

Antecedents Of Marketing Performance And Their Impact On Marketing Efficiency And Marketing Effectiveness Of Msmes During The Covid-19 Pandemic In Sangatta District East Kutai

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ABSTRACT: *In this study involved Micro, Small and Medium Enterprises in the Handicraft Industry Sector in East Kutai. In this study, to look at Marketing Performance and its impact on Marketing Efficiency and Marketing Effectiveness of SMEs during the Covid 19 Pandemic in Sangatta, East Kutai Regency. The sample in this study amounted to 128 SMEs in the Handicraft Industry Sector. The data analysis used by the author is the Structural Equation Model (SEM). Hypothesis testing is done by multivariate analysis which is run through the SmartPLS program. Data analysis through partial Least Square (PLS) was carried out in two stages, namely: First, assessing the outer model or measurement model. Second, assessing the Inner model or structural model. The results show that Digital marketing has a positive and significant impact on marketing performance, Network marketing has a positive and significant impact on marketing performance, Marketing performance has a positive and significant impact on marketing efficiency, Marketing performance has a positive and significant impact on marketing effectiveness, MSMEs in Sangatta East Kutai.*

KEY WORD: *Digital Marketing, Network Marketing, Marketing Performance, Marketing Efficiency, Marketing Effectiveness*

Date of Submission: 25-01-2022

Date of Acceptance: 06-02-2022

I. INTRODUCTION

The level of ability of Indonesian MSMEs to compete in the era of world free trade is largely determined by the full support of the government. Full support does not mean that the government intervenes directly in all aspects of the MSME business, but in the form of creating a conducive business environment so that MSMEs are able to achieve optimal performance. However, in its development, MSMEs are experiencing problems.

The phenomenon of the change from production-oriented to customer-oriented or market-oriented, makes most companies make consumers as one of the company's most valuable assets (Kotler, 2010). The company's seriousness in paying attention to consumers is shown by improving the quality of human resources, especially in the marketing department. Customer relations are so important to the company, if the interests of customers are met according to their wishes, it will be satisfying, so it is necessary to build good customer relationships. The importance of marketing performance in marketing is unquestionable. Performance marketing has an important role in a company, maintaining them means improving financial performance and maintaining the viability of the company.

Of the many problems faced by MSMEs in East Kalimantan, especially in East Kutai, there are several problems that become a phenomenon in this study. The problem with MSMEs that is most often encountered is limited capital. MSME actors may have many business ideas to develop their business, but have to stop because there is no additional capital. If traced back, many MSME actors find it difficult to obtain additional capital from financial institutions due to the many requirements that have not been met. Other MSME problems are related to licensing matters, the absence of an official business license brings a domino effect for MSME actors because it will hinder the pace of their own business, one of which is when they want to apply for capital. So it is difficult for MSME actors to develop their businesses to be even bigger.

The low awareness of paying taxes is also a problem for MSMEs in East Kutai Regency, in addition to licensing, another regulation that is often ignored by MSME actors is the matter of paying taxes. This shows that not all MSME actors understand how to calculate the tax that is their obligation. The worst effect that can befall MSME actors is that their business can go bankrupt because the existing capital is used up to pay tax penalties that are late paid, the lack of innovation is also an unavoidable MSME problem, the high desire of the

community to make their own business is very good at doing business. help boost the national economy. On the other hand, there are also many who set up businesses just because they follow the trend or are talkative, this is the reason why many MSME actors stay in place in developing their business because of the lack of innovation. Finally, many businesses that only last for 1-2 years, then go bankrupt because the products or services offered are not strong or can't compete. Many MSME actors only run businesses based on bandwagon without seeing their potential. The problem of SMEs is also born from the number of MSME actors who are still technologically stuttering, one of the factors that becomes an obstacle is the uneven distribution of information which causes the emergence of ignorance of MSME actors about existing technology. In addition, the generation gap between MSME actors creates a distance about this MSME problem.

