

# The Influence of Green Innovation, Green Market Orientation, and Marketing Capabilities on The Marketing Performance of Green MSMEs

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**Abstract**– This study aims to analyze the effect of Green Innovation, Green Market Orientation, and Marketing Capability on the marketing performance of Green MSMEs in Yogyakarta. The sample in this study was 96 owners or managers of green MSMEs using the purposive random sampling technique through a questionnaire. The results of the Instrument Test state that the data in this study are proving to be valid and reliable. The results of the Classical Assumption Test stated that the data in this study were normally distributed and produced a regression model that was free from multicollinearity and heteroscedasticity. The results of this study prove that: (1) Green Innovation has a negative and significant effect on the Marketing Performance of Green MSMEs in Yogyakarta. (2) Green Market Orientation has a positive and significant effect on the Marketing Performance of Green MSMEs in Yogyakarta. (3) Marketing Capability has a positive and significant effect on the Marketing Performance of Green MSMEs in Yogyakarta.

**Keywords:** *Green Innovation, Green Market Orientation, Marketing Capability, Marketing Performance*

## INTRODUCTION

MSMEs are vital to the national economy as they create jobs, drive economic growth, and promote equitable development across Indonesia (Wasik et al, 2023). One way MSMEs expand their business is by innovating eco-friendly products. This shift is motivated by the growing awareness among MSMEs actors and communities about the importance of environmental sustainability for human well-being. The adoption of green business practices in MSMEs is crucial for advancing a green economy and improving MSMEs' sales performance (Fathihani, et al, 2024). Green MSME products are made from environmentally friendly materials, designed to minimize pollution, use fewer resources, and are reusable or recyclable (Ekasari, et al, 2022). Examples include eco-print batik, organic food and beverages, and crafts made from natural fibers (Biby, et al, 2023). The Special Region of Yogyakarta is one of the provinces in Indonesia that has a rapid growth of MSMEs, as shown in the following table:

**Table 1.** Data on the number of MSMEs in Yogyakarta in 2022

District/City	Worker Group					Total
	1	2-4	5-9	10-14	5-19	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
01. Kulon Progo	13.543	10.438	342	46	-	24.369
02. Bantul	18.355	17.104	1.449	195	70	37.173
03. Gunungkidul	7.114	28.116	47	-	-	35.277
04. Sleman	11.389	11.140	380	148	-	23.057
05. Yogyakarta	1.937	1.595	108	24	32	3.696
<b>DI Yogyakarta</b>	<b>52.338</b>	<b>68.393</b>	<b>2.326</b>	<b>413</b>	<b>102</b>	<b>123.572</b>

**Source:** Profile of Micro and Small Industries of Yogyakarta Special Region 2022

The high number of MSMEs in Yogyakarta leads to intense competition, requiring MSMEs to perform well to remain competitive (Fadilah & Nuvriasari, 2024). Success can be measured

through marketing performance, which reflects the outcomes achieved in executing tasks and meeting goals (Jannah, 2023). It serves as a key indicator of a company's success and measures the effectiveness of its strategies in achieving product marketing targets (Puspaningrum, 2020). Marketing performance is crucial as it reflects a company's success in achieving sales targets and gaining market share through specific strategies (Nasir, 2017). Several factors, namely Green Innovation, can influence MSMEs' marketing performance (Lestari, et al 2022; Fadilah & Nuvriasari 2024), Green Market Orientation (Jannah, 2023; Tjahjadi, et al, 2020) and Marketing Capability (Asri & Nuvriasari, 2024; Kuswanto, et al, 2021).

Green innovation is a strategy to mitigate environmental damage by promoting eco-friendly products free of hazardous materials (Mariyamah & Handayani 2020; Usada & Murni, 2020). Rising environmental damage has driven MSMEs to adopt sustainable practices, supported by growing public awareness of eco-friendly products (Jannah, 2023; Primadhita et al, 2023). The success of green innovation depends on fostering environmentally conscious entrepreneurship (Rahmawati, et al, 2024). Green marketing encourages companies to adopt strategies that ensure sustainability through green innovation, supported by continuous technological and marketing advancements to stay competitive (Putri & Riyanto, 2023). Research shows that green innovation often positively impacts marketing performance (Pradnyandana & Yasa, 2017). Although some studies suggest no significant effect on MSMEs (Jiwa & Arnawa, 2022).

