

# Marketing Strategy and Capability as the Mediators in Relationship of Market Orientation and Export Performance: A Case Study of Rattan Processing SMEs

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## ABSTRACT

The research examined the performance of export marketing performance through the implementation of market orientation intervened by export marketing strategy and export marketing capability. Primary data were collected through questionnaires from 108 samples out of 148 rattan processing Small and Medium Enterprises (SMEs) in nine provinces in Indonesia. The respondents were marketing managers or owners of SMEs with at least two years of experience. Structural Equation Modeling (SEM), which was processed by using Lisrel 8.7, was employed. The results indicate that market orientation, export marketing strategy, and export marketing capability are well implemented in the business operation of SMEs. However, the export marketing performance needs to be improved. Concerning the variables studied, market orientation has a significant effect on export marketing strategy, export marketing capability, and export marketing performance. Then, export marketing strategy affects export marketing performance significantly. Moreover, export marketing capability also has a significant effect on export marketing performance. Finally, export marketing strategy and capability intervene in the relationship between market orientation and export performance.

**Keywords:** export marketing strategy, export marketing capability, market orientation, export marketing performance, Small and Medium Enterprises (SMEs)

## INTRODUCTION

The world is renewing itself constantly and fast (Zehir, Köle, & Yıldız, 2015). With the rapid growth of the international business, export plays a key role in the survival and growth of many companies (Chen, Sousa, & He, 2016). Export is essential to not only companies but also the country. Considering the macro level, governments all around the world try to improve companies' export performance because it is one of the economic growth indicators. Export performance is an indication of the companies' success in the export. High export performance is important for companies in terms of ensuring sustainability in the long term. At the micro-level, it does not mean that being successful and respected in the local market will

become successful in the export market too. It requires some special strategies to become successful in the export (Zehir *et al.*, 2015).

Over the past 50 years, fruitful progress of export performance research has indicated the consistently increasing magnitude of this area. From 2006, there is increasing attention to the research of antecedents of export performance, as an increasing number of studies related to export performance are published in ranking journals. Despite this increasing interest, there has been no recent literature review summarizing these latest developments and pointing out the future direction in this field (Chen *et al.*, 2016). In the literature on applying market orientation to export markets, no studies have been conducted to examine the process in which market orientation

influences performance.

Market orientation has a significant work which has reasonably established its importance (Perry, 2014). Despite the importance of the source regarding competitive advantage, there are limited studies that examine these management strategies together, particularly in the context of Small and Medium Enterprises (SMEs) (Mokhtar, Yusoff, & Ahmad, 2014). Most market orientation researchers focus on the domestic market. Then, the research about market-oriented export behavior has not fully provided an understanding of how market orientation drives export success (Zhang & Zhu, 2016; Boso, Oghazi, Cadogan, & Story, 2016).

Three groups of researchers try to find out the market orientation-performance relationship. Firstly, they explore the direct link between export market orientation and export performance. They are Julian, Mohamad, Ahmed, and Sefnedi (2014); Affendy, Asmat-Nizam, and Farid (2015); Pinho, Rodrigues, and Dibb (2014); and Egberi and Osio (2019). Secondly, they clarify the mechanism of the relationship between export market orientation and export performance by using mediating variables. They are Racela and Thoumrungroje (2014); Takata (2016); Dabrowski, Brzozowska-Woś, Gołąb-Andrzejak, and Firgolska (2019); and Sary, Rahayu, and Wardana (2019). Thirdly, they examine the potential variables in moderating the relationship between market orientation and export performance. The third group consists of Qu and Zhang (2015); Boso *et al.* (2016); Zhang and Zhu (2016); and Tajeddini and Ratten (2017).

There is a lack of understanding of factors intervening in market orientation and export marketing performance relationship. The researcher considers that this lack of understanding as a knowledge gap. The researcher provides two contributions to the literature. First, using primary survey data from 108 samples of SMEs, the researcher describes the implementation of market orientation, export marketing strategy, export marketing capability, and export marketing performance of rattan processing SMEs. Second, the researcher offers a confirmation that there are intervening variables in market orientation and export performance relationship. The researcher studies the export marketing strategy and capability variables that intervene in market orientation and export marketing performance relationship.

