

## **Analysis Influence of Proactivity Power Business, Market Orientation, and Competitive Advantage toward Marketing Performance**

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### **Abstract**

This research is an empirical study on Batik SMEs (Small Medium Enterprises) in Cirebon District, West Java. This study analyzes the effect of proactivity power business, market orientation, and competitive advantage towards marketing performance. The subjects of this research were 215 Batik SMEs in Cirebon District West Java. The analysis was done using Structural Equation Modeling (SEM), AMOS ver. 18. The result shows that proactivity power business, market orientation, and competitive advantage give positive influence on marketing performance of Batik SMEs. The research implication is when SME businesses focus on the effort in improving their proactivity power business and competitive advantage, it will give positive impact on marketing performance. Other research finding reveals that the orientation of customer and orientation of competitor have some effects on marketing performance. In addition, SME businesses should know what customers want and they should be able to identify their competitors in order to improve their marketing performance.

### **Keywords**

Batik SMEs, Proactivity Power Business, Market Orientation, Competitive Advantage, and Marketing Performance

Received: 28 October 2015; Accepted: 20 November 2015; Published Online: 30 December 2015

### **Introduction**

Performance is measure succeeded or grade of a success to reach a goal for a company. The grade of a succeeded can be looked from the marketing performance, human resourcing performance that have been being the company itself. The good Company performance show the succeeded and efficient from company's attitude. Marketing performance is part of a organization performance. According to Voss and Voss (2000), market performance defined that measurement efforts grade of

performance that including marketing's turnover, the number of buyers, the profit and selling growth. According to Keats et al., (1998) market performance is the ability of organization transform themselves to facing the challenge and the environment with long-term perspective. Marketing performance is archivement measure that obtainable from the process of marketing activity over all from a company or organization. Ferdinand (2000) told that marketing performance is a factor that sometimes using to measure of effect or

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impact from strategy that applied by companies. Marketing performance otherwise in 3 main scales, which are sale, selling growth, and market size.

There are some result from research about effect about entrepreneurship orientation and market orientation to competitive advantage and marketing performance. Entrepreneurship orientation give an impact to marketing performance with mediation competitive advantage. (Mahmood R and Norshafizah H, 2013). Entrepreneurship orientation have positive relation with competitive advantage (Sirivanh, T, at al, 2014). Proactive approach is an important aspect be related with marketing activity when searching competitive advantage (Lumpkin and Dess, 1996). Marketing Proactive approach stimulating competitive advantage (Hunt & Madhavaram, 2006). The stronger market orientation so higher product excellent. (Langerak, at al, 2004). Market orientation give an positive impact to competitive advantage (Safarina, at al, 2011). Competitive orientation and customer orientation take effect to differentiation advantage. Competitive advantage take effect to marketing performance (Zhou, et al, 2009). Market orientation immediate effect and indirect effect with competitive advantage to marketing performance (Ge, L and Ding D, 2005).

## Literature Review

### Proactivity Power Bussiness

Proactive is a response of the opportunities in the market, and proactive companies and take the initiative and to be a leader with take advantage of this opportunities, with another word, the explore the source, looking for the opportunities in the market and create a new market niche.

Proactive is a chance looking for the opportunities, forward-looking perspective and involve to introduce a new product or service in front of rivalry and act in anticipating request in the future to create a

change and create a environment (Lumpkin and Dess 1996). Proactivity refer to how far a company is a leader or follower and related with positive aggressiveness relative against competitors (Davis et al., 1991).

Brendle (2002) find that proactivity from business owners is source of excellence advantage. the presence of a proactive orientation with leading individuals from a company is organization resource that very important which often produce an excellence above organizations of competitive.

H1 : Proactivity Power Business give positive effect to competitive advantage

### Market Orientation

Kohli and Jaworski (1990) defining, market orientation is a operational outlook against point of marketing, that is focus on to consumer and coordinated marketing. So, market orientation more focus on image creation of organization against ability to get sympathy from customer because be able to provide a excellent service so the consumer feel satisfied. Jaworski and Kohli (1993) conclude that market orientation related with attitude and activity in the organization. Narver and Slater (1990), Deshpande, Farley and Webster (1993) adopted the culture perspective. Even in the next job, Deshpande and Farley (1989) said that culture market orientation isn't in one set of activity. Narver and Slater (1990) defining that market orientation is to be: culture of organization that very effective create a attitude that needing to created superior score for buyer/customer and superior performance continuously for business.

