Improving the Tofu Industry's Direction and Marketing Performance Through the Mediation of Product Innovation

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Abstract:
This research aims to understand how product innovation influences the relationship between entrepreneurial orientation and marketing success in the context of Johor Bahru's tofu and milk industries. The data for this study were collected in a random manner from a sample of 70 participants who were small company owners. Research tools in the form of questionnaires were utilized to gather the data. Partial Least Square (PLS) was used for technical analysis of the gathered data. In the context of tofu milk manufacturing in Johor Bahru, Malaysia, the results show that an entrepreneurial mindset is positively correlated with product innovation and marketing performance. Moreover, this phenomenon serves as a catalyst for small enterprises to consistently innovate their product offerings, mitigate potential risks, broaden their market reach, enhance operational efficiency, and engage in fierce competition within the food industry's manufacturing sector.

Keywords: Entrepreneurship Marketing Performance, Product Innovation, Tofu Industry,

Introduction
The Covid-19 epidemic has hurt economic development in many industries, including Johor Bahru's tofu industry. In general, the consumption of tofu and tempeh has become customary among the general population. Nevertheless, the present situation is characterized by a decrease in sales as a result of insufficient provision of essential components. Tofu, sometimes referred to as Tahu, manufactured in Johor Bahru, witnessed a significant surge in sales during the month of March as a result of leveraging social media platforms, including WhatsApp and Facebook, to foster consumer awareness. The aforementioned product, which holds a prominent position in the realm of e-commerce, is typically encased in either plastic or cardboard packaging. The quantity of seeds contained within each packet ranges from 10 to 50. The raw material utilized in the production of this tofu variant consists of a combination of soybean and cow's milk, resulting in a product that possesses enhanced flavor compared to conventional tofu. Empowering small businesses is crucial for boosting productivity and easing the growth of human resources and technology, as evidenced by the research of Ridwan Maksum et al., (2020) and Usman & Balsalobre-Lorente, (2022). As a result of price and quality shifts, the culinary business is growing rapidly, say Zhong & Moon, (2020). This growth has consequently encouraged the development of new information, which has resulted in a plethora of positive outcomes. Furthermore, according to Ceipek et al., (2019), the capacity to identify market opportunities and develop competitive products...
through diversification necessitates the presence of invention and creativity, which must be complemented by motivation and proficient management. The rise in the Tofu and Milk industry can be attributed to the promising prospects it offers. One such advantage is its widespread use by individuals on a daily basis, along with the relatively low investment required for its administration (Partel et al., 2019). Wales et al., (2020) assert that entrepreneurial orientation is characterized by the identification and pursuit of opportunities, encompassing a propensity for innovation and the willingness to take bold risks in relation to competitors and market prospects. This notion aligns with the proactive nature of entrepreneurial orientation, as expounded upon by Wales, Kraus, et al., (2020). According to the study conducted by Jardim, (2021), it was found that entrepreneurial attitude has the ability to efficiently bring novel items to the intended target market. Nevertheless, there exists a disparity between the findings of Ali et al., (2020) and the current study. Ali et al., (2020) posited that not all facets of entrepreneurial orientation contribute to enhancing a firm's performance, particularly within the realm of international marketing. Instead, their research emphasizes the crucial significance of proactive risk-taking as a priority for enhancing performance. In a study conducted by Liu et al., (2022), it was shown that the incorporation of entrepreneurial orientation, innovation, and market characteristics into the operations of small and medium-sized enterprises (SMEs) in Ethiopia did not result in enhanced performance. Additionally, this integration did not enable producers to prosper in an environment characterized by institutional complexity and economic volatility.

According to Games & Rendi, (2019) and Setini et al. (2020), the implementation of creative strategies has been found to enhance marketing performance through the creation of consumer demand for a diverse range of Tahu products. Hence, it is evident that tiny enterprises have the capacity to produce goods with the aim of enhancing consumer marketing outcomes. The Tahu or Tofu industry necessitates manufacturers to develop innovative ways that can enhance production efficiency while also reducing costs. As a result of the aforementioned problems, this study's major purpose is to explain how an entrepreneurial mindset influences product development for better marketing results. Lumpkin & Pidduck, (2021) suggest that entrepreneurial orientation encompasses the willingness to embrace various forms of risk inherent in the initiation and operation of a business venture.

