

Determination of Market Orientation and Strategic Orientation Dimensions that Affect Marketing Performance of the Weaving Industry in Wajo District, South Sulawesi Province

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Abstract—This study aimed to examine the Determination of Market Orientation and Strategy Orientation to Affect Marketing Performance of Weaving Industries in Wajo District, South Sulawesi Province. Its design used a quantitative research using a survey method with 99 samples. The data were analyzed by variance-based SmartPLS3 software. This study found six conclusions. First, entrepreneurial orientation has a positive effect on customer orientation. Second, marketing-based system rewards have a positive effect on customer orientation. Third, customer orientation has a positive and significant effect on innovation orientation. Fourth, competitor orientation has a positive effect on innovation orientation. Fifth, innovation orientation has a positive and significant effect on marketing performance. Sixth, marketing strategy creativity has a positive and significant effect on marketing performance.

Keywords—*market orientation; strategy orientation; marketing performance*

I. INTRODUCTION

Strategy Orientation is the company strategic direction to create right behavior to achieve superior performance [1]. Strategy Orientation has several dimensions and each researcher uses different dimensions. Grinstein uses market orientation, learning orientation, entrepreneurship orientation and employee orientation dimensions [2]. In addition, Nadrol, Breen and Josiassen use strategy orientation of market orientation and entrepreneurship orientation and added by interactive orientation [3]. Meanwhile, Altindag et al. uses customer orientation, entrepreneurship orientation, learning orientation and innovation orientation [4].

Strategic Orientation Dimensions play an important role to improve marketing performance, especially in Woven industry. The woven industry becomes a driver of regional and national economy with significant contribution to country's foreign exchange and employment. Silk woven industry in Wajo District, South Sulawesi Province is part of a small business that dominant among other industries. This dominance has a positive effect on economy through the products marketing.

The Woven Industry in Wajo District is one Leading Commodities in Industrial Sector. Wajo District Statistics Agency year 2018 shows that number of business units in fabrics, sarongs, silk and non-silk sectors are 6,093, supported by 18,150 workers spread across several sub-districts and villages. The silk fabric industry in Wajo District, South Sulawesi, faces heavy competition from China silk fabric industry.

Marketing performance improvement of woven industry is done with various marketing strategies. This is often referred as strategic orientation [4-5]. Strategic orientation is the company's strategic direction to create right behavior to achieve superior performance [1].

Based on above description, this study aims to examine the Dimension Determination of Strategy Orientation to Affects Marketing Performance of Woven Industry in Wajo District, South Sulawesi Province.

II. THEORETICAL REVIEW

A. *Entrepreneurship Orientation*

Entrepreneurship orientation becomes a destructive creative process where entrepreneurs constantly try to replace existing products or production methods with something new. An entrepreneur carries out new combinations of available production factors from technical and commercial fields into practice [6-7].

B. *Marketing-based Reward System Orientation*

Companies use a marketing-based reward system to give intrinsic and extrinsic rewards to their employees. The amount was based on additional sales turnover, additional income due to increased customer satisfaction, decreased income due to reduced sales turnover, and additional income due to the number of more subscribers or bonuses for above average outcome. The reward can be given in form of money or psychological needs fulfilment [8].

C. Customer Orientation

Customer orientation is an organizational culture to facilitate the comprehension of targeted buyers and enables to create customer value continuously [9]. The critical component of customer orientation was emphasized on opportunities and supply chain constraints from customer's perspective [9-10]. This enables companies to identify potential new customers along with opportunities to create value for customers.

D. Competitor Orientation

Competitor Orientation is an organizational culture to emphasize on the comprehension of short-term strengths and weaknesses and long-term capabilities and strategies of current major competitors and potential competitors [9-10]. Companies adopt competitor orientations to develop in-depth assessments of targeted competitors and potential competitors and used to compensate or defeat the competitive forces [11-12].

E. Innovation Orientation

Innovation plays an important role in business environment where the company operates. Therefore, researchers have provided insight into how companies innovate and how innovation spreads to other companies and individuals [13]. However, the existing literature focuses on product innovation. Service innovation has been discussed from a conceptual perspective, but little empirical study has been done. Widely defined, innovation is an idea, practice, or object that is considered new by individuals or organizations [14]. Rogers definition can be applied to the service context; a different definition for service innovation is justified to recognize its unique nature [14]. Service innovation is the development of a new service considered new and beneficial to a particular audience [15-16].

