

The role of organizational commitment, entrepreneurial orientation, and architectural marketing capabilities on improving marketing performance by using network chain capability of goods in tourism market

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ABSTRACT

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Entrepreneurial orientation is carried out to improve management's ability to deal with market changes. This study examines a new concept of network chain capability that is capable of mediating the relationship between entrepreneurial orientation and marketing performance of goods in tourism market. The study also verifies the architectural marketing capabilities and organizational commitment to improve network chain capabilities that have an impact on marketing performance of goods in tourism market. In this study, 6 hypotheses are developed and tested with data collected from 185 respondents in the handicraft industry focused on tourism market. Data are analyzed using AMOS 22.0 statistical software which successfully tested 6 hypotheses with significant results. The study proves that network chain capability is declared feasible as a mediating variable. Managerially, network chain capabilities can be practiced as a marketing tool to improve performance.

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1. Introduction

The era of industrial revolution 4.0 has changed the business competition map from energy to partnerships or synergies among companies. Companies that are able to create a business network are firmly bound in a network chain so that they would be able to exist and have sustainable excellence. Building a company's reputation requires the ability to create value for business networks. Clark and Hammond (1997) state that companies that are able to make efficiency and collaborate in a business network must be able to compete. With the enactment of the ASEAN Economic Community, it is a challenge for businesses to obtain and integrate information and material flows through business networks to support the innovation process and be proactive to market changes. Achievement of increasing the company's ability to meet the needs and desires of consumers (Lee & Whang, 2000). The concept of business networking collaboration is widely applied by multinational companies. According to Richard et al. (2004), from the definition of entrepreneurial orientation, it seems that the concept of entrepreneurship generally describes the main things that are performed by entrepreneurs. The results of the research by Lee and Tsai (2005) does not identify any significant relationship between entrepreneurial orientation and company performance. Madsen (2007) states that there is a significant relationship between entrepreneurial orientation and organizational performance of business or network relations. Networking is a variable that is considered important for all types of companies, especially those relating to the fact that the economic environment is becoming increasingly competitive. Networks are becoming increasingly important because they make it easier for companies to access information, resources, markets and technology (Gulati et al., 2000; Mughal, 2019). However, exploring the networks also needs the internal support as commitment can play influential role in achieving organizational performance. Organizational commitment plays an important role, where managers

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can make changes so that employees reconsider the current situation and decide to stay. It also enables the organization to predict the recruitment and planning of human resources. Based on this description, this study aims to analyze the role of chain networks for improving the sustainable business performance, and investigate the effect of organizational commitment capabilities in increasing business networks.

2. Literature Review and Hypotheses

2.1. *Entrepreneurship Orientation and Network Chain Capability*

Entrepreneurial orientation is a form of behavior where or how the company shows its innovation, activity, and courage to take risks in its strategic decisions. It is showed that the high closeness of the relationship between entrepreneurial orientation, company capability, and innovation. Innovation-based strategies will accumulate specific capabilities that will distinguish them from competitors and have sufficient ability to deal with different environments. The fundamental activity of entrepreneurship is not only by creating products that are superior to competitors, but also superior and gaining recognition from customers because explicitly they have become part of their needs (Weerawardena, 2003). Network chain capability refers to a network, which is implied as an act of making contact with other people and organizations, can also be classified as human resources and networking is an alternative to using internal resources. Information and social networks are considered important for the formation of companies and for the success and sustainability of the company (Malecki, 1997). In terms of organizational commitment, previous studies emphasize variables that are the key to the emergence of employee turnover, namely behavioral commitment. The importance of behavioral commitment is closely related to turnover (Mobley, 2007). As all is directed to achieve performance, the managers should pay attention to managing all resources to improve financial and non-financial performance. Hence, performance is a multidimensional concept and the relationship between entrepreneurial orientation and performance can depend on the indicators used to access performance (Lumpkin & Dess, 1996). Many empirical studies report a large number of different performance indicators (the study of Combs et al., 2005); Non-financial performance measurement measures business goals as well, such as satisfaction and the level of success in the global scope that can be achieved by owners). Or their managers, measuring financial performance measures factors such as sales growth and ROI, with regard to financial performance, often with low convergence between different indicators (Combs et al., 2005).

