

THE CONCEPT OF NETWORK MARKETING AGILITY AND ITS IMPLICATIONS

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Abstract—This study aimed to explore the concept of network marketing agility and the underlying parameters to support a more concise explanation. This study is part of a dissertation study applied to the analysis unit of private higher education institutions. The parameters of network marketing agility includes initiative, responsive, agile and proactive attitudes in the establishment of partnerships and collaborations, the facilitation of team empowerment (in the form of work communication and corporate support for teamwork formation), harmonization including in the working rhythm, complementarity between units within institutions, and agility of social network activities (initiative, agile, responsive, and proactive to take part in social activities including tradition and wisdom). The existing literature reveals that so far, no research has captured the holistic view of network marketing agility. Previous articles tend to more discuss agility on manufacturing industries. Thus, this study is considered to have a unique and significant contribution to the literature.

Keywords—network marketing agility, private higher education institution com

I. INTRODUCTION

Today, a problem emerges in the landscape of the higher education sub-sector competition. Higher education institutions in the millennial era face increasingly competitive challenges. The competition characteristics of the public higher education institution market are also different from the private higher education market. Private higher education institutions must always be active and innovative in providing competitive advantages in terms of service quality. As one of the non-profit organizations, private higher education institutions must be able to stand alone. Private higher education institutions have their own market segment and niche that are quite diverse. Private higher education institutions are also challenged to be always able to support themselves, so they must provide

prime service, maintain service quality, increase competitive advantage on an ongoing basis to keep the input of target students or customers. Efforts to improve quality are one strategic priority point of higher education business to establish a competitive advantage in the increasingly competitive era.

In this increasingly globalized work, competition volatility and environmental uncertainty underlie the importance of being initiative, responsive, agile, and dynamic in facing the competition in the higher education market. Higher education institutions must have high agility and responsiveness in building networks and long-term partnerships with their stakeholders. But, *how can this be done?* The research reported through this article explains the concept of network marketing agility. *Network Marketing Agility* derives from medium-range theories of resource-based view. The conception of network agility is a type of networking capability. Through this article, the researcher describes the synthesis results of several medium-range theories which then generate a novel conception of network marketing agility. As discussed in previous studies (Agus Toryanto and Hasyim, 2017), network capabilities in law firm research units have a significant effect on corporate performance. The role of social networking has a positive effect on the performance of small and medium enterprises in the international market (Zhoun Wu, and Luo, 2007). The contributions of this article are as follows:

1. Developing and analyzing a conceptualization of network marketing agility in the context of private higher education institution competition
2. Examining how network marketing agility is manifested in the landscape of higher education business
3. Providing guidance on how the higher education business can use research findings to create a stronger network marketing agility with their stakeholders.

II. CONCEPTUAL FRAMEWORK

A. Resource Based View

In Felicity Kelliher (2009), resources are tangible and intangible assets related to a company in a semi-permanent way. Meanwhile, a capability is a way to accomplish different activities depending on available resources (Grant, 1991). Some synthesis results are opinions of experts regarding resource-based views. The one is from Wernerfelt (1984) and Penrose (1959) stating that resources owned by a company as a competitive advantage and way for the company to compete externally. The RBV concept is the parent theory of resources. The contribution of this resource-based paradigm produces various derivatives of resource theory. Sustainable competitive advantage refers to tangible and intangible internal uniqueness that is distinctive and difficult to imitate. The characteristics of resources leading to sustainable competitive advantage (SCA) are fulfilling the criteria of *Valuable, Rare, Difficult to Imitate, and Non Substitutable* or commonly abbreviated as VRIN (Barney, 1991; Barney, Wright and Ketchen, 2001). An SCA can be obtained if companies can effectively empower their resources.

B. Dynamic Capability

At first, the development of dynamic capability theory was underlaid by the fact that the resource-based view does not explain competitive advantage in a more complex and changing environment because of its static nature (Zander and Kogut, 1995; Priem and Butler, 2001; Danneels, 2008; Bingham *et al.*, 2015). Reality demands a theory that has relevance with things related to the sustainability of competitive advantage in a rapidly changing business environment (Teece *et al.*, 1997; Zahra *et al.*, 2006). Dynamic capability strengthens the entrepreneurial competence, easily adapts to ecosystems that are new and oriented to great innovation and collaboration (Teece, 2009). Dynamic capability reflects the company's capability of constantly adjusting to changes through the process of sensing and seizing opportunities as well as configuring assets and routine operations (Teece, 2010a). Concepts of dynamic capability derive from the RBV theory and are used in strategic management, entrepreneurship and marketing (Barreto, 2010). The dynamic capability framework emphasizes the importance of absorptive capacity and adaptability to changes (Chang, Hou, and Lin, 2013) and the development of organizational transformation and business model (Teece, 2016) to improve the company's operational intelligence (Teece, Peteraf and Leih, 2016). A dynamic capability also has a fundamental influence in shaping organizational intelligence. This intelligence factor plays an important role for companies in anticipating the effect of uncertainty emerging due to

innovation (disruptive) and competition dynamics (Teece, Peteraf, and Leih, 2016).

