



Interdependence of Human Resource Management Aspects to Strengthen Market Orientation at Tourism Industry SMEs

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Abstract. The objective of this research is to analyze the interdependence of human resource management aspects for the strengthening of Market Orientation. The subject of research is tourism industry SMEs in East Java Province. Hypothesis test is conducted with multiple regression tests. Data processing is carried out with software SPSS version 25. Data analysis technique involves classical assumption test, multiple regression analysis, hypothesis test, and determination coefficient test. There are 5 (five) hypotheses proposed in this research, as follows 1) Quality of Work Life has significant effect on Market Orientation; 2) Retainer has significant effect on Market Orientation; 3) Innovative Culture has significant effect on Market Orientation; 4) Quality of Work Life, Retainer, and Innovative Culture simultaneously affect Market Orientation; and 5) Innovative Culture dominates the effect on Market Orientation. The results showed that there are three aspects (Quality of Work Life, Retainer, and Innovative Culture) directly contributing to strengthening Market Orientation. Then, these three aspects have a simultaneous effect on strengthening Market Orientation, and Innovative Culture has the most dominant influence on strengthening Market Orientation.

Keywords: Quality of Work Life · Retainer · Innovative Culture · Market Orientation

1 Introduction

The quantity of tourist visits is an indispensable paradigm in the tourism industry because the number of tourists is the biggest contributor of foreign exchange [1]. Concerned with that, tourism growth may offer the bigger chances for the betterment of people welfare [2]. Furthermore, the tourism industry not only becomes a vital factor for economic development but also has a huge contribution to the national economy. Quantitatively, the contribution of the tourism industry to Gross Domestic Product is around nine percent. Therefore, overwhelmed by the promising business opportunity from the tourism

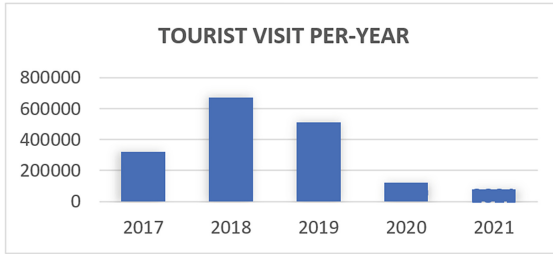


Fig. 1. Tourist Visit per Year (Source: bps.co.id)

industry, the government decides to position the tourism industry as a priority development sector, which is later expected to deliver foreign exchange as much as possible [3].

However, the decline of tourist visits from 2017 to 2021 needs to be solved strategically. This decline is graphically illustrated in Fig. 1.

Apparently, the absolute aspect of strategic solutions to the decline phenomenon above is used as a success indicator for the national development program to attain the goal of sustainable tourism. The attainment of this goal can be made possible through the empowerment of tourism industry SMEs [4, 5]. Knowing the competitive advantage that Indonesia can get from the tourism industry, the Indonesian government invites Indonesian citizens to maximize tourist destinations around their residences. This invitation is manifested through empowerment of tourism industry SMEs. One strongest reason behind this empowerment is that tourism industry SMEs are proven to be capable of surviving multidimensional crises in 1998 and global crises in 2008. Known as the strong contributor to local income, therefore, tourism industry SMEs are promoted as the activator of Indonesian economics [6]. Factually, tourism industry SMEs represent the biggest contributor of GDP until now. Indeed, tourism industry SMEs need to be empowered recalling the fact that this empowerment will deliver a significant impact on economic betterment either for individual or whole citizens [7].

In relation to this statement, the Indonesia tourism sector has a very significant contribution to people's welfare, accounting for 92.38% of Gross Domestic Product [8]. Therefore, any strategy concerned with Human Resource Management will always be a dominant strategy for the improvement of people welfare.

Pertinent to the labor issue, tourism industry SMEs have contributed jobs to more than 11 millions Indonesian people. This contribution comes from the proper marketing strategy prepared by tourism industry SMEs in regencies and cities. The development and empowerment of tourism industry SMEs can be initiated from the optimization of HRM strategy but still shall be collaborated, formulated, and integrated with proper marketing strategy. In consequence, the tourism industry has been promoted as a priority development sector with an assignment to produce foreign exchange [3].

The Quality of Work Life is considered to be able to increase the participation and contribution of members of the organization. This concept is closely related to the principles of job satisfaction, morale, survival, effectiveness and maintenance of employees [9].

In addition, the establishment of an effective compensation system is an important part of human resource management because it helps to attract and retain talented jobs. Studies also proved that the company’s compensation system clearly has an impact on strategic performance. Because of that, SMEs can apply a culture of innovation as a strategic tool to improve performance and facilitate the development of new products as organizational culture is the decisive key to corporate innovation [10].

