation, consumer orientation and *innovation capability* does not have multicollinearity problems.

Conclusion and Suggestions

This section summarizes the findings without adding any new information beyond what was stated in the previous section. However, it should not be a verbatim repetition of what was discussed in the results and discussion sections.

Deductions or conclusions are drawn from the previous description, with the addition of argumentative personal opinions. This should also include limitations of the research process, the theory used, the methods applied, or generalizations of the results that will serve as a basis for further research on the subject in response to the observed limitations. Furthermore, the implications of this research should also be included.

Table 4.26 Results of the Second Multicollinearity Test

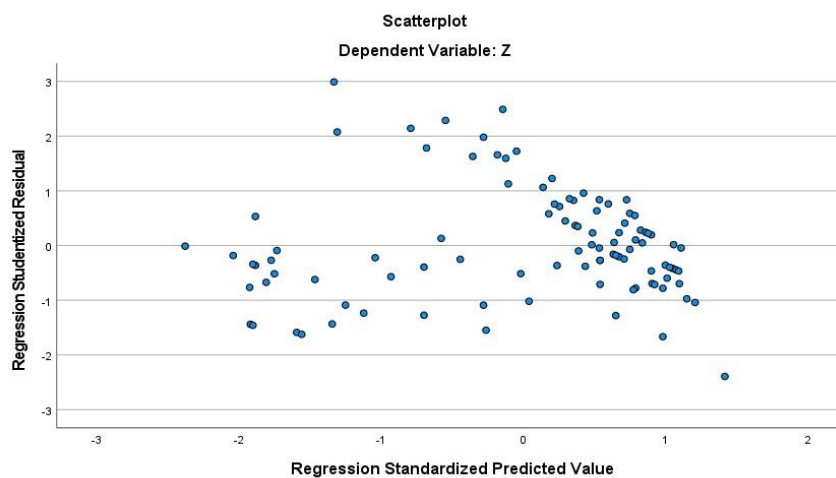
Model	Collinearity Statistics		Decision
	Tolerance	VIF	
Orientation Market	0.333	3,003	Free Multicollinearity
Orientation Consumer	0.375	2,664	Free Multicollinearity
<i>Innovation Capability</i>	0.432	2,316	Free Multicollinearity

Source: Primary Data Processed with SPSS Version 27, 2026

Based on Table 4.24, the results of the first multicollinearity test show that the VIF value is <10 and the *tolerance value* is >0.10 , so it can be concluded that the regression model for the market orientation, consumer orientation, and *innovation capability variables* does not have multicollinearity problems.

Heteroscedasticity Test

The heteroscedasticity test aims to determine whether there is inequality in residual variance in a regression model. A good model is one that does not experience heteroscedasticity (homoscedasticity). The test in this study was conducted using a scatterplot graph in SPSS output, namely between the predicted values (ZPRED) and residuals (SRESID).

**Figure 4.6 Heteroscedasticity Test for the First Equation**

Source: Primary Data Processed with SPSS Version 27, 2026

Based on Figure 4.6, it can be seen that the points on the *scatterplot graph* are spread in an unclear pattern above and below the number 0 at point Z, so it can be concluded that in this first structural model there is no heteroscedasticity and it is suitable for use to predict each variable in this study.

scatterplot graph can be seen in the following image:

