

THE EXISTENCE OF MARKET ORIENTATION BY MICRO, SMALL, AND MEDIUM-SIZED ENTERPRISES IN THE TOURISM SECTOR OF WEST JAVA

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Abstract

The development of Micro, Small, and Medium-sized Enterprises (UMKM) has garnered increased attention, especially in the tourism sector, which had previously suffered during the COVID-19 pandemic. The UMKM in the tourism sector in West Java has seen significant growth. However, concurrently, various challenges persist, such as product marketing, changing consumer behavior, price fluctuations, technology, financial management, and resource management. In response to these challenges, research is conducted to investigate the existence of market orientation among UMKM participants in the tourism sector in West Java. Previous research by Kohli and Jaworski (1993) utilized dimensions of market orientation, including Intelligence Generation, Intelligence Dissemination, Response Design, and Response Implementation.

Keywords

Market Orientation, Intelligence Generation, Intelligence Dissemination, Response Design, Response Implementation

1. Introduction

Tourism is one of the sectors that make a significant contribution to the country. Many regions in Indonesia have their own unique attractions, such as culture, natural reserves, and coastal areas, which capture the attention of numerous tourists. The diversity of nature, culture, and the warmth of the Indonesian people are the main attractions for tourists. In Indonesia, tourism contributes to increasing foreign exchange earnings, regional income and development, investment absorption, and employment opportunities.

Tourism is an activity where an individual temporarily travels from their place of origin to another destination (a tourist destination) solely for the purpose of enjoying recreational activities to fulfill diverse desires. This activity involves various tourism industries such as transportation, accommodation services, restaurants, tour guides, and more. These tourism industries play a crucial role in the development of tourism.

One of the provinces renowned for its diverse tourism is West Java. West Java boasts a wide variety of tourist attractions scattered throughout its regions. Three of the largest among them are Cirebon Regency, Garut Regency, and the city of Bandung. Bandung is not only the capital of West Java but also the largest metropolitan area in the province. It holds historical significance as the site where the Asian-African Conference was declared. Bandung is a prominent tourist city in West Java, and it is often represented as a city of tourism, earning the nickname "parijs van

java" or the "Paris of Java." Bandung is well-known for its diverse types of tourism, including historical, natural, and cultural attractions.

However, in 2020, the global pandemic reached Indonesia, resulting in the paralysis of the tourism sector in various regions. The rapid spread of Covid-19 prompted the government to take measures to control its spread, one of which was the implementation of Large-Scale Social Restrictions (PSBB).

In 2021, the government began to see a glimmer of hope in addressing Covid-19 with the discovery of vaccines. The first vaccination was administered by the government at the State Palace, with President Joko Widodo being the first person to receive the vaccine before it was distributed to the public.

Based on the above-mentioned phenomenon, this research proposes several actions that should be taken by service providers, especially in the city of Bandung, to increase tourist visits to Bandung post the Covid-19 pandemic, with the aim of restoring Bandung's tourism to its pre-pandemic levels. This research also hopes to provide an overview of the tourism situation in Bandung, which can serve as valuable input for formulating strategies for service providers in the city of Bandung.

1.1 Objectives

This research aims to:

1. Understand the reasons organizations are more market-oriented.
2. Investigate the impact of market orientation on employees and business performance.
3. Explore the relationship between market orientation and business performance, contingent on the environment, and the relationship between business performance and the environment.

2. Literature Review

Market Orientation

Market orientation is a strategic orientation characterized by a series of behaviors and activities related to a strong customer focus in SMEs, coordinated marketing throughout the organization, and profitability (Pérez-Luño et al., 2016). According to Naver and Slater (1990) as cited by Adinoto (2012), a strong market orientation within a company can lead to better offerings, increased customer satisfaction, and greater returns on the offerings provided. Kohli, Jaworski, and Kumar (as mentioned in Pérez-Luño et al., 2016) identified three sets of activities related to market orientation, including:

Intelligence Generation

Intelligence Generation is a process of collecting information related to customer behavior, attitudes, and preferences (Cornish, 1997). According to Siddiqi and Sahaf (2006), the intelligence generation stage includes activities involving the assessment of information about the attitudes, behaviors, and preferences of customers that have been collected. Therefore, it can be concluded that in this stage, the collected information may also include data about competitors or business rivals.

