The Role of Innovation in Mediating Effect Market Orientation and Learning Orientation on Marketing

Performance (Study on Puppet Artisans in Kecamatan Kotabaru Karawang)

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Article History: Submitted: 17.10.2019	Revised: 22.12.2019	Accepted: 10.01.2020
ABSTRACT This study discussed the effect of market orientation and learning orientation on innovation and its impact on marketing performance. The	simultaneously all correlation indica	the hypothesis, either partially or tes the level of significance, except for

This study discussed the effect of market orientation and learning orientation on innovation and its impact on marketing performance. The study was conducted in a population of Small and Micro Enterprises (SMEs) in the doll craftsmen at Kotabaru-Karawang district for a total of as much as 96 SMEs. The sample-set as many as 90 SMEs using a purposive sampling technique, which has been operating craftsmen for 3 years. The method of research used verification. While the questionnaire used a Likert scale (ordinal) was transformed into an interval scale by using the Software Method of Successive Interval (MSI) and the process using the program Statistical Package for Social Science. The results of path analysis proved that all variables are linearly related, so the model feasible path analysis for each independent variable can be used as predictors of the dependent

INTRODUCTION

Background

Efforts to cultivate the small and medium enterprises (SMEs), especially in developing countries is a priority for Indonesia. SMEs have recognized various parties play a role in providing employment, economic growth, and income distribution. Fontana (2009) declares the contribution of SMEs to the economy more on employment, as a source of household income in rural communities. Something similar is stated at Atajudin (2012); Rahab and Sudjono (2012), SMEs are a business group that has great potential and assessed various parties as an important sector to overcome the problem of unemployment and poverty. Atajudin (2012) said that the role of SMEs currently recorded 55 million units and spread across Indonesia. SMEs are expected to accelerate regional development.

Data SMEs nationwide in 2003 amounted to 42.4 million units and has contributed to GDP to reach 56.7% of total GDP and has employment for 79 million people (BDS LPPM UNS 2005 in Karsidi, 2005). While the data in 2011 showed the number of SMEs in Indonesia reached about 52 million, has accounted for 60% of the PDB and accommodate 97 million labor (Wikipedia, 2012). The contribution of SMEs to the national economy plays an important role, yet Sharif (2011) mentions that many obstacles to SME development. Among the strategies of Local Government in GDP and PAD enlarge prioritize resource management at medium and large businesses. Munir and Sulhadi results of the study (2008) in Sulivanto and Rahab (2010) shows SMEs nationwide have six issues; (1) capital, (2) market access, (3) skills and technology, (4) business management, (5) the availability of raw materials and (6) the business climate is not conducive. SMEs, the center of attention of various parties and encourage the intensity of research activities. Results of previous studies recommended the importance of market orientation strategy, human resource development, innovation, mastery of internal and external factors encouraging increased competitiveness and performance.

variable. Test results prove the hypothesis, either partially or simultaneously all correlation indicates the level of significance, except for the partial effect is not significant, since the coefficient of only with a significance. This occurs as a result of the inclusion of intervening variables into the model.

Keywords: market orientation, learning orientation, innovation, and marketing performance. Correspondence:

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Suliyanto and Rahab (2012) conducting research on SMEs in Purbalingga with a sample of 150 SMEs. This research has motivated the assumption that the relationship between the variables of market orientation, learning orientation, innovation and marketing performance as a key factor in the success of large companies can not be generalized to SMEs, as well as the relationship between the four variables still low. The results of the study of literature Raju et al. (2011) found that the orientation of the SME market is lower when compared to large-scale enterprises ranged from 0.20 to 0.44. Raju et al (2011) stated the strategy of market orientation and innovation will be different medium scale enterprises with small scale enterprises. so the research on the role of market orientation in the different groups of SMEs that are very useful to encourage the growth of the small business sector of the economy.

Therefore, this study aims to test empirically "how the influence of market orientation and learning orientation towards innovation and its impact on marketing performance Micro and Small Enterprises in the district of the craftsmen doll Kotabaru Karawang regency. Criteria for Micro and Small Enterprises in this study refers to UU no. 20 of 2008 that the Micro and Small Enterprises, productive economic activities that stand-alone, carried out by an individual or business entity that is not a subsidiary or not the company-owned branches. Besides referring to the limits according to the Central Statistics Agency (BPS) that small businesses are the type of business the average household only has a workforce of 5-19 and micro (household) has a workforce of 1-4 people.