II. LITERATURE REVIEW

The relationship of digital marketing to marketing performance

Kotler & Keller (2016), new wave technology is a technology that allows connectivity and interactivity between individuals and groups. The new wave includes three main strengths, namely cheap computers and mobile phones, cheap internet, and open source. Starting from that phenomenon, in terms of marketing, the term digital marketing was finally known. Digital marketing as the use of technology to assist marketing activities that aim to increase consumer knowledge by adapting to their needs, digital marketing is an exploitation of digital technology that is used to create a channel to reach potential recipients to achieve company goals through meeting more consumer needs. effective.

Digital Marketing is to build product performance and marketing performance, so there are still many companies that tend to provide a small budget and place Digital Marketing only as tactical and not strategic. However, some companies, such as automotive or consumer goods, already have relatively large digital marketing budgets (Kotler & Keller, 2016). The application of digital marketing to MSMEs, especially during the pandemic, is the main thing that can be done in order to maintain consistency in the achievement of MSMEs that are digitally oriented and have optimal marketing performance.

Empirical studies that support this research on the influence of digital marketing on marketing performance are research conducted by Li et al. (2021), Dwivedi et al. (2020), Ahmad et al. (2015), Erdogmus & Cicek (2012), Constantinides (2014), Schwarzl & Grabowska (2015), Madhani et al. (2020), Laksamana (2018), Febriyantoro & Arisandi (2018), Anjaningrum (2020), Sidi & Yogatama (2019) stated that digital marketing has a significant effect on marketing performance, in contrast to the research conducted by Garcia et al. (2019) states that digital marketing has no significant effect on marketing performance.

H1: Digital marketing has a positive and significant influence on the marketing performance of MSMEs in Sangatta, East Kutai Regency

Relationship of network marketing to marketing performance

Network Marketing is a system for distributing goods and services through a sales network or an independent distribution. Distributors earn money by selling goods and services and recruiting and sponsoring sales from other people who are part of their downline, or from a sales organization. Distributors also earn monthly commissions or bonuses from the monthly income that their downlines have generated. (Ziglar & Hayes, 2011).

Gronum et al. (2012) also added that the network at the corporate level is concerned with disclosing the benefits derived from the network which are mostly measured as company performance. Networks and social capital are embedded in a positive relationship with SME performance. By building a network, SMEs benefit greatly. Networking gives SMEs more access to complementary resources, skills, abilities and knowledge that are not available internally.

Considering the decline in marketing performance that is too large and the Covid-19 pandemic which cannot be predicted with certainty when it will end, SME players are obliged to strengthen networks, especially SME community networks that have similar products and the creative economy community as a whole. These SME actors share information with each other through social media groups. SMEs players also strengthen networks with related government organizations such as the Creative Economy Agency (Bekraf), the Industry Office, and the Cooperatives and SMEs Office, as well as networks with academics and the media. According to Gronum et al. (2012) that networks have a real and complex contribution to the performance of SMEs.

Empirical studies that support this research on the influence of networks marketing on marketing performance are research conducted by Anjaningrum (2020), Rohmaniyah & Nurhayati (2017) which states that network marketing has a significant effect on marketing performance, in contrast to research conducted by Na et al. (2019) stated that network marketing has no significant effect on marketing performance.

H2: Network marketing has a positive and significant influence on the marketing performance of MSMEs in Sangatta, East Kutai Regency

Relationship between marketing performance and marketing efficiency

Marketing efficiency can be achieved by measuring the satisfaction of consumers, producers, and marketing agencies as well as the marketing performance involved in delivering goods or services. Marketing efficiency has been achieved if it is able to increase added value, generate benefits that are in accordance with the costs incurred by each marketing agency, the marketing margins (costs and profits) that occur are relatively in accordance with final customer satisfaction, and provide profitable income (Drucker, 2012).