Green Market Orientation (GMO) influences the marketing performance of Green MSMEs by extending market orientation to include environmental management goals (Li, et al, 2018). GMO involves customer focus, coordinated marketing, and profitability, enabling MSMEs to align products and strategies with customer needs while promoting sustainability (Wasik, et al, 2023; Tjahjadi, et al, 2020). Green Market Orientation (GMO) helps companies understand customer needs, assess competitors, and optimize resources (Tjahjadi, et al, 2020). It is influenced by organizational culture that creates customer value, boosting sales performance (Amin, 2022). Research shows that GMO significantly improves MSME marketing performance and enhances competitive advantage (Puspaningrum, 2020; Tingal & Situmorang 2024). However, some studies suggest GMOs do not affect marketing performance due to low consumer perception of market orientation, reducing competitiveness (Harjadi & Gunawan, 2020).

In addition to Green Market Orientation, MSMEs must enhance marketing capabilities to improve marketing performance. Marketing capability involves skills and knowledge to coordinate activities and optimize resources effectively (Lagat & Frankwick, 2017). It enables companies to understand customer needs better than competitors and align offerings with customer expectations (Mu, 2017). Strong marketing capabilities are essential for managing resources and achieving good performance (Uripi, 2023). These capabilities can be measured across various aspects, including pricing, product development, channel management, communication, sales, market information, planning, and implementation (Anggoro, et al, 2022).

Marketing capabilities involve skills and knowledge for coordinating activities and optimizing resources (Lagat & Frankwick, 2017). The alignment of resources, capabilities, strategy, and dynamic capabilities influences performance (Yuan, et al, 2016). Studies show that strong marketing capabilities enhance MSME marketing performance, while weaker capabilities result in poorer outcomes (Asri & Nuvriasari, 2024; Farliana, et al, 2021). However, some research suggests that environmental and market changes can weaken the impact of marketing capabilities on performance (Kuswanto, et al, 2021).

This research on marketing performance was conducted on Green MSMEs in Yogyakarta. Several MSMEs producing green products that are the object of study are MSMEs of batik crafts made from natural materials, eco print crafts, various natural fiber crafts, herbal or organic food and beverage products, and the like. This study is important to conduct considering the increasing awareness of business actors to produce environmentally friendly products and pay attention to

environmental aspects in business operations to maintain sustainable business continuity. In addition, based on several preliminary studies, it can be shown that there are several research gaps regarding the factors that influence MSME business performance, so it is important to conduct further research.

## **LITERATURE REVIEW**

### **Marketing Performance**

Marketing performance is a key indicator of a company's success in marketing efforts, encompassing product achievement, customer growth, and sales volume. It measures the impact of Marketing strategies and helps identify areas for improvement to enhance results (William, et al, 2023; Manambing, et al, 2018). Effective strategies and high-quality services significantly contribute to better marketing performance, customer satisfaction, and retention, as well as increased profits and successful product launches (Pangestu & Nuvriasari 2024; Asri & Nuvriasari 2024; Laksana & Nuvriasari 2024). Evaluating marketing performance is essential for staying competitive and ensuring business growth. Marketing Performance is influenced by several factors, namely Green innovation, Green Market Orientation, and Marketing capability (Jannah 2023; Tjahjadi, et al, 2020; Asri dan Nuvriasari 2024). Marketing performance can be measured through several dimensions, namely market share, revenue level, customer satisfaction, and customer loyalty/customer retention (Lestari, 2024). The indicators used to measure marketing performance are (1) New customer growth, (2) Profit growth, (3) Sales growth, (4) Increased productivity, (5) Achievement of marketing goals, (6) Control of market share (Laksana & Nuvriasari 2024). Many factors affect marketing performance, namely, conditions and capabilities of the seller, marketing conditions, and capital (Ahmad, et al, 2022).