THEORETICAL REVIEW

Kotler and Keller (2009) define marketing management as an art and science of choosing target markets, retain and grow customers by creating, delivering, and communicating superior customer value. While Ginting (2011) is not in the library define marketing management as the analysis of the planning, implementation, and control of programs designed to create, build and maintain a favorable exchange goal to achieve organizational goals. American Marketing Association (AMA) redefining marketing in 2004 as follows: "*Marketing is an organizational function and assets of the process for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders*". The definition was interpreted holistically, remarketing was seen as an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and stakeholders (Kotler & Keller, 2009).

Market Orientation

The company can be said to have a market-oriented culture and behavior when it reflects the implementation of the marketing concept that has characteristics (Tjiptono, 2008), which are companies able to take advantage of the unique capabilities are aligned with the customer value and generate performance superior impact on improving marketing performance on an ongoing basis. Kohli and Jaworski (1990) define market orientation as organizational behavior that consists of three main activities, namely (1) the collection of market information in a systematic way, (2) dissemination of market information to all organizational units, (3) designing and implementing the organization's response to intelligence market coordinated and thoroughly. Narver and Slater (1990) define market orientation as a business culture that is able to effectively and efficiently create individual behavior such that it supports efforts to create superior value for customers and generate superior performance for the enterprise

The operational definition of the market orientation variable of this research is the behavior or activities of craftsmen doll that always focus on customers and competitors as well as respond to customer needs through collaboration among employees, creating superior value for customers and the company. While the dimensions of the measurement refer to the scale developed MKTOR Nerver & Slater (1990) consisting of; (1) customer orientation, (2) competitor orientation, and (3) coordination between functions.

Orientation Learning

Garvin (1993: 3) defines a learning organization is a membership organization in creating, get-kan and transfer knowledge, so as to modify the behavior towards more advanced as the embodiment of insights and new knowledge. The operational definition of learning orientation is behavior which shows commitment doll craftsmen to learn (Invalid, 2008) either individually or in groups conducted continuously through the collection, management and use of knowledge (Marquadt, 1996) in order to change behavior towards improved performance (Slater&nerver 1995), thus becoming a source of sustainable competitive advantage.

dimensions orientation was learning (*Learning orientation*) refers to the values of the organization consisting of; commitment to learning (*commitment to learning*), the openness of thought (*open-mindedness*), and a shared vision (*shared vision*). The third value is believed to influence the culture of learning within the organization (Baker, Sinkula & Noordewier 1997).

Suryana (2006) defines innovation as the ability to apply creativity in order to solve the problems and opportunities to improve and enrich life. Definition of creativity and innovation can be distinguished; creativity is the ability to think something new and different, while innovation is doing something new. According to Fontana (2009) that innovation is not merely a "povelty" or something new but the "povelty" that must be

"novelty" or something new, but the "novelty" that must be additional value, which benefits both consumers and producers. so that Fontana (2009) defines innovation as an economic success and social thanks to the introduction of new ways or new combinations of old methods to transform inputs into outputs such a way that resulted in major changes in the relationship between the value for the product (as perceived by consumers and / or users) and price set manufacturers.

Measurement of innovation variables in this study using the dimensions used by Lee and Shieh (2010), namely product innovation, process innovation, and management innovation.

performance Marketing

According to Voss and Voss (2000), Suliyanto and Rahab (2012) define the performance marketing in an effort to measure the level of performance based on indicators of sales turnover, the number of buyers, profits and sales growth. Meanwhile, According to Harris, Ogbonna and Bae Lawler (2001) in Taufik (2005), define the company's performance as a measure of success or achievement that has been accomplished by a company which is measured every certain period.

According to Situmorang (2010) that marketing performance measurement indicators are very much mainly quantitative. The Selection of a suitable size to be used depends on the experience, conditions, and objectives of the company. Farris et.al (2006) that companies should not use a single measure but a combination of several sizes. Effective performance measurement should be able to measure the productivity of marketing, so it can help managers develop marketing strategies insightful, help predict customer value and financial performance of the company in the future.