F. Marketing Strategy Creativity

Marketing strategy creativity is defined as the expansion of actions taken to sell a product, which represents a significant difference from implementation of marketing strategies in product categories [17]. Creativity centers on something new, and creativity requires the development of more new and radical alternatives. It is a business solving problem effort faced by companies every day. Creativity to formulate marketing strategies will improve marketing performance [18].

G. Marketing Performance

Marketing performance is part of organizational performance. Organizational performance consists of marketing performance, financial performance, and human resource performance. The company's strategy is always directed to produce marketing performance. It consist of sales volume, market share and sales growth. Marketing performance become an effort to measure performance levels, it consist of sales turnover, number of buyers, profits and sales growth [19-20]. Ferdinand said that marketing performance was a factor used to measure the effect of a company's strategy implementation [20]. Slater and Narver describe the outcomes of corporate strategy implementation as customer satisfaction, new product success, increased sales and profitability [21].

III. RESEARCH METHODS

A. Research Design

This as an explanatory research type to examine the relationship between variables [22].

B. Research Location and Time

The location to collect both primary and secondary data was woven industry in Wajo District. The research was conducted in Wajo District, South Sulawesi Province.

C. Population and Research Samples

The population was all woven industry in Wajo District. Data from Wajo District Statistics Indonesia in 2018 shows there are 6,093 business units to produce fabrics, sarongs, silk and non-silk. The sample was determined by Slovin formula with a precision of 10%. The calculation show the samples are 99 business units.

The samples are selected by convenience sampling with regard to certain conveniences. It were easiness to find the address and willingness to become respondent. The sampling convenience was used because some districts do not have a complete list of names and addresses of woven industry.

D. Data Collection Method

Data collection methods used was interview, literature studies and questionnaires. Variables will be measured with a Likert scale.

E. Data Analysis Technique

This research will predict and develop theory. Therefore, the right analytical tool was SEM based on variance processed with partial least square (PLS) software.

IV. RESULTS AND DISCUSSION

A. Research Respondents

The samples were 99 business actors. Researchers classify research samples into 3 categories based on gender, woven industry and monthly sales turnover. The study results found 65 business owners who were male and only 34 business owners female. The 29 business actors engaged in industrial sector to produce 31 sarong fabrics, 31 business actors produce silk and 31 business actors produce non-silk. Based on monthly sales turnover, the 32 businesses have a turnover of less than IDR 5 million per month, 22 businesses have a turnover of IDR 5 to 10 million every month, 26 businesses have a turnover of IDR 10 to 20 million every month and only 19 businesses have a turnover of above IDR 20 million every month.

B. Structural Model Hypothesis Testing (Goodness-of-Fit Inner Model)

Research hypotheses test will be based on Path Coefficient value. The path coefficient must be positive and significant at alpha 0.05, t-statistics must be greater than the 1.96 (t-table). This was consistent Ghozali statement that at 10% significance level the t-statistic > 1.65, at significance level of 5% the t-

statistic > 1.96 and at significance level of 1% the t-statistic > 2.58 [23]. Researchers chose to test the hypotheses at a 95%

confidence level with an alpha of 0.05. The hypotheses testing results was shown in figure 1 and table 1.

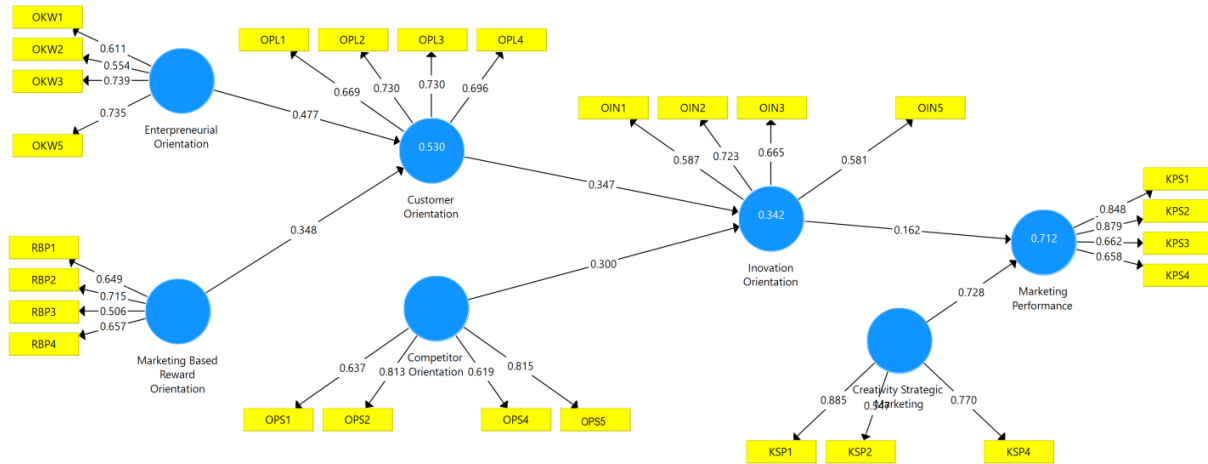


Fig. 1. Hypothesis testing results.

