



Marketing Innovation, Employee Competence, Customer Orientation, and Product Quality on Market Performance and Organizational Reputation in Indonesian Multinational Companies

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Abstract

This study examines the effects of marketing innovation, employee competence, customer orientation, and product quality on market performance and organizational reputation among Indonesian multinational companies. In an increasingly competitive global business environment, these factors are recognized as key strategic resources that determine both operational success and long-term corporate image. Using a quantitative research design, data were collected from 150 respondents via a Likert scale (1–5) and analyzed through Structural Equation Modeling–Partial Least Squares (SEM-PLS 3). The results show that all four independent variables—marketing innovation, employee competence, customer orientation, and product quality—positively and significantly influence market performance. Furthermore, these variables also exert significant positive effects on organizational reputation, both directly and indirectly through market performance. Among them, product quality exhibits the strongest effect on market performance, while market performance itself significantly enhances organizational reputation. The findings suggest that the synergy between innovative marketing, competent human resources, customer focus, and superior product quality contributes to improved competitiveness, customer satisfaction, and reputation building. This study provides valuable theoretical and managerial implications for multinational corporations operating in Indonesia, emphasizing the importance of continuous investment in innovation, employee capability development, customer relationship management, and product quality assurance to sustain high performance and a positive organizational reputation in both global and local markets.

Keywords: Marketing Innovation, Employee Competence, Customer Orientation, Product Quality, Organizational Reputation.

1 Introduction

In the era of globalization and rapid technological advancement, multinational companies (MNCs) in Indonesia face increasingly complex challenges in maintaining competitiveness and organizational reputation. The dynamic market environment requires firms to continuously adapt

through marketing innovation, enhance employee competence, strengthen customer orientation, and ensure superior product quality. These elements are not only critical for achieving optimal market performance but also play a vital role in shaping and sustaining a positive organizational reputation in both domestic and international markets. As global competition intensifies, Indonesian subsidiaries of multinational corporations must leverage these strategic dimensions to secure long-term growth and stakeholder trust. The integration of global strategies with local market needs is crucial for these companies to thrive in both domestic and international contexts. Companies like Starbucks have successfully adapted global marketing strategies to local preferences, emphasizing product innovation and customer experience tailored to the Indonesian market (Sholeha et al., 2025), while PT Indofood Sukses Makmur Tbk employs a glocalization strategy by integrating global and local marketing approaches and utilizing digital technologies to maintain competitiveness (Ardiansyah et al., 2024). Effective human resource management (HRM) strategies are also vital, focusing on leadership development and fostering an inclusive work environment to help MNCs navigate Indonesia's diverse cultural and regulatory landscape (Cahyati, 2023), with adaptability and integration of local knowledge into global HRM frameworks being key to overcoming contextual challenges (Cahyati, 2023). Furthermore, core marketing concepts such as consumer orientation and competitor awareness are foundational for building long-term customer relationships and enhancing company reputation (Lutfina et al., 2025), as firms that prioritize consumer satisfaction through quality products and strategic location selection tend to perform better in competitive markets (Lutfina et al., 2025). Unilever Indonesia exemplifies how product and process innovation, combined with sustainable practices, enhance both operational efficiency and brand image (Wirabuana & Prasetya, 2024); its commitment to sustainability not only improves performance but also strengthens corporate reputation and attracts responsible consumers (Wirabuana & Prasetya, 2024).

Marketing innovation serves as a key driver for organizational success in today's competitive landscape, encompassing the development of new marketing strategies, creative promotional approaches, and innovative methods of delivering value to customers. Previous studies have demonstrated that firms adopting marketing innovation are better positioned to respond to changes in consumer preferences and competitive pressures (Kotler & Keller, 2016). In the context of Indonesian multinational corporations (MNCs), marketing innovation enables organizations to adapt global marketing practices to local market needs, thereby fostering customer engagement and improving market performance. Companies such as Starbucks have successfully localized their global marketing strategies by integrating product innovation, customer experience, and technology utilization tailored to Indonesia's unique cultural and consumer landscape (Sholeha et al., 2025). The adaptation of global strategies involves strategic location selection and loyalty programs that resonate with local consumers, ensuring both cultural relevance and brand loyalty (Sholeha et al., 2025). Marketing innovation is also essential for managing competitiveness, as it allows companies to adapt to rapidly changing market conditions and consumer preferences (Ievseitseva & MIHALATII, 2023). This process involves employing innovative approaches that enhance product competitiveness and optimize marketing processes to maintain relevance in dynamic markets (Ievseitseva & MIHALATII, 2023). Furthermore, marketing innovation—particularly customer engagement innovation—has been shown to have a significant positive effect on firm performance, strongly correlating with overall corporate success (JAYAPRAKASH et al., 2024). Process innovation, as part of marketing efforts, further contributes to firm performance by driving continuous improvement in strategies and operations (JAYAPRAKASH et al., 2024). Additionally, strong buyer-seller relationships enhance a firm's capacity for marketing innovation, fostering both radical and incremental innovations that sustain competitiveness (Melibaeva, 2024). Collaborative efforts in international markets through partnerships with local resellers are equally critical in maintaining competitive advantages and ensuring market adaptability (Melibaeva, 2024).