The relationship between market orientation, learning orientation, innovation, and marketing performance.

Hamel and Prahalad, (1991) in Slater&nerver (1995) states that have implemented business strategy orientate market will create a learning environment that is sourced from exploration and experimentation are realized in the form of creativity and innovation. According to Hurley and Hult (1998), Eris & Ozmen (2012) Market orientation and learning orientation is an important factor and is a prerequisite (antecedent) the occurrence of innovation in the relationship between the influence of market orientation on performance.

Results of research conducted Taufik (2005)showed that market orientation has a positive effect on innovation. Innovation has a positive effect on the performance of marketing. Keskin (2006) conducting research on SMEs in Turkey, the research results show that market orientation indirect effect on performance mediated by innovation.

Research result Suliyanto and Rahab (2012) support the results of previous studies conducted by Hult et al, (2004); Keskin (2006) and Eris & Ozmen (2012) that learning orientation positively related to innovation. innovation has a positive effect on performance. research results Anshori (2011) also showed that market orientation and learning orientation partially positive and significant impact on innovation. Based on the theoretical framework, this study establishes the hypothesis:

Innovation

- H1 significantly affect market orientation with a learning orientation.
- H2 Market orientation, learning orientation partially significant effect on innovation.
- H3 Market orientation and learning orientation simultaneously significant effect on innovation.
- H4 market orientation, learning orientation, and innovation partially significant effect on the performance of marketing.
- H5 market orientation, learning orientation and innovation simultaneously significant effect

the performance of marketing

H6 Innovations role mediating the effect of market orientation and learning orientation towards marketing performance.

Research methods

The method used in this study is the verification method, a method to test the truth of the hypothesis in order to obtain scientific conclusions that have pragmatic truth. The population as an object of the research is Small and Micro Enterprises doll craftsmen in the District of Karawang regency Kotabaru a population of 96 business units (Observations, December 2012). A Sample set of 90 respondents using purposive sampling technique (Sugiyono, 2010) whereby the sample is selected, the craftsmen who have been operating for

three years. The time dimension in the cross-sectional nature of this study, conducted in October-December 2012. Data collection is done through a Likert scale questionnaire / ordinal, validity and reliability tests conducted prior to the 30 samples of respondents.

Furthermore, the measuring instrument is declared valid and reliable measurement of the data used as the basis for a sample of 90 respondents. Inferential statistics used in data processing with SPSS. As a prerequisite use inferential statistics, the ordinal data already tested the normality transformed into an interval scale through the *STAT97* macro program operated through Excel 2007. Verification analysis techniques use youright path analysis because it is based on the support of the theory that the relationship between variables in this study is correlative and causal. Juanim, (2004) describes the path analysis model was used to test the effect of direct and indirect relationships between variables. The indirect effect can be a variable influence to variable dependent independent mediated by intervening variable.

Results Analysis and Discussion

A Discussion of the results of this research includes the results of hypothesis testing and verification of research findings. The results of hypothesis testing and calculation of path analysis with SPSS 17 can be visualized in Figure 1 below:

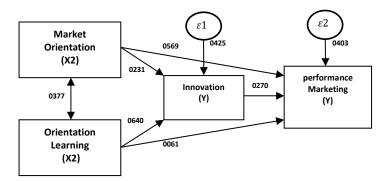


Figure 1. Coefficient Line Test Results Hypothesis

The magnitude of the path coefficients in Figure 1 above is the result of tests on all models. Based on the results of hypothesis testing causal relationships between variables can be explained as follows:

1. Relations with the market orientation of learning orientation

Relations with the market orientation based learning orientation SPSS output count results obtained the coefficient value of 0.377. Turns 0.377> 0.207 (table r n = 90-2), which means that the working hypothesis is accepted that market orientation positively and significantly associated with a learning orientation. The results support the results Liu Luo Shi (2003) in Eris & Osmen (2012) concluded that market

orientation that high will support orientation learning is also high. Slater & Narver (1995) in Eris & Ozmen (2012) state that the orientation market is the main basis of organizational learning, as a market-oriented organization will create cultural values and framework work for a development learning organization.