### **Green Innovation**

Green innovation involves sustainable efforts by businesses to integrate environmental considerations into all aspects of their operations. It adds value to products by minimizing their negative environmental impact while promoting ecological goals (Pradnyandana & Yasa, 2017; Primadhita, et al, 2023). This approach includes developing and applying better processes, products, and management systems to improve organizational performance and reduce environmental harm (Rahma & Siradjuddin, 2022). Key components of green innovation are green product and process innovation, which focus on reducing energy use, pollution, and waste while utilizing sustainable resources and minimizing negative impacts on the environment (Sundiman, 2021). Green innovation can be measured through Green product and Green process dimensions (Agustia, et al, 2019). The indicators used to measure Green innovation with minor modifications are as follows: (1) Use of natural ingredients in products, (2) Efficiency of the production process, (3) Reducing pollution and waste, (4) Recycling production waste, (5) Saving resources (air, electricity, fuel), (6) Innovation of environmentally friendly packaging, (7) Green products that consumers are interested in (Rahmawati, et al, 2024; Hidayanita, 2023).

### **Green Market Orientation**

Green Market Orientation refers to an organization's focus on creating, Marketing, and delivering eco-friendly products or services with minimal environmental impact (Pomegbe, et al, 2022). It addresses stakeholders' environmental concerns and enhances company Performance when implemented effectively (Borah, et al, 2022). As a strategic resource, Green Market Orientation helps companies understand and respond to customer needs and anticipate competitors' environmental strategies (Du & Wang 2022). It comprises three key dimensions: Green Market

Strategic Orientation, Green Market Tactical Orientation, and Green Market Operational Orientation (Vaitone & Skackauskiene, 2019). Green Market Orientation can be measured by the following indicators (Tjahjadi, et al, 2020): customer satisfaction, customer commitment, Information provision, customer service, Competitive advantage, Satisfaction measurement, Green product investment, Customer orientation, Green product assessment, and Data communication. Green Market Orientation indicators can also be shown through (Yandi, et al, 2023): (a) Green advertising, (b) brand loyalty, (c) Green equity, (d) Green brand innovation, (e) Green awareness which refers to consumers' understanding and knowledge of environmental issues, (f) Green products and (g) sustainable practices.

### **Marketing Capability**

Marketing capability is a company's ability to leverage tangible and intangible resources to meet consumer needs, create superior products, and achieve marketing success (Mu, 2017). It involves coordinating marketing functions, utilizing company assets, and applying knowledge and expertise to address marketing demands (Asri & Nuvriasari, 2024; Farliana, 2021). Key dimensions of marketing capability include statistical, dynamic, and adaptive marketing capabilities, as well as insights on customer and market information, new opportunities, and competitor analysis (Suciati, et al, 2020). The marketing capability indicators used in this study relate to the research of Ali (2023) and Hatta (2015) with minor modifications as follows: (1) Ability to maintain good relations with customers, (2) Ability to build cooperation with business partners, (3) Ability to develop new products on an ongoing basis, (4) Ability to set attractive prices, (5) Ability to design effective promotions, (6) Ability to manage product/service distribution effectively, (7) Ability to utilize market information for business, (8) Ability to develop effective Marketing strategies. Key factors of marketing capability include: Empowerment, Operational Excellence, Strategy Development and Implementation, and Collaboration Capabilities (Inan dan Kop 2018).

### **Green Innovation influences the marketing performance of Green MSMEs**

Green innovation is a strategy to achieve a company's goals by adopting new techniques, systems, and processes that minimize environmental impacts. Empirical study results Cheng, et al, (2014) and Rahmawati, et al, (2024) confirm that greening innovation significantly enhances marketing performance indicators of green innovation, including eco-friendly practices like simplifying packaging, recycling components, and conserving energy. Marketing performance is measured by profit growth, sales growth, market share, and return on assets (ROA). Indicators of Green innovation include the ability to create something new, take risks, and think proactively. The marketing performance indicators include the ability to produce new products and services, improve the quality of existing products, and build an organizational structure that can meet the needs of a highly competitive market.