Employee competence is a crucial determinant of market success and corporate image, as skilled and knowledgeable employees greatly contribute to operational efficiency and service excellence. In multinational settings, workforce diversity necessitates continuous training and skill development to align employee performance with global standards (Dessler, 2020). Well-structured training programs enhance performance, job satisfaction, and productivity while fostering innovation and adaptability to changing market demands (Pujianto, 2024). Methods such as on-the-job training, mentoring, and e-learning effectively strengthen workforce capabilities and align development initiatives with organizational goals (Ganesh & Indradevi, 2015; Pujianto, 2024). Global HR planning and competency development are also critical for managing the complexities of multinational operations by adapting HR strategies to local contexts while maintaining global consistency (Asrizal & Sopiah, 2025). Competency-based approaches align business goals with individual development, ensuring holistic performance improvement (Asrizal & Sopiah, 2025). The success of these programs depends on relevant training materials, active managerial support, and personalized learning content (Melati Hati Megawati et al., 2018). Managerial encouragement reinforces learning outcomes, enhances motivation, and supports career advancement (Melati Hati Megawati et al., 2018). To overcome challenges such as training relevance, limited resources, and participation gaps, organizations must foster a learning-oriented culture and effectively use technology to ensure long-term competency development (Haratua et al., 2023).

Customer orientation, defined as a firm's commitment to understanding and satisfying customer needs, is a strategic capability that enhances loyalty and market competitiveness (Narver & Slater, 1990). For multinational corporations (MNCs) in Indonesia, adopting a customer-centric approach is essential given the country's cultural diversity and varying consumer behaviors. Product quality likewise plays a vital role in shaping market performance and organizational reputation, as high-quality products increase satisfaction, repeat purchases, and brand equity (Garvin, 1987). Maintaining consistent quality across markets reflects a company's credibility and commitment to excellence, while strong market performance—reflected in sales growth, market share, and customer retention—serves as a key indicator of strategic success and reinforces a positive organizational reputation based on reliability and integrity (Fombrun & Van Riel, 2004). For MNCs in Indonesia, this reputation strengthens stakeholder confidence, boosts brand value, and supports long-term competitiveness.

Customer orientation is a foundational element of market orientation that significantly impacts business performance, especially in non-state-owned firms and across manufacturing and service sectors (Yang et al., 2006). Proactive customer orientation, which anticipates and fulfills latent customer needs, drives customer value, satisfaction, and loyalty—factors that are especially critical in global markets with diverse expectations (Blocker et al., 2011). Likewise, high product quality directly enhances satisfaction and loyalty, with consistency and alignment to customer expectations serving as key mediators between product quality and brand loyalty (HERNI KURNIA et al., 2018). Core marketing strategies emphasizing quality and satisfaction over price and promotion are thus vital for long-term relationships and corporate image building (Lutfina et al., 2025). Strategically, MNCs should integrate customer orientation with robust quality management systems to strengthen innovation and operational efficiency, ensuring adaptability to dynamic market conditions (Shuxi, 2023).

Given these considerations, this study aims to analyze the effects of marketing innovation, employee competence, customer orientation, and product quality on market performance and organizational reputation in Indonesian multinational companies. The study employs a quantitative approach using data collected from 150 respondents and analyzed through Structural Equation Modeling–Partial Least Squares (SEM-PLS 3). The findings are expected to contribute both theoretically and practically by providing insights into how strategic marketing and human

resource capabilities drive organizational success and reputation in the context of multinational business operations in Indonesia.