### Customer Orientation

Kohli and Jaworski (1990) tell that customer-oriented culture is marketers are trying to focused on a customer's habitual in consumed their products. Zhou's researched et al., (2008) find that if a com-

pany look for costumer is value more services, the company assume that customer who sensitive about the price, the company tend to develop competition orientation. Beside that, the larger the company's customer orientation, more and more companies that can capable to develop an competitive advantage according to innovation and market differentiation.

Zhou et al.,'s research (2008) related market orientation and competitive advantage, that the larger company has a consumer orientation, more larger inovation to reach corporate excellence and market differentiation excellence to be better. According to result from Safarnia, et al., (2011) market orientation give a postive effect and signification against competitive advantage. Next, according to result from Zhou et al.,'s research (2009) customer looks like to be dominant factor who take the responsibilities to reach competitive advantage. recognition opportunities will enable the company to predict an new requirement and customer tastes, and at least causing competitive advantage which is stable. (Schindehutte et al., 2008)

H2: Market orientation give a postive effect to competitive advantage.

### **Competitors Orientation**

Competitors orientation refer to company's ability to identifying, analyzing, and responding the action of competitor (Kohli and Jaworski, 1990). Competitors orientation can increase competitive advantage company with enable doing benchmark, learning, copying, and increase competitor's product successly (Day and Wensley, 1998). A competitive advantage happens when a company has one or more competition that enable to create a point that more superior, relative onto competitors, and some market segments (Hunt and Morgan, 1995). When business to be more dinamic and the manager smarter, depend on own product to give some profit that only produce temporary benefits.

Competitive is for outperform rivals in intern obstacle and extern that continously change for satisfy desire and consumer needs (Dickscon, 1992). Hunt and Morgan (1995) pronounce that company keep fight to reach comparative advantage by resource, that will produce market position specially and at least superior financial performance. Company keep moving to exploit their resource to reach competitive advantage, competitor will observe this action and will make improvements so can rivaling their competitors (Kuester et al., 1999).

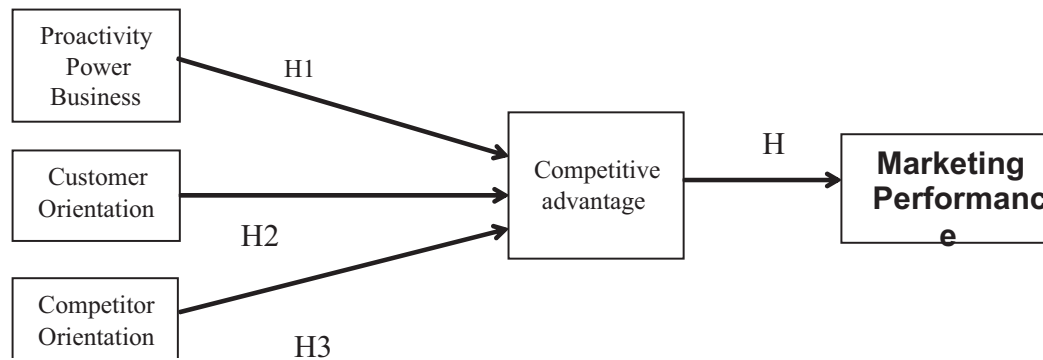
H3: Competitor orientation give a positive effect to competitive advantage.

### **Competitive Advantage**

Competitive advantage can be differentiation advantage although price advantage. According to Slater (1997) company who using differentiation advantage and price advantage continously will create point plus for customer, even for short-term although in long-term, so the company's performance relativewill be compared with its competitors by customer satisfaction and loyalty. Company performance who superior has positive related which is very high compared company competitive advantage (Barney, 1991; Wrigth et al., 1995; Porter, 1985). Result from Tomas and Barbara Cater's research (2009), company competitive advantage has positive related with company performance. Sayed and Narges's research (2012) pronounce that competitive capability take positive effect directly to consumer satisfaction, finance performance and marketing performance. According to Majeed (2011) competitive advantage has positive related with company performance. Wang and Lo (2003) explain a related between a unique advantage and organization marketing performance with counting sales growth from the level of sales revenue, profitability, return on investment, result, point plus of product, and market segment.