2 Methods

Quantitative approach is used in this research. The objective of this research is to analyze the interdependence of human resource management aspects for the strengthening of Market Orientation. The subject of research is tourism industry SMEs in East Java Province. Multiple regression tests are operated for hypothesis tests. Software of SPSS version 25 is used for data processing.

The data used were collected from primary and secondary sources. Primary data were obtained from questionnaires with questions whose answers were measured using five Likert scales. The questionnaire was distributed to 400 respondents who are managers of tourism SMEs in five large to medium-sized cities in East Java. Secondary data were obtained from scientific literature from various credible scientific sources.

The conceptual framework of research is the relationship or relationship between one concept and another of the problem to study. The researcher made the conceptual framework obtained from the concept of science/theory used as a research basis [11–14]. The researcher illustrates the relationship among quality of work life (x1), retainer (x2), innovative culture (x3), and market orientation as in Fig. 2.

Next, the researcher need to formulate hypothesis or the temporary answer to the research problem [15]. There are 5 (five) hypotheses proposed in this research, as follows
 1) Quality of Work Life has significant effect on Market Orientation; 2) Retainer has significant effect on Market Orientation; 3) Innovative Culture has significant effect on Market Orientation; 4) Quality of Work Life, Retainer, and Innovative Culture simultaneously affect Market Orientation; and 5) Innovative Culture dominates the effect on Market Orientation.

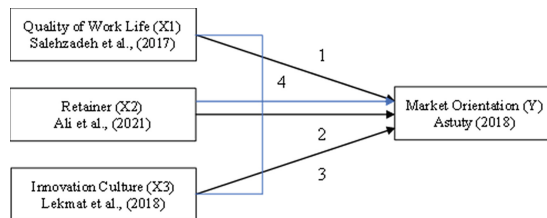


Fig. 2. Conceptual Framework

3 Findings and Discussion

3.1 Findings

Validity test is applied on items that constitute the variable. In this research, the variable refers to Quality of Work Life, Retainer, Innovative Culture, and Market Orientation at the tourism industry SMEs. The requirement says that the items of variable are considered as valid if correlation coefficient value is higher than critical value (r). Result of validity test shows that validity value is 0.195 with $DF = n - 1$ at significance level of 0.05 (5%). According to this result, the correlation coefficient value of all items is higher than r -table. Therefore, the items are said as valid.

Afterwards, a reliability test is carried out on variable items. Reliability coefficient is used as the measure of reliability and the scale is anchored from 0 to 1. If the value is closer to 1, then it will be more reliable. The results of the reliability test are presented in Table 1.

After testing the validity and reliability the analytical procedures were conducted. The data are processed with a computer program, namely SPSS version 25 for Windows. Analytical procedure method used is multiple linear regression analysis that was done partially and simultaneously. Each of partial and simultaneous tests is elaborated as follows:

Referring to the contents of the Table 2, the results of partial test on research variables will be elucidated as follows:

Hypothesis one states that Quality of Work Life has a significant effect on Market Orientation. The result of the partial test shows that Quality of Work Life has T-Statistic value of 5.412 with significance level smaller than 0.05 ($0.000 < 0.05$). Based on this result, the first hypothesis is accepted.

Hypothesis two pronounces that Retainer has a significant effect on Market Orientation. The result of the test indicates that Retainer has T-Statistic value of 3.182 with significance level smaller than 0.05 ($0.002 < 0.05$).

In regard to this result, a second hypothesis is accepted. Hypothesis 3 declares that Innovative Culture has a significant effect on Market Orientation. The result of the f-test explains that Quality of Work Life, Retainer, and Innovative Culture are found to have simultaneous effect on Market Orientation at significance level < 0.05 ($0.000b < 0.05$). By this result, hypothesis 4 is accepted.

Table 1. Results of the Reliability Test

Variable	Correlation Coefficient	Description
Quality of Work Life	0.659	Reliable
Retainer	0.681	Reliable
Innovative Culture	0.632	Reliable
Market Orientation	0.691	Reliable

Source: Processed data, 2022

Table 2. Partial Test

Model	Unstandardized Coefficient		Standardized Coefficients	T	Significance
	B	Std. Error	Beta		
(Constant)	.768	.762		1.013	.318
Quality of Work Life	.253	.043	.372	5.412	.000
Retainer	.189	.022	.213	3.182	.002
Innovative Culture	.445	.043	.423	6.121	.000

^aDependent Variable: Market Orientation

Source: Processed data, 2022

Table 3. Simultaneous Test ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	90.297	3	30.099	58.089	.000 ^b
Residual	49.743	96	.518		
Total	140.040	99			

^aDependent Variable: Market Orientation

^bPredictor: (Constant), Quality of Work Life, Retainer, Innovative Culture

Source: Processed data, 2022

The result of the test informs that Innovative Culture has T-Statistic value of 6.121 with significance level smaller than 0.05 ($0.000 < 0.05$). In connection with this result, the third hypothesis is accepted.