An organization is said to be marketing oriented if it adopts the marketing concept and plans and implements marketing functions that are appropriate to the prevailing circumstances (Mokhtar *et al.*, 2014). It is further explained that market orientation is an important internal influence and shown to have a positive relationship with organizational performance. In other words, a business is market-oriented when its culture systematically and comprehensively agrees to create superior customer values continuously. Besides, implementing market orientation needs superior organizational skills to understand the customers.

There is evidence that supports the link between market orientation and performance. However, the strength and significance of this association are expected to vary based on industry context and firm size (Jogarathnam, 2017). Market orientation is considered a distinctive capability and a potential source of positional advantage. The efficient acquisition of customers' information and the distribution of important market orientation is crucial for the creation and management of customer relationships to understand customers' needs and wants. A market-oriented organization can enhance its products and services in accordance with customers' traits and opinions that increase customer satisfaction (May-Chiun, Mohamad, Ramayah, & Chai, 2015).

The organization has to monitor the change of customers' needs and wants, identify the impact of customer behavior changes, improve the level of product innovation, and implement strategies that develop competitive advantages of the company. Moreover, an organization that market-oriented gathers information on customers, competitors, and market; view information from business perspective holistically; decide how to create superior customer values; and take action to provide customer values. The initiatives must involve inter-functional participation of every person in an organization. Market orientation is a responsibility that may be shared across the organization. However, in large organizations, marketing planning and decision-making are likely the primary responsibility in marketing departments or with marketing titles (Perry, 2014).

The market-oriented organization agrees to implement a culture that agrees to provide superior customer values. Market orientation needs a focus on customers, competitor intelligence, cooperation, and inter-functional involvement (Cravens & Piercy, 2012). In other words, market orientation is an organizational culture in the forms of the behaviors of corporate members to create continuously customer values resulting in satisfaction of customers, employees, company owners, and company high profitability.

The market-based business implements a strong market orientation. Every employee is sensitive to customers' needs, aware of competitors' movement, and cooperative to provide solutions for customers (Best, 2008). To measure market orientation, the researcher uses two different approaches (Maroofi, 2013). The first approach concerning behaviors uses dimensions such as intelligence generation, intelligence dissemination, and organization-wide responsiveness to it. The second approach uses three cultural dimensions, such as customer orientation, competitor orientation, and inter-functional coordination (Ho, Nguyen, Adhikari, Miles, & Bonney, 2018; Jogarathnam, 2017). Customer orientation needs an effort to identify the values that customers want so that customers feel satisfied with the products they buy. Competitor orientation or competitor intelligence determines and responds to competitors' threats. The failure to do so can endanger the company's performance. Inter-functional

coordination is the success of a company to make employees work together to serve customers better. Inter-functional teamwork leads the organization to provide superior customer values.

Next, marketing strategy is a process of continuous decision making, decision implementation, and effectiveness analysis (Cravens & Piercy, 2012). It allocates and coordinates resources and marketing activities effectively to achieve company goals (Walker & Mullins, 2010). Marketing strategy creates superior customer values by combining business strategies into market-driven action (Cravens & Piercy, 2012). Critical issues concerning with marketing strategy is to specify the target market for certain products or product. Companies create their competitive advantages through their integrated marketing mix. It is specially designed to meet the potential needs and wants of the target market (Walker & Mullins, 2010). In an international marketing strategy, companies need to make strategic and tactical decisions. Strategic decisions are concerning with target countries, product markets, market segment, operation mode and market entry timing, tactical decisions on product positioning, product adaptation, advertising copy adaptation, media selection, promotion, price, and distribution policies (Albaum, Albaum, Strandkov, & Duerr, 2002). Based on these statements, an export marketing strategy can be defined as the efforts, which are planned and implemented in the long term of utilizing resources to create customer values.