TABLE I. PATH COEFFICIENT OF INNER MODEL

No	Hypotheses	Original Sample (O)	T-Statistics (O/STDEV)	P-Values
1	Entrepreneurship Orientation → Customer Orientation	0.447	5.584	0.000
2	Marketing-Based Reward System Orientation → Customer Orientation	0.348	3.868	0.000
3	Customer Orientation → Innovation Orientation	0.347	2.899	0.004
4	Competitor Orientation → Innovation Orientation	0.300	2.646	0.008
5	Innovation Orientation → Marketing Performance	0.162	2.653	0.009
6	Marketing Strategy Creativity → Marketing Performance	0.728	9.917	0.000

SmartPLS 3 Data Results, (2018)

C. Hypothesis Testing 1

First hypothesis states that entrepreneurship orientation has a positive effect on customer orientation. The test results show that path coefficient the effect of entrepreneurship orientation on customer orientation was 0.447, at t-statistic of 5.584 was larger than the t-table of 1.96 and significance value (P-Values) of 0.000 was significant at alpha 0.05. The conclusion was the entrepreneurship orientation has a positive and significant effect on customer orientation of Woven Industry in Wajo District.

D. Hypothesis Testing 2

The second hypothesis states that of marketing-based reward system orientation has a positive effect on customer orientation. The test results show that path coefficient the effect of marketing-based reward system orientation on customer orientation was 0.348, at t-statistic of 3.868 was greater than t-table of 1.96 and significance value (P-Values) of 0.000 was significant at alpha 0, 05. The conclusion was marketing-based reward system has a positive and significant effect on customer orientation of Woven Industry in Wajo District.

E. Hypothesis Testing 3

The third hypothesis states that customer orientation has a positive effect on innovation orientation. The test results show that path coefficient the effect of customer orientation on innovation orientation was 0.347, at t-statistic of 2.899 was greater than the t-table of 1.96 and a significance value (P-Values) of 0.004 was significant at alpha 0.05. The conclusion was that customer orientation has a positive and significant effect on innovation orientation of Woven Industry in Wajo District.

F. Hypothesis Testing 4

The fourth hypothesis states that competitor orientation has a positive effect on innovation orientation. The test results show that path coefficient the effect of competitor orientation on innovation orientation was 0.300, at t-statistic 2.646 greater than t-table 1.96 and the significance value (P-Values) 0.008 was significant at alpha 0.05. The conclusion was competitor orientation has a positive and significant effect on innovation orientation of Woven Industry in Wajo District.

G. Hypothesis Testing 5

The fifth hypothesis states that innovation orientation has a positive effect on marketing performance. The test results show that path coefficient the effect of innovation orientation on marketing performance was 0.162, at a t-statistic of 2.653 was greater than the t-table of 1.96 and the significance value (P-Values) 0.009 was significant at alpha 0.05. The conclusion was that innovation orientation has a positive and significant effect on marketing performance of Woven Industry in Wajo District.

H. Hypothesis Testing 6

The sixth hypothesis states that marketing strategy creativity has a positive effect on marketing performance. The test results show that path coefficient the effect of marketing strategy creativity on marketing performance was 0.728, at t-statistic of 9.917 was greater than the t-table of 1.96 and a significance value (P-Values) of 0.000 was significant at alpha 0.05. The conclusion was the marketing strategy creativity has a positive and significant effect on marketing performance of Woven Industry in Wajo District.

V. CONCLUSION

- Entrepreneurship orientation has a positive and significant effect on customer orientation of Woven Industry in Wajo District.
- Marketing-based reward system has a positive and significant effect on customer orientation of Woven Industry in Wajo District.
- Customer orientation has a positive and significant effect on innovation orientation of Woven Industry in Wajo District.
- Competitor orientation has a positive and significant effect on innovation orientation of Woven Industry in Wajo District.
- Innovation orientation has a positive and significant effect on marketing performance of Woven Industry in Wajo District.
- Marketing strategies creativity has a positive and significant effect on marketing performance of Woven Industry in Wajo District.

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