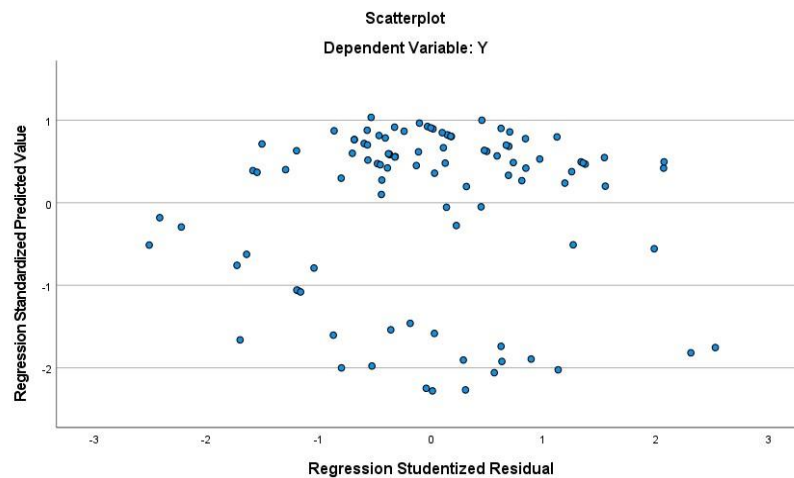


Figure 4.7 Heteroscedasticity Test for the Second Equation

Source: Primary Data Processed with SPSS Version 27, 2026

Based on Figure 4.7, it can be seen that the points on the *scatterplot graph* are spread in an unclear pattern above and below the number 0 at point Y, so it can be concluded that in this second structural model there is no heteroscedasticity and it is suitable for use to predict each variable in this study.

Table 4.27 Multiple Correlation Coefficient of First Equation Model Summary ^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.754 ^a	.568	.559	4.58609

Source: Primary Data Processed with SPSS Version 27, 2026

Based on Table 4.27, it can be seen that the relationship between market orientation and consumer orientation shows a correlation of 0.754, which means there is a strong relationship with *innovation capability*. This indicates that market orientation and consumer orientation have a strong relationship and influence *innovation capability*.

First Sub-Structural Path Equation

The first equation shows the influence of market orientation and consumer orientation on *innovation capability*. The regression results from SPSS are as follows:

Table 4.28 Multiple Linear Regression First Equation

Model	Coefficients ^a					Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
	B	Std. Error	Beta				
1 (Constant)	11.022	2.791		3.949	.000		
X1	.394	.084	.491	4.708	.000	.409	2.445
X2	.302	.102	.308	2.949	.004	.409	2.445

Source: Primary Data Processed with SPSS Version 27, 2026

The interpretation of the results of the standard beta coefficient test above is as follows:

The standard beta coefficient value for market orientation is 0.491, which is positive, meaning that every one-unit increase in the market orientation variable will affect *innovation capability* by 0.491. This indicates that an increase in market orientation is followed by a significant increase in *innovation capability*, assuming that the other exogenous variables in the model remain constant.

The standard value of the consumer orientation beta coefficient of 0.308 is positive, meaning that every one-unit increase in the consumer orientation variable will affect *innovation capability* by 0.308. This indicates that an increase in consumer orientation is followed by an increase in *innovation capability*, assuming that the other exogenous variables of the model remain constant.

Results of the Coefficient of Determination of the First Equation

Based on the first equation in Table 4.28, it can be seen that the market orientation and consumer orientation variables on *innovation capability* have an R² (R square) value of 0.568 or 56.8%. This indicates that the percentage contribution of the influence of the market orientation and consumer orientation variables on *innovation capability* is 56.8%, while the remaining 43.2% is influenced by other factors not included in this research model.

Adjusted R-square value is used to determine the extent of influence of all independent variables on the dependent variable, taking into account the number of independent variables used in the model (Ghozali, 2021). Table 4.30 shows that the market orientation and consumer orientation variables have an *Adjusted R-square* value of 0.559, or 55.9%. This indicates that the percentage influence of market orientation and consumer orientation on *innovation capability* is 55.9%.

Results of the Multiple Correlation Coefficient of the Second Equation

A multiple correlation coefficient analysis of the second equation was conducted to determine the degree of strength between the variables of market orientation, consumer orientation, and *innovation capability* collectively on business success. The multiple correlation coefficient values in this study can be seen in the table below:

**Table 4.29 Multiple Correlation of the Second Equation
Model Summary^b**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.868 ^a	.754	.746	3.28701

Source: Primary Data Processed with SPSS Version 27, 2026

Based on Table 4.29, it can be seen that the relationship between market orientation, consumer orientation and *innovation capability* shows a correlation figure of 0.754, which means that it has a strong relationship with business success.

