The factors affecting customer satisfaction, competitive advantage, and performance in the MSMEs in the craft industry sector from East Kalimantan Province, Indonesia

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Abstract

This study is intended to examine the problems in MSMEs in East Kalimantan. This study uses survey techniques by distributing questionnaires, then the data or information obtained is processed by statistical methods using the PLS Warp software. The data analysis method uses PLS (Partial Least Square). The number of questionnaires distributed as many as 320 respondents according to the number of samples in this study with the process of taking a simple random sampling data. The results showed that: Product innovation had no significant negative effect on customer satisfaction, product quality had a significant positive effect on customer satisfaction, CRM had a significant positive effect on customer satisfaction, product innovation had no significant negative effect on competitive advantage, product quality had a significant positive effect on excellence competitive, CRM has a significant positive effect on competitive advantage, product innovation has a significant positive effect on performance, product quality has a significant positive effect on performance, CRM has no significant positive effect on performance, satisfaction has a significant positive effect on competitive advantage, competitive advantage has a significant positive effect on performance, Satisfaction has a significant positive effect on performance in the Micro, Small and Medium Enterprises, Craft Products Category in East Kalimantan, Indonesia.

Key words: product innovation, product quality, CRM, competitive advantages, satisfaction, performance.

Introduction

This research is intended to examine the problems in MSMEs in East Kalimantan. MSMEs in East Kalimantan has a significant role in the development of the national economy, but this competition still has obstacles, such as limited capital and funding, limited access to markets and information, and marketing problems.

The importance of performance marketing in marketing is beyond doubt. Marketing performance has an important role in a company, maintaining them means increasing financial performance and maintaining the viability of the company. This is the main reason for a company to attract and retain them. High customer loyalty is in accordance with the buying behavior usually shown by loyal customers. Purchasing behavior in a loyal customer shows the same in four characteristics, namely repeated purchases, purchasing products from the same company,

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encouraging others to use the same product, and a tendency to ignore competitor products.

Marketing performance has a relationship with two important conditions, namely customer retention (customer retention) and total market share (total share of customers). Customer retention describes the length of the relationship with the customer. The customer retention rate is the percentage of customers who have fulfilled a number of repeat purchases over a limited period of time. The customer share of a company shows the percentage of the customer's budget that is spent on that company.

MSMEs in East Kalimantan have diversified their products and market their products that are consumer-oriented. The phenomenon that occurs in the field is that the role of the government in increasing the use of products through MSMEs has been optimal, but what happens is that people who use UMKM products are still not according to the targets that have been set. The number of problems that occur in MSMEs in East Kalimantan, one of the problems that occur is the level of customer satisfaction that is still not evenly distributed for services, this happens because the physical facilities and staff capabilities of each UMKM are still uneven, causing different levels of customer satisfaction. different in each UMKM.

MSMEs in East Kalimantan have complex problems with the same level of problems as companies engaged in the same business fields. The problem faced by MSMEs in East Kalimantan is the increasing number of Keller-based companies and similar export products that provide compensation for services provided under MSMEs in East Kalimantan with quality not meeting standards.

The phenomenon in this research is that MSMEs in East Kalimantan are required to provide the best quality to service users at competitive prices without leaving product innovation provided to service users. Customer relationship marketing is one of the absolute considerations implemented by MSMEs in East Kalimantan in retaining consumers and

acquiring new customers in order to increase satisfaction and maintain performance.

Literature review

Product innovation to satisfaction

Kotler (2012) states that quality is the overall characteristics and characteristics of a product or service that affect its ability to satisfy stated or implied needs. Through this understanding, it can be seen that a good or service will be considered of quality if it can meet consumer expectations of the value of the product. This means that quality is one of the factors that determine the assessment of customer satisfaction.

This research is also supported by previous research conducted by Potra (2018), Pishgar et al. (2013), Ayodele et al. (2019), Cheema (2013), Diaw & Asare (2018), Doyduk & Aykac (2018), Xiang et al. (2013), Daragahi (2017) research results state that product innovation has an influence on consumer satisfaction.