2.2. *Entrepreneurial Orientation and Sustainable Business Performance*

Covin and Slevin (1986) have conducted many empirical tests of the relationship between entrepreneurial orientation and company performance, including the correlation coefficient between entrepreneurial postures, which is defined as risk taking, product innovation, and proactive/aggressive attitude of top management with company performance. Covin et al. (1994) found no significant relationship. Zahra and Covin (1995) in the new study stated a positive relationship.

H₁: The higher the Customized Social networking Capability, the higher the sustainable business performance.

2.3. *Entrepreneurial Orientation and Marketing Architectural Capability*

The nature of managerial work has long been studied (Hortoványi, 2009). Managerial work is made up of a series of activities, and managers show these activities in a predictable and different way depending on social identity, and the role being carried out. Consequently, differences between entrepreneurial managers and administrative managers can be traced back to the expectations of their roles. One method is used to direct the question of entrepreneurial management practices to clearly see the role of entrepreneurs. In order to understand the phenomenon more deeply, the hypothesis will be formulated based on the role of entrepreneurship originating from the literature (Hortoványi, 2009).

H₂: The higher the entrepreneurial orientation, the higher the marketing architectural capability.

2.4. *Entrepreneurial Orientation and Network Chain Capabilities*

Relational ability means that companies are active in interacting with better business partners and can understand specific information related to opportunities and benefit by collecting data. Another common feature in relational capabilities is the development of the company's ability to establish communication, collaborate and regulate mutually beneficial business relationships. Paulraj et al. (2008) stated that capabilities strive to communicate with target markets, and are the best approach to retaining customers, creating greater satisfaction and an important way to build strong customer loyalty to the organization or innovation and co-value creation (Ngugi et al., 2010).

H₃: Entrepreneurial orientation influences network chain capabilities.

2.5. *Organizational Commitment and Network Chain Capabilities*

Interpersonal relationships of entrepreneurs as corporate agents-with other individuals and organizations can present leadership, bridges, and shortcuts through ways in which a company can find, access and mobilize opportunities and external resources (Hite, 2005) Uzzi (1997) observed that personal networks are especially preferred for long-term economic success.

Furthermore, they perform calculations, making strategic choices regarding their network; adding new bonds, fixing weak bonds into strong bonds, or breaking ties based on changing needs (Elfring & Hulsink, 2007; Hite, 2005).

H4: The higher organizational commitment, the higher network chain capabilities.

2.6. Organizational Commitment and Company Performance

Voerman (2003) believes that the third level of activity that has an influence on the company's export performance is the commitment of resource behavior or a number of trusted resources to be able to export. For example, Evangelista (1994) found that translating commitment attitudes into actual behavior (measured as a collection of funds (funds) that have been allocated, travel, and priorities, proactivity) that can increase manager satisfaction through exports. Dean et al., (2000) also found that weaknesses in focus and commitment to foreign markets negatively explained the difference in export sales between the performance of high exporters and the low performance of exporters (but not the ratio of exports or export growth).

H5: Organizational commitment has a positive effect on sustainable marketing performance.

2.7. Network Chain Capability and Sustainable Business Performance

Performance is a multidimensional concept and the relationship between network capabilities and marketing performance can depend on the indicators used to access performance (Lumpkin & Dess, 1996). Many empirical studies have reported many differences in performance indicators (the study of Combs et al., 2005). Measuring non-financial performance also measures business goals such as satisfaction and the level of success in the global scope that can be achieved by owners or their managers, measuring financial performance measures factors such as sales growth and ROI (Smith & Lohrke, 2008).

H6: Higher level of the network chain capability has an effect on sustainable business performance.

3. Method

The populations in this study were all managerial managers as managers and owners and managers who had worked for 3 years or more, while the samples in this study were done using accidental sampling techniques. The number of samples taken was 185 companies. Questionnaire was used to determine how much influence the networking chain capability on marketing performance. Data analysis was used to simplify data so that data was more easily interpreted. Analysis techniques used to process and discuss data and test hypotheses were by SEM. For testing SEM assumptions, the appropriate sample size for SEM analysis was a minimum of 100 and then a comparison of a minimum of five observations for each parameter estimate (Ferdinand, 2000). Numbers of samples in this study were 185 respondents. The results of the univariate and multivariate normality test data in this study indicate (CR) which was more than ± 2.58 (Gozali, 2006). Based on the Mahalanobis distance output, it can be seen that there were four observers which show outliers symptoms, namely observation number 2, 19, 20 and, 27. In this study, the outlier data found on the observation was omitted, and then the data is tested again for further analysis.