Second Sub-Structural Path Equation

The second equation shows the influence of market orientation, consumer orientation, and *innovation capability* on business success. The regression results from SPSS are as follows:

Table 4.30 Multiple Linear Regression Second Equation

Model	Coefficients ^a					Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
	B	Std. Error	Beta				
1 (Constant)	8.236	2.155		3.822	.000		
X1	.247	.066	.326	3.718	.000	.333	3.003
X2	.181	.077	.195	2.362	.020	.375	2.664
Z	.410	.073	.434	5.638	.000	.432	2.316

Source: Primary Data Processed with SPSS Version 27, 2026

The interpretation of the results of the standard beta coefficient test above is as follows:

The standard beta coefficient value for market orientation is positive, indicating that the market orientation variable has a positive and significant effect on business success. This indicates that market orientation has a significant influence on business success.

The standard beta coefficient value for consumer orientation is positive, indicating that the consumer orientation variable has a positive and significant effect on business success. This indicates that consumer orientation has a strong and significant positive influence on business success.

The standard value of the beta coefficient of *innovation capability* is positive, meaning that *the innovation capability variable* has a positive and significant effect on business success.

Results of the Determination Coefficient of the Second Equation

Based on the second equation in Table 4.30, it can be seen that the variables of market orientation, consumer orientation, and *innovation capability* on business success have an R² (R square) value of 0.754 or 75.4%. This indicates that the percentage contribution of market orientation, consumer orientation, and *innovation capability* on business success is 75.4%, while the remaining 24.6% is influenced by other factors not included in this research model.

Adjusted R-Square value is used to determine the extent of influence of all independent variables on the dependent variable, taking into account the number of independent variables used in the model (Ghozali, 2021). Table 4.27 shows that the *adjusted R-Square* value for market orientation, consumer orientation, and *innovation capability on business success* is 0.754, or 75.4%. This indicates that market orientation, consumer orientation, and *innovation capability* contribute 75.4% to business success.

Path Analysis

The value of $\rho z \varepsilon_1$ of 0.432, p testing influence variables intervening can use analysis

path. The calculation results using the following formula:

$$\rho_{z\varepsilon} = 1 - R \text{ Square}$$

$$\rho_{z\varepsilon} = 1 - 0.559$$

$$\rho_{z\varepsilon} = 0.441$$

$$\rho_{z\varepsilon} = 1 - R \text{ Square}$$

$$\rho_{z\varepsilon} = 1 - 0.754$$

$$\rho_{z\varepsilon} = 0.246$$

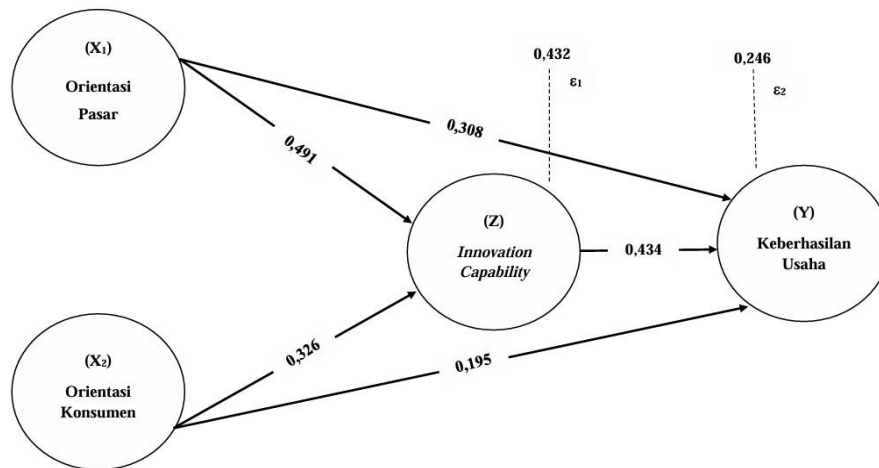


Figure 4.8 Path Analysis Results

Source: Processed Data, 2026

indirect influences direct between variables can explained through table following:

Table 4.31 Test Results Path Analysis

Variables		Mark Coefficient Track		
Independent	Dependent	Direct	No Direct	Total
Orientation Market (X ₁)	Innovation Capability (Z)	0.491		
Orientation Consumer (X ₂)	Innovation Capability (Z)	0.326		
Orientation Market (X ₁)	Success Business (Y)	0.308	0.213	0.521
Orientation Consumer (X ₂)	Success Business (Y)	0.195	0.141	0.336
Innovation Capability (Z)	Success Business (Y)	0.434		

Source: Data Processed, 2026

Hypothesis Testing t

The first equation t-test is used to see the partial influence of market orientation and consumer orientation on *innovation capability*.