Product quality to satisfaction

Kotler & Armstrong (2004) states product quality as "the ability of a product to perform its functions. It includes the product's overall durability, reliability, precision, ease of operation and repair, and other valued attributes". This means that product quality is closely related to the product's ability to perform its functions, including the overall product, reliability, accuracy, ease of operation and repair, and other valuable attributes. So, product quality is a set of features and characteristics of goods and services that have the ability to meet needs, which is a combined understanding of reliability, density, convenience, maintenance, and other attributes of a product. The products offered by each business entity will be different and definitely have characteristics that differentiate the product from competitors' products, even though the types of products are the same so that the product has a unique, distinctive, superiority in reaching the targeted market.

This research is also supported by previous research conducted by Sukarti (2015), Jahanshahi (2011), Atiyah (2016), Ling &

Mansori (2018), Razak (2016), Hoe & Mansori (2018), Chigbata & Christian (2018), Halim et al. (2014) the results of the study state that product quality has an influence on consumer satisfaction.

Customer relationship management and satisfaction

To get loyal members in accordance with the wishes of the company, it must be supported by a strategy to create a relationship between the company and customers, known as customer relationship management (Customer Relationship Management). In this strategy, understanding customer expectations is an essential factor, because a relationship-based approach to doing business to understanding what customers need and want and viewing customers as long-term assets that will provide continuous income as long as their needs are met. Today, Customer Relationship Management has become the company's capital to maintain and increase customer loyalty in order to gain long-term benefits.

This research is also supported by previous research conducted by Nazir et al. (2014), Zani et al. (2013), Sukarti (2015), Shaon & Rahman (2015), Kristian & Panjaitan (2014), Kurniati et al. (2015), Sutrisno (2015) research results state that CRM has an influence on customer satisfaction.

Product innovation to competitive advantage

Increasingly fierce competition in the business world is something that cannot be avoided by companies so that companies are required to be able to understand and understand the dynamics or changes that occur in the market, especially those related to innovative steps that must be taken in order to answer market dynamics and consumer needs and desires. , as well as in an effort to improve company competitiveness. Innovations carried out by companies, through the creation of new and different products from existing products or making improvements to existing products, because innovation is a company mechanism to adapt to a dynamic environment so as to create

service performance that satisfies customers because of innovation is as one of the important variables in determining performance (Baker & Sinkula, 1999, Wahyono, 2002). The main objective of product innovation is to meet market demand so that it can be used as a competitive advantage for the company and will be one of the competitive advantages of marketing performance (Han et al. 1998, Hurley & Hult, 1998). Therefore, new product innovation can increase sales, profits, and the company's competitive advantage (Sivadas & Dwyer, 2000)

This research is also supported by previous research conducted by Mulyadi et al. (2016), Lee & Hsieh (2010), Herman et al. (2018), Sutapa et al. (2017), Reguia (2014), Puspaningrum (2017), Angelmar (1990), Adhikari (2011), Shepherd & Ahmed (2000) the results of research state that product innovation has an influence on competitive advantage.

Product quality to competitive advantage

Product development is not an easy thing, because it will be related to the emergence of various ideas both from within the company and from outside the company. Product development must also be carried out continuously, considering that one of the characteristics of the fashion industry is the rapid change in trends in society. Jones & George (2003) say that new product development is also aimed at producing better or best product quality. Companies have competitiveness if they produce quality products, in the sense that they are in accordance with market needs. It is a challenge for the company to be able to produce highly competitive products.

This research is also supported by previous research conducted by Rinandiyana, et al. (2016), Hosseini et al. (2018), Singh (2013), Lakhal (2009), Alghamdi & Bach (2013), Zekiri & Manojlovski (2017) research results state that product quality has an influence on competitive advantage.

Customer relationship marketing and competitive advantage

Customer relationship management (CRM) is a strategy that companies need to optimize profits by improving business strategies. The use of technology in CRM makes companies understand consumer wants and needs and will strengthen the relationship between them. The successful implementation of a CRM strategy will increase competitive advantage (Mehrdad & Mohammadi, 2011). Oualid, (2016) states that a good CRM implementation can increase competitive advantage.

CRM is a strategy development that focuses on consumers, in its implementation requires redesign in every part, even individual responsibilities, and roles. CRM is the process of finding and retaining customers and maximizing customer satisfaction and benefits. CRM is a business strategy to improve and maintain mutually beneficial relationships by providing value to consumers and obtaining value from consumers.

This research is also supported by previous research conducted by Siregar (2016), Budiarti (2017), Indah & Devie (2013), Al-zoubi (2016), Alipour & Mohammadi (2011), Alshura (2018) the results of the study stated that CRM gives influence to competitive advantage.