According to Ataguba, (2020), the term "it" refers to an inventive disposition characterized by a willingness to undertake all potential risks in order to gain a comprehensive understanding of the market environment and its associated opportunities. Moreover, creative and imaginative talent is employed as a foundation, guidance, and means to seek out prospects for achieving success (Sudarsono, 2015). Agustina (2013) posited that an innovative attitude is a disposition exhibited by individuals, but Kohli et al. (2010) asserted that market orientation is a cultural phenomenon that contributes to enhanced corporate performance. According to the findings of Falahat et al., (2020), product innovation may be classified as the introduction of new items and services into current product lines. According to a study conducted by Satalkina & Steiner, (2020), it was found that product innovation factors may be categorized into three primary dimensions: design, variations, and quality. These dimensions are utilized to assess the functionalities and package design of a product. Additionally, it is employed for the purpose of ascertaining the dimensions of quality, indicators of control, standards, and the development of products. According to a study conducted by Dziallas & Blind, (2019), the inclusion of variants is identified as an indicator of product innovation. Baldassarre et al., (2020) argues that a company's marketing results reflect how successfully the organization as a whole executes its business plan. According to Basuki and Rahmi (2014), assessing a company's performance is a way to measure how much it has accomplished in a given
According to Baldassarre et al., (2020), marketing performance encompasses the outcomes, tactics, and activities undertaken by an organization. Additionally, Lee et al., (2020) asserted that the aforementioned outcome is a direct consequence of the company's strategic efforts to fulfill the demands of consumers. Falahat et al., (2020), Sadiku-Dushi et al., (2019) and Edeling et al., (2020) all found that when evaluating marketing success, it is important to look at a wide range of metrics, not only revenue and earnings.

2. Literature review

2.1 Innovation

In this context, "product innovation" means the development and release of a unique item or an enhanced version of a current commodity. Tofu processing technology has advanced, marking a more refined version of the product. Based on empirical research, the viability of a firm is contingent upon the efficacy of a novel product, necessitating substantial dedication, temporal investment, and the capacity to undertake substantial risks. According to Sellitto et al., (2020), the presence of product innovation has a direct impact on the competitive advantage of a manufacturing company. Furthermore, when this innovation provides additional value to consumers, it results in substantial profits for the company. Moreover, according to Hanaysha et al., (2021), product innovation refers to the introduction of a novel good or service that is developed to fulfill the demands of the market. The aforementioned product bears resemblance to Tofu, a previously available item that was initially offered in conventional tastes. However, in response to market demand, it underwent innovation, subsequently establishing itself as the dominant product in its category. The mix of soybeans and raw cow's milk yielded a groundbreaking new product known as Tofu Milk, which quickly became a moneymaker for the factory. Product innovation, as defined by Rosol & Barbosa, (2021), entails the development and introduction of a wholly new commodity alongside refined advertising and distribution methods.

2.2 Entrepreneurial Orientation

Entrepreneurial orientation is a conceptual framework that encompasses the attributes of creativity and innovation, serving as the fundamental foundation for the examination of potential prospects. Entrepreneurial orientation encompasses a range of processes, methods, and decision-making strategies that result in the pursuit of new directions. The concept encompasses three fundamental dimensions of entrepreneurship, including the constant pursuit of innovation, proactive decision-making, and the willingness to undertake calculated risks. According to the studies conducted by Sahoo & Panda, (2019) and Leonelli et al., (2019), entrepreneurial orientation refers to an inherent inclination of individuals to exhibit innovativeness and proactivity, along with a willingness to undertake risks in order to effectively manage a business. According to Sawaean & Ali, (2020), entrepreneurial orientation refers to the capacity to recognize and capitalize on untapped opportunities. According to the findings of Benito et al. (2008), entrepreneurial orientation can be characterized as a forward-thinking mindset that enables entrepreneurs to embrace risk and get a comprehensive awareness of proactive market opportunities.