Table 4.32 Results of the First Equation t-Test Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	11.022	2.791		3.949	.000
X1	.394	.084	.491	4.708	.000
X2	.302	.102	.308	2.949	.004

Based on Table 4.30, the market orientation variables ($t_{\text{count}} = 4.708$) and consumer orientation ($t_{\text{count}} = 2.949$) have a t_{count} value $> t_{\text{table}}$ (1.660) with a significance of $0.000 < 0.05$, so H_a is accepted and both variables have a positive and significant effect on *innovation capability*.

As for mark test t equality second Which used For see influence of orientation market, orientation consumer And *innovation capability* in a way partial towards success business. Following This results test t equality second:

Table 4.33 Results Test t Second Equation Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	8,236	2.155		3,822	.000
X1	.247	.066	.326	3,718	.000
X2	.181	.077	.195	2,362	.020
Z	.410	.073	.434	5,638	.000

Source: Data Primary Processed with SPSS Version 27, 2026

Based on Table 4.31, the variables market orientation ($t_{\text{count}} = 3.718$), consumer orientation ($t_{\text{count}} = 2.362$), and *innovation capability* ($t_{\text{count}} = 5.638$) have a t_{count} value $> t_{\text{table}}$ (1.660) with a significance of $0.000 < 0.05$, so H_a is accepted and the three variables have a positive and significant effect on business success.

Sobel test

Testing the mediation effect in this study was conducted using the Sobel test. The following are the direct hypotheses tested using the Sobel test.

The indirect influence of market orientation on business success through *innovation capability*.

The indirect effect is significant or cannot be tested using the Sobel test.

Table 4.35 Results of the Sobel Test Analysis Output

a₁	a₂	B	SE_{a1}	SE_{a2}	SE_b
0.394	0.302	0.410	0.084	0.102	0.073

Source: Statistical Data Processing Results with SPSS Version 27, 2026

The results of the Sobel test analysis are used to find the Z count value, the following is the calculation:

$$\begin{aligned}
 Z_1 &= \frac{a_1 \cdot b}{\sqrt{(b^2 \text{SE}_{a1}^2) + (a_1^2 \text{SE}_b^2)}} \\
 Z_1 &= \frac{0,394 \cdot 0,410}{\sqrt{(0,410^2 \cdot 0,084^2) + (0,394^2 \cdot 0,073^2)}} \\
 Z_1 &= \frac{0,16154}{\sqrt{(0,1681 \cdot 0,007056) + (0,155236 \cdot 0,005329)}} \\
 Z_1 &= \frac{0,16154}{\sqrt{(0,0011861136) + (0,000827252644)}} \\
 Z_1 &= \frac{0,16154}{\sqrt{0,002013366244}} \\
 Z_1 &= \frac{0,16154}{0,04487054985176803} \\
 Z_1 &= 3,60
 \end{aligned}$$

The results of the Sobel test analysis are used to find the calculated Z value, the following is the calculation:

$$\begin{aligned}
 Z_1 &= \frac{a_2 \cdot b}{\sqrt{(b^2 \text{SE}_{a2}^2) + (a_2^2 \text{SE}_b^2)}} \\
 Z_1 &= \frac{0,302 \cdot 0,410}{\sqrt{(0,410^2 \cdot 0,102^2) + (0,302^2 \cdot 0,073^2)}} \\
 Z_1 &= \frac{0,12382}{\sqrt{(0,1681 \cdot 0,010404) + (0,091204 \cdot 0,005329)}} \\
 Z_1 &= \frac{0,12382}{\sqrt{(0,0017489124) + (0,000486026116)}} \\
 Z_1 &= \frac{0,12382}{\sqrt{0,002234938516}} \\
 Z_1 &= \frac{0,12382}{0,047275136340363948} \\
 Z_1 &= 2,61
 \end{aligned}$$

Z-value calculation greater than Z table ($2.61 > 1.660$) proves that *innovation capability* capable mediate orientation consumer to business success.