The results of research by Primadhita, et al, (2023) found that green innovation has a significant positive effect on the performance of MSMEs. Indicators of green innovation include the use of pollution-free materials, recyclable packaging and products, and the application of eco-labeling to support environmental sustainability. Marketing performance indicators are profit growth, customer growth, sales growth, and market share growth. Thus, the following hypothesis can be formulated:

**H<sub>1</sub>:** Green Innovation has a significant positive effect on the marketing performance of Green MSMEs in Yogyakarta.

## **Green Market Orientation influences the marketing performance of Green MSMEs**

Green Market Orientation (GMO) encompasses business strategies focused on meeting the needs of Green consumers. Research by Tjahjadi et al. (2020) demonstrates that GMO positively impacts Marketing Performance. GMO indicators include ensuring customer satisfaction through eco-friendly practices, commitment to serving environmentally conscious customers, and providing information about green products. Marketing performance is measured by increased sales, successful cost effectiveness, and rising company profits. Research by Rahmawati, et al (2024) and Febriatmoko, et al (2023) confirms that Green Market Orientation (GMO) positively impacts MSME performance and marketing outcomes. Key GMO indicators include customer and competitor orientation, functional coordination, developing eco-friendly products and services, staff involvement in enhancing customer value, and aligning operations with sustainability goals. Marketing performance is measured through new product development, improved offerings, organizational adaptability, sales volume, market share, and sales growth rate. Based on the description above, the hypothesis in this study can be formulated as follows:

**H<sub>2</sub>:** Green Market Orientation has a significant positive effect on the marketing performance of Green MSMEs

## **Marketing capability has a significant influence on the marketing performance of Green MSMEs**

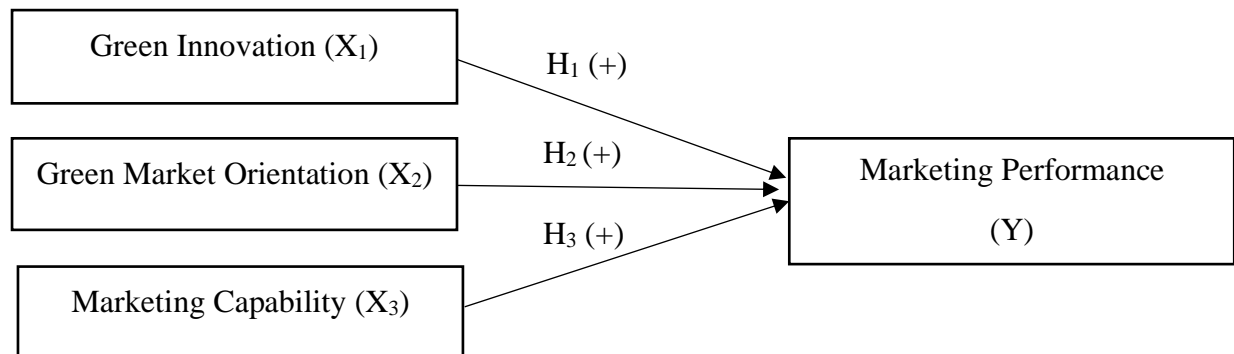
Marketing capability is the company's ability to integrate skills and resources to meet marketing needs, including product, distribution, pricing, and promotion capabilities (Asri & Nuvriasari, 2024). Marketing capability indicators are product capability, distribution capability, price capability, and promotion capability. While marketing performance indicators are sales growth, consumer growth, and profit growth. The results of research by Farliana, et al, (2021) show that marketing capabilities have a positive effect on marketing performance. Marketing capability indicators include product capability, distribution capability, pricing capability, and promotion capability. As for marketing performance indicators, namely sales growth, customer growth, and profit growth. The results of Ali's empirical study (2023) state that marketing capabilities affect marketing performance. Indicators of marketing capabilities include products, prices, distribution, communication, which are important for competitiveness and innovation, adaptability to market change to improve performance, networks, and business relationships to support marketing and development of individual or team capabilities in the organization. Marketing performance is measured through sales, customer satisfaction, customer retention, and market share.