4. Results

4.1. Confirmatory Factor Analysis

Confirmatory factor analysis (CFA) explains the measurements of dimensions that form latent variables in the research model. The latent variables used in this study consist of 4 unobserved variables and 14 observed variables as the forming dimensions. The purpose of confirmatory factor analysis is to test the unidimensionality of the dimensions forming each latent variable. The results of data processing for Confirmatory Factor Analysis are shown in Fig. 1, while the description of the numbers from the model feasibility test results is shown in Table 1.

Table 1
Feasibility Testing Results

Goodness of Fit Index	Cut Off Value	Test Result	Description
Probability	>0.05	0.001	Fit
GFI	>0.90	0.935	Fit
AGFI	>0.90	0.918	Fit
TLI	>0.95	0.988	Fit
CFI	>0.95	0.989	Fit
CMIN/DF	<2.00	1.167	Fit
RMSEA	<0.08	0.024	Fit

The results indicate that the model is fit because all the goodness of fit criteria is at a good level. Probability of 0.079, which means that the null hypothesis is accepted, that the model hypothesized is the same as empirical data. This indicates that

statistically and theoretically, the model built has both explained and defined the construct of market sensing. The test results show that the indicators in the model have met the recommended criteria (Hair et al., 2010). Based on the good suitability indexes of the loading factor values and the significance of loading factors, it can be concluded that the network chain capability measurement model is suitable or fit with the research data.

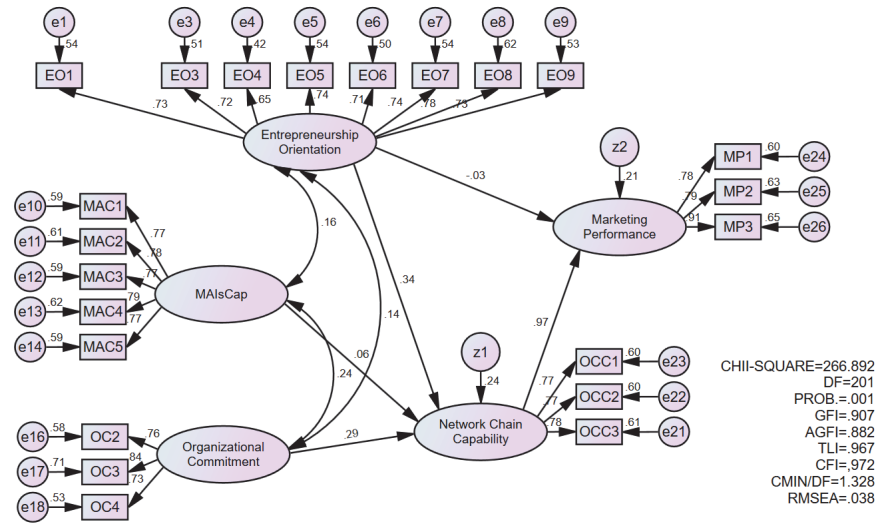


Fig. 1. SEM Test Results

4.2. Reliability Test and Variance Extract

Unidimensionality and reliability testing are carried out to determine the degree of conformity that is good in explaining the dimensions in a model. Unidimensionality is an assumption used to calculate reliability. Reliability is a measure to assess the indicator's consistency in indicating a model. There are 2 ways that can be used to assess the consistency of a model, that is, by observing the reliability construct and extract variance. The cut of values are 0.70 and 0.60, respectively.

4.3. Hypothesis testing

The hypothesis testing is based on data that has been collected and then tested by using SEM version 22. This test is done by analyzing the value of CR and P value. Then we compare the results of testing the data with the conditions required in processing data with SEM, namely the value of CR above or equal to ± 1.96, for the value of P is under 0.05. If the results of testing the data are fulfilled the requirements, then the hypothesis in this study is accepted.

Table 2 Results of testing the hypothesis

Hypothesis	Estimation	CR	p-value	Confirmation
EO → NCC	0.83	4.411	<0.05	Accepted
MAC → NCC	0.73	3.842	<0.05	Accepted
OC → NCC	0.83	3.744	<0.05	Accepted
EO → MP	0.70	2.548	<0.05	Accepted
NCC → MP	0.98	10.298	<0.05	Accepted
EO → OC	0.72	2.861	<0.05	Accepted

EO= Entrepreneurship Orientation; NCC= Network Chain Capability; OC= Organizational commitment; MP= Marketing Performance; MAC= architectural marketing capability

