

Academy of Strategic Management Journal (Print ISSN: 1544-1458; Online ISSN: 1939-6104)

Research Article: 2022 Vol: 21 Issue: 3

Building Marketing Performance Models Using Innovation and Competitive Advantage as Intervening Variables: An Empirical Study Conducted on Pt Pegadaian

Joko Prasetyo, Universitas Sriwijaya

Mohammad Adam, Universitas Sriwijaya

Zakaria Wahab, Universitas Sriwijaya

Muchsin Saggaff Shihab, Universitas Sriwijaya

Citation Information: Prasetyo, J., Adam, M., Wahab, Z., Shihab, M.S., & Gunarto, M. (2022). Building marketing performance models using innovation and competitive advantage as intervening variables: an empirical study conducted on pt pegadaian. *Academy of Strategic Management Journal*, 21(3), 1-13.

Abstract

Marketing is one of the major indicators of company performance with several studies observed to have been conducted in relation to this concept, but there are gaps concerning its key determining factors. Therefore, this study aims to examine the relationship between marketing performance, innovation, competitive advantage, as well as market and learning orientation. It also analyzes the role of innovation and competitive advantage as intervening variables. The survey was conducted on 220 agents of PT Pegadaian spread across the province of South Sumatra, Indonesia, and the data collected were analyzed using the Structural Equation Models (SEM) approach through the LISREL program package. The results showed that market and learning orientation had a positive and significant effect on innovation and competitive advantage but did not directly affect the marketing performance. Moreover, innovation and competitive advantage were also observed to have a positive and significant impact on the marketing performance, and also served as good intervening variables for the effect of market and learning orientation on marketing performance. The managerial implication of this study is that PT Pegadaian needs to continue making changes related to services based on market orientation including those associated with the customers and competitors, and also to ensure more effective coordination between their functions. Furthermore, there is also the need to develop learning orientation more massively to increase innovations and create a competitive advantage.

Keywords

Competitive Advantage, Innovation, Market Orientation, Market Performance, Learning Orientation.

Introduction

There is a need to measure company performance in order to determine whether it has been able to achieve its objectives. This can be in the form of the current level of performance, predicting the future, or carefully monitoring ongoing processes, and one of the major indicators of this performance is marketing. Several factors have been reported to be influencing this concept such as innovation and competitive advantage (Prasetyo et al., 2021; Prasetyo et al., 2020). This is associated with the findings that the offering of innovative and unique products in the market usually leads to high performance (Salim et al., 2021).

Several studies also showed that learning orientation has a more positive impact on organizational performance than market orientation (Kaya & Patton, 2011; Liu et al., 2002; Mahmoud et al., 2016; Perin & Sampaio, 2003; Hongming et al., 2007; Mahmoud et al., 2016). Meanwhile, previous empirical results showed that market orientation is a key factor to gain a competitive advantage (Hongming et al., 2007). This company's advantage which is also known as comparative competitive advantage or cooperative advantage also has the ability to directly affect the process of improving company performance (Day & Wensley, 1988).

Several empirical studies showed the effect of market orientation on organizational performance but there has not been final agreement among the scholars (Hongming et al., 2007). This was confirmed by Langerak (2003) after reviewing 51 relevant studies published in international journals that the positive impact of market orientation on organizational performance is questionable. This means there is a need for further studies to determine the relationship between these concepts. Therefore, this study was conducted to analyze the effect of market and learning orientation on innovation and competitive advantage and their subsequent impact on marketing performance. It also focused on analyzing the intervening roles of innovation and competitive advantage on the effect of market and learning orientation on marketing performance at PT Pegadaian. The findings are expected to be used in making empirical recommendations for the market financial industry and to promote business leaders to immediately implement strategic steps towards improving marketing performance considering the emergence of several competitors in the financial industry.

Get the App



Literature Review

Relationship between Learning Orientation and Innovation

Knowledge-based resources are important for innovation because they increase the ability to discover and take advantage of enterprise opportunities. Meanwhile, a theory of knowledge-based firms requires that resources be defined precisely enough to determine the firms with more significant knowledge and explain how it leads to competitive advantage. It is important to note that these resources cannot be easily imitated by competitors, thereby leading to the differentiation of companies in the market.

Knowledge-based resources are intellectual properties developed based on specialized knowledge which play an important role in enterprise innovation and deter competitors from copying them. They usually include organizing principles, skills, and processes guiding organizational action. Moreover, the dissemination of knowledge throughout an organization usually helps in increasing its capacity for environmental awareness, thereby leading to an increase in the overall potential for better outcomes in innovation based on more insight and reflection of the workforce. This means knowledge-based resources are important in determining several factors such as the new product and its design as well as ensuring optimal design, cost, and reliability. Furthermore, the application of these resources based on market knowledge and awareness of competitors' capabilities normally forces companies to engage in innovative actions.