

Effect Of Competitive Advantage As A Mediator Variable Of Entrepreneurship Orientation To Marketing Performance

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Abstract: *This research is aimed to determine direct and indirect effects of entrepreneurship orientation on marketing performance via competitive advantage. This research also examines the role of learning orientation in this relationship. The location of this research in Small Medium Enterprises (SMEs) export in Great Malang Territory Indonesia. Result show that there were effect of entrepreneurship orientation on the performance of marketing. The role of competitive advantage as mediators of marketing performance was very important, but it was not followed by learning orientation, because there was no significant affect between this variable on marketing performance.*

Keywords: *effect, competitive advantage ,mediator variable, entrepreneurship orientation and marketing performance*

I. Introduction

The world economy is now in crisis and all countries experience economic slowdown. Because of that every country is required to establish policies that can improve the durability of its economy in order not to be dragged into this global crisis . Indonesia is trying to improve the performance of the economy through the formal sector which is supported by large corporations as well as state and private parties, and informal sector which is widely supported by Small and Medium Enterprises (SMEs) . It is believed that the SME is able to improve national economy and to overcome the economic problems in the country due to its enormous potential [1,2]. SMEs marketing performance can be achieved if the company has a high competitive advantage. Marketing performance of a company is reflected in the work results of various functional management interacting with each other proportionally to perform its functions well [3,4,5]. Marketing performance can also be achieved properly if companies implement entrepreneurship orientation which is a mechanism of selection that causes learning and exploratory behavior and decision making in product innovation [6,7]. Entrepreneurship orientation aims to create value for customers [8], which is very important to make them satisfied with the company performance. Entrepreneurship orientation should be supported with a high learning desire to continue to improve the quality of performance.

II. Review Of Literature

Previous Research

Wang [9] found that learning orientation can mediate the relationship between entrepreneurship orientation and marketing performance, and learning orientation should be done to maximize the impact of entrepreneurship orientation on marketing performance. Another research conducted by Lin et al [10] from Taiwan revealed no significant effect of entrepreneurship orientation on learning orientation also there was no significant effect of entrepreneurship orientation on innovativeness via learning orientation. Supranoto [11] found that there were three factors that could significantly affect the competitive advantage, namely: market orientation, innovation, and entrepreneurship orientation . In addition, this study also found a link between competitive advantage and marketing performance. Subsequent studies by Rhee [12] showed that the market orientation and entrepreneurship orientation significantly affected learning orientation . These research findings imply that entrepreneurship orientation and market orientation should emphasize on learning orientation in order to improve the ability of innovation (innovativeness) and to improve marketing performance ultimately.

Review of Theory Orientation Entrepreneurship

Entrepreneurship is a creative and innovative capabilities that form the basis and resources to look for opportunities to success [13]. According to Kottler [14], entrepreneurship marketing is an integrated concept in an era of change. Entrepreneurship marketing itself is defined by Morris and Lewis [15] as an activity to identify proactive efforts to achieve and sustain customer through innovative approach to risk management, resource

effectiveness, and the development of values. Entrepreneurship element that is widely known is freedom and autonomy [16,17], proactive and innovation [18,19], and courage to take risks [20,21,22].

Learning Orientation

Learning orientation is a process by which individuals try to gain new knowledge and insights that can develop and improve the behavior and actions [23]. Furthermore, [1,2]. Garvin [24] defines organizational learning as a process in which company learn to have expertism in creating , learning and transferring knowledge and attitudes. Three values are often used as indicators of organizational learning orientation are : commitment to learning , openness of thought , and a shared vision [25,26,27,28,29] . These values are the core components showing the learning orientation construct

Competitive Advantage

Competitive advantage can be obtained if the company can create value or benefit higher than cost. Consumers actually purchase the value or benefits of the product or service. If consumers get high value or benefits with low price than offered by competitors, the company already has a competitive advantage. Competitive advantage can also be derived from offering lower prices than what is offered by competitors for equivalent benefits or unique benefits [30]. Some common indicators used to measure the competitive advantage include: the uniqueness of the product , products quality, and competitive prices . The uniqueness of the product is the combination of the company artistic value with the customer's tastes . The product quality is the quality of design , materials and technology of the products, while the competitive price is the company's ability to adjust the price to market prices [30]

