

The Influence of Market Orientation and Learning Orientation to Innovation of Kerupuk, Keripik, and Peyek in Padang City

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Abstract

The purpose of this research are to analyze : (1) The influence of market orientation to innovation of kerupuk, keripik, and peyek in Padang (2) The influence of learning orientation to innovation of kerupuk, keripik, and peyek in Padang.

The type of this research is causative research. The population on this research is SME (Small Business Enterprise) that registered in Padang. The total sample of this survey is 77 SME kerupuk, keripik, peyek and the others. The result of research shows that (1) Market orientation has significant effect on Innovation of kerupuk, keripik, and peyek in Padang (2) Learning orientation has significant effect on Innovation of kerupuk, keripik, and peyek in Padang.

The conclusion is market orientation and learning orientation have significant effect on innovation. Learning orientation has higher influence on innovation in this research. For the future research is better to explore more about variable that can influence innovation.

Keyword : Market Orientation, Learning Orientation, Innovation

Introduction

In the business world, business environment and customer preferences will always have a change to be more dynamic and complex. Each firm is required to survive by making internal changes to anticipate any changes in business and market demands. To deal with the changing business environment and changing customer preferences, many companies introduce the idea of market orientation, which is one of the important developments in marketing studies. Market orientation is a continuum that is characterized by the presence of a level of a firm in acquiring, disseminating, and responding to information obtained from customers, associates, and competitors. The firm will get better performance when the firm is trying to focus on market orientation with specific emphasis on flexibility and faster response time (Baker and Sinkula, 1999; Hardley and Mavondo, 2000; Noble et al, 2002; Benito et al. , 2009).

This research seeks to analyze several influences on Market orientation and Learning orientation small and medium enterprises (SMEs). The interrelationships among entrepreneurship, market orientation, learning orientation, innovation and its implications for business performance have been widely examined in the marketing literature (Bhunian, Menguc, & Bell, 2005; Chen, Lin, & Chang, 2009). Slater and Narver (1995) suggest that an entrepreneurial culture promotes learning orientation. The characteristics of entrepreneurship including autonomy, pro activeness, and risk taking are strongly related to knowledge attainment, and the development of new behavior's to encourage learning (Slater & Narver, 1995). From another perspective, organizational learning will lead to organizational staff adopting entrepreneurial characteristics at the individual level, which may translate into entrepreneurial climate in organizations. Similarly, market orientation with an entrepreneurial drive provides the cultural foundation for organization learning, which enable to achieve a higher level of performance and better customer value (Slater & Narver,1995).

Padang is one of the city that have many SME. So in this research we want to know about what is influence Market orientation and Learning orientation with innovation kerupuk, keripik, and peyek in Padang.

Theoretical Review

Innovation

According to the Choi (2014) innovation has been conceptualized diversely, according to the different views on various issues (e.g., to consider it broadly or narrowly, to regard it as culture or behaviors, how to define the innovation unit, the innovation target, and the speed of change). Choi (2014) also explain, Innovation can be a new product or service, a new production process technology, a new structure or administrative system, or a new plan or program pertaining to organizational members. Since the end product of human service organizations is a service or program, this study defines innovation as “adopting new ideas and actions generated or developed inside or outside the organization into services, programs, and processes.”

According H.N. Nasution 2011 there are some indikator innovation (1) Process Innovation (2) Product Innovation (3) Administrative Innovation

Market Orientation

According to Rahab (2012) Market orientation is firm's attempt to always produce the products / services in accordance with the needs of the market/consumers. Market orientation will encourage companies to innovate at all times. Innovation Process in a firm closely associated with the learning process that develops in the firm. Choi (2014) explain the study defines MO as “organizational efforts to create and sustain competitive advantage through sensitive responsiveness to market changes under the superior value for customers”

According to H.N Nasution et al (2011) there are some indicators: (1). Competitor orientation (2). Interfunctional coordination (3). Customer orientation

Relationship of Market Orientation with Innovation

Henard and Szymanski (2001) identified positive connection between market orientation and innovativeness. Salavou et al. (2004) further showed that market oriented SMEs facing strong competition tended to be more innovative. They found that market orientation increased the SMEs' innovative activity. Competition-related characteristics and industry concentration and barriers to entry appeared to also have significant effects on SMEs' innovative activity, hence:

H1: Market orientation is positively related to innovations.

Learning Orientation

According to Morales (2007) Learning Orientation is the firm's capability to maintain or improve performance based on experience. This activity involves the acquisition of explicit and tacit knowledge (development or creation of skills, insights, relationships), knowledge sharing (dissemination to others of what has been acquired by some), and knowledge use (integration of learning so that it is assimilated and broadly available and can be generalized to new situations)

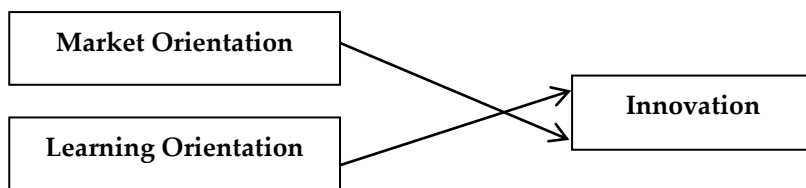
Choi (2014) Learning orientation is a concept to indirectly measure organizational learning from a cultural perspective. Learning orientation have been discussed together because they are often perceived as similar concepts and both related to the understanding of organization wide phenomena such as organizational culture and norms. The significance of the capacity of learning orientation is increasingly growing in today's knowledge-based society. Especially in human service organizations, the capacity of human resources as service providers is crucial for organizational success, and thus organizational learning is strongly emphasized to empower human resource. Indicators of Learning orientation are: (1) Commitment to learning (2) Open-mindedness. (3) Share vision

Relationship of Learning Orientation on Innovation

Additionally, several scholar argue that Learning orientation require asence of innovation. it is not possible to conclude whether the effect of learning orientation and on performance is exclusively indirect, i.e. through their positive impact on innovation, or if a significant direct effect can be

obtained. Moreover, the literature has usually focused on firm innovativeness, that is to say, the degree in which the organizational culture promotes and supports innovation (Lee and Tsai, 2005; Keskin, 2006).