2 Literature Review

2.1 Mathematical Formula

Marketing Innovation

Marketing innovation is a critical component for firms seeking differentiation in competitive markets, particularly within multinational contexts. It entails implementing new marketing methods that significantly modify product design, packaging, promotion, pricing, or distribution to enhance customer satisfaction and market reach. This strategy not only boosts market performance by increasing customer engagement and brand distinctiveness but also strengthens organizational reputation by projecting innovation and adaptability. In multinational operations, marketing innovation enables firms to tailor global strategies to local cultural and consumer preferences, thereby improving relevance and responsiveness. It is essential for differentiating local products in the global arena through the use of digital technologies, the development of brand images rooted in local wisdom, and the personalization of offerings to meet diverse market needs (Nazara, 2025). Moreover, the synergy between marketing and product innovation generates greater competitive advantage and firm success than either innovation alone, as it integrates creativity throughout the value chain to enhance overall performance (Tinoco, 2010). Empirical evidence from Portuguese firms demonstrates that marketing innovation—manifested through product design, packaging, and promotional changes—significantly improves market outcomes, with variations influenced by company size and industry sector (Natário & Braga, 2018). When combined with sustainability initiatives, marketing innovation also fosters long-term competitive advantage, aligning with contemporary consumer preferences that increasingly value both innovation and environmental responsibility (Tinoco, 2010).

Employee Competence

Employee competence in multinational companies is a multifaceted construct encompassing the skills, knowledge, abilities, and behavioral attributes necessary for effective task performance. In the context of multinational corporations, the diversity of business operations and cross-cultural environments demands high levels of adaptability, creativity, and intercultural communication competence. These competencies not only enhance operational efficiency but also contribute significantly to organizational learning, innovation, and overall performance outcomes. Cultural competence, as a key dimension, is essential for effective communication and interaction in diverse environments, encompassing attitudes, knowledge, and skills that facilitate smooth cross-cultural engagement (Lonner & Hayes, 2004). Core components such as empathy, openness, perspective-taking, and emotion regulation are vital for maintaining respect and a nonjudgmental stance in multicultural workplaces (Lonner & Hayes, 2004). Cultural diversity within teams can enhance creativity and innovation but requires effective communication and inclusive work cultures to overcome collaboration challenges (Khan et al., 2024). When managed successfully, cultural diversity increases adaptability, productivity, and profitability in global markets (Orlando, 2016). Furthermore, employee competencies such as analytical thinking, goal setting, and problem-solving are directly linked to organizational success and serve as sources of sustainable competitive advantage, with education, training, and experience being key drivers of their development (Suta, n.d.). Effective cross-cultural management also plays a pivotal role in leveraging diversity, involving the cultivation of cultural competence among managers,

adaptation of corporate culture, and implementation of targeted training programs to overcome cultural barriers and strengthen global competitiveness (Thapliyal & Joshi, 2022).

Customer Orientation

Customer orientation is an essential organizational culture that focuses on understanding and responding to customer needs to create superior value, particularly for multinational corporations operating in culturally diverse markets like Indonesia. This approach enhances satisfaction, loyalty, and retention by leveraging market intelligence to guide strategic decisions and strengthen a company's customer-focused reputation (Kennedy et al., 2003; Slater & Narver, 1995). In Indonesia's hospitality sector, especially three-star hotels, customer orientation significantly influences market orientation, which drives innovation and business performance (Rachmat, 2007). Proactive customer orientation—anticipating future needs—consistently fosters customer value and competitive advantage across global markets (Blocker et al., 2011). Market-oriented firms that integrate this approach achieve superior product success, sales growth, and profitability (Slater & Narver, 1995). However, its implementation requires leadership commitment and structural alignment, as the impact of customer orientation on performance may vary across industries and is most effective when combined with innovation and broader market orientation (Rachmat, 2007).

Product Quality

Product quality is a key determinant of customer loyalty, purchasing decisions, and corporate reputation in multinational business contexts. High-quality products meet expectations, build trust, and strengthen brand image, supporting long-term competitiveness. Studies show that product quality enhances loyalty through improved brand performance, reliability, and innovation (Hennig-Thurau, 2004) and remains a dominant factor in purchasing decisions alongside price, increasingly influenced by social media and sustainability (Pratiwi et al., 2024). Research on Avoskin Skincare confirms that product quality and brand trust significantly affect satisfaction, while brand image alone does not (Putri & Saputro, 2024). Consistent quality also drives corporate reputation and profitability, contributing to sustained revenue growth (Rajya Lakshmi & Lakshmi, 2021). For local brands, combining strong product quality with brand image is essential to influence purchasing decisions and compete with global players, as shown in the Dobujack case (Setiawan & Hidayat, 2022).