Intelligence Dissemination

According to Simintiras (2011), this element is defined as the process that enables the organization to make intelligence available within and across various departments of the given organization. This means that in this element, the information that has been sorted in the previous stage is distributed throughout the organization both vertically and horizontally without exception, so that all parties and individuals within the organization have a primary focus on the market.

Market Responsiveness

According to Simintiras (2011), market responsiveness is defined as the ability of the organization to take action in response to the generated and disseminated intelligence. This aspect encompasses both planning in response to market information and the speed and coordination among various departments regarding the implementation of various marketing strategies. This supports the viewpoint of Kohli & Jaworski (1993), who state that market responsiveness consists of two activities: (a) responses related to the use of market intelligence to develop organizational planning (response design) and (b) responses related to the execution of such planning (response implementation).

Components of Market Orientation

Customer Orientation

Customer orientation is the company's understanding of its target buyers, allowing it to continuously create superior value for them. Customer orientation requires a seller to comprehend a buyer's entire value chain. Through customer orientation, it shapes the customer's orientation and perception of the values it builds and experiences, ultimately leading to customer satisfaction.

Competitor Orientation

Competitor orientation is an understanding of the short-term strengths and weaknesses, as well as the capabilities and long-term strategies of the existing competitors as well as potential competitors that may emerge.

The application of competitor orientation has two objectives. In the short term, the company seeks to understand the strengths and weaknesses of both current and potential future competitors. In the long term, the company must grasp the capabilities and strategies they employ. Through this market orientation, the company aims to answer three questions: who the company's competitors are, what kind of technology they use, and whether the competitors represent an attractive alternative from the perspective of the target customers.

Interfunctional Coordination

Interfunctional coordination reflects the coordinated utilization of all available resources within the company to create superior customer value for the target buyers..

Market Orientation Measurement

According to Tjiptono et al. (2008), in measuring market orientation, there are two perspectives: the cultural perspective and the behavioral perspective. Here is an explanation of both :

Cultural Perspective

In the cultural perspective, the focus is on the values and organizational norms that drive behaviors consistent with market orientation. In this cultural perspective, market orientation is measured based on three aspects: customer orientation, competitor orientation, and interfunctional coordination.

Behavioral Perspective

The behavioral perspective is a process or organizational behavior that involves systematic collection of market intelligence concerning customer needs, dissemination of market intelligence to all organizational units, and the coordinated and comprehensive design and implementation of organizational responses to market intelligence.

3. Methods

Mixed Method Research: This research uses a mixed methods approach, combining quantitative and qualitative methods. The mixed methods approach focuses on research questions that require a contextual understanding from a multi-level perspective. It employs quantitative research to assess the size and frequency of constructs, and qualitative research that rigorously explores the meaning and understanding of constructs. These methods are then integrated or combined to leverage the strengths of each.

Quantitative methods involve data analysis obtained from questionnaires filled out by respondents, while qualitative methods involve conducting interviews with UMKM (Micro, Small, and Medium-sized Enterprises) stakeholders. This combination of methods allows for a more comprehensive and robust exploration of the research questions.

4. Data Collection

The population is a generalization area consisting of objects/subjects with specific qualities and characteristics determined by the researcher for study and subsequent conclusions (Sugiono, 2016). The population for this research comprises participants in Micro, Small, and Medium-sized Enterprises (UMKM) in the tourism sector in West Java.

A sample is a portion of the total and the characteristics possessed by the population (Sugiono, 2016). Based on this definition, it states that a sample is a part of the population selected to become the unit of observation. The

determination of sample selection is made using a non-probabilistic sampling technique. The sample for this research consists of 30 respondents, including participants from Micro, Small, and Medium-sized Enterprises (UMKM) in the tourism sector, specifically in the fields of restaurants, travel agencies, hotels/accommodations, transportation companies, tourist destinations, souvenir shops, and crafts.

Variables and Measurements

Referring to the study by Kohli and Jaworski (1993), market orientation will be measured using four variables: 1. Intelligence Generation (X1), 2. Intelligence Dissemination (X2), 3. Response Design (X3), and 4. Response Implementation (X4), with a total of 32 items. These items will be measured on an ordinal scale with response options "Yes" or "No."