Model



Method

The type of research that will be conducted is causative research. This research explains and illustrates the relationship between the independent variables of Market Orientation and Learning Orientation of the dependent variable is Innovation.

According to Lawrench Neuman (Sugiyono:2012), "population is the whole object of research". The sample according to Sugiyono (2012) is "the part or representative of the population studied". Sample in this study are SME kerupuk, keripik, and peyek that registered in Padang city. Therefore the sample size taken is 77 SME using the Slovin approach formula

$$n = \frac{N}{1 + N d^2}$$

In this study, the instrument to collect data in this study is a questionnaire compiled by using Likert scale. To ensure that the instruments used in this study were accurate and reliable, the questionnaires were tested using validity and reliability tests. Test Validity and Reability in this study, for $n = 30$ then r table is 0.3610. Based on the valid test that has been done, there are 38 questionnaire statements whose value is above the r table value that is 0.3610. Then the statement is valid and can be continued for research. The reability test is performed to determine the extent to which a measurement result is relatively consistent when the measurement is repeated from different times. If the value of cronbach's alpha above 0.70 then the research instrument is called reliable. Based on the results of cronbach's alpha has been done, the variable atmosphere of the store, customer engagement, service quality, and brand image otherwise reliable.

The analysis technique used in this research is descriptive analysis, inductive regression analysis and multiple linear regression analysis. In the early stages to analyze is done by using descriptive analysis of variables, by presenting the data into the frequency distribution table, calculating mean and interpretation. The next step is inductive regression analysis by performing normality test, multicollinearity test, and heterokedasticity test. The next step is linear regression analysis of F, and t test and determinant coefficient test (R^2).

Results And Discussion

Results

Respondent's characteristic. Respondents in this study were grouped by sex, age, work, income, visits, and visit more than once. Here are the results of research on the characteristics of respondents in this study:

- The majority of SMEs stated more than 5 yeras are 46 company (59,7%)
- The majority of SMEs have more than 5 Employee are 49 company (63,7%)
- The majority of SMEs not accept order is 48 company (62,7%)
- The majority of SMEs have target market inside Padang city with 64 company (83,1)

So, the conclusion is majority of researcher SME are business who have employee more than 5 and target market inside Padang city.

Discussion

Hypothesis 1

There is a significant effect between the Market Orientation (X1) and Innovation. Based on result of analysis test known significant value equal to 0,013 <alpha 0,05. This means that Ho is rejected and Ha accepted, so the alternative hypothesis proposed in the research is accepted, that there is significant influence between Market Orientation (X1) toward innovation in Padang.

This is in line with Hassim et al. (2011), this research have significant effect between market orientation and innovation. Market orientation positively influences the innovation behavior as it encourages the organization to seek additional knowledge in order to improve and change the current business processes, product and services. Wiwoho (2012) show that the influence of market orientation on product innovation strong and undirectional. IKM should be able to respond to environmental factors in in order to create stability and existence of SMEs. For making product innovation, a company must pay attention to the market and learn from previos sales, because knowledge of market orientation and learning orientation is the key success to innovate the product to be produced.

Hypothesis 2

There is a significant influence between Learning Orientation (X2) with innovation. Based on the results of analysis test known significant value of 0.00 <alpha 0,05. Hence Ho is rejected and Ha accepted, so the alternative hypothesis proposed in the research accepted, that there is significant influence between Learning orientation (X2) with the Innovation (Y). This line with previous reaserach by Farrell (2000) have influence with innovation. Farrel suggests that once an organization becomes market oriented, it begins to adopt and implement a learning orientation. Market orientation is a major cultural foundation of learning organizations, so the establishment of market orientation inherently implies being a learning oriented organization. The other research ,Numerous studies emphasize the importance of a firm's learning orientation and its impact on innovation (Chung, Yang, & Huang, 2015; Rhee, Park, & Lee, 2010; Tho & Trang, 2015).

Conclusion

Based on the results of research and discussion that has been done about the influence of the parasocial interaction youtube vlogger, brand image, brand value and price with purchase intention it can be concluded as follows: (1) Market orientation has a significant influence on innovation kerupuk, keripik, and peyek in Padang. The meaning is if the SME has good market orientation the innovation will be increase. (2) Learning orientation has a significant influence on innovation kerupuk, keripik, and peyek in Padang. The meaning is if the learning orientation SME good the innovation will be increase.

Suggestions

Based on the results of the research above, to improve the inovation SME should increase market orientation and learning orientation for their business. Industry should think about new innovation and development the product to make good quality product and competitive product.

Limitation

The current research poses a series of limitation which later works should aim to overcome. These are the main lines of the future research: it would be interesting to explore more about the influence market orientation and learning orientation to know more about other variabel. And for the future reseach its better to explore again the variable that influence innovation.

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