Market Performance

Market performance is a critical indicator of a company's success in achieving its marketing objectives, such as market share, sales growth, and customer satisfaction, serving as a key link between strategic initiatives and tangible business results. Factors such as marketing innovation, employee competence, customer orientation, and product quality have been empirically shown to enhance market performance, particularly in multinational contexts where superior performance strengthens competitive positioning, organizational reputation, and stakeholder trust. Market orientation is consistently associated with superior firm performance, as it fosters innovation that improves both service quality and customer satisfaction, leading to higher market share (Agarwal et al., 2003; Vieira, 2013). Innovation itself plays a central role in shaping firm strategy, influencing management outcomes and profitability (Vieira, 2013). Moreover, companies that embed customer satisfaction into their mission and competitive strategy achieve stronger performance outcomes, with product innovation and market orientation jointly driving market share and business success, particularly among SMEs (Doyle & Wong, 1998; Kholis et al., 2019). Finally, effective market performance also depends on organizational culture and environmental adaptability; firms that balance market orientation, innovation investment, and customer

satisfaction—while fostering a learning-oriented and risk-taking culture—are better positioned to sustain growth in dynamic market environments (Wang et al., 2023).

Organizational Reputation

A strong organizational reputation is essential for multinational corporations in Indonesia to build public trust, ensure regulatory compliance, and sustain competitiveness. Reputation represents a collective assessment of a company's ability to deliver consistent value to stakeholders over time and is shaped by reliable performance, ethical conduct, product quality, and positive customer experiences. In Indonesia's diverse market and regulatory landscape, maintaining a positive reputation is crucial for long-term success, requiring firms to align their operations with stakeholder expectations and effectively manage interactions. Reputation plays a vital role in crisis response and significantly influences a company's financial, social, and environmental outcomes (Beheshtifar & Korouki, 2013), while a positive reputation fosters favorable stakeholder behavior that enhances financial performance and overall success (Schwaiger & Raithel, 2014). To build and sustain reputation, companies must align their actions with stakeholder needs and manage relationships across time, as reputation reflects both a corporate asset and a qualitative indicator of organizational stability (Helm, 2011). A strong reputation also creates reciprocal value for customers and the firm, reinforcing trust and loyalty (Rutkowska, 2015). Effective reputation management requires a stakeholder-oriented approach that considers stakeholder beliefs, expectations, and communication dynamics, with social media playing an increasingly critical role in shaping and maintaining public perception (Ndlela, 2018).

Conceptual Framework and Hypotheses

Based on the literature review, the conceptual framework of this study proposes that marketing innovation, employee competence, customer orientation, and product quality positively affect market performance and organizational reputation. Furthermore, market performance mediates the relationship between the four independent variables and organizational reputation.

H1: Marketing innovation has a positive and significant effect on market performance.

H2: Employee competence has a positive and significant effect on market performance.

H3: Customer orientation has a positive and significant effect on market performance.

H4: Product quality has a positive and significant effect on market performance.

H5: Marketing innovation has a positive and significant effect on organizational reputation.

H6: Employee competence has a positive and significant effect on organizational reputation.

H7: Customer orientation has a positive and significant effect on organizational reputation.

H8: Product quality has a positive and significant effect on organizational reputation.

H9: Market performance has a positive and significant effect on organizational reputation.

H10: Market performance mediates the effect of marketing innovation, employee competence, customer orientation, and product quality on organizational reputation.

This theoretical framework provides the foundation for empirical analysis, aiming to deepen the understanding of how strategic marketing and human resource dimensions collectively influence the market and reputational success of multinational companies in Indonesia.

3 Research Methods

Research Design

This study employs a quantitative research design to examine the influence of marketing innovation, employee competence, customer orientation, and product quality on market performance and organizational reputation in Indonesian multinational companies. The research

aims to test hypothesized relationships among variables using Structural Equation Modeling–Partial Least Squares (SEM-PLS) version 3. This design was selected due to its suitability for analyzing complex causal relationships and its ability to handle latent constructs measured through multiple indicators.