H4: competitive advantage take positive effect to marketing performance.

According to that essay, so can make empiric research as:



**Figure 1. Empiric Research Model**

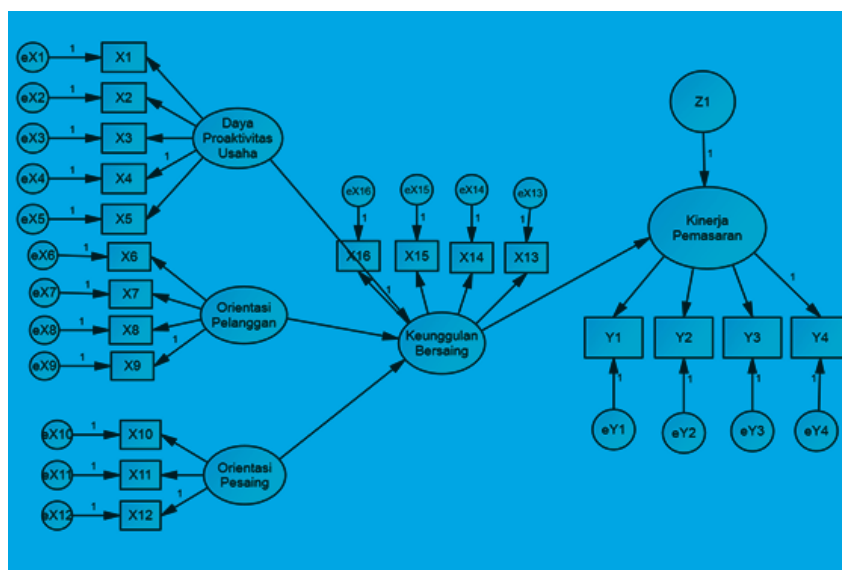
### Research Method

The unit of analysis in this research is SMEs batik industry in Cirebon district. responded for this research is a owner or leader SMEs where their competition will be data resource in this model development competitive advantage and marketing performance.

Population that using in this research is a owner or entrepreneur of a batik industry in Cirebon district, 403 for craftsmans and 74 for showroom owners (Disperindag Cirebon district, 2013). Sampling technique is with census. It is done as effort for obtaining data that is accurate with low er-

ror rate. The come back questionnaire are 262, and there are 15 uncomply requirement because their experience is less than 3 years and 2 questionnaire cause they haven't permanent staff. Questionnaire that using in this research are 383. After doing analysis data, there are 30 questionnaire that outlier so it must be dropped, so the questionnaire that can be treated for thest the accuracy of model are 215 questionnaire.

For analysis data in this research using analysis technic Structural Equation Modelling (SEM) with using AMOS program (Analysis of Moment Structure).