The same view is in the opinion of Drucker (2012) which defines effectiveness as follows: "Effectiveness, on the other hand, is the ability to choose appropriate objectives. An effective manager is one who selects the right things to get done". (Effectiveness, on the other hand, becomes the ability to choose appropriate outcome goals. An effective manager is one who chooses the right to execute). Taking into account the opinions of the experts above, that the concept of effectiveness is a multidimensional concept, meaning that in defining effectiveness it varies according to the basic knowledge possessed, although the ultimate goal of effectiveness is the achievement of goals. The word effective is often confused with the word efficient even though the meaning is not the same, something that is done efficiently is not necessarily effective.

Optimal marketing performance will make a business run with predetermined targets with marketing performance will also have an impact on loyal customers, those who are very satisfied with certain products or services so that they have the enthusiasm to introduce them to anyone they know, so that performance Marketing is the loyalty of service users after experiencing a service which is expressed in behavior to use the service and reflects the existence of a long-term bond between a service product and users. Several studies suggest that product innovation has a close relationship with customer satisfaction and product innovation affects customer satisfaction and ultimately affects marketing performance (Aaker, 2013).

Empirical studies that support this research on the effect of marketing performance on marketing efficiency are research conducted by Gao (2010), Hanssens & Pauwels (2016), Ambler (2008) stated that marketing performance has a significant effect on marketing efficiency, in contrast to research conducted by O'Sullivan, & Abela (2007) states that marketing performance has no significant effect on marketing efficiency.

H3: Marketing performance has a positive and significant impact on the marketing efficiency of SMEs in Sangatta, East Kutai Regency

Relationship between marketing performance and marketing effectiveness

In a business context, marketing performance is explained as the desire of consumers to subscribe to the company, continuously buy and use the company's products and services repeatedly and recommend the company's products to others. Griffin (2009) there are four stages of service marketing performance, including marketing performance based on awareness (cognitive loyalty) which can be interpreted as feeling that one brand is preferred over another based on attribute information about the brand it receives. Brand information held by consumers (consumer beliefs) must point to brands that are considered superior in competition. Marketing performance based on affective loyalty, at this stage marketing performance has a level of consumer preference that must be higher than rival brands, both in behavior and components that affect satisfaction. This condition is very difficult to eliminate because loyalty has been embedded in the minds of consumers not only as awareness or hope. Marketing performance based on commitment (conative loyalty), this stage of marketing performance contains a high behavioral commitment in purchasing a service. The desire to make repeat purchases or be loyal is an action that can be anticipated but not realized. Marketing performance based on action (action loyalty), this stage is the last stage of loyalty. This stage begins with a desire accompanied by motivation, then followed by anyone to act and want to overcome all obstacles to take action.

Marketing performance is a factor used to measure the impact of the strategy implemented by the company. The company's strategy is always directed at producing good marketing performance as well as good financial performance. Pelham (1997) says three indicators of marketing performance are company effectiveness, sales growth and relative profit growth.

The achievement of optimal marketing performance will support marketing effectiveness directly, with marketing effectiveness, the extent to which the company achieves the goals that have been agreed or previously set, thus it can be interpreted that if a marketing can be carried out properly as planned or targeted according to the company's goals has been determined, it can be said that the marketing is effective. Marketing Effectiveness makes the quality of marketers to optimize their efforts and achieve the best short and long term results (Rangkuty, 2009).