Previous research shows that there is a positive relationship between marketing capabilities and company performance (Hatta, 2015). Marketing capability indicators include the ability to offer products that meet marketing needs, the ability to set competitive prices, the ability to distribute products effectively, the ability to market products strategically, team competence in supporting marketing, efficiency in marketing workflows, and the presentation of facilities or physical elements that support products/services. Marketing performance indicators are sales growth, sales volume, and market share. Thus, the following hypothesis can be formulated:

**H<sub>3</sub>:** Marketing capability has a significant positive effect on the marketing performance of Green MSMEs



Based on the literature review described above, the framework for this research can be described as follows:



**Figure 1.** Research Framework

## METHODOLOGY

This research uses quantitative methods, which is a scientific approach that involves collecting data through measurement or observation, which is then analyzed statistically to test the hypothesis then analyzed statistically to Test the hypothesis. Based on its purpose, this research is an explanatory study, which aims to explain the relationship and position between variables through hypothesis Testing (Sugiyono, 2016).

This research was conducted on Green Product SMEs located in the Special Region of Yogyakarta Province. The primary data source for this research was obtained through respondents' answers to the questionnaire, which was directly distributed by the researcher to the predefined sample. The population used in this study is Green Product SMEs in the Special Region of Yogyakarta. The subjects in this study are the leaders/persons in charge of Green Product SMEs in the Special Region of Yogyakarta, while the objects are the Green Product SMEs in the Special Region of Yogyakarta. The population is infinite and the members of the population cannot be determined more or less precisely.

## RESULT

### Validity Test Results

**Table 2.** Validity Result Test

Question	r count	r table	Significance (p)	Note
<b>Green Innovation (X1)</b>				
X1_1	0,709	0,1986	0,000	Valid
X1_2	0,702	0,1986	0,000	Valid
X1_3	0,773	0,1986	0,000	Valid
X1_4	0,726	0,1986	0,000	Valid
X1_5	0,648	0,1986	0,000	Valid
X1_6	0,632	0,1986	0,000	Valid
X1_7	0,697	0,1986	0,000	Valid
<b>Green Market Orientation (X2)</b>				
X2_1	0,764	0,1986	0,000	Valid
X2_2	0,749	0,1986	0,000	Valid
X2_3	0,854	0,1986	0,000	Valid
X2_4	0,781	0,1986	0,000	Valid
X2_5	0,809	0,1986	0,000	Valid
X2_6	0,695	0,1986	0,000	Valid
X2_7	0,72	0,1986	0,000	Valid
<b>Marketing Capability (X3)</b>				
X3_1	0,75	0,1986	0,000	Valid
X3_2	0,804	0,1986	0,000	Valid
X3_3	0,789	0,1986	0,000	Valid
X3_4	0,814	0,1986	0,000	Valid
X3_5	0,686	0,1986	0,000	Valid
X3_6	0,762	0,1986	0,000	Valid
X3_7	0,696	0,1986	0,000	Valid
X3_8	0,729	0,1986	0,000	Valid
<b>Marketing Performance (Y)</b>				
Y_1	0,828	0,1986	0,000	Valid
Y_2	0,842	0,1986	0,000	Valid
Y_3	0,831	0,1986	0,000	Valid
Y_4	0,765	0,1986	0,000	Valid
Y_5	0,71	0,1986	0,000	Valid
Y_6	0,725	0,1986	0,000	Valid

Based on Table 4.3, it can be seen that over the questionnaire variable terms used in this study have a calculated r value greater than the r table, which is 0.1986, and a significance value (p) <0.05. It can be concluded that all questionnaire items are declared valid and suitable for use.

## Reliability Test Result

**Table 3.** Reliability Test Result

Variable	Cronbach's Alpha	Critical Value	Description
Green Innovation	0,819	0,60	Reliable
Green Market Orientation	0,883	0,60	Reliable
Marketing Capability	0,891	0,60	Reliable
Marketing Performance	0,875	0,60	Reliable

Based on Table 4.4 above, it can be concluded that all questionnaires used are reliable, this is indicated by the *Cronbach's Alpha* value greater than the *Alpha* value used, namely 0.6 or *Cronbach's Alpha* > 0.6.