Product innovation to marketing performance

Kotler (2012) states that displaying products that have good product innovation, can increase consumer confidence in their products and encourage consumers to become loyal consumers of their products, but in achieving the level of performance they will pass the satisfying stage because marketing performance is formed because consumers feel satisfaction.

This research is also supported by previous research conducted by Pattipeilohy (2018), Tresna & Raharja (2019), Nuryakin (2018), Pozo et al. (2017), Nataya & Sutanto (2018), Tohidi & Jabbari (2012), Montero et al. (2017) the results of the study state that product innovation has an influence on marketing performance.

Product quality to marketing performance

Kotler & Armstrong (2003) states that in accordance with the product concept,

consumers will like products that offer the best product quality, best performance, and best properties and the organization must devote its energy to continuous product improvement. Consumers will love products that offer the best in quality, performance, and innovative complements. A quality product is a product that is able to provide results that are more than what is expected. Product quality is the main focus of the company. Product quality is an important policy to improve product competitiveness in order to provide customer satisfaction. Good product quality will also provide performance if this is met, the company will get a profit from selling goods or services. Therefore, product quality is the basic thing that must be fulfilled by companies so that the products offered can be accepted by consumers.

This research is also supported by previous research conducted by Hajjat & Hajjat (2014), Molina-Castillo et al. (2011), Suchanek et al. (2014), Ayodeji (2015), Claycomb et al. (2002), Cannatelli et al. (2017) the results of the study state that product quality has an influence on marketing performance.

Management marketing performance

Consumers are already loyal or loyal to a product, of course, will encourage product sales continuously because the company gets the biggest profit from loyal customers where the company can sell goods or services to customers who have tried and are familiar with the goods or services of the company concerned, the company must be able to retain customers the. Broadly speaking, the reasons for customer relationship management to build customer loyalty are first, there is a paradigm shift, namely a product-driven company to a consumer-driven company. The second reason, every customer has different needs, so the company must be more sensitive to all complaints. Third, customers are everything because if there are no consumers there is no business. Fourth, the cost of acquiring customers is far greater than the cost of retaining existing customers. The fifth reason is that in customer relationship management, there is a database which is the

main weapon of service in providing information (Sinaga, 2006).

This research is also supported by previous research conducted by Budiarti (2017), Siregar (2016), Mohammadi & Sohrabi (2018), Rajput et al. (2018), Schilke & Thomas (2010), Reinartz et al. (2004), Coltman (2010), Soliman (2011), Ang & Buttle (2006), Rodriguez et al. (2014), Rafiki et al. (2019) the results of the study state that CRM has an influence on marketing performance.

Satisfaction and competitive advantage

One of the main keys to winning the competition lies in competitive advantage. Narver & Slater (1990) competitive advantage can be achieved if the company is able to provide more value to customers than that provided by its competitors. Competitive advantage can come from various company activities, such as designing, producing, marketing, delivering, and supporting its products.

Band (2005) says that satisfaction is achieved when quality meets and exceeds consumer expectations, wants, and needs. Taufiq (2005) consumer satisfaction is the extent to which the benefits of a product are felt in accordance with what the customer expects. Conversely, if the quality does not meet and exceed the expectations, wants, and needs of consumers, satisfaction cannot be fulfilled. Consumers who are not satisfied with the goods or services they consume will look for other companies that are able to provide for their needs. So, the conclusion is that customer satisfaction is the level of a person's feelings after comparing the performance of the product he feels with his expectations.

This research is also supported by previous research conducted by Mulyadi et al. (2016), Tam (2010), El-Garaihy et al. (2014), Mazurenko & O'Connor (2012), Ochoti et al. (2013), Massawe (2013). Alfalla-Luque et al. (2012), Michaela's (2014) research results state that satisfaction has an influence on competitive advantage.

Competitive advantage to marketing performance

Facing conditions of fierce competition, companies must also create a competitive advantage, which is a profitable strategy for companies that collaborate to compete more effectively in the market (Dewi 2006, Djodjobo & Tawas, 2014). Competitive advantage has to do with the way companies choose and actually can put generic strategies into practice. All parts of the organization, both in the form of resources and activities, can be a competitive advantage (Prakoso, 2005). Competitive advantage can be achieved if the company is able to provide more value to customers than what is provided by its competitors. Competitive advantage can come from various company activities such as designing, producing, marketing, delivering, and supporting its products and is directed to support the creation of low-cost and differentiated company performance with other companies (Narver & Slater, (1990) Bharadwaj et al. 1993).