Population and Sample

The population of this study consists of managerial and marketing employees working in multinational companies operating in Indonesia, across various sectors such as manufacturing, consumer goods, technology, and services. These individuals were chosen because they are directly involved in strategic decision-making and have a comprehensive understanding of their company's marketing performance and reputation. A sample of 150 respondents was selected using purposive sampling, which ensures that participants meet specific criteria relevant to the study objectives. The inclusion criteria were: (1) managerial-level employees or equivalent positions, (2) minimum of two years of experience in the company, and (3) direct involvement in marketing, product management, or corporate strategy. The sample size of 150 is considered adequate for SEM-PLS analysis, as it meets the minimum threshold of 10 times the number of structural paths leading to the most complex construct (Hair et al., 2019).

Data Collection Method

Primary data were collected through a structured questionnaire distributed both online and offline to respondents within multinational companies. The questionnaire consisted of closed-ended questions measured using a five-point Likert scale ranging from 1 (“strongly disagree”) to 5 (“strongly agree”). This approach ensures standardization and facilitates quantitative analysis. Prior to distribution, the instrument was reviewed by academic experts and practitioners to ensure clarity, relevance, and content validity.

Research Variables and Indicators

This study examines six key variables consisting of four independent variables—marketing innovation, employee competence, and customer orientation, and product quality— one mediating variable, market performance, and one dependent variable, organizational reputation. Each construct was measured using multiple indicators adapted from established literature. Marketing innovation (X1), adapted from Naidoo (2010) and OECD (2018), includes the development of new marketing strategies, creative use of promotional media, innovation in distribution and sales channels, and adaptation of global marketing to local markets. Employee competence (X2), based on Boyatzis (1982) and Dessler (2020), encompasses knowledge and expertise, adaptability to market and technological changes, communication and collaboration skills, as well as problem-solving and innovation capabilities. Customer orientation (X3), derived from Narver & Slater (1990) and Kohli & Jaworski (1990), focuses on understanding customer needs and preferences, responsiveness to feedback, commitment to satisfaction, and long-term relationship building. Product quality (X4), adapted from Garvin (1987) and Zeithaml (1988), includes reliability and durability, compliance with quality standards, performance consistency, and design excellence. Market performance (M), following Morgan, Vorhies, & Mason (2009), is reflected through indicators such as sales growth, profitability, market share, customer retention, and overall marketing effectiveness. Finally, organizational reputation (Y), adapted from Fombrun & Van Riel (2004) and Helm (2007), is measured through perceived credibility and trustworthiness, public perception of corporate responsibility, image of quality and excellence, and positive stakeholder recognition.

Data Analysis Technique

The collected data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with the assistance of SmartPLS version 3 software. SEM-PLS was chosen because it is suitable for analyzing complex models with multiple constructs, robust to non-normal data distributions, and effective for small to medium sample sizes (Hair et al., 2019). The analytical procedure consisted of several stages: first, descriptive analysis was conducted to summarize respondents’ demographic characteristics and provide an overview of their responses to each construct; second, outer model (measurement model) evaluation was performed to test indicator validity and reliability, with convergent validity assessed through loading factors (>0.7) and Average Variance Extracted (AVE >0.5), and reliability tested using Cronbach’s Alpha and Composite Reliability (CR >0.7); third, inner model (structural model) evaluation was used to examine the relationships among latent constructs based on path coefficients, t-statistics, and p-values obtained through bootstrapping; fourth, hypothesis testing determined the significance of effects, where hypotheses were accepted if the t-statistic exceeded 1.96 and the p-value was below 0.05 at a 95% confidence level; and finally, mediation analysis was conducted to assess whether market performance acted as a mediating variable between the independent constructs and organizational reputation.

4 Result and Discussion

Descriptive Analysis

A total of 150 respondents participated in the survey, representing managerial and marketing employees from various multinational corporations operating in Indonesia. These respondents were selected based on their experience and strategic involvement in company operations, particularly in marketing and business performance.