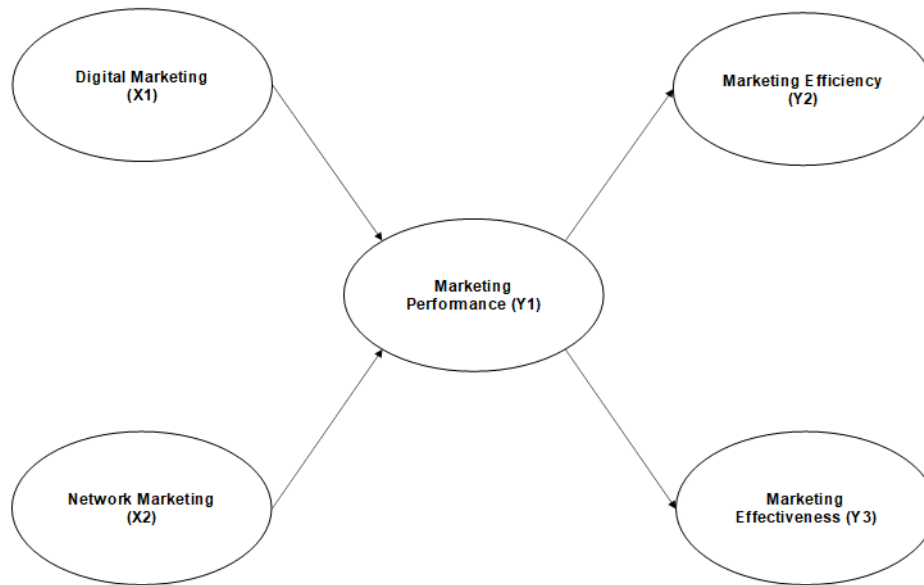
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stated that marketing performance has a significant effect on marketing effectiveness, in contrast to research conducted by Koob (2021) which states that marketing performance has no significant effect on marketing effectiveness.

H4: Marketing performance has a positive and significant impact on the marketing effectiveness of MSMEs in Sangatta, East Kutai

Based on the formulation of hypotheses, the research model proposed by the authors is as shown in Figure 1.

Figure 1: Conceptual Framework



Source: Result of author's analysis, 2021

III. RESEARCH METHODOLOGY

The type of statistics used in this research is quantitative information, it is information in the form of values or information on the results of questionnaire scoring. There is also a source of information used in this research which is the main information. Basic information is information that is obtained directly from the subject being monitored and for related research needs. Main information is obtained by sharing the problem (questionnaire). The population in this research is Micro, Small and Medium Enterprises in the Handicraft Industry Sector in East Kutai. East Kutai Regency has 128 SMEs in the Handicraft Industry Sector. Determination of the sample in this study was carried out by non-probability sampling. Non-probability sampling means that this type of sample is not chosen at random. The non-probability sampling technique chosen is saturated sampling (census), which is a sampling method when all members of the population are used as samples. The sample of this research is the MSMEs in the Handicraft Industry Sector in East Kutai, so the sample in this study uses population research where the entire population is sampled as many as 128 MSMEs in the Handicraft Industry Sector. In this research, information analysis uses the partial least square (PLS) approach. Partial least square analysis (PLS) is a multivariate statistical method that performs comparisons between multiple limited variables and multiple independent variables. PLS is a version of the SEM statistical procedure designed to solve multiple regressions when special cases exist in information, such as small research illustration dimensions, missing values, and multicollinearity.

IV. RESULT AND DISCUSSION

Data Analysis

The first-stage model evaluation focuses on the measurement model. Examination of the PLS-SEM estimation for the measurement model allows the researcher to evaluate the reliability and validity of the constructs. In particular, multivariate measurement involves using multiple variables to measure a concept indirectly. Evaluation of the measurement model includes tests of internal consistency reliability, indicator reliability, convergent validity and discriminant validity as shown in Table 1. There are two methods can be used to measure reliability of a construct, namely Cronbach's alpha or composite reliability. However, the use of

Cronbach's alpha tends to provide a lower estimated value so that PLS-SEM is recommended to use composite reliability. Indicator reliability on PLS-SEM is measured from the outer loading value which shows the correlation between the indicator and its construct. Convergent validity in constructs can be measured using AVE. Discriminant validity can be measured from cross loading or the loading value of other constructs is a comparison to the value of the outer loading indicator associated with a construct where the required loading indicator value must be more than the cross loading value.