2.2.4 Marketing Performance

Marketing performance is a concept to measure the market performance of a product. Every company is interested to know the market performance of its products in order to identify its business success in the competition. Marketing performance is a construct or a common factor used to measure the impact of a corporate strategy . Sitorus [31] stated that the quality of marketing performance that is supported by an understanding to the consumers and new product advantages are the key to increase the success in creation of superior value for consumers . The creation of superior value for consumers is a stepping stone for a company to improve marketing performance. More simple and practical concept is also described by Ferdinand [5] who states that a good marketing performance is expressed in three major scales namely: customer growth , sales growth , and the market share, which ultimately leads to profitability.

III. Research Concept

Research Framework Concept

The application of entrepreneurship orientation can improve marketing performance [14]. Similarly, the orientation of the learning can also effect on marketing performance [32] and also on competitive advantage. Once companies achieve competitive advantage it can affect performance [11]. The conceptual framework begins with the relationship of entrepreneurship orientation with learning orientation. Slater and Narver [33] state that the encouragement of entrepreneurship culture becomes the foundation for organizational learning which enables the company to achieve a higher level of marketing performance and better customer value .

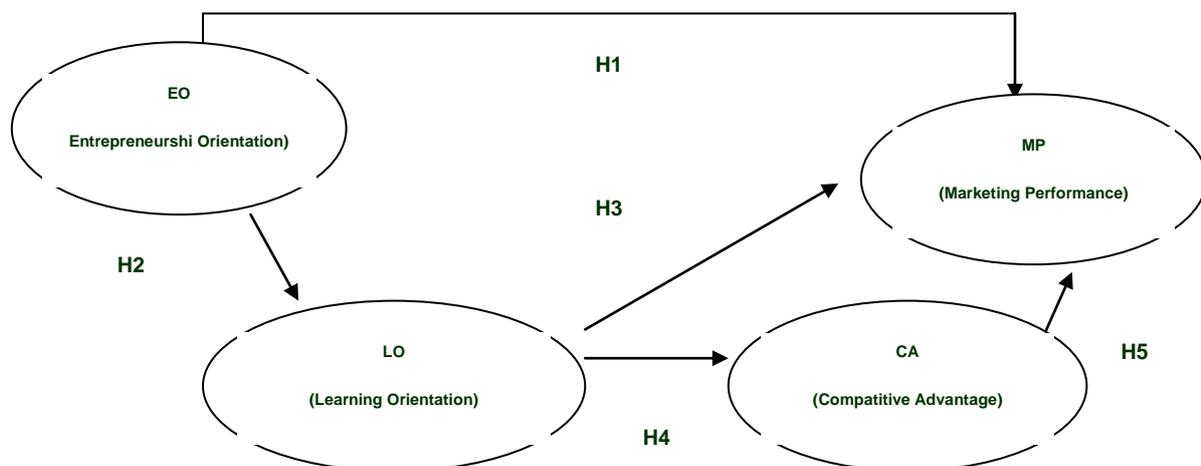


Figure 1 : Research Framework Concept

Research Hypothesis

- Hypothesis 1(H1) : Entrepreneurship orientation has positive significant effect on the marketing performance
- Hypothesis 2(H2) : Entrepreneurship orientation has positive significant effect on the learning orientation
- Hypothesis 3(H3) : Orientation learning has positive significant effect on the marketing performance
- Hypothesis 4(H4) : Orientation learning has positive significant effect on competitive advantage
- Hypothesis 5(H5) : Competitive advantage has positive significant effect on marketing performance

IV. Research Result

4.1 Inner Model (Structural Model)

Inner assessment model can be seen from the R - square value (Table 1), and can be measured as Goodness of Fit Model . Model Goodness of Fit value was obtained by calculating the Q-Square predictive relevance (Q^2). The result is a value of $Q^2 = 1 - (1-0,362) (1-0,321) (1-0,366) = 0,567$. Thus the model can explain the relationship between marketing performance (MP) and competitive advantage (CA), learning orientation (LO) and entrepreneurship orientation (EO) as big as 56.7%, and the remaining of 43.3 % is explained by other variables outside the model and error .