Discussion

1. Market Orientation Has a Positive and Significant Influence on Business Success

The results of statistical tests and interviews with business actors indicate that market orientation has a positive and significant influence on the success of MSME bag businesses in Ciampea District, Bogor. This is supported by the results of respondent interviews, where 73% of respondents stated that they continuously improve the quality of products and services to maintain customer satisfaction, and 72% regularly evaluate customer satisfaction. Furthermore, the results of the preliminary survey showed that 63% of MSME actors have implemented market orientation well. This finding is in line with the theory (Kotler & Keller, 2022) and (Hendriati, 2023) which states that market orientation plays a crucial role in increasing business success through understanding customer needs and responding to market changes. Thus, the higher the market orientation, the higher the business success achieved. These results are also consistent with research (Dameshifa et al., 2023), (Gahari, 2024), (Asmin et al., 2025), and (Hendriati, 2023).

2. Consumer Orientation Has a Positive and Significant Influence on Business Success

Statistical tests and interviews with business owners indicate that customer orientation has a positive and significant impact on the success of MSME bag businesses in Ciampea District, Bogor. This is supported by interview results, where 80% of respondents stated that products are tailored to customer needs and 73% stated that their businesses respond quickly to customer complaints. Preliminary survey results also indicated that 70% of MSME owners have implemented customer orientation effectively. These findings align with the theory (Sekaran & Bougie, 2020). and (Utami, 2023) which states that customer orientation focuses on meeting customer needs to create value and improve business performance. Therefore, the higher the customer orientation, the higher the business success. This finding is also consistent with research (Zhao, 2022). which shows that consumer orientation has a positive influence on business performance and success.

3. Orientation Market Influential Positive And Significant To *Innovation Capability*

Statistical tests and interviews with business actors indicate that market orientation has a positive and significant effect on the *innovation capability* of MSMEs in Ciampea District, Bogor. This is supported by the results of respondent interviews, which showed that 70% of respondents offer products with better quality and design than competitors, and 67% utilize customer feedback and complaints as evaluation materials. Furthermore, 63% of MSMEs have implemented market orientation effectively. This finding is supported by theories (Wang and Chung, 2020) and (Santos-Vijande et al., 2021), which state that market orientation enhances innovation capability through the utilization of market information and responsiveness to consumer needs. Therefore, the higher the market orientation, the higher the MSME *innovation capability*.

4. Orientation Consumer Influential Positive And Significant To *Innovation Capability*

The results of statistical tests and interviews with business actors indicate that consumer orientation has a positive and significant effect on *the innovation capability* of bag MSMEs in Ciampea District, Bogor. This is supported by the results of respondent interviews, where 80% of respondents adjust bag models and specifications to customer needs and 73% respond quickly to customer complaints. Furthermore, 70% of MSMEs have implemented consumer orientation effectively. This finding aligns with the theories of (Wang and Chung, 2020) and (Santos-Vijande et al., 2021), which state that understanding customer needs drives product and service innovation. Therefore, the higher the consumer orientation, the higher *the innovation capability* of MSMEs. These results are also supported by (Zhao, 2022), which states that *customer orientation* is positively related to innovation and organizational capability.

5. *Innovation Capability* Has a Positive and Significant Influence on Business Success

The results of statistical tests and interviews with business actors indicate that *innovation capability* has a positive and significant effect on the success of MSME bag businesses in Ciampea District, Bogor. This is supported by the results of respondent interviews, which show that 72% of respondents actively monitor market trends, 73% are able to develop new products according to market opportunities, and most are able to adapt business processes and resources to changes in the business environment. These findings indicate that MSME actors have the ability to recognize opportunities, utilize them through innovation, and make business adjustments so as to increase business success. Descriptive results also show a dominant response to all indicators of *innovation capability*, which indicates that *innovation capability* plays an important role in increasing competitiveness and business success.