Table 1: Evaluation of Measurement Model

Variables and Indicators	Loadings	Composite Reliability	AVE	Cross Loading
<ul style="list-style-type: none"> • Digital marketing (X1) <ul style="list-style-type: none"> 1) Interactive 2) Incentive Program 3) Site Design 4) Cost 	0.807 0.863 0.858 0.715	0.886	0.661	Yes
<ul style="list-style-type: none"> • Networks marketing (X2) <ul style="list-style-type: none"> 1) Local network 2) Regional network 3) National network 	0.874 0.857 0.864	0.899	0.748	Yes
<ul style="list-style-type: none"> • Performance marketing (Y1) <ul style="list-style-type: none"> 1) Company Effectiveness 2) Sales Growth 3) Relative Profit Growth 	0.666 0.899 0.904	0.868	0.690	Yes
<ul style="list-style-type: none"> • Marketing efficiency (Y2) <ul style="list-style-type: none"> 1) Consumer Level Prices 2) Availability of Physical Marketing Facilities 3) Intensity of Market Competition 	0.875 0.918 0.908	0.928	0.811	Yes
<ul style="list-style-type: none"> • Marketing effectiveness (Y3) <ul style="list-style-type: none"> 1) Number of results that can be issued 2) Level of satisfaction obtained 3) Creative products 	0.898 0.903 0.863	0.918	0.789	Yes

Source: Calculated using SmartPLS, 2021

Hypothesis Test

After ensuring that the measurement model of the construct is reliable and valid, then hypothesis testing is carried out. Hypothesis testing in this study is carried out on a structural model or inner model which shows a direct or indirect relationship between exogenous and endogenous latent variables. Hypothesis testing is based on the significance value of the path coefficient after resampling or bootstrapping 5,000 times. The statistical test used is the t test with a confidence level of 95% or a significance level of 5%. The hypothesis is accepted if the t value is more than the t-table value for the two-tailed test, namely 1,96. The results of bootstrapping procedur as shown in Table 2.

Based on Table 2, the results of hypothesis testing can be interpreted as follows:

1. Digital marketing has a positive and significant influence on the marketing performance of MSMEs in Sangatta, East Kutai Regency, this can be proven through the coefficient value of 0.314 and t-statistics of $2.998 > 1.96$ and p-values of $0.003 < 0.05$ so that it can It is known that every increase in digital marketing will be able to significantly improve marketing performance.
2. Network marketing has a positive and significant influence on the marketing performance of MSMEs in Sangatta, East Kutai Regency, this can be proven through the coefficient value of 0.571 and t-statistic of $5.775 > 1.96$ and p-values of $0.000 < 0.05$ so that it can It is known that every increase in network marketing will be able to significantly improve marketing performance.
3. Marketing performance has a positive and significant influence on the marketing efficiency of MSMEs in Sangatta, East Kutai Regency, this can be proven through the coefficient value of 0.806 and t-statistics of $22.921 > 1.96$ and p-values of $0.000 < 0.05$ so that it can It is known that every increase in marketing performance will be able to significantly increase marketing efficiency.
4. Marketing performance has a positive and significant influence on the marketing effectiveness of MSMEs in Sangatta, East Kutai Regency, this can be proven through the coefficient value of 0.788 and t-statistics of $19.086 > 1.96$ and p-values of $0.000 < 0.05$ so that it can be seen that every increase in marketing performance will be able to significantly increase marketing effectiveness.

Table 2. Bootstrapping Results

Path Coefficients				
Variable	Original Sample	t Statistics	p Values	5% Significance Level
Digital Marketing (X1) → Marketing Performance (Y1)	0.314	2.998	0.003	Significant
Network Marketing (X2) → Marketing Performance (Y1)	0.571	5.775	0.000	Significant
Marketing Performance (Y1) → Marketing Efficiency (Y2)	0.806	22.921	0.000	Significant
Marketing Performance (Y1) → Marketing Effectiveness (Y3)	0.788	19.086	0.000	Significant

Source: Calculated using SmartPLS, 2021

Discussion

Digital marketing has a positive and significant influence on the marketing performance of MSMEs in Sangatta, East Kutai Regency, every increase in digital marketing will be able to significantly improve marketing performance.