Source : was developed for research, 2015

**Figure 2. Empirical Research Model Flowchart**

## Result and Discussion

### Result

#### Respondent Identity

**Tabel 1. Respondent Identity**

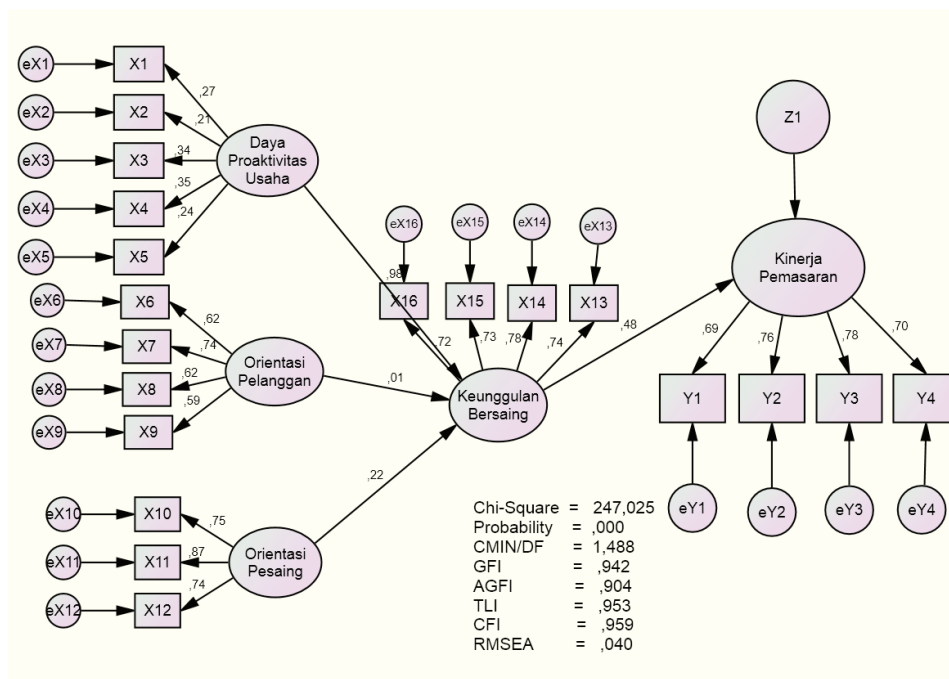
characteristics of Respondents	Frequency	Percentage
<b>Gender</b>		
a. female	86	39,7
b. Male	129	60,3
<b>Age</b>		
a. < 29 years old	7	3,2
b. 30-39 years old	59	27,4
c. 40-50 years old	69	31,9
d. > 50 years old	80	36,5
<b>Education</b>		
a. Elementary School	110	51,3
b. Junior High School	50	23,2
c. Senior High School	38	17,7
d. S1	12	5,8
e. S2	0	0
The Others	5	1,9
<b>Business experience</b>		
a. 3 – 5 years	22	10,3
b. 6 – 10 years	37	17,1
c. 11 – 15 years	40	18,7
d. >15 years	116	53,9

Source : Analysis Data result, 2015.

According to table 1 can be concluded at all batik entrepreneurs that being respondent in this research is dominated by male. Respondent consisting of owner, manager, owner and manager at once are dominated by age above 50 years old, this explain that the entrepreneurs with that age still having big spirit doing business and having great creativity in developing batik effort. The most Respondent in this research having elementary school level of education, this is describe that respondent feel with that

level of education they still can being creative from producing beautiful patterns of batik, they also can do batik business that is developing enough. Respondent in this research dominated by having experience at business more that 15 years. At all respondent very experienced in batik business so they already understand with specifics of batik business development. Respondent having a long experience in doing this business.





Source: the results of the data, 2015

Figure 3. Full Model

Tabel 2. Full Feasibility Testing Index Model

No	Kriteria goodness Of-fit-index	Cut of Value	Result	Information
1	Chi-Square	250,207	247,025	Good
2	Probability	$\geq 0,05$	0,000	Marginal
3	TLI	$\geq 0,95$	0,953	Good
4	CFI	$\geq 0,95$	0,959	Good
5	GFI	$\geq 0,90$	0,924	Good
6	AGFI	$\geq 0,90$	0,904	Good
7	CMIN/DF	$\leq 2,00$	1,488	Good
8	RMSEA	$\leq 0,08$	0,040	Good

Source : analysis Data result, 2015.

Suitability test against the model shows that this model is fit against data which is using in this research. This is seen from that criteria, which is: Chi-Square, CMIN/DF, GFI, TLI, CFI and RMSEA at all ac-

cepting very well. Although probability and AGFI included in marginal criteria, but according to Hair et al.. (2010) if 5 criterias fulfilled so model categorized fit.

**Table 3. Hypothesis Testing Results**

Hyphothesis			P	Information
Proactivity Power Business	→	Competitive advantage	,000	Significant
Customer Orientation	→	Competitive advantage	,624	No significant
Competitor Orientation	→	Competitive advantage	,000	Significant
Competitive advantage	→	Marketing Performance	,000	Significant

Source : Analysis data result, 2015

Information : Significant at  $\alpha$  : 5%

## Discussion

Hypothesis 1: Proactivity power business give positive effect to competitive advantage

Proactivity power business give effect to competitive advantage. Result for this research one way with result of Brendle's research (2002) find that proactivity from business owner is competitive advantage resource. More agresive power business creativity, so competitive advantage is higher, that company will capable against competitive.

According to empiric data in the area, having result that proactive effort that doing by SMEs batik with doing developing a new product, new market change the pattern to facing environment changing can increase product competitive advantage so more superior from the other competitive.