6. Market Orientation Has a Positive and Significant Influence on Business Success Through *Innovation Capability*

Based on the results of the Sobel test, *innovation capability* was proven to mediate the influence of market orientation on business success. The results of the path analysis also showed that the total influence of market orientation on business success is greater through *innovation capability*. This indicates that MSMEs that are able to understand customer needs, monitor competitors, and respond to market changes will be better able to create product, process, and business strategy innovations that increase competitiveness and business success. This finding is supported by the theory (Narver, 2020). (Vijande, 2021) and (Marei, 2023) stated that market orientation drives innovation capacity, thus impacting business success. These research findings also align with those of (Vijande, 2021) and (Hendriati, 2023), which proves that *innovation capability* strengthens the influence of market orientation on business success.

7. Consumer Orientation Has a Positive and Significant Influence on Business Success Through *Innovation Capability*

Sobel test results, *innovation capability* was proven to mediate the influence of consumer orientation on business success. Path analysis results also showed that the total influence of consumer orientation on business success increased through *innovation capability*. This suggests that MSMEs that understand customer needs, respond quickly to complaints, and establish good communication are better able to create product and service innovations that increase competitiveness and business success. This finding is supported by theory (Legi, 2021). (Vijande, 2021), and (Marei, 2023), which states that consumer orientation drives innovation capacity, thus impacting business success. The results of this study also align with (Zhao, 2022). which shows that *innovation capability* strengthens the influence of consumer orientation on business success.

Research Implications

Research shows that market orientation and consumer orientation increase business success through *innovation capability* in bag MSMEs in Ciampea District, Bogor. MSMEs need to implement market orientation, consumer orientation, and *innovation capability* sustainably to understand customer needs, capitalize on market opportunities, generate innovation, and increase competitiveness and business success. The government and relevant agencies need to develop training programs, mentoring, market research, digital marketing, and innovation strengthening to increase MSME capacity. Thus, MSMEs can improve product quality, expand market share, and maintain business sustainability amidst increasingly competitive conditions.

CONCLUSION

Based on the research results and hypothesis testing, it can be concluded that market orientation and consumer orientation have a positive and significant effect on *innovation capability* and business success in bag MSMEs in Ciampea District, Bogor. The better the market orientation implemented and the higher the attention to consumer needs and satisfaction, the greater the ability of MSMEs to create, develop, and implement innovations that are in line with market needs. In addition, *innovation capability* has also been proven to have a positive and significant effect on business success, indicating that innovation capability can increase competitiveness through the development of products, processes, and business strategies. This study also proves that *innovation capability* plays a mediating variable in the relationship between market orientation and consumer orientation on business success. Thus, increasing market orientation and consumer orientation will strengthen MSMEs' innovation capabilities, which ultimately has an impact on increasing sustainable business success.

BIBLIOGRAPHY

AL- Haddad, A. (2020). Integrating the Organizational Innovation Literature: The Innovation