This research is also supported by previous research conducted by Pattipeilohy (2018), Arbawa & Wardoyo (2018), Budiarti (2017), Indah & Devie (2013), Tresna & Raharja (2019), Nuryakin (2018), Friar (2003) The results of the study state that competitive advantage has an influence on marketing performance.

Satisfaction and marketing performance

Satisfied customers tend to stay loyal longer, buy more, are less sensitive to price changes and the conversation is in the company's favor (Kotler, 2012). Marketing performance is a key factor in supporting the company's sustainability and the company's competitiveness in its business activities. Kotler & Armstrong (2011: 13) states that loyal customers tend to shop more often and try other company products and tell others about the good experiences they have had while using these products or services and bring new customers to The influence of marketing performance is closely related to the sustainability of the company in the future. Barnes (2013: 232) states that the significance of marketing performance is closely related to the continuity of the company and to the company's strong growth in the future. Thus, in order for

the company to be able to maintain a stable level of profit when the market reaches maturity and business competition is so intense, a defensive strategy that seeks to retain existing customers is better than an aggressive strategy that expands market size by attracting potential customers. One of the supporting factors for marketing performance is customer satisfaction. Barnes (2013: 228) defines customer satisfaction as the level of feeling where a person states the results of the comparison of the performance of the product or service received with the expected. Aaker (2008: 349) the creation of customer satisfaction can provide several benefits, including the relationship between the company and its customers being harmonious so that it provides a good basis for repurchasing and creating brand loyalty and making the word of mouth recommendations so that it is profitable. For the company.

This research is also supported by previous research conducted by Otto et al. (2019), Agyapong (2017), Shah (2014), Kartika et al. (2018), Suchanek et al. (2014), Suchanek et al. (2015), Chang et al. (2012), Mohammadi & Sohrabi (2018), Williams (2011), Sullivan & Abela (2007), Suchanek & Kralova (2016) the results of the study state that the excellence of consumer satisfaction has an influence on marketing performance.

Material and methods

Population and sample

In this study, the population is Micro, Small and Medium Enterprises in the Handicraft Industry Sector in East Kalimantan as many as 1618 MSMEs in the Handicraft Industry Sector in East Kalimantan with the following details:

1) Balikpapan City totals 5 MSMEs in the Handicraft Industry Sector

2) Berau Regency, totaling 107 MSMEs in the Handicraft Industry Sector

3) Bontang City totals 60 SMEs in the Handicraft Industry Sector

4) West Kutai Regency, totaling 610 MSMEs in the Handicraft Industry Sector

5) Kukar Regency, totaling 19 SMEs in the Handicraft Industry Sector

6) Kutim Regency, totaling 128 MSMEs in the Craft Industry Sector

7) Paser Regency totals 457 MSMEs in the Handicraft Industry Sector

8) PPU Regency totals 124 UMKM in the Handicraft Industry Sector

9) Samarinda City, totaling 108 MSMEs in the Handicraft Industry Sector

The larger the number of samples, the better. The sample of this research is SMEs in the Handicraft Industry Sector in East Kalimantan. For sampling, the author uses the size of the Slovin formula. Based on the Slovin formula, it can be seen that the number of questionnaires distributed was 320 respondents according to the number of samples in this study using simple random sampling data collection process

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Data analysis

The data analysis method used in this research is descriptive analysis and inferential statistics with WarpPLS. In this study, data analysis used the Partial Least Square (PLS) approach. PLS is a component or variant based Structural Equation Modeling (SEM) equation, model. PLS is an alternative approach that shifts from a covariance-based to variant-based SEM approach. Covariance-based SEM generally tests causality/theory while PLS is more of a predictive model. PLS is a powerful analytical method because it is not based on many assumptions, for example, the data must be normally distributed, the sample does not have to be large. Besides being able to be used to confirm the theory, PLS can also be used to explain whether there is a relationship between latent variables. PLS can simultaneously analyze the constructs formed by reflective and formative indicators.