2.3 Marketing Performance

Tarsakoo & Charoensukmongkol, (2019) defines marketing performance as "the results achieved by marketers in the conduct of their businesses." According to Baldassarre et al., (2020), the outcome is a consequence of the collective endeavor, strategic approach, and operational effectiveness of an
organization. Moreover, according to Udriyah et al., (2019), market orientation is a business approach that offers several advantages. These advantages encompass the capacity to develop products or services that align with consumers' perceptions, superior efficiency compared to competitors, and the ability to elucidate variations in the company's performance. Marketing performance is a notable accomplishment that arises from the influence of several responsibilities inside a business, as indicated by Riani et al. (2015), Setini et al. (2020), and Yasa et al. (2020). Marketing tactics play a crucial role in determining the overall performance of a company.

2.4 Conceptual framework
A study concept framework can be developed based on the link among these variables, as depicted in Figure 1.

Hypotheses:
H1: The impact of entrepreneurial organizations on product innovation is both positive and substantial.
H2: The impact of entrepreneurial organizations on marketing performance is both good and substantial.
H3: The introduction of novel products has been found to have a favorable and substantial influence on marketing effectiveness.
H4: The role of product innovation as a mediating factor on the relationship between Entrepreneurial Orientation and Marketing Performance.

Fig. 1. Framework

Source: Self Made

3. Method
The study was conducted in Johor Bahru, Malaysia, as it serves as the production hub for Milk Tofu. Using a proportional random sampling technique, 70 business owners and managers from the milk tofu food industry contributed to the data set. Questionnaires were used to collect the data, and those results were analyzed statistically with the Partial Least Squares (PLS) technique. As stated by Feng et al., (2021), the methods employed for data gathering adhere to systematic protocols and conform to established standards. This study examines the relationship between entrepreneurial orientation, product innovation, and marketing performance, with each variable serving as an independent, mediating, and dependent variable, respectively. Risk-taking, flexibility, foresight, and initiative are all characteristics indicative of an entrepreneurial mindset, and they all play a role in the development of new products and the discovery of unexplored markets. Different aspects of the product itself, as well as its packaging, new product varieties, quality control procedures, and development activities, can all be used as markers of product
innovation. Marketing performance indicators encompass key metrics such as revenue generation, sales figures, marketing reach, and market expansion.

4. Results and discussion

4.1 Respondent Characteristics

The participants in this research are classified based on their gender and age, and the findings indicate that the proportion of females and males is 57% and 43% respectively. The findings of this study indicate that the participants can be categorized into three age groups: 17-24 years, 25-32 years, and above 33 years. The respective proportions of respondents in these age groups were 18%, 25%, and 57%.

![Fig. 2. Characteristics of the respondents](image)

*Source: Research Data Processing Results, 2020*

Figure 2 shows that women make up the majority (61.4%) of respondents among tofu producers working for small businesses, while men account for the minority (38.6%). Twenty-seven people (38.6 percent) in the sample were older than 33 and participated in the study. This group exhibited a modest difference compared to the age range of 25-32 years, which was represented by 25 respondents or 35.7% of the sample. Among the participants, there were 18 responders, accounting for 25.7 percent, who fell between the age range of 17 to 24 years.

4.2 Results of Analysis with PLS

The Composite Reliability test is commonly employed to assess and evaluate the reliability of a construct, hence serving as a regulatory mechanism for measuring construct reliability. Hence, it is imperative that the composite dependability value above 0.7, and the Average Variance Extract (AVE) surpasses 0.5. The test findings of the three study variables demonstrate a satisfactory level of reliability, as indicated by a composite reliability value exceeding 0.7 and an average variance extracted (AVE) value beyond 0.5 (as observed in the PLS output).
Table 1: Composite Reliability Test Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Composite Reliability</th>
<th>AVE</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial Orientation (X)</td>
<td>0.860</td>
<td>0.469</td>
<td>Reliable</td>
</tr>
<tr>
<td>Product Innovation (Z)</td>
<td>0.929</td>
<td>0.387</td>
<td>Reliable</td>
</tr>
<tr>
<td>Marketing Performance (Y)</td>
<td>0.863</td>
<td>0.478</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Source: OutputPLS attachment 2020