- Capability Maturity Model. *Project Management Journal*, 173–188.
- Al-Murad, A. (2022). The Effect of Market Orientation, Entrepreneurial Orientation, and Learning Orientation on SMEs Performance: A Study of SMEs in Amman. *Journal of Risk and Financial Management*, 11.
- Andari, T.T., & S., N. (2025). Mediation of Marketing Capabilities in the Influence of Market Orientation, Entrepreneurial Marketing on the Marketing Performance of Small Businesses in Bogor City. *Journal of World Science*.
- Anindya, AS (2024). Product Innovation and Creativity in the Development of Palm Sugar MSMEs as a Tourism Economy in Tanjung Lesung Village. *Early Journal*.
- Aprilia, DS (2021). The Influence of the Number of Workers, Business Capital, and Marketing Mix on the Success of MSMEs in the Pekalongan City Batik Center. *Journal of Economic Education and Entrepreneurship*, 1–14.
- Asmin, EA, Yulianingsih, & Rahayu, AD (2025). Brand Loyalty Based on Social Media Marketing, Brand Awareness, and Customer Satisfaction at Kulo Coffee Shop. *Journal of Management and Entrepreneurship*, 13(2), 270–284. <https://doi.org/10.26905/jmdk.v13i2.16268>
- Astriyani. (2024). The Influence of Location, Capital, and Business Capacity on Business Success.
- Awa. (2024). Business Success Based on Digital Marketing, Creativity, and Innovation in Convection MSMEs in Bogor Regency.
- Awoleya, O.M. (2020). Sources of Innovation Capability and Performance of ICT Agglomerated MSMEs in Nigeria. *International Journal of Innovation Management*, 24(4).
- Aziz, N. (2021). Innovation Capability in MSMEs: The Role of Digitalization and Creative Resources. *Journal of Entrepreneurship Research*, 112–124.
- Christopher, C., & Wijaya, A. (2024). Market Orientation and New Product Superiority in Jakarta Textile SMEs. *Journal of Managerial and Entrepreneurship*. <https://doi.org/10.24912/jmk.v6i4.32734>
- Dameshifa, K., Azazi, A., & Listiana, E. (2023). The Influence of Entrepreneurial and Market Orientation on Business Performance through Mediation of Innovation Capability: Implementation of SMEs in Indonesia. *East African Scholars Journal of Economics, Business and Management*. <https://doi.org/10.36349/easjebm.2023.v06i01.001>
- Fatimah, SE, Johari, RJ, & Komara, A. (2024). Market and Entrepreneurial Orientations Model to Increase Product Innovation of Culinary Micro Small Medium Enterprises in Indonesia. *Edelweiss Applied Science and Technology*. <https://doi.org/10.55214/25768484.v8i4.1536>
- Firmansyah, MA (2022). The Role of Product Innovation in Increasing Consumer Satisfaction and Loyalty. *Journal of Digital Business Economics*, 150–160.
- Gahari. (2024). Analysis of Business Strategy, Market Orientation and Innovation Capability on Competitive Advantage through PT Abe's Firm Performance.
- Ghozali, I. (2021). *Multivariate Analysis Application with IBM SPSS 26 Program*. Diponegoro University Publishing Agency.
- Ha, TTB, & Nguyet, NTN (2025). Digital Orientation, Market Orientation and Innovation Capabilities: Evidence from Vietnamese Food Processing Enterprises. <https://doi.org/10.57110/vnu-jeb.v5i4.331>