2. Influence of market orientation and learning orientation towards innovation partially

Hypothesis test results influence the market orientation and learning orientation towards innovation is partially based on the calculation SPSS output obtained as shown in Table 1 below:

Table 1. Results of hypothesis testing the effect of X1 and X2 to Z partially

Model 1Coef. betattttabel ($\alpha = 0.05$,Sigknot	

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			N90-2)		
1	2	3	4	5	6
$Y = \rho y X 1$	0.231	3,058	1,661	0,003	The hypothesis is accepted
$Y=\rho y X 2$.640	8.485	1,661	0,000	The hypothesis is accepted

Source: results of data processing, 2012.

Based on Table 5 above, can be explained as follows:

- a. Market orientation positively and significantly to innovation, because of t (3.058)> t table (1,661) and his Sig 0.003 < 0.05.
- b. Learning orientation positively and significantly to innovation, because of t (8.485)> t table (1,661) and his Sig 0.000 <0.05.

The results support the results of the study Hult, Hurley & Knight (2004); and Baker & Sinkula (2009)that market orientation positively is directly related to the success of innovation. Learning orientation positively related to innovation. research results Anshori (2011) also showed that market orientation and learning orientation partially positive and significant impact on innovation.

3. Influence of market orientation and learning orientation towards innovation simultaneously.

Hypothesis test results simultaneously influence the market orientation and learning orientation towards innovation models analyzed via ANOVA and SPSS output obtained calculated F value of 58.787 > 3.101 (F table df = 2, n-90-3) and his Sig 0.000 <0.05, thus working hypothesis is accepted, meaning that the variable market orientation and learning orientation simultaneously positive and significant impact on innovation.

Rahab and Sudjono (2012: 35) conclude research results that the market-oriented company strategy will drive the organizational learning process that will ultimately boost the company's innovation capability. Market orientation and learning orientation is an important factor in developing the organization's resources and encourage innovation.

4. Influence of market orientation, learning orientation and innovation of the performance is partially marketing The results of the hypothesis testing the effect of market orientation, learning orientation and innovation to the marketing performance partially through SPSS output obtained beta coefficient t and Sig. As shown in Table 2 below:

Table 2. The results of hypothesis testing the effect of X1, X2, and Y to Z partially

Model 2	Coef. beta	t	T tabel (α = 0.05, N90-2)	Sig	Conclusion
1	2	3	4	5	6
$Y = \rho z X 1$.569	7.317	1.452	0,000	The hypothesis is accepted
$Y=\rho zY$	0, 270	2.575	1.452	0,012	The hypothesis is accepted
$Y = \rho z X 2$	0.061	.613	1.452	0.541	the hypothesis is rejected

Source: results of data processing, 2012.

Based on Table 2 above, it can is stored-plan that:

- a. Market orientation positive and significant impact on the performance of marketing, because t (7.317)> t table (1.452) and Sig its 0.000 <0.05.
- b. Innovation positive and significant impact on the performance of marketing, because of t (2.575)> t table (1.452) and Sig its 0.012 <0.05.
- c. Orientation learning positive effect on marketing performance, but not significant because t value (0.613) <t table (1.452) and Sig its 0.541 > 0.05.

The results support the results of the study Farrel & Oczkowski (2002) that the market orientation and learning orientation have an impact on performance. Innovation has a direct positive impact on performance (Keskin, 2006). Market orientation positively and significantly impacts on performance (Matear, Osborne, Garrett, Gray, 2002); Baker & Sinkula (2009). The results of this study differ from the results of Baker & Sinkula (1999b); Keskin (2006) in Eris & Ozmen (2012: 88) that market orientation was no direct impact on performance, but mediated with innovation.

The results also show that the partial learning orientation positive effect on marketing performance, but not significantly,

because of the obtained value Sig. $(0.541)>\alpha$ (0.05) and t count of 0.613 <ttable 1,661. The results support the results of Baker & Sinkula (1999) in Eris & Ozmen (2012); Suliyanto and Rahab (2012) that learning orientation indirect effect on performance mediated by innovation.

 Influence of market orientation, learning orientation and innovation to the marketing performance simultaneously

Influence of market orientation, learning orientation and innovation simultaneously on marketing performance can be analyzed via ANOVA models and SPSS output values obtained Fhitung 42.415> 2.711 (Ftabel df = 3, n-90-4) and his Sig 0.000 <0.05, thus the working hypothesis is accepted, meaning that the variable market orientation, learning orientation and innovation simultaneously positive and significant impact on the performance of marketing.