Results and discussion

SEM statistical analysis with PLS

Confirmatory analysis of exogenous variables is carried out to confirm whether the observed variables reflect the factors being analyzed, namely having a model suitability test, the significance of the factor weight and the value of lambda or factor loading, and the results of the confirmatory analysis of the exogenous variables obtained are analyzed using partial least square analysis (PLS) with the following of Figure 1.
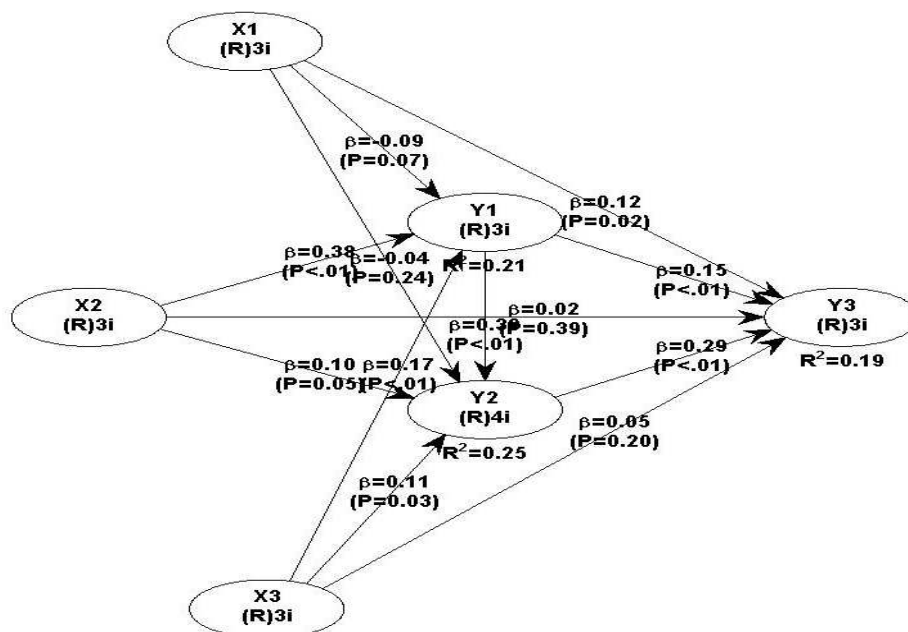

Fig. 1 – Research model before elimination
(Source: survey data)

The indicators that were eliminated in the original research model were indicators for performance variables, namely the third indicator (Y3.3) so that a new research model was obtained with the following Figure 2.
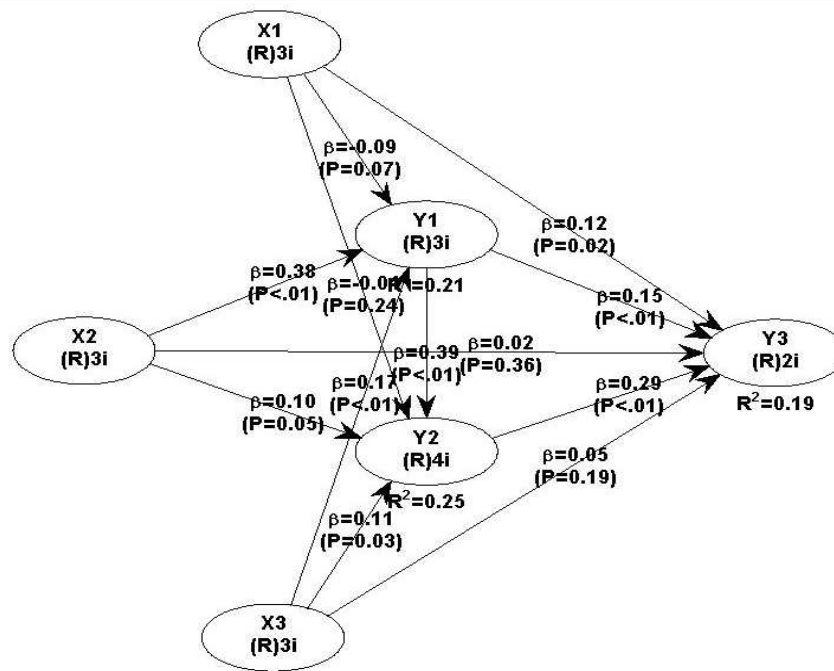
Fig. 2 – Research model after elimination
(Source: survey data)

Based on Figure 2, it appears that all loading factors have a value of 0.50 so that the research can be continued to analyze the measurement model or outer model and the structural model or inner model.