4.3 Inner Model Testing

The correlations between the variables in the study only partially support the hypothesis, as shown by the results of the inner model test. The t-statistic and associated p-value are calculated for each of the impacted routes to reach this conclusion. In Figure 4, we see that this direct influence has the potential to affect both the initial and final values of the two variables.
4.4 Marketing orientation influences product innovation

The path coefficient of 0.565 and the t-statistic of more than 1.96 from the analysis of the Inner Model point to a statistically significant positive link between entrepreneurial orientation (X) and product innovation (Z). This study's results provide credence to the theory that business owners with an entrepreneurial mindset are more likely to introduce novel products to the market. If the path coefficient is positive, it means that there is a one-way relationship between an entrepreneurial mindset and new product development. Therefore, the capacity to generate product innovation is positively correlated with the degree to which an individual displays an entrepreneurial mindset.

The findings of this study are corroborated by empirical investigations undertaken by Al-Rahmi et al., (2019), Jardim, (2021), Kurdi et al., (2020), and Dubey et al., (2019). The aforementioned research indicates a noteworthy and substantial correlation between entrepreneurial oriented factors and marketing effectiveness. This correlation is manifested through proactive, innovative, and bold dispositions towards undertaking risks in product innovation. The capacity of business development to embody entrepreneurial attitude is demonstrated by several indicators such as anticipation, adaptability, proactivity, innovation, and willingness to undertake substantial risks. These factors significantly influence the company's capability to reinvent the products it produces.

The findings of the study indicate that entrepreneurial orientation may be assessed using seven indicators, among which the risk-taking indicator exhibits the lowest average value. The lack of risk-taking among small enterprises in the food sector necessitates the provision of continuous training, understanding, and information in order to foster their business growth through effective risk management strategies. In addition, tofu manufacturers have yet to develop a formula that enables them to accurately predict the expiration date of their products, so preventing them from generating an excess quantity beyond the daily need.

4.5 Marketing orientation affects marketing performance

According to the results of the Inner Model analysis, there is a direct and statistically significant correlation between a firm's marketing orientation and the quality of its bottom line. These findings can be compared to the effect of an entrepreneurial mindset on marketing outcomes; the t-statistic for this hypothesis exceeds 1.96, and the path coefficient is 0.275. As a result, there is an undeniable and strong link between an enterprising mindset and successful marketing.

The results of this study are supported by the work of Cui et al., (2019), who found that an entrepreneurial mindset can have a considerable impact on marketing success. Many entrepreneurs place a premium on product and service quality, as well as on the development of new products, as means of gaining a competitive edge. Sadiku-Dushi et al., (2019) also discovered a positive and significant relationship between entrepreneurial approach and marketing performance, supporting the claims of Mahmud (2011) that it has a major and positive impact on the latter. Companies have a leg up on the competition when it comes to understanding their customers' needs and wants, and they use this information to create goods that meet those expectations.

The test findings yield descriptions of research factors pertaining to marketing performance. Consequently, the study of the four marketing indicators reveals that the lowest average value indicates the inability of the owner of the tofu milk business to expand their enterprise. Nevertheless, entrepreneurs observe a monthly surge in their earnings as a result of an upward trend in the sales of these products, accompanied by a corresponding growth in the number of consumers. Since its inception in the market,
this product has garnered significant attention from customers owing to its delectable flavor profile, which distinguishes it from other tofu variants, consequently eliciting a unique sensory experience among consumers.

### 4.6 Product Innovation on Marketing Performance

A positive correlation between product innovation (Z) and marketing performance (Y) was shown to be statistically significant in the Inner Model analysis. A t-value of 1.96 is considered statistically significant; the estimated path coefficient for this association is 0.435. According to the results of this research, increased product innovation contributes to better marketing results. That's significant evidence that new product launches and sales results go hand in hand.