The results have shown that the entrepreneurship orientation (EO) has significant effect on the network chain capability (NCC) with Estimate of 0.83 and Critical Ratio (C.R) value of 4.411. The significance has shown the value of 0.00<0.05. This indicated that the hypothesis stating that entrepreneurship orientation significantly affects the network chain capabilities is accepted. The results have shown that entrepreneurship orientation (EO) has a significant influence on organizational commitment (OC), with the Estimate of 0.72, C.R of 2.861, and p-value of 0.00<0.05. This presented that the hypothesis stating that entrepreneurship orientation has a significant influence on organizational commitment is accepted. Furthermore, the testing also showed that entrepreneurship orientation (EO) has a direct influence on marketing performance (MP) with the Estimate of 0.70, C.R of 2.548 and p-value of 0.00<0.05. This showed that the hypothesis stating the significant effect of entrepreneurship orientation on marketing performance is accepted. In terms of the effects of architectural marketing capability (MAC) on the network chain capability (NCC), the statistical output showed that there is a significant influence, indicated by

the Estimate of 0.73, C.R of 3.842, and p-value of $0.00 < 0.05$. This means that the hypothesis stating the significant influence of architectural marketing capability (MAC) on the network chain capability is accepted. Moreover, in the effect of organizational commitment (OC) and network chain capability (NCC), the results showed the Estimate of 0.83, C.R of 3.744, and p-value of $0.00 < 0.05$. This showed that the hypothesis stating that there is a significant effect of organizational commitment and network chain capability is accepted. Lastly, in testing the mediating effect, the results showed the significant effect of network chain capability (NCC) on marketing performance (MP), indicated by the Estimate of 0.98, C.R of 10.298 and p-value of $0.00 < 0.05$. This showed that the hypothesis stating that there is a significant effect of network chain capability on marketing performance is accepted. This also showed that the network chain capability (NCC) is able to act as mediating variable in relationship between entrepreneurship orientation, organizational commitment, architectural marketing capability and the marketing performance of goods in tourism market.

The results support the understanding that entrepreneurial orientation has positive implications for marketing performance through behavioral commitment and network chain capabilities. The results of the calculations clearly show that every effort is very likely to benefit from running an entrepreneurial orientation. Indicators that support the entrepreneurial orientation process are indicators of behavioral commitment variables which consist of a) information gathering, b) information utilization, and c) human resource empowerment and d) special structures, while network capability variables are indicators (relational skills, relational reciprocal, and network coordination), which strongly supports increased marketing performance (sales growth, market segment growth, new customer growth, and profit growth). The results of this data analysis support the research conducted by Voerman (2003) and Wiklund & Shepherd (2003). The influence of the mediation of network chain capability variables on the entrepreneurial orientation process is a new finding in this study. The findings also support the results of Mahmood and Hanafi (2013) research and Ma'atooft and Tajeddini, (2010), the idea that the dimensions of entrepreneurial orientation in terms of innovativeness, risk taking, and reactivity, of companies are creative and innovative in developing products and services, proactive in responding to market changes quickly, and taking risks as elements of entrepreneurial orientation. The organization can continue to survive and be able to carry out the changes that occur will be more successful in improving its performance compared to companies that do not do it. The results of testing have indicated that organizational commitments had the greatest influence on the performance of handicraft in tourism market, especially to increase sales growth, profitability, customer satisfaction and quality of goods and services.

5. Conclusion

The results showed that entrepreneurial orientation has significant effects on organizational commitment, network chain capabilities and marketing performance. The results have also revealed that architectural marketing capabilities and organizational commitment had significant effects on network chain capabilities as mediating variable. Lastly, the testing has also shown the significant effect of network chain capabilities on marketing performance. The results have revealed that increasing entrepreneurial orientation to improve the performance of goods in tourism market in North Sumatra will more likely to provide greater results if done through increasing behavioral commitments, which in turn, will increase behavioral commitment to improve the performance of craft in tourism market in North Sumatra, due to behavioral commitment of managers and owners has a relationship with the cognitive process of variability or environmental diversity and managerial aspects to improve the relationship between entrepreneurial orientation and the performance of organization. Related to the dimensions of the entrepreneurial orientation variable, the calculation results have shown that entrepreneurial managers tend to consider proactive actions as part of the exploitation of business opportunities. Interestingly enough, their company often becomes the first company to introduce products or services, administration, systems, and new production methods and normally the goods in tourism market is very oriented towards developing business competitiveness.

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