Digital marketing which can be interpreted as an activity in the field of marketing that utilizes platforms on the internet, as measured by Interactive indicators, MSMEs have interactive social media and websites, Incentive Programs, MSME programs that support product sales through social media and websites, Site Design, MSMEs have social media and websites that have attractive designs, Cost, MSMEs have their own costs for social media and websites have been able to improve marketing performance which can be interpreted as a factor used to measure the impact of the strategies implemented by the company. The company's strategy is always directed at producing good marketing performance and good financial performance as measured by indicators of Company Effectiveness, MSMEs through marketing make MSMEs run smoothly, Sales Growth, MSME sales growth increases with marketing, Relative Profit Growth, MSMEs have advantages which is good with real marketing.

Kotler & Keller (2016), new wave technology is a technology that allows connectivity and interactivity between individuals and groups. The new wave includes three main strengths, namely cheap computers and mobile phones, cheap internet, and open source. Starting from that phenomenon, in terms of marketing, the term digital marketing was finally known. Digital marketing as the use of technology to assist marketing activities that aim to increase consumer knowledge by adapting to their needs, digital marketing is an exploitation of digital technology that is used to create a channel to reach potential recipients to achieve company goals through meeting more consumer needs. effective.

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Network marketing has a positive and significant influence on the marketing performance of MSMEs in Sangatta, East Kutai Regency, so every increase in network marketing will be able to significantly improve marketing performance.

Network Marketing which can be interpreted as a system for distributing goods and services through thousands of sales force networks or an independent distribution, which is measured through local network indicators, MSMEs have products that are sold in Sangatta, regional networks, MSMEs have products sold in the scope of East Kalimantan, national networks, MSMEs have products sold throughout Indonesia that have been able to improve marketing performance which can be interpreted as a factor used to measure the impact of the strategy implemented by the company. The company's strategy is always directed at producing good marketing performance and good financial performance as measured by indicators of Company Effectiveness, MSMEs through marketing make MSMEs run smoothly, Sales Growth, MSME sales growth increases with marketing, Relative Profit Growth, MSMEs have advantages which is good with real marketing.

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Marketing performance has a positive and significant impact on the marketing efficiency of MSMEs in Sangatta, East Kutai Regency, so any increase in marketing performance will be able to significantly improve marketing efficiency.

Marketing performance which can be interpreted as a factor used to measure the impact of the strategy implemented by the company. The company's strategy is always directed at producing good marketing performance and also good financial performance as measured by indicators of Company Effectiveness, MSMEs through marketing make MSMEs run smoothly, Sales Growth, MSME sales growth increases with marketing, Relative Profit Growth, MSMEs have advantages good marketing has been able to increase marketing efficiency which can be interpreted as assessing the performance of the marketing process. Reflecting that the implementation of the marketing process must take place efficiently. The requirements that must be met in marketing efficiency are being able to complete the results to consumers at a low cost, and being able to hold a fair share of the total price paid as measured by the Marketing Margin variable, MSMEs experience better profit development, Prices at the Consumer Level, MSMEs with marketing have competitive product prices, Availability of Physical Marketing Facilities, MSMEs have facilities that support MSME marketing, Intensity of Market Competition, MSMEs have competitive competitors that make MSMEs always develop significantly.

Marketing efficiency can be achieved by measuring the satisfaction of consumers, producers, and marketing agencies as well as the marketing performance involved in delivering goods or services. Marketing efficiency has been achieved if it is able to increase added value, generate benefits that are in accordance with the costs incurred by each marketing agency, the marketing margins (costs and profits) that occur are relatively in accordance with final customer satisfaction, and provide profitable income (Drucker, 2012).