According to the findings of Sellitto et al., (2020) study, it was determined that competitive advantage is influenced by product innovation, since it enables a product to surpass the offerings of rival companies. Product development is a strategic approach that plays a crucial role in assessing the viability and longevity of a firm. Moreover, Voss and Voss (2012) as well as Setini et al. (2020) have asserted that the utilization of novel technology plays a pivotal role in the process of product innovation. Hence, a notable benefit of product technology is in its capacity to enhance consumers’ purchasing inclination. The presence of technological advancements can expedite the progress of items incorporating applied technology, hence influencing their overall quality.

The focus of innovation in the tofu sector lies in enhancing the composition of tofu processed products by including additional processed components, such as tofu milk and cheese, developed by entrepreneurs. This is based on the results of description tests, with emphasis on achieving the lowest value. Furthermore, the implementation of innovations involves the substitution of basic materials with industrial machinery.

Product innovation is a strategic approach employed to augment the competitiveness of existing goods and services through the implementation of innovations. Products that possess inherent advantages are perceived as providing additional value to consumers. Consequently, while creating novel products, the formulation of an effective strategy becomes a crucial factor in achieving success and ensuring long-term viability. This endeavor necessitates the allocation of resources such as effort, time, skills, and a comprehensive assessment of the potential risks and costs associated with potential failures.

### 4.7 Product Innovation mediates Entrepreneurial Orientation and Marketing Performance

Computation and indirect effect testing show a 0.246 association between entrepreneurial tendencies (X) and marketing performance (Y) mediated by product innovation (Z). Thus, product innovation mediates the indirect association between entrepreneurial mindsets and marketing performance. This study's hypothesis is possible. The Sobel test shows that entrepreneurial mentality strongly mediates product innovation and outcomes. This suggests that entrepreneurs' entrepreneurial approach affects their ability to innovate and improve food business marketing.

A previous study by Han et al., (2020) found that innovations can mitigate risks and improve marketing performance as measured by entrepreneurial metrics. Al-Rahmi et al., (2019) found that product innovation mediates the association between entrepreneurial orientation, business resources, and company performance. According to Jardim, (2021), innovation influences entrepreneurial performance, leading to product success and a competitive advantage. Partel et al., 2019 showed that innovation and entrepreneurial orientation can improve the performance of study items in small food enterprises.
5. Conclusions

In summary, it can be inferred that entrepreneurial orientation exerts a favorable and noteworthy impact on the process of product invention. This suggests that the level of entrepreneurial orientation held by entrepreneurs and managers of small tofu firms is correlated with their ability to foster innovation. The impact of entrepreneurial approach on enhancing marketing performance is both favorable and statistically significant. Moreover, it is observed that a strong emphasis on marketing is associated with a high degree of business orientation. Product innovation also has a noticeable and positive effect on marketing results. Thus, the marketing success of Johor Bahru's tofu and milk industrial sector increases as the level of innovation in processed products increases. Product innovation can have a significant effect on an entrepreneur's marketing performance in the context of making tofu milk in Johor Bahru. This implies that small enterprises' entrepreneurial orientation plays a crucial role in enhancing marketing performance. Hence, it is recommended that tofu milk entrepreneurs in Johor Bahru undertake greater business risks and explore additional business prospects.

The government is encouraged to put an emphasis on monitoring small businesses because the information gathered from them is rich and distinct from that of medium and large corporations. Micro and small businesses can make important contributions to the growth of their communities. Moreover, it is recommended that businesses incorporate additional variables into their independent and mediating variables and increase their research efforts to ensure more accurate and reliable outcomes based on prior studies.

The purpose of this study was to promote the success of small firms, particularly those operating in the food industry sector, regardless of competitive pressures. This was achieved by enhancing production levels, diversifying product offerings, and enhancing overall product quality. The scope of this study is restricted to the research instruments that were delivered to respondents in Johor Bahru. It should be noted that not all Tofu industries were able to offer information or complete the instruments. Limitations were identified in the utilization of factors, specifically pertaining to entrepreneurial oriented variables, marketing performance, and product innovation.

References