The next process is to ascertain whether independent variables simultaneously do or do not affect dependent variables. Simultaneous effect is then performed with the name of the F-test. This test is done by comparing F-count with F-table at an obvious level of 5% ($\alpha = 0.05$) or by comparing Significant-F value with alpha value. If F-count $>$ F-table or Significant-F value $<$ 0.05, then H_0 is rejected. Conversely, if F-count $<$ F-table or Significant-F value $>$ 0.05, then H_0 is accepted. All the results of F-test are presented in Table 3.

Furthermore, the effect size of independent variables on dependent variables is known by comparing the regression coefficient value of each variable. Standardized Coefficient Beta is used to eliminate the difference of measure units at independent variable, which in this research includes Quality of Work Life, Retainer and Innovative Culture.

Hypothesis 5 affirms that Innovative Culture dominates the effect on Market Orientation. After comparing the regression coefficient value of each variable, Innovative Culture is found to have the dominant effect on Market Orientation. This result is confirmed by the Standardized Coefficient Beta of Innovative Culture which is the biggest compared to those of Quality of Work Life and Retainer.

4 Discussion

First hypothesis was tested. The result of the test showed that Quality of Work Life has a T-Statistic value of 5.412 with significance level smaller than 0.05 ($0.000 < 0.05$). According to this result, the first hypothesis is accepted. The strengthening of Market Orientation can be actualized by increasing Quality of Work Life. If the Quality of Work Life is high, then the organization is easier to attain competitive advantage. One reason behind this is that Quality of Work Life at its best level is considered able to improve the role and contribution of organizational members. In this case, the Quality of Work Life acts as a process by which organizations react to the needs of employees through the development of decision-making mechanisms that allow employees to participate fully in designing their lives at work [16].

Second hypothesis was also tested. The result of the test indicated that Retainer has T-Statistic value of 3.182 with significance level smaller than 0.05 ($0.002 < 0.05$). Pursuant to this result, the second hypothesis is accepted. High Retainer level makes everyone at the tourism industry SMEs more willing to adapt to Market Orientation. One way to achieve this is by increasing the Retainer of marketing staff to improve their performance. When marketing staff find that their Retainer is high, then surely marketing performance is also high [17] (Table 4).

Third hypothesis was put to the test. The result of the test informed that Innovative Culture has a T-Statistic value of 6.121 with significance level smaller than 0.05 ($0.000 < 0.05$). By this result, the third hypothesis is accepted. Better Innovative Culture helps the company to strengthen Market Orientation. Entrepreneurs who are able to see the change in Innovative Culture are often ready to set the needed strategy to modify their product or service to adjust with the change made by the competitor in the market [14]. The tourism industry SMEs are required to have a capability of making fast adjustment on their product based on market situation [13].

Fourth hypothesis had been tested. The result of the test revealed that Quality of Work Life, Retainer, and Innovative Culture are found to have simultaneous effect on Market Orientation at significance level < 0.05 ($0.000 < 0.05$). Corresponding to this result, the fourth hypothesis is accepted. The independent variables, precisely Quality of Work Life, Retainer, and Innovative Culture, are the predictor of Market Orientation. All these variables are interdependent to each other in strengthening Market Orientation [12, 14, 16].

Fifth hypothesis had also been tested. The result of the test pointed out that after comparing the regression coefficient value of each variable, Innovative Culture is found

Table 4. Standardized Coefficient Beta

Variable	Standardized Coefficient Beta
Quality of Work Life	0.321
Retainer	0.334
Innovative Culture	0.412

Source: Processed data, 2022

to have the dominant effect on Market Orientation. The reason is that the Standardized Coefficient Beta of Innovative Culture is the biggest compared to those of Quality of Work Life and Retainer [14].

5 Conclusion

Taking into consideration the results of hypothesis tests and the discussion then several conclusions are made. Each will be elaborated as follows: 1) Quality of Work Life has great contribution on Market Orientation at Tourism Industry SMEs; 2) Retainer has relatively high contribution on Market Orientation at Tourism Industry SMEs; 3) Innovative Culture has meaningful contribution on Market Orientation at Tourism Industry SMEs; 4) Quality of Work Life, Retainer, and Innovative Culture have great contribution simultaneously on Market Orientation at Tourism Industry SMEs; and 5) Innovative Culture has the biggest and the most dominant contribution on Market Orientation at Tourism Industry SMEs compared to the contribution of Quality of Work Life and Retainer.

Based on the conclusions above, several suggestions are offered expectively to be useful to the entrepreneurs of the tourism industry. The suggestions are Tourism Industry SMEs shall maintain and always improve the aspects of human resource management, which include Quality of Work Life, Retainer, and Innovative Culture, in order to strengthen their competitive advantage, and further research needs to add another independent variable in order to produce more variation in results.

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