5. Results and Discussion

5.1 Results

The data respondents were obtained from Micro, Small, and Medium-sized Enterprises (UMKM) operators in the tourism sector in West Java. This serves as the foundational reference point for explaining the results obtained from this research.

Respondent's Job Position

Respondent's Job Position	%
Owner	10%
Management	33%
Staff	57%

Figure 1. Job Positions of Respondents in Micro, Small, and Medium-sized Enterprises (UMKM) in the Tourism Sector in West Java

Source : The Researcher's Analysis Results

Out of the 30 respondents in the tourism sector Micro, Small, and Medium-sized Enterprises (UMKM), 3 individuals are business owners, accounting for 10% of the total. Additionally, 10 respondents are UMKM managers, representing 33% of the total, and 17 respondents are staff or employees in UMKMs within the tourism sector, making up 57% of the total.

Gender

Gender	%
Male	63%
Female	37%

Figure 2. Gender of Respondents in Micro, Small, and Medium-sized Enterprises (UMKM) Operators in the Tourism Sector in West Java

Source : The Researcher's Analysis Results

Out of the 30 respondents in the tourism sector Micro, Small, and Medium-sized Enterprises (UMKM), 19 individuals are male, representing 63% of the total, and 11 individuals are female, making up 37% of the total.

Business Category

Business Category	%
Travel Agencies	13%
Tourist Destinations	23%
Hotels / Accommodations	20%
Transportation Companies	7%
Restaurants / Eateries	17%
Souvenir Shops	20%
Performing Arts	0%

Figure 3. Type of Business of Respondents in Micro, Small, and Medium-sized Enterprises (UMKM) in the Tourism Sector in West Java

Source : The Researcher's Analysis Results

Among the 30 respondents in the tourism sector Micro, Small, and Medium-sized Enterprises (UMKM) in West Java, their involvement is distributed across various types of businesses. Notably, 7 individuals are affiliated with UMKMs related to Tourism Destinations, constituting 23% of the total. Hotel/Accommodation and Souvenir Shop & Craft UMKMs each have 6 individuals, making up 20% of the respondents. Furthermore, 5 individuals are engaged in Restaurant UMKMs, representing 17% of the sample. Additionally, 4 respondents are associated with Travel Agency UMKMs, contributing 13% to the distribution. Lastly, 2 individuals are part of Transportation Company UMKMs, with a share of 7%. This diverse representation allows for a comprehensive analysis of market orientation within the tourism sector UMKMs in West Java.

Years of Operation

Years of Operation	%
< 1 Year	10%
1– 5 Years	33%
>5 Years	57%

Figure 4. Years of Operation of Respondents in Micro, Small, and Medium-sized Enterprises (UMKM) in the Tourism Sector in West Java

Source : The Researcher's Analysis Results

Among the 30 respondents, the age distribution of their Micro, Small, and Medium-sized Enterprises (UMKM) in the tourism sector in West Java is as follows: A total of 2 UMKMs have been in operation for less than one year, constituting 7% of the sample. Furthermore, 6 UMKMs fall within the one to five-year age range, representing 20% of the respondents. The majority of UMKMs, accounting for 73% of the sample, have a business age exceeding five years. This diverse range of business ages provides valuable insights for the analysis of market orientation within the tourism sector UMKMs in West Java.

Market Orientation

Based on the analysis of questionnaire data from Micro, Small, and Medium-sized Enterprises (UMKM) in the tourism sector in West Java, the results regarding the existence of market orientation are as follows:

In the analysis, the study revealed four dimensions of market orientation with a total percentage of 0.65. The implementation of Intelligence Generation in UMKMs in the tourism sector showed the highest existence, with a percentage of 0.73 in this research. Following this, the Response Implementation dimension demonstrated the second-highest existence, with a percentage of 0.71 in the context of market orientation in this research. Next, the Intelligence Dissemination dimension exhibited the third-highest existence, with a percentage of 0.68. The lowest existence was found in the Response Design dimension, with an existence percentage of 0.48 in the context of market orientation in this research.