C. Marketing Capability

The concept of marketing capability mainly focuses on companies driven by market needs. Companies are more ready to respond to market needs and able to anticipate changes in conditions to enjoy a long-term competitive advantage and superior profitability. The most characteristic features of market-driven organizations are their mastery of market sensing and the capability to connect customers. According to Goerge Day (1994), market-driven organizations are superior in their market sensing capability and customer relationships. Capability differs from assets. Assets are resources that have been accumulated by businesses (for example, investments in scale, scope, and efficiency of facilities and systems, brand equity, and the consequences of the activity location for factor costs and government support); and capability is the adhesive that holds all these assets together and allows them to be used profitably. Capabilities are different from assets because they are deeply embedded in organizational routines and practices that cannot be traded or replicated (Dierkx and Cool, 1989). A capability is a complex set of skills and accumulation of knowledge which is carried out through organizational processes and allows companies to coordinate activities and utilize their assets. There are three capabilities manifested in typical business activities, including order fulfilment, new product development, and service delivery (George Day, 1994).

D. Relationship Marketing

Relationship marketing is the development of a social-minded marketing concept in which long-term customer satisfaction and welfare are the main focus. Relationship marketing emphasizes the development of a long-term relationship or interaction with customers (Gronsoos, 1994). The focus of relationship marketing is on a mutual exchange benefit and the willingness and awareness to fulfil the business commitment (fulfilment promise) agreed by all relevant parties (Mysen, Svensson and Payan, 2011). Morgan and Hunt (1994) emphasized long-term exchange relationships on the conception of relationship marketing.

E. Network Marketing

Network marketing is directed at the relationship between one to other organizations (Gadde *et al.*, 2003) and involves ongoing cooperation (Wilkinson and Young, 2002) and negotiations (Mouzas and Ford, 2003). Motivations for networks include as follows:

1. Being flexible to deal with rapidly changing and highly competitive markets;

2. Developing the skills and resources needed to identify and convert innovation quickly into commercial success, and
3. Achieving important operational efficiency to offer values to customers, shareholders, and other stakeholders (Cravens, Piercy and Shipp, 1994).

F. Agility

Agility can improve the ability to proactively respond to unexpected and unpredicted environmental changes. Agility is useful to encourage the dynamic capability of large and medium scale organizations. The conception of organizational agility is broadly defined in the Advanced Research Program Agency (ARPA) and Agility Forum (AF) as "the capability of functioning and competing in a dynamic, sustainable, and often unpredictable state of change" (ARPA and AF, quoted in Sarkis, 2001, p.88).

III. METHODS

The literature review was through the scientifically and transparently stages of writing (Cook *et al.*, 1997). The used literature review was a collection of previous studies originating from journals, literature books discussing the parent theories and intermediate range theories, and dissertation works. Furthermore, to analyze selected articles, the researcher applied technical content analysis. The selected articles were limited to only those of literature review or conceptual paper. Therefore, it was necessary to identify the dynamic competence needed to improve organizational agility. A systematic approach by synthesizing is useful in minimizing bias and increasing the legitimacy of the data analysis. The literature search conducted was limited to only Scopus-indexed literature. The database included research from the publishers of *Emerald*, *Elsevier*, *Sagepub*, *Springer*, and *Science Direct*. The process review used to identify articles for this study is done in three stages as explained below. **The First Step** was identifying the grand theory publication of the resource-based view as an analysis unit with various basic criteria. During the first search, therefore, conference articles, comments, and book review articles were issued, aiming to focus on journal publications (Seuring and Muller, 2008). This limitation was intended to maintain the quality of publications. **The Second Step** was selecting the types of scientific publications in the category of conceptual paper or literature review. **The Second Step** was selecting the types of scientific publications in the category of conceptual paper and literature review. Only conceptual or empirical articles discuss the middle-range theories generating the derivation of network marketing agility which would pass through the screening process. More specifically, the inclusion criteria for articles selected for full analysis are as follows:

1. Discussing middle range theories about the concept of the RBV, dynamic capabilities, marketing capabilities, and organizational networks.
2. Conceptually or empirically discussing market-oriented companies and the corporate competition of the higher education sub-sector.
3. Implicitly or indirectly providing conceptual or empirical references that companies focusing on market urge have an impact on their performance.