Goodness of fit of the PLS model

The goodness of fit of the PLS model is measured through the Q-square predictive relevance value, to measure how well the observed value is generated by the model and also its parameter estimation. The goodness of fit test uses the predictive relevance (Q2) value. The R^2 value of each endogenous variable in this study is as follows:

Table 1 – R-Square value

Endogen variable	R^2
Consumer satisfaction	0.214 / 21,40%
Competitive advantage	0.253 / 25,30%
Employee marketing performance	0.189 / 18,90%

(Source: survey data)

Structural model testing (inner model)

Testing of the inner model or structural model is carried out to see the relationship between the constructs of the research model. The basis used in testing the hypothesis is the value contained in the output result for inner weight. The results of the analysis and hypothesis testing can be seen in Table 2.

It can be seen from Table 2 that the positive influence and a significance level of each variable if p-Value < 0.05 means that the exogenous variable has a significant effect on endogenous variables and if p-value> 0.05 then the exogenous variable has no significant effect on endogenous variables. The explanation as follows:

1). Product innovation has no significant negative effect on consumer satisfaction in the Micro, Small, and Medium Enterprises Category of Handicraft Products in East Kalimantan, with a coefficient value of -0.087 and a p-value of 0.070 which means that the first hypothesis is rejected.

Table 2 – Result for inner weights

Constructs	Original Sample	P-Values	Information
Product Innovation to Satisfaction	-0.087	0.070	Negative insignificant
Product Quality to Satisfaction	0.376	0.001	Positive significant
CRM to Satisfaction	0.169	0.002	Positive significant
to Competitive Adventages Product Innovation	-0.043	0.235	Negative insignificant
to Competitive Adventages Product Quality	0.096	0.053	Positive insignificant
CRM to Competitive Adventages	0.113	0.028	Positive significant
Product Innovation to Marketing Performance	0.117	0.024	Positive significant
Product Quality to Marketing Performance	0.021	0.365	Positive insignificant
CRM to Marketing Performance	0.053	0.186	Positive insignificant
Customer Satisfaction to Competitive Adventages	0.394	0.001	Positive significant
Competitive Adventages to Marketing Performance	0.293	0.001	Positive significant
Satisfaction to Marketing Performance	0.154	0.005	Positive significant

(Source: survey data)

2). Product quality has a significant positive effect on consumer satisfaction in the Micro, Small, and Medium Enterprises Category of Handicraft Products in East Kalimantan, with a coefficient value of 0.376 and a p-value of 0.001 meaning that the second hypothesis is accepted.

3). CRM has a significant positive effect on consumer satisfaction in the Micro, Small, and Medium Enterprises Category of Handicraft Products in East Kalimantan, with a coefficient value of 0.169 and a p-value of 0.002 meaning that the third hypothesis is accepted.

4). Product innovation has no significant negative effect on competitive advantage in the Micro, Small, and Medium Enterprises Category of Handicraft Products in East Kalimantan, with a coefficient value of -0.043 and a p-value of 0.235 meaning that the fourth hypothesis is rejected.

5). Product quality has no significant positive effect on competitive advantage in the Micro, Small, and Medium Enterprises Category of Handicraft Products in East Kalimantan, with a coefficient value of 0.096 and a p-value of 0.053 meaning that the fifth hypothesis is rejected.

6). CRM has a significant positive effect on competitive advantage in the Micro, Small, and Medium Enterprises Category of Handicraft Products in East Kalimantan, with a coefficient value of 0.113 and a p-value of 0.028, meaning that the sixth hypothesis is accepted.

7). Product innovation has a significant positive effect on performance in the Micro, Small and Medium Enterprises Category of Handicraft Products in East Kalimantan, with a coefficient value of 0.117 and a p-value of 0.024 meaning that the seventh hypothesis is accepted.

8). Product quality has no significant positive effect on the performance of the Micro, Small, and Medium Enterprises Category of Handicraft Products in East Kalimantan, with a coefficient value of 0.021 and a p-value of 0.365 which means that the eighth hypothesis is rejected.

9). CRM has a positive and insignificant effect on the performance of the Micro, Small, and Medium Enterprises Category of Handicraft Products in East Kalimantan, with a coefficient value of 0.053 and a p-value of 0.186 meaning that the ninth hypothesis is rejected.

10). Satisfaction has a significant positive effect on competitive advantage in the Micro, Small and Medium Enterprises Category of Handicraft Products in East Kalimantan, with a

coefficient value of 0.394 and a p-value of 0.001 meaning that the tenth hypothesis is accepted.