## Normality Test

**Table 4.** Normality Test Result

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N	96		
Normal Parameters <sup>a,b</sup>	Mean	.0000000	
	Std. Deviation	272.443.487	
Most Extreme Differences	Absolute	.073	
	Positive	.063	
	Negative	-.073	
Test Statistic	.073		
Asymp. Sig. (2-tailed)	.200 <sup>c,d</sup>		

Based on Table 4.5 normality test using the *one-sample Kolmogorov-Smirnov* test, the value on the *Exact*. Asymp. Sig. (2-tailed) is obtained at 0.200, which means more > 0.05, so that the data in this study are normally distributed.

## Multicollinearity Test

**Table 5.** Multicollinearity Test

Coefficients <sup>a</sup>			
		Collinearity Statistics	
Model	Variable	Tolerance	VIF
1	Green Innovation	0,394	2.538
	Green Market Orientation	0,478	2.091
	Marketing Capability	0,685	1.459

Source: Authors

From table 4.6 it can be concluded that all independent variables show a VIF value of less than 10 and a tolerance value greater than 0.10. This shows that there is no relationship between the independent variables, so it can be concluded that this study does not occur multicollinearity.



## Heterocedasticity Test

**Table 6.** Heteroscedasticity Test Result

		Coefficients <sup>a</sup>			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta		
1	(Constant)	.639	.893		.715	.476
	Green Innovation	-.005	.044	-.020	-.123	.903
	<i>Green Market Orientation</i>	-.037	.034	-.164	-1.102	.273
	Marketing Capability	.026	.029	.112	.903	.369

Based on the results of the heteroscedasticity Test with the Glejser Test, the results show that all data used do not occur heteroscedasticity. The decision not to occur heteroscedasticity is if the significance value > 0.05, so that all independent data does not occur heteroscedasticity.

## Multiple Linear Regression Analysis

Multiple linear regression analysis in this study aims to determine the direction of the influence of Green innovation variables, *Green Market Orientation*, and Marketing capabilities on Marketing Performance.

**Table 7.** Multiple Linear Regression Analysis Results

		Coefficients <sup>a</sup>					
		Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics		
Model		B	Std. Error	Beta	t	Sig.	Tolerance VIF
1	(Constant)	9,223	2,520		3,660	,000	
	Green Innovation	-,327	,124	-,350	-2,633	,010	,394 2,538
	<i>Green Market Orientation</i>	,419	,095	,529	4,386	,000	,478 2,091
	Marketing Capability	,368	,081	,456	4,527	,000	,685 1,459

a. Dependent Variable: Marketing Performance

The multiple linear regression equation is as follows:

$$Y = 9.223 - 0.327 x_1 + 0.419 x_2 + 0.368 x_3 + e$$

The results of their multiple linear regression equation can be explained as follows:

1. **Constant value ( $\beta_0$ ):** The constant value is 9.223, indicating that when all variables (Green innovation, Green Market Orientation, and Marketing capabilities) are 0, the Marketing Performance will be 9.223. The positive sign suggests a unidirectional relationship between the independent variables and Marketing Performance.
2. **Green Innovation ( $\beta = -0.327$ ):** For every 1-unit increase in Green innovation, Marketing Performance decreases by 0.327 units, assuming other variables remain constant. The negative sign indicates an inverse relationship between Green innovation and Marketing Performance.
3. **Green Market Orientation ( $\beta = 0.419$ ):** For every 1-unit increase in Green Market Orientation, Marketing Performance increases by 0.419 units, assuming other variables remain constant. The positive sign indicates a direct relationship between Green Market Orientation and Marketing Performance.

4. **Marketing Capability ( $\beta = 0.368$ ):** For every 1-unit increase in marketing capability, marketing performance increases by 0.368 units, assuming other variables remain constant. The positive sign indicates a direct relationship between Marketing capability and Marketing Performance.

**Table 8.** Results of Analysis of the Coefficient of Determination ( $R^2$ )

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.601a	.361	.340	276.850

In the table above, the Adjusted *R Square value* of 0.340 is obtained, meaning that the Green innovation variables, *Green Market Orientation*, and marketing capability contribute to marketing performance by 34.00% while the remaining 66.00% is influenced by other variables not examined in this study.