Table 1. Respondent Demographic Profile

Characteristics	Category	Frequency	Percentage (%)
Gender	Male	87	58.0
	Female	63	42.0
Age	20–29 years	15	10.0
	30–39 years	68	45.3
	40–49 years	52	34.7
	50 years and above	15	10.0
Education	Bachelor’s Degree (S1)	105	70.0
	Master’s Degree (S2)	45	30.0
Work Experience	2–4 years	25	16.7
	5–10 years	90	60.0
	More than 10 years	35	23.3
Department/Division	Marketing	62	41.3
	Operations	40	26.7
	Finance	18	12.0
	Human Resources	30	20.0

The demographic results show that most respondents are male (58%) and within the 30–39 age range (45.3%), indicating a productive workforce segment. The majority hold a bachelor’s degree (70%), while 30% have a master’s degree, reflecting a relatively high educational background. Furthermore, 60% of respondents have 5–10 years of experience, suggesting sufficient familiarity with organizational strategies and performance metrics in multinational settings. Most

participants work in marketing and operations divisions, which aligns with the study’s focus on marketing innovation, performance, and reputation.

The descriptive analysis of each variable was conducted using the mean and standard deviation of respondents’ answers on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). The results are summarized in Table 2 below.

Table 2. Descriptive Statistics of Variables

Variable	Number of Indicators	Mean	Standard Deviation	Interpretation
Marketing Innovation	4	4.25	0.53	Very High
Employee Competence	4	4.12	0.58	High
Customer Orientation	4	4.30	0.49	Very High
Product Quality	4	4.28	0.52	Very High
Market Performance	4	4.15	0.56	High
Organizational Reputation	4	4.33	0.47	Very High

The mean scores for all variables exceed 4.00, indicating that respondents generally agree or strongly agree with the positive statements regarding each construct, reflecting favorable perceptions of the strategic and operational practices of the multinational companies studied. Marketing Innovation (Mean = 4.25) received one of the highest ratings, suggesting that firms consistently develop creative marketing strategies, innovative promotional methods, and adaptive market positioning to remain competitive in Indonesia’s dynamic business environment. Employee Competence (Mean = 4.12) shows that employees possess strong professional expertise, technical proficiency, and adaptability—key elements in executing effective marketing strategies across diverse markets. Customer Orientation (Mean = 4.30) highlights that companies prioritize customer satisfaction, responsiveness, and service quality in alignment with global standards, while Product Quality (Mean = 4.28) indicates consistent adherence to superior quality and international benchmarks. Market Performance (Mean = 4.15) demonstrates stable growth, improved customer retention, and increased market share resulting from effective strategic initiatives. Finally, Organizational Reputation (Mean = 4.33) achieved the highest score, underscoring a strong perception of credibility, ethical conduct, and brand excellence among multinational corporations operating in Indonesia.

Reliability and Validity Analysis

Reliability and validity testing are essential steps to ensure that the measurement instruments used in this study are consistent and accurately represent the intended constructs. In this research, reliability and validity were evaluated using the SmartPLS 3 software through the examination of internal consistency reliability (Cronbach’s Alpha and Composite Reliability), convergent validity (Average Variance Extracted—AVE), and discriminant validity (Fornell-Larcker and cross-loading criteria).

Internal Consistency Reliability

Internal consistency reliability measures the extent to which indicators within a construct are correlated and consistently capture the same underlying concept. According to Hair et al. (2019), acceptable thresholds for Cronbach’s Alpha and Composite Reliability (CR) are 0.70 or higher. The results of this study show that all constructs—Marketing Innovation, Employee Competence, Customer Orientation, Product Quality, Market Performance, and Organizational Reputation—exhibit Cronbach’s Alpha values ranging from 0.812 to 0.902 and Composite Reliability values between 0.864 and 0.932. These findings confirm that each construct possesses strong internal consistency, with reliability coefficients well above the recommended thresholds, indicating that the measurement items are stable, consistent, and suitable for further statistical analysis.

Table 3. Reliability Test Results

Construct	Cronbach's Alpha	Composite Reliability (CR)	Result
Marketing Innovation	0.884	0.918	Reliable
Employee Competence	0.866	0.904	Reliable
Customer Orientation	0.812	0.864	Reliable
Product Quality	0.879	0.918	Reliable
Market Performance	0.851	0.901	Reliable
Organizational Reputation	0.902	0.932	Reliable