11). Competitive advantage has a significant positive effect on performance in the Micro, Small and Medium Enterprises Category of Handicraft Products in East Kalimantan, with a coefficient value of 0.293 and a p-value of 0.001, which means that the hypothesis is accepted.

12). Satisfaction has a significant positive effect on performance in the Micro, Small and Medium Enterprises Category of Handicraft Products in East Kalimantan, with a coefficient value of 0.154 and a p-value of 0.005 meaning that the twelfth hypothesis is accepted.

The limitation of this research modeling shows the low value of the coefficient of determination or R Square between the influence of exogenous variables on endogenous variables. This indicates that the antecedent variable is not optimal for these endogenous variables. The optimal quantity should be above 0.50 for the coefficient of determination or R Square. The results of this study cannot be generalized to other cases outside the object of this study, namely in the MSME environment of East Kalimantan Province.

Another research limitation is that the research locations that spread throughout the Province of East Kalimantan make researchers travel directly to the research location, it would be better if all elements of MSMEs, especially crafts, were able to be oriented to an online-based system either via email or other means so that the representation of respondents' perceptions was ably accommodated in real-time, or in real-time.

Conclusions and Suggestions

Based on the results of the analysis and research objectives, the following conclusions were obtained product innovation has a negative and insignificant effect on consumer satisfaction in the Micro, Small and Medium Enterprises Category of Handicraft Products in East Kalimantan. Product quality has a significant positive effect on consumer satisfaction in the Micro, Small and Medium Enterprises Category of Handicraft Products in East Kalimantan. CRM has a significant positive effect on consumer satisfaction in the Micro, Small, and Medium Enterprises Category of Handicraft Products in East Kalimantan. Product innovation has no significant negative effect on competitive advantage in the Micro, Small and Medium Enterprises category of Handicraft Products in East Kalimantan. Product quality has no significant positive effect on competitive advantage in the Micro, Small, and Medium Enterprises category of handicraft products in East Kalimantan. CRM has a significant positive effect on competitive advantage in the Micro, Small and Medium Enterprises category of Handicraft Products in East Kalimantan. Product innovation has a significant positive effect on performance in the Micro, Small and Medium Enterprises Category of Handicraft Products in East Kalimantan. Product quality has no significant positive effect on performance in the Micro, Small, and Medium Enterprises category of handicraft products in East Kalimantan. CRM has a positive and insignificant effect on the performance of Micro, Small and Medium Enterprises, Category of Handicraft Products in East Kalimantan. Satisfaction has a significant positive effect on competitive advantage in the Micro, Small and Medium Enterprises Category of Handicraft Products in East Kalimantan. Competitive advantage has a significant positive effect on performance in the Micro, Small and Medium Enterprises Category of Handicraft Products in East Kalimantan. Satisfaction has a significant positive effect on performance in the Micro, Small and Medium Enterprises Category of Handicraft Products in East Kalimantan.

In connection with the respondent's response about the quality of the product, it is suggested for Micro, Small and Medium Enterprises, Category of Handicraft Products in East Kalimantan to strengthen the quality of the products produced so that they do not disappoint consumers.

In connection with the respondent's response about product innovation, it is recommended that Micro, Small and Medium Enterprises Category of

Handicraft Products in East Kalimantan with the Craft Product Category to update the model, namely the varying number and types of products sold so that the products produced always vary and also follow the trend so that consumers are not bored to shop.

Given the types of products that can be produced continue to grow. Having high creativity will be useful in doing product design and these entrepreneurs should be willing to learn about the trends that are developing in the community so that the products produced are not out of date.

Organizational culture in the Micro, Small and Medium Enterprises Category of Handicraft Products in East Kalimantan with the Handicraft Product Category is considered quite strong, but in its management, it must be further improved and sufficiently good human resources will be able to run and accept the organizational culture well, because the more strong culture within the organization, the higher the organizational performance.

In general, the marketing performance of the Micro, Small and Medium Enterprises Category of Handicraft Products in East Kalimantan with the Handicraft Product Category is already high, but it would be better if the growth of new products is further enhanced by offering products with more varieties and types and the market is expanded so that this product better known by the public.

Conduct research using other variables not included in this study such as price, product differentiation, promotion, location, market orientation, and others to improve the quality and marketing performance of Micro, Small, and Medium Enterprises, Category of Handicraft Products in East Kalimantan with Category Craft Products.

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