- Hair, J.F. (2021). *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)* (3rd ed.). Sage Publications.
- Harini, SS (2022). The Influence of Market Orientation, Creativity, and Product Innovation on MSME Marketing Performance. *Journal of Business and Management Inspiration*.
- Hendriati, YP (2023). The Influence of Entrepreneurial Orientation, Market Orientation, and Innovation Capability on MSME Growth in the Greater Jakarta Area. *Journal of Costing*, 115–128.
- Hernandez, M. (2024). Consumer Orientation in Modern Marketing: Indicators of Customer-Centric Strategy. *International Journal of Consumer Studies and Market Insights*, 101–118.
- Indriyatni. (2013). Analysis of Factors Influencing the Success of Micro and Small Enterprises.
- Kim, S. (2024). Psychological and Social Determinants of Consumer Orientation in Digital Commerce. *Journal of Consumer Behavior and Marketing Insights*, 45–60.
- Kotler, P., & Keller, K. L. (2022). *Marketing Management* (16th ed.). Pearson.
- Legi, CM (2021). The Influence of Customer Orientation Perception and Service Quality on Customer Satisfaction at Matahari Department Store Manado Town Square. *EMBA Journal: Journal of Economics, Management, Business, and Accounting Research*, 9(2).
- Lestari, D. (2022). Analysis of Determining Factors of MSME Success through Marketing and Financial Perspectives. *Journal of Economics and Business*, 101–115.
- Lianto, B. (2023). Identifying Key Assessment Factors for a Company's Innovation Capability Based on Intellectual Capital: An Application of the Fuzzy Delphi Method. *Sustainability*.
- Majed. (2020). The Effect of Administrative Leadership on Achieving Business Success Strategies.
- Marei, AA-M. (2023). Entrepreneurial Competence and Information Technology Capability as Indicators of Business Success. *Uncertain Supply Chain Management*, 339–350.
- Narver, J. C. (2020). The Evolving Market Orientation Construct: A Retrospective and Future Direction. *Journal of Historical Research in Marketing*, 20–25.
- Nasir, MH (2024). Systematic Literature Review: The Complex Role of Innovation on SME Performance. *Minds Journal: Idea Management and Inspiration*, 309–324.
- Novixoxo, J.D. (2019). Employees Customer Orientation and Customer Satisfaction in the Public Utility Sector: The Mediating Role of Service Quality. *African Journal of Economic and Management Studies*.
- Oktavia, A. (2020). Market Orientation Strategy: Concept and Implementation for Small and Medium Enterprises. *Salim Media Indonesia*.
- Oktaviah, AD (2024). Market Orientation Drives Competitive Edge and Performance in Indonesian MSMEs. *Acopen*.
- Purwa. (2018). *Entrepreneurial Skills for Business Success*.
- Purwati. (2021). Orientation of Market and Orientation of Learning as a Driver Innovation Capabilities of Small Restaurant.
- Purwoko. (2022). The Influence of Consumer Orientation, Product Innovation Capability, and Positional Advantage as Intervening Variables on Marketing Performance.
- Rajabbeigi, Moshiri, & Safarzadeh. (2022). Market Orientation, Learning Orientation, and Innovation Capabilities in SMEs: Case Study from Iran's SMEs.
- Santos-Vijande, M.L. (2021). Market Orientation, Innovation Capability, and Business Performance: A Dynamic Capabilities Approach. *Journal of Business Research*, 202–213.

- Sekaran, U., & Bougie, R. (2020). *Research Methods for Business: A Skill-Building Approach* (8th ed.). John Wiley & Sons.
- Solomon, M. R., & Russell, C. A. (2023). *Consumer Behavior: Buying, Having, and Being* (14th ed.). Pearson.
- Susetyo, A., Suliyanto, S., & Susilowati, D. (2024). Management Accounting Information Systems, Market Orientation, and MSME Performance: The Mediating Role of Innovation Capabilities. *Owner: Research and Accounting Journal*. <https://doi.org/10.33395/owner.v8i3.2135>
- Tahmasebinia. (2022). A Study on the Impact of Market and Strategic Orientations on Business Performance by Emphasizing the Role of Innovation as a Mediator.
- Tambunan, TTH (2021). *MSMEs in Indonesia: Development, Obstacles, and Challenges*. Kencana.
- Teece, DJ (2020). Fundamental Issues in Strategy: Time to Reassess? *Strategic Management Review*, 1(1), 103–144. <https://doi.org/10.1561/111.00000006>
- Utami, E.Y. (2023). The Effect of Customer Orientation, Competitor Orientation, and Promotion on the Marketing Performance of Logistics Companies in Surakarta City. *International Journal of Social Service and Research*, 1436–1441.
- Wang, C. H. (2020). The Moderating Role of Innovation Capability on the Relationship Between Market Orientation and Firm Performance. *International Journal of Innovation Management*.
- Wijaya, D., & Subagio, H. (2025). The Influence of Customer Orientation and Competitor Orientation on Business Performance through Innovation Capability. *Jurnal Performa: Journal of Management and Business Start-Ups*. <https://doi.org/10.37715/performa.v10i1.3908>
- Winangun, & Nugroho. (2025). The Influence of Marketing Communication and Market Orientation on Competitive Advantage through Product Innovation as a Mediating Variable.
- Yilmaz, B. (2023). Factors Influencing Consumers' Behavior towards Purchasing Organic Foods: A Theoretical Model. *Sustainability*, 15(20), 14895. <https://doi.org/10.3390/su152014895>
- Zatia. (2023). The Influence of Dynamic Capabilities and Innovation Capabilities on Competitive Advantage.
- Zhao. (2022). *Customer Orientation: A Literature Review Based on Bibliometric Analysis*.