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Marketing performance is explained as the desire of consumers to subscribe to the company, continue to buy and use the company's products and services repeatedly and recommend the company's products to others. Griffin (2009) there are four stages of service marketing performance, including marketing performance based on awareness (cognitive loyalty) which can be interpreted as feeling that one brand is preferred over another based-on attribute information about the brand it receives. Brand information held by consumers (consumer beliefs) must point to brands that are considered superior in competition. Marketing performance based on affective loyalty, at this stage marketing performance has a level of consumer preference that must be higher than rival brands, both in behavior and components that affect satisfaction. This condition is very difficult to eliminate because loyalty has been embedded in the minds of consumers not only as awareness or hope. Marketing performance based on commitment (conative loyalty); this stage of marketing performance contains a high behavioral commitment in purchasing a service. The desire to make repeat purchases or be loyal is an action that can be anticipated but not realized. Marketing performance based on action (action loyalty); this stage is the last stage of loyalty. This stage begins with a desire accompanied by motivation, then followed by anyone to act and want to overcome all obstacles to act.

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V. CONCLUSION, LIMITATION AND FUTURE RESEARCH

Based on the results of the analysis and discussion, it can be concluded as follows: 1) Digital marketing has a positive and significant impact on the marketing performance of MSMEs in Sangatta, East Kutai Regency, so that any increase in digital marketing will be able to improve marketing performance significantly. real. 2) Network marketing has a positive and significant impact on the marketing performance of MSMEs in Sangatta, East Kutai Regency, so every increase in network marketing will be able to significantly improve marketing performance. 3) Marketing performance has a positive and significant impact on the marketing efficiency of MSMEs in Sangatta, East Kutai Regency, so any increase in marketing performance will be able to significantly improve marketing efficiency. 4) Marketing Performance has a positive and significant impact on the marketing effectiveness of SMEs in Sangatta, East Kutai Regency, so every increase in marketing performance will be able to significantly increase marketing effectiveness.

Based on the conclusions above, the suggestions in this study are as follows: 1) Digital marketing has a positive and significant influence on the marketing performance of SMEs in Sangatta, East Kutai Regency, digital marketing achievements will be better maintained in improving marketing performance by remaining consistent In running social media and websites for each MSME in East Kutai Regency, MSME profits will continue to increase as a follow-up to a healthy marketing performance. 2) Based on the research results,

Network marketing has a positive and significant impact on the marketing performance of SMEs in Sangatta, East Kutai Regency. Network marketing which has been carried out by MSMEs in Sangatta, East Kutai Regency through local networks has become the backbone of MSME development so that it needs to be maintained and consistently improved marketing performance can be carried out according to the objectives of each MSME in East Kutai Regency. 3) Marketing performance has a positive and significant impact on the marketing efficiency of SMEs in Sangatta, East Kutai Regency. Sales growth in MSMEs will be an easy thing to do with the aim of achieving profit if MSMEs in East Kutai Regency can continue to maintain competitive product prices and always pay attention to healthy competition both between MSMEs and large-scale product producers such as companies. 4) Based on the research results, Marketing performance has a positive and significant impact on the marketing effectiveness of SMEs in Sangatta East Kutai, marketing performance is a benchmark for the health of SMEs in Sangatta, East Kutai Regency so that the strategy that must be carried out is to keep making products in SMEs creative and have innovations. keep up with the times so that customer satisfaction can be achieved along with marketing effectiveness.

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Meri Christina, et. al. "Antecedents Of Marketing Performance And Their Impact On Marketing Efficiency And Marketing Effectiveness Of Msmes During The Covid-19 Pandemic In Sangatta District East Kutai." *International Journal of Business and Management Invention (IJBMI)*, vol. 11(01), 2022, pp. 34-43. Journal DOI- 10.35629/8028