Table 1 : R -square values per variable

Variable	R-square
EO	0,000
LO	0.362
CA	0.321
MP	0.366

4.2 Hypothesis Testing

Hypothesis testing is indicated by the parameter of path coefficient and the level of significance.

Table 2 : Direct Influence Coefficients and Hypothesis Testing

Hypothesis	Correlation	Path Coefficients	P-Value	t -Statistic	Remark	
H1	EO -> MP	0.238	0.044	2.661	Sig	accepted
H2	EO -> LO	0.612	0.000	10.839	Sig	accepted
H3	LO -> MP	0.178	0.060	1.558	Non Sig	Not accepted
H4	LO-> CA	0.705	0.004	10.125	Sig	accepted
H5	CA-> MP	0.176	0.000	1.714	Sig	accepted

Description : t -stat = significant at $\alpha = 0.05$ level

Sources : PLS Processed in 2013

Further it needed to be revealed the indirect relationship between the variables with a possible role of mediating variable.

Table 3 Path Coefficient of Indirect Influence

Variable			Path Coefficient	Remark	Mediation Type
Exogen	Mediation		Endogen		
Entrepreneurship Orientation(EO)	Learning Orientation (LO)	Marketing Performance (MP)		0.109	Not Sig Non Mediation
Entrepreneurship Orientation(EO)	Learning Orientation (LO)	Competitive Advantage (CA)	Marketing Performance (MP)	0.076	Sig Complete Mediation

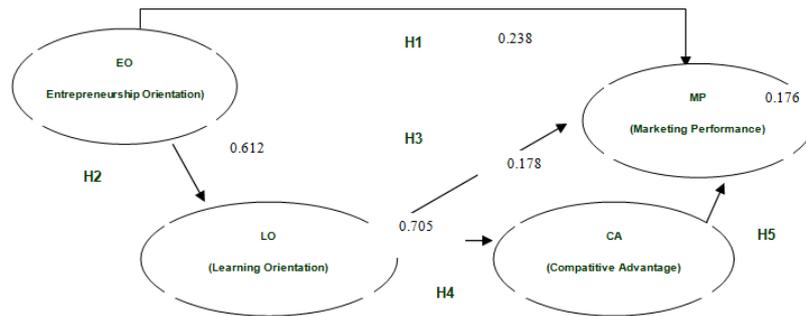


Figure 2 : Research Result

V. Discussion

The effect of entrepreneurship orientation on marketing performance

Hypothesis 1 (H1), shows positive significant effect of entrepreneurship orientation on marketing performance. Results suggest that the higher entrepreneurship activities of SMEs the higher marketing performance can be achieved . This finding is consistent with research conducted by Hazmi [34] who found that there was a positive significant influence of entrepreneurship orientation on marketing performance of company. These findings are also in line with Weerawardena's [13], stating that companies which conduct entrepreneurship activities will encourage higher performance. Similarly Doukakis [35]also state that high entrepreneurship activity is the key to success of performance because the main function of entrepreneurship orientation is to get optimal performance. Significant positive influence of entrepreneurship orientation on marketing performance suggests that SMEs export in Malang needs intensive conduct of entrepreneurship activities to achieve a high marketing performance. Entrepreneurship is realized by the courage of SMEs export in facing barriers , obstacles, and challenges as well as risks, and this become the key factors driving their success . Entrepreneurs who dare to take the risk and to see uncertainty as a challenge and dare to come in unknown market as well as accept failure gracefully would be a successful entrepreneur [36]. SME entrepreneurs who have an high entrepreneurship spirit tend to see the chances of success not the failure notice and assume failure as a learning process. However the findings of this study differ from the results of Wang research [9] where the relationship between entrepreneurship orientation and marketing performance was significant and positive only if mediated by learning orientation .