UMKM < 1 TAHUN : 2 UMKM	%
Intelligence Generation	65%
Intelligence Dissemination	81%
Response Design	50%
Response Implementation	57%

Figure 6. The Percentage of Market Orientation Dimensions for UMKMs with a Yars of Business of Less Than One Year

Source : The Researcher's Analysis Results

In the analysis above, for UMKMs with a business age of less than one year, the implementation of Intelligence Generation in the tourism sector was 65%, while the implementation of Intelligence Dissemination was 81%. Furthermore, the implementation of Response Design was 50%, and the implementation of Response Implementation was 57%.

UMKM 1 - 5 TAHUN : 6 UMKM	%
Intelligence Generation	78%
Intelligence Dissemination	81%
Response Design	60%
Response Implementation	71%

Figure 7. The Percentage of Market Orientation Dimensions for UMKMs with a Years of Business of One to Five Years

Source : The Researcher's Analysis Results

In the analysis above, for UMKMs with a business age of one to five years, the implementation of Intelligence Generation in the tourism sector was 78%, while the implementation of Intelligence Dissemination was 81%. Furthermore, the implementation of Response Design was 60%, and the implementation of Response Implementation was 71%.

5.2 Discussion

The aspects of market orientation have an impact on UMKM businesses, and it is said that the market orientation approach is no different for both large and small companies. Blankson & Cheng (2005) cited in O'Dwyer & Ledwith (2009). According to Enright (2001), market orientation and new product development are essential for the profitability of UMKM players. In market orientation, as referenced in the research by Kohli and Jaworski (1993), there are four variable components, namely:

Intelligence Generation

According to Cornish (1997), it can be understood that market intelligence generation is essentially the process of collecting information related to customer attitudes, behaviors, and preferences. In addition to information collection, as per Siddiqi & Sahaf (2006), this stage includes the activity of assessing the information gathered about customer attitudes, behaviors, and preferences. Therefore, the data analysis results obtained in this research show the highest percentage, which is 0.73, indicating the significant importance of market intelligence generation in the study.

The process of collecting information about customer attitudes, behaviors, and preferences can be carried out using various methods, such as the questions found in the questionnaire, "Personnel/employees from our business unit's production department interact directly with customers to learn how to serve them better." It is known that UMKMs in the tourism sector interact with customers almost every day and provide services to them. Therefore, every piece of information obtained from customers is valuable for improving their service.

Intelligence Dissemination

According to Simintiras (2011), the information that has been sorted in the previous element is disseminated throughout the organization, both vertically and horizontally, without exception, to ensure that all parties and individuals within the organization have a primary focus on the market. In this research, the analysis results showed a value of 0.68, which ranks as the third highest in this study, emphasizing the significance of information dissemination in achieving market orientation.

Like the question in the questionnaire, "When something important happens to the customer or the main market, all business units are informed quickly," UMKM players agree with it. However, there is still an issue. Even though the information has been distributed to all business units, they may not be able to implement solutions or plans promptly. This is evident from the lowest percentage in the questionnaire, with a result of 0.25 for a question that goes like, "Even if we come up with a great marketing plan, we may not be able to implement it on time."

Response Design

The response to actions regarding the use of market intelligence in the aspect of market orientation. In this research, the analysis result is 0.48, which is the smallest in this study. The reason it has a lower value than the others is that they rarely conduct internal market research, which results in a lower analysis value. This aligns with the questionnaire question that has a low percentage value, which says, "In this business unit, we often conduct internal market research."

Response Implementation

Response implementation is the response to the execution of planning. In this research, the analysis resulted in a value of 0.71, which is the second highest in this study.

6. Conclusion

In the study on the existence of market orientation in the UMKM sector in the tourism industry in West Java, a total of 30 respondents scattered throughout West Java implemented market orientation with a total percentage of 0.65. The highest level of existence was in Intelligence Generation (X1) at 0.73, followed by Response Implementation (X4) at 0.71, then Intelligence Dissemination (X2) at 0.68, and the lowest was in Response Design (X3) at 0.48.

Market orientation offers many advantages to UMKM players as it helps maintain stability and increase sales profits. The application of market orientation dimensions enables entrepreneurs to focus on optimizing the needs of current customers as well as those in the ever-changing future.

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