Table 3 presents the results of the reliability test, which assesses the internal consistency of each construct using Cronbach's Alpha and Composite Reliability (CR). As shown, all constructs—Marketing Innovation, Employee Competence, Customer Orientation, Product Quality, Market Performance, and Organizational Reputation—demonstrate Cronbach's Alpha values above the recommended threshold of 0.70, ranging from 0.812 to 0.902. Similarly, the CR values fall between 0.864 and 0.932, surpassing the acceptable standard of 0.70 as suggested by Hair et al. (2019). These results indicate that each construct has high internal consistency, meaning the indicators within each variable reliably measure the same underlying concept. Among the constructs, Organizational Reputation shows the highest reliability (Cronbach's Alpha = 0.902; CR = 0.932), reflecting strong coherence among its measurement items, while Customer Orientation, with slightly lower but still acceptable values (Cronbach's Alpha = 0.812; CR = 0.864), remains reliable for analysis. Overall, the results confirm that the measurement model used in this study is stable, consistent, and suitable for further validity and structural testing within the SEM-PLS framework.

Convergent Validity

Convergent validity evaluates the extent to which indicators of a construct share a high proportion of variance, with the Average Variance Extracted (AVE) serving as the key measure—where an AVE value of 0.50 or higher indicates adequate convergent validity (Fornell & Larcker, 1981). The results of this study show that all constructs—Marketing Innovation, Employee Competence, Customer Orientation, Product Quality, Market Performance, and Organizational Reputation—exhibit AVE values above the 0.50 threshold, ranging from 0.612 to 0.731. Specifically, Product Quality has the highest AVE (0.731), followed by Organizational Reputation (0.728) and Market Performance (0.695), indicating that these constructs explain a substantial proportion of variance in their indicators. These findings confirm that each latent variable explains more than half of the variance of its observed measures, meaning all indicators contribute meaningfully to their respective constructs. Overall, the results demonstrate strong convergent validity across the model, supporting the robustness of the measurement framework used in this study.

Discriminant Validity

Discriminant validity verifies that each construct in the model is empirically distinct from others, ensuring that they measure different theoretical concepts. This study tested discriminant validity using the Fornell-Larcker criterion and cross-loading analysis. Based on the Fornell-Larcker criterion, the square root of the Average Variance Extracted (AVE) for each construct must be greater than its correlations with other constructs—a condition that was fully satisfied in this analysis, confirming that all constructs are conceptually and statistically distinct. Furthermore, the cross-loading results indicate that each indicator has the highest loading on its intended construct compared to any other, demonstrating that the measurement items are properly aligned and not overlapping across constructs. These findings collectively confirm that the model possesses strong discriminant validity, reinforcing the adequacy and precision of the measurement framework used in this study.

Structural Model and Hypothesis Testing

The structural model analysis aims to examine the relationships among latent variables and to test the research hypotheses proposed in this study. Using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS 3, the analysis included assessments of collinearity (VIF values), coefficient of determination (R^2), predictive relevance (Q^2), path coefficients, and t-statistics obtained from bootstrapping (5,000 resamples).

Collinearity Assessment

Before hypothesis testing, collinearity among the predictor variables was assessed using the Variance Inflation Factor (VIF) to ensure the absence of multicollinearity issues. According to Hair et al. (2019), VIF values below 5.0 indicate that multicollinearity is not a concern. The results of this study show that all constructs have VIF values ranging from 1.428 to 3.211, well within the acceptable threshold. These findings confirm that no significant multicollinearity exists among the independent variables, ensuring that each predictor contributes uniquely to the model. Consequently, the structural model is deemed stable, reliable, and appropriate for further hypothesis testing within the SEM-PLS framework.

Coefficient of Determination (R^2)

The coefficient of determination (R^2) assesses the explanatory power of exogenous variables on endogenous variables, with Chin (1998) categorizing R^2 values of 0.75, 0.50, and 0.25 as substantial, moderate, and weak, respectively. The results of this study show that Market Performance has an R^2 value of 0.682, indicating a moderate to substantial level of explanation, while Organizational Reputation has an R^2 value of 0.705, categorized as substantial. These results imply that 68.2% of the variance in Market Performance is explained by Marketing Innovation, Employee Competence, Customer Orientation, and Product Quality, whereas 70.5% of the variance in Organizational Reputation is explained by Market Performance along with the four exogenous variables. Overall, these findings demonstrate that the structural model possesses strong explanatory power, effectively capturing the relationships among the studied constructs and providing a robust basis for predicting the dependent variables.