Hypothesis 2: Customer orientation doesn't take effect to competitive advantage

Customer orientation doesn't take effect to competitive advantage. Result from this research doesn't one way with result from Zhou et al., 2008; Safarnia et al., 2011; Zhou et al., 2009; Schindehutte et al., 2008's research. That research generally explain that company ability in understanding and addapted with customer desire, unable make the company having competitive advantage with the competitor.

In SMEs batik in Cirebon district adaptability customer tastes doesn't take effect to product competitive advantage. That things happens because SMEs batik tend make batik design it is not in accordance with customer desire, can't make the company having competitive advantage which are desired.

Hypothesis 3: Competitor orientation give effect to competitive advantage

Competitor orientation take effect to competitive advantage. Result from this research supporting by Hunt and Morgan's opinion (1995) pronounce that when company keep fight for reach comparative advantage through source, that will product competitive advantage. Result from this research in the sam way with result from the research from Safarnia et. al (2011) that every component market orientation contribute at competitive advantage, even the effect relative varies in accordance with thespecific dimensions of competitive advantage.

Result from the research proven that every company that can responds changing the design that doing by competitor, adapt quickly competitor changing in expand market, and responded promotion that the competitor doing will make increase product of competitive advantage. Competitive orientation take positive effect and significant against competitive advantage. SMEs Batik in Cirebon district doing

some changing of design to responding the competitor, adapted quickly against the changing that doing by competitor in expand market, and company do some promotion that can increase product of competitive advantage.

Hypothesis 4: Competitive advantage give effect to marketing performance

Competitive advantage take effect to marketing performance. This result give positive support that ability of company in facing the competitive can make one of determinant succeeded marketing performance in the company. (Li, 2000; Wang, 2008; Suhong Li, et al., 2006; Cooper, 1994; Navarone, 2003).

Majeed (2011) explain that there are positive related between competitive advantage and company performance. The higher standard product of competitive advantage which are product have an own typical design of product, having higher value, product is harder to copied and replaced by competitor product can increase marketing performance.

## Conclusion

According to result of analysis data, proven from 4 hypothesis, much of 3 hypothesis are accepted. Power business proactivity from owner of SMEs batik in Cirebon district take effect to competitive advantage of product batik Cirebon. Owner of SMEs Batik Cirebon proactive in doing business to can producing product that having competitive advantage. Customer orientation doesn't take effect to competitive advantage. This is happens because owner and craftsman batik in Cirebon district make batik doesn't looks like what the customer wants, but they make batik according to their creativity. Owner SMEs will make batik according to requesting from customer if they specially ordered

like for school uniform and office staff, or uniform for a party or some events. Competitor orientation take effect to product batik to competitive advantage. Company that can look and give a respond against competitor changing in developing and doing changing in their product and market expansion will can doing innovation so the product itself will superior or excellent. Some SMEs Batik in Cirebon district already tried to respond a changing that doing by competitor. According from interview that fellow SMEs considered not to be potential competitor. Efforts to respond the competitor such as more doing marketing to expand and increase the number of product that selling by. The higher product of competitive advantage which are product having an own typical design, having a higher value, the product is harder to copied and replaced by competitor's product can increase marketing performance. Batik Cirebon product that having competitive advantage can increase marketing competitive. Batik product that having high competitive advantage will having standard of succeeded which is higher. Gain market share which is bigger, having bigger profit and reaching target of selling and easily reaching profit.

## Recommendation

This research hoping can give contribution against product of SMEs competitive advantage especially SMEs batik. Owner of SMEs Batik can developing and increasing their product competitive advantage by making a new different design, more interesting, and can't be replaced by competitor's product, having more value so the marketing performance can increase. For research that will come can doing research at different object, such as at some SMEs that having enough of product typer such as SMEs of snacks.



## Note on Contributor

**Lili Karmela Fitriani** is teacher and researcher in Department of Management, Faculty of Economics, Universitas Kuningan. She gained her bachelor degree from University of Pasundan, master of Management Science from the Padjadjaran University and economics graduate doctoral program in 2014 from Diponegoro University. She published in journal and several conference proceedings including : Journal of Global Strategic Management, proceeding ICBESS, proceeding International Conference Multidiscipline Research ( iCMR), Konferensi Nasional Riset Manajemen (KNRM) PPM School,

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