The coefficient of determination can be analyzed through the value of R Square (R2) which is the total direct influence indirect influence as shown in Table 3 below:

	Table 3. Di	rect and Indirect	t Effects of X1 and X2 through Y to Z	
Var	Path coefficient	Direct	Through Indirect Influence	Total (R2)

	to		influence on				
	Y	Z	Z	X1	X2	Y	
X1	0.231	.569	0.324	-	0,013	0,154	.490
X2	.640	0.061	0,004	0,013	-	0,016	0,033
Y	0	0,270	0.073	-	-	-	0.073
total l	Effect		0.401	0,013	0,013	.170	0,597

Source: results of data processing, 2012.

Based on Table 3 above, the coefficient of determination (R2) of 0.597, meaning that the variability can be explained by this model is only 59.7%, so still, there is the influence of other variables outside the model by 40.3%.

According to Hurley and Hult (1998) and Raju (2011) that the market orientation and learning orientation is an important factor and is a prerequisite (antecedent) occurrence as well as chain innovation to improve enterprise performance.

6. The role of innovation in mediating the effects of market orientation and learning orientation on the performance of marketing

Hypothesis testing innovative role in mediating the effect of market orientation and learning orientation on performance is done by analyzing changes in the value of the coefficient of direct influence and its indirect effect on performance (Suliyanto, 2012). The results of hypothesis testing through SPSS output shows the change in the value of the coefficient as can be seen in Table 4 below:

Correlati	Before You Can Be Y		After I was placed Y		Conclusion
on	Coef. beta	Sig.	Coef. beta	Sig.	
X1 to Z	0.632	0,000	.569	0,000	Innovation partially mediate
X2 to Z	0.234	0,003	0.061	0.541	Innovation mediate perfect

Source: results of data processing, 2012.

Table 4 above shows that the role of innovation into two categories, namely:

- a. Innovation (Y) partially mediate the effect of market orientation (X1) on the performance (Z), because the beta coefficient X1 influence to Z though declining, but still remained significant. In other words, the effect of market orientation on performance tends to be direct marketing.
- b. Innovation(Y) perfect mediate the effect of learning orientation (X2) on the performance of marketing (Z) because the beta coefficient X2 influence to Z dropped dramatically and becomes insignificant. In other words, the effect of learning orientation on performance is indirect marketing through innovation.

The results of the present study support the results of the study Matear, Osborne, Garrett, Gray (2002); Olavarrietta & Friedmann (2008); and Eriz & Ozmen (2012) that innovation acts as a mediator in the relationship between market orientation and learning orientation with performance, The results of this study indicate that learning orientation towards innovation greater influence than market orientation variable. The results support the results of the studyAnshori (2011) that learning orientation provides the most powerful influence on the creation of innovation of the market orientation. Berbeda with research Baker & Sinkula (1999b)that market orientation has a direct impact on performance. Market orientation has an impact on performance through the mediation of product innovation. Learning orientation has a direct impact on performance, but the indirect impact through product innovation (Hussain et al., 2019).

CONCLUSION

Market-oriented business strategy will encourage behavior that organizational learning is the key to success in developing creativity and innovation, so that will have an impact on improving marketing performance craftsman doll in District Kotabaru Karawang regency. The results of this study indicate that market orientation positively and significantly associated with learning orientation as well as both a direct effect on innovation. While innovation directly affects the performance of marketing.

Role innovation in mediating the effects of market orientation and learning orientation toward marketing performance into two categories, namely:

- a. Innovation partially mediates, the influence of market orientation on performance marketing.
- b. Innovation mediates perfectly, influences learning orientation toward marketing performance and at once show that learning orientation has no direct effect on performance.

The research model has limitations, that they adopt and adapt the measuring instrument is usually done at the locus of Medium and Large Scale and the method of measurement is made subjectively, so although empirically all the instruments already validated and declared reliable, but according to the authors level accuracy is still low. Therefore, future studies in order to investigate this research model to take the focus of small and micro enterprises to develop other types of research methods and instruments that are more relevant and specific for Micro and Small Enterprises.

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