Predictive Relevance (Q^2)

Predictive relevance (Q^2) was assessed using the blindfolding procedure in SmartPLS. A Q^2 value greater than zero indicates that the model has predictive relevance for a particular endogenous construct. The Q^2 values obtained are 0.451 for Market Performance and 0.487 for Organizational Reputation, both of which are greater than zero. This demonstrates that the structural model possesses good predictive relevance.

Path Coefficients and Hypothesis Testing

To test the hypotheses, the path coefficients, t-statistics, and p-values were analyzed through bootstrapping. A hypothesis is considered significant when the t-statistic exceeds 1.96 and p-value is less than 0.05 (Hair et al., 2019).

Table 4. Hypothesis Testing Results

	Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
H1	Marketing Innovation → Market Performance	0.274	0.276	0.073	3.753	0.000
H2	Employee Competence → Market Performance	0.238	0.235	0.068	3.499	0.001

H3	Customer Orientation → Market Performance	0.292	0.287	0.070	4.157	0.000
H4	Product Quality → Market Performance	0.315	0.309	0.067	4.701	0.000
H5	Marketing Innovation → Organizational Reputation	0.201	0.203	0.078	2.577	0.010
H6	Employee Competence → Organizational Reputation	0.183	0.186	0.076	2.407	0.016
H7	Customer Orientation → Organizational Reputation	0.166	0.161	0.068	2.441	0.015
H8	Product Quality → Organizational Reputation	0.194	0.192	0.072	2.694	0.007
H9	Market Performance → Organizational Reputation	0.342	0.338	0.069	4.957	0.000

Table 4 presents the results of hypothesis testing using Structural Equation Modeling (SEM-PLS), where various independent variables (marketing innovation, employee competence, customer orientation, and product quality) and their relationships with dependent variables (market performance and organizational reputation) are examined. Marketing innovation (H1) shows a moderate positive effect on market performance with a path coefficient of 0.274, and the relationship is statistically significant ($p < 0.05$), confirming the role of innovation in driving business success. Employee competence (H2) has a positive and significant relationship with market performance, with a coefficient of 0.238, indicating that skilled employees are vital for organizational effectiveness. Customer orientation (H3) demonstrates an even stronger impact on market performance (coefficient = 0.292), reinforcing the importance of customer-centric strategies for improving business outcomes. Product quality (H4) has the strongest effect on market performance (0.315), highlighting its critical role in building customer trust and loyalty. Marketing innovation (H5) also positively influences organizational reputation (coefficient = 0.201), underlining the importance of continuous innovation for maintaining a positive public image. Employee competence (H6) and customer orientation (H7) both contribute significantly to organizational reputation (coefficients of 0.183 and 0.166, respectively), emphasizing the value of a skilled workforce and strong customer relationships. Product quality (H8) remains an important factor, positively influencing organizational reputation (coefficient = 0.194), with high-quality products enhancing credibility and brand image. Finally, market performance (H9) shows the most significant positive effect on organizational reputation (coefficient = 0.342), confirming that strong operational outcomes directly enhance public perception and corporate reputation.

5 Conclusion

The purpose of this study was to investigate the influence of marketing innovation, employee competence, customer orientation, and product quality on market performance and organizational reputation in Indonesian multinational companies. The results confirm that all proposed hypotheses are positive and significant, indicating that these strategic variables are interrelated and collectively contribute to corporate success. Marketing innovation enhances both market performance and reputation by enabling firms to adapt to dynamic consumer behavior and create differentiated market offerings. Employee competence plays a crucial role in ensuring effective implementation of strategies and maintaining consistent service quality, which strengthens the company's reputation. Customer orientation significantly improves market outcomes by

emphasizing responsiveness and customer value, leading to sustained loyalty and favorable brand perception. Product quality emerges as the strongest driver of market performance, reaffirming that superior quality remains the foundation of competitiveness and consumer trust.

Additionally, market performance has a strong positive effect on organizational reputation, confirming that operational success and customer satisfaction enhance public trust and corporate credibility. This relationship underscores the mediating role of performance between strategic capabilities and corporate reputation. From a managerial perspective, the findings suggest that multinational companies should: 1) promote continuous marketing innovation through digital and creative strategies, 2) enhance employee competence via skill development, training, and cross-cultural collaboration, 3) foster customer orientation through feedback systems and personalized services, and 4) maintain consistent product quality aligned with international standards. By integrating these strategies, multinational corporations in Indonesia can achieve sustainable growth, maintain a competitive advantage, and cultivate a strong organizational reputation in both local and global markets.

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