5.2 The effect of entrepreneurship orientation on learning orientation

Results of hypothesis 2 testing (H2) prove that there is a positive significant effect of entrepreneurship orientation on learning orientation. The results show that SMEs entrepreneur have to dare to make their own decisions (autonomy), dare to take risks and be proactive to take opportunities. They are also encouraged to have a high commitment to learning, be open-minded and broad-minded. The results of this study are consistent with the findings of the research conducted by Hazmi [34] (2004) and Wang [9]. In these research, similar findings indicate that there is a positive significant relationship between entrepreneurship orientation and learning orientation. These findings reinforce theory of Zimmerer and Scarborough [37],which states that a person who has an entrepreneurship orientation has the ability to think freely. With the ability to think freely, a person will always try to think independently and not bound by the beliefs and values shared by the surrounding community. The findings of this study are not consistent with the study conducted by Lin et al [10],showing that entrepreneurship orientation did not significantly influence learning orientation

5.3 The effect of learning orientation on marketing performance.

Results of hypothesis 3 testing (H3) shows that there is no evidence of a positive significant effect of learning orientation on SME export marketing performance. The findings of research among SMEs export in Malang is consistent with the findings of research conducted by Vijande [38] also Suliyanto and Rahab [39] which claim that learning orientation does not significantly influence the marketing performance. These findings suggest that the activity of SMEs to improve organizational values in creating and utilizing knowledge has no effect at all on the marketing performance. Likewise, company intention and sincerity in running principles, organizational values and vision of SMEs to open sources of information as much as possible have no effect on marketing performance. These findings are very interesting because a lot of experts state that learning orientation has positive significant effect on business performance and one of them is Baker & Sinkula [40]. The findings of this study are not consistent with the results of Martinette and Leeson [41] and Farrell [42] who show the significant relationship between learning orientation and marketing performance. Another study

conducted by Jimenez and Navarro [43] also found a significant relationship between learning orientation and marketing performance.

5.4 The effect of learning orientation on competitive advantage.

Testing results of hypothesis 4 (H4) prove that there is a positive significant effect of learning orientation towards SMEs export competitive advantage. These results are consistent with the findings of Sinkula Baker[40] which states that the high level of the learning process will be increasingly important in creating a sustainable competitive advantage in the company. Findings of this study also support Martinette and Leeson's research [41] which showed a significant relationship between learning orientation and competitive advantage. The research results can be concluded that in order to have a good competitive advantage of SMEs should encourage climate and good learning culture. This conclusion is in line with the idea of Barney [44] which states that an organization will have a sustainable competitive advantage if it has the resources or expertise that can give superior value to customers. Superior resources can only be gained by continuing updating knowledge and skills through the learning process. This finding is slightly different from that evidenced by Suliyanto [45] which showed that the orientation of learning has positive significant effect on competitive advantage only if it through innovation ,especially technological innovation

5.5 Effect of competitive advantage on marketing performance.

Testing of hypothesis 5 (H5) prove that there is a positive significant influence of the competitive advantage on marketing performance. The findings of this study are consistent with the results of study by Supranoto [11] and Kusumo [46] who found that competitive advantage significantly affect the performance of marketing. These findings also support Droge and Vickery [47] who claim that the competitive advantage of the company will ultimately affect the company's market performance as measured through customer growth. Competitive advantage is a SMEs position of superiority in the market through distinctive competencies and strategic assets of the company. Marketing performance is a measure of achievement gained from the activities of SMEs in overall marketing process. Marketing performance can be seen from the accomplishments such as: sales growth, growth in number of consumers, market share growth and an increase in profits. The findings of this study are not consistent with the findings of research conducted by Prakosa [48] which shows that marketing performance significantly influence to competitive advantage. Similarly, these findings differ with the theory proposed by Slater and Narver [40] which states that the effective corporate marketing performance is a configuration of practical management that provides facilities for the development of knowledge as a basis of competitive advantage.

VI. Conclusions And Suggestions

Conclusions

From the study, it can be concluded that : (1) Learning orientation has no direct influence on the performance of marketing ; (2) Competitive advantage to be a good mediator of learning orientation to performance marketing as a complete mediation ; (3) Competitive advantage needed to improve marketing performance, both directly and indirectly as a mediator of learning orientation.

Suggestions

Based on the research results can be suggested that : (1) A certain form of learning that can improve competitive advantage; (2) Preliminary research needs to be done to follow up on the results of this study as a recommendation to SME exports in Malang; (3) Implementation of further research can be conducted with different subjects or broader scope.

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