## DISCUSSION

### The Effect of Green Innovation on Marketing Performance

The first result of this study shows that respondents doubt whether MSMEs with green products have innovated packaging that can be reused or easily recycled, according to the lowest average value on indicator X1.6: “Our MSMEs innovate product packaging that can be reused or easily recycled”. This can occur due to the low innovation of product packaging that can be reused or easily recycled. The existence of these limitations causes innovation to not be utilized effectively. In addition, another factor is the inaccuracy in the application of innovation. The green innovations carried out have not been optimally adapted to market needs, so that the innovations carried out reduce marketing performance. The results of this study support the results of previous research conducted by Jiwa and Arnawa (2022), which states that Green innovation has no significant effect on the marketing performance of MSMEs.

### The Effect of Green Market Orientation on Marketing Performance

Based on the results of hypothesis 2 Testing, it is proven that Green Market Orientation has a positive and significant influence on the marketing performance of MSME Green products in Yogyakarta. This statement shows that MSMEs that practice Green Market Orientation can strongly improve marketing performance, and vice versa. This research proves that Green Market Orientation contributes significantly to improving the marketing performance of Green MSMEs.

Based on the results of descriptive analysis, it can be explained that Green Market Orientation in Green MSMEs has been well implemented, meaning that MSMEs have a strong Green Market Orientation. The main factor in Green Market Orientation that can encourage improved Marketing Performance is that MSMEs always respond well to customer feedback related to assessing the quality of Green products or services delivered. This is due to the ability of Green Market Orientation to encourage MSMEs to adopt environmentally friendly practices, which attracts the attention of consumers who care about sustainability issues. When MSMEs implement a clear and consistent Green market strategy, consumers tend to trust and support their products more, which ultimately improves Marketing Performance. The results of this study support the results of previous research conducted by Li et al. (2018) and Febriatmoko et al. (2023), which states that Green Market Orientation has a significant effect on the marketing performance of MSMEs.

## The Effect of Marketing Capability on Marketing Performance

Based on the results of hypothesis 3 Testing, it is proven that marketing capability has a positive and significant influence on the marketing performance of MSMEs greening products in Yogyakarta. This statement shows that MSMEs that have strong Marketing capabilities can improve marketing performance, and vice versa. This research proves that marketing capabilities make an important contribution to improving the marketing performance of Green MSME products. Based on descriptive analysis, the highest rating on average was found in the ability to maintain good relationships with customers. This shows that Green MSMEs in DI Yogyakarta have an advantage in managing good relationships with customers, which is one of the main strengths of MSMEs in increasing market attractiveness. The results of this study support the results of previous research conducted by Asri and Nuvriasari (2024) and Farliana et al. (2021), which state that marketing capabilities have a significant effect on marketing performance.

## CONCLUSION

This research was conducted to analyze the factors that affect marketing performance, so the following conclusions can be drawn:

1. Green innovation has a significant negative effect on the marketing performance of green MSMEs in Yogyakarta. This shows that the higher the level of innovation actually causes marketing performance to fall. Green innovation can hurt the marketing performance of MSMEs if not managed properly.
2. Green Market Orientation has a positive and significant effect on the Marketing Performance of Green MSMEs in Yogyakarta. This shows that MSMEs that practice Green Market Orientation can improve marketing performance, and vice versa. This research proves that Green Market Orientation contributes importantly to improving the marketing performance of Green MSMEs.
3. Marketing capability has a positive and significant effect on the marketing performance of green MSMEs in Yogyakarta. This shows that MSMEs that have strong marketing capabilities can improve marketing performance, and vice versa. This research proves that marketing capabilities make an important contribution to improving the marketing performance of MSMEs.

## LIMITATION

The limitation of this study is that the research sample is only limited to 96 respondents of Green MSMEs in Yogyakarta so it cannot be generalized to describe Marketing Performance in general. Thus, further research needs to increase the research sample by considering representation in geographical locations, especially in Kulon Progo Regency and Gunungkidul Regency. Thus it is recommended that future researchers expand the research sample and pay attention to the proportion of business scale through the representation of micro, small, and medium-scale businesses so that it will be more representative. In addition, data collection methods that only use questionnaires have limitations in representing the actual behavior of respondents toward Marketing Performance. This allows for misunderstandings between respondents and respondents.

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