The third step was synthesizing the articles and doing the final screening. In this last stage, all articles meeting the criteria in *Step 2* were read in detail and synthesized as the final analysis of the content. Each reference cited in the articles was used as a secondary source of analysis of literature.

IV. RESULTS AND DISCUSSION

An organization cannot carry out their strategies without the support of other organizations' resources and capabilities (Powell, 1990), so cooperation is highly needed. The basis of network formation is that one organization cannot (or does not want to) overcome complexity and risk in the environment and is unable (or unwilling) to meet the demands of skills and resources required to compete in the global market (Cravens *et al.*, 1993, Goldman *et al.*, 1995).

Therefore, company agility is the main determinant for managing and maintaining network relationships. Besides, agile companies are more able to utilize network structures as a mechanism that allows fast and flexible access to important and valuable resources, capabilities and information to enhance corporate competitiveness and performance (Yang and Liu, 2012, p. 1039). Agility not only mobilizes the anticipatory capability but also creativity (Baskerville *et al.*, 2005).

Agile marketing is important in accelerating businesses, markets, and customers. Agility involves capabilities that exceed the competitor speed in adjusting the resources needed. Based on the previous explanation, a new concept synthesis called *network marketing agility* can be derived. The concept was extracted from several ground theories and middle-range theories such as resource-based view, dynamic capabilities, relationship marketing, network marketing, and network agility.

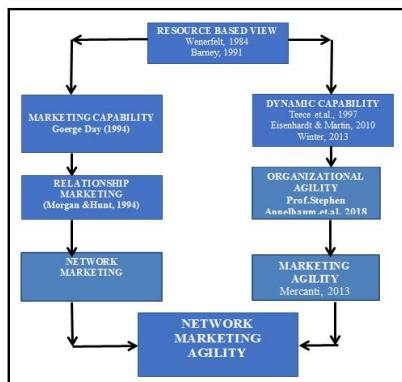


Fig 1. Mapping State of The Art Concept of Network Marketing Agility

Barreto (2010) said that the concept of *dynamic capability* derives from the theory of RBV and used in strategy management, entrepreneurship and marketing. *Dynamic capability* in the article Teece, Peteraf, and Leih (2016) is an organizational capability that shapes agility or intelligence. Organizational intelligence is an intangible resource urgently needed in the climate of speed and changes in the market competition environment. In the last flow, a new conceptual synthesis formed, namely *network marketing agility* which is a synthesis resulted from the combination of *network marketing* and *organization agility* concepts. Thus, it can be concluded that network marketing agility is a set of skills and capabilities that are agile, responsive, proactive, firm, and fast in detecting market changes. It is knowledge learning by utilizing and integrating internal and external partnership networks in the marketing chain between customers, competitors, and stakeholders in an adaptive and flexible way with the aim of creating superior values for customers." Based on these definitions, network marketing agility refers to the corporate capabilities of deftly capturing opportunities for long-term partnership cooperation, proactively fostering the harmonious relationships with stakeholders, adapting to market situations and sensing market. In other words, network marketing agility includes initiative, responsive, agile and proactive attitudes in the establishment of partnerships and collaborations, facilitation of team empowerment (in the form of work communication and company support for the formation of work teams), harmonization including in the working rhythm, complementarity between units within institutions, and agility of social network activities (initiative, agile, responsive, and proactive to take part in social activities including tradition and wisdom).

V. CONCLUSION

Back to the research problems articulated at the beginning, by considering these opportunities, it can be concluded that network marketing agility is a new conception that successfully facilitates the turmoil of managerial practices in the management of private higher education institutions regarding how they should be agile, skilful, adaptive and flexible in managing and improving internal and external partnership networks. Agility is an intangible asset that can be used as a corporate competitive advantage. Placing the findings reported in this article for use is considered to be useful to remember the following main managerial implications:

1. In this study, we expand and deepen the new conception of network marketing agility because the existing literature reveals no studies discussing network marketing agility to date.
2. This study also strengthens the parameters that form network marketing agility in the context of private higher education institution competition.
3. It is highly important for every higher education institution to improve skills, competence, and agility to maintain relationships with internal and external partnerships and maintain long-term relationships to understand what becomes the trend of long-term market needs.

RESEARCH FUNDING

This research activity is supported and fully funded by The LPDP-BUDI DN Scholarship Scheme for PhD Management Program in Universitas Brawijaya Indonesia awarded by The Indonesian Ministry of Finance and The Indonesian Ministry of Research and Higher Education

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