To measure the export marketing strategy, the researcher can use some dimensions. They are product adaptation strategy, promotion adaptation strategy, distribution adaptation strategy, and price adaptation strategy (Azizi, Movahed, & Khah, 2009). Moreover, export marketing capability can be defined as repeated action patterns of a company to provide business needs for effective marketing. It is an integrated process that is formulated to implement the knowledge, skill, and collective resources of a company in business needs. It can enable the company to create added values for goods and services to cope with competition in adapting to market opportunity and surviving in competition threats (Ghouri, 2013). Export marketing capability is what a company needs to evaluate the company's position in its business environment, evaluate consumer and competitor behaviors as well as manage the company's relationship with customers, competitors, suppliers, and distributors (Ghouri, 2013). Marketing capability is a system developed by a company to maximize knowledge, skill, and resources to strengthen its competitive advantage.

Marketing capability of a company is not only to accomplish marketing mix activities such as price, advertisement, and channel management in an efficient way but also to develop and implement a proper marketing strategy. It is divided into two parts, namely specialized capability concerning specific marketing mix routines and architectural capabilities involving handling marketing strategy formulation and implementation.

Export marketing capability can be measured with the capability of price, product development, distribution, communication, customer service quality, marketing communication effectiveness, sales force quality, company research ability, and proper product launch. Other dimensions to measure export marketing capability are product, price, distribution management, marketing communication, and marketing planning and implementation (Ghouri, 2013).

Next, export performance is a continuation of a company's economic and strategic objectives concerning with export activities of a product in the foreign market. It can be achieved by planning and implementing an export marketing strategy. Dimensions to measure export performance are market performance and financial performance. Other dimensions are export sales level, export sales growth, export profit, export sales-total sales ratio, the importance of export to the whole business, export obstacle overcoming, export trends, distributors' roles, export involvement, exporter internationalization, and attitude to export (Muis, 2015).

Based on the mentioned research issues, this research addresses the implementation of market orientation, export marketing strategy, export marketing capability, and their relationship with export marketing performance of rattan processing SMEs in Indonesia. There are two main objectives of this research. First, it is to find out the implementation of market orientation, export marketing strategy, export marketing capability, and export marketing performance. Second, it is to investigate the relationship between market orientation and export marketing performance of rattan processing SMEs in Indonesia through the implementation of export marketing strategy and capability. Then, the researcher develops the rationale for the hypothesized variable relationships. The researcher outlines the conceptual research model in Figure 1.

It is believed that market orientation has direct effects on export marketing strategy and capability. It also has a direct impact on export marketing performance. Then, export marketing strategy and capability have direct effects on export marketing performance partially. Similarly, market orientation and export marketing performance relationship is intervened by other variables such as export marketing strategy and export marketing capability. The researcher believes that a company with a strong market-oriented culture will implement an export marketing strategy and export marketing capability to create values that can affect its marketing performance. Export marketing performance will increase if market orientation culture is supported by the implementation of export marketing strategy and the capability of the employees. Therefore, it is hypothesized that market orientation should indirectly affect the export marketing performance via export marketing strategy and capability as intervening variables. The hypotheses are as follows:

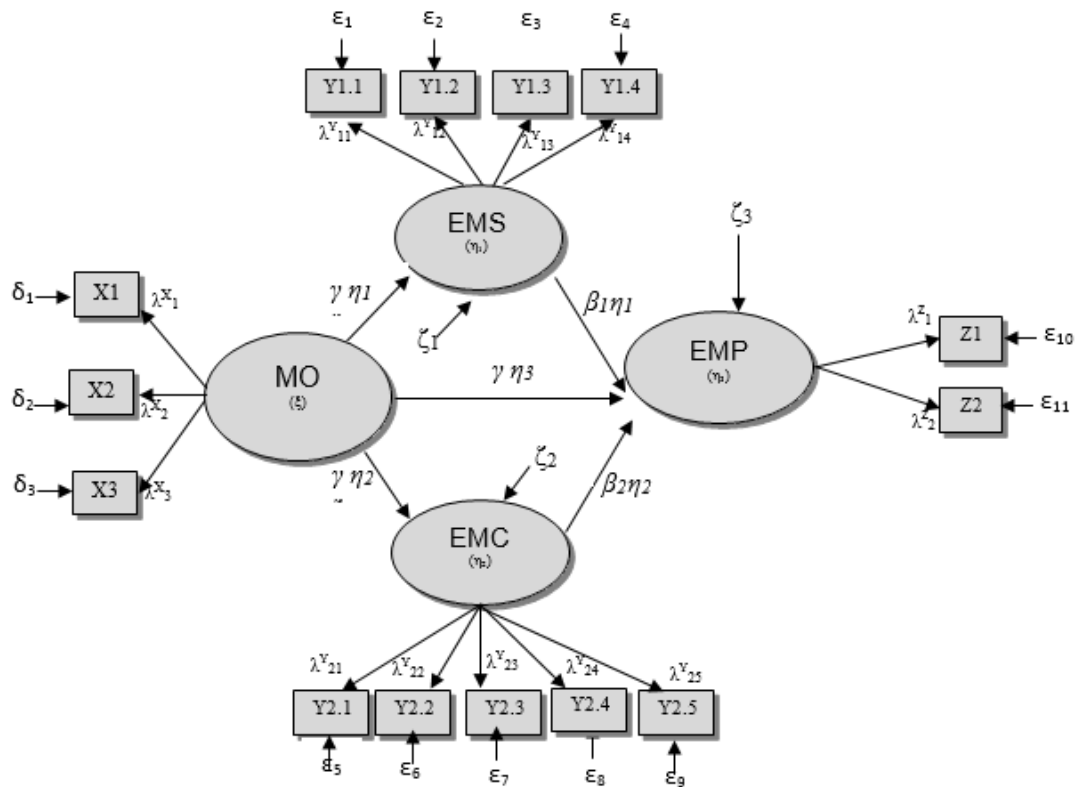


Figure 1 Conceptual Research Model

- H1 : Market orientation has a direct positive effect on export marketing strategy.
- H2 : Market orientation has a direct positive effect on export marketing capability.
- H3 : Export marketing strategy has a direct positive effect on export marketing performance.
- H4 : Export marketing capability has a direct positive effect on export marketing performance.
- H5 : Market orientation has a direct positive effect on export marketing performance.
- H6 : Market orientation affects export marketing performance through export marketing strategy.
- H7 : Market orientation affects export marketing performance through export marketing capability.

## METHODS

The research data are obtained from SMEs via questionnaires. The researcher collects data through face-to-face and self-administrated questionnaire technique with marketing managers or owners of rattan processing SMEs. There are 148 SMEs altogether operating in nine provinces throughout Indonesia. Around 88% of the SMEs are located in West Java Province. The other provinces are Central Java, East Java, Jakarta, Banten, Yogyakarta, Bali, North Sumatra, and South Sulawesi. The researcher obtains 108 SMEs using proportionate stratified random sampling. The

respondents are the SMEs' marketing managers or owners. The reason to choose rattan processing SMEs in Indonesia is that their export performances decline from time to time. More or less, 50% of SMEs had closed their businesses. It is because they cannot compete with Chinese manufacturing industries which supply 80% of world rattan made products. This research is to develop a suitable model for them to increase their export marketing performance.

For all the constructs in this research, the researcher measures all the items using a 5-point scale. Four variables are measured, namely, market orientation, export marketing strategy, export marketing capability, and export marketing performance. Market orientation focuses on customers' needs and satisfaction (Bazazo, Alansari, Alquraan, Alzgaybh, & Masa'deh, 2017). The researcher adopts the measure of market orientation in export markets developed in previous research. The three components of market orientation are customer orientation, competitor orientation, and inter-functional coordination. Customer orientation is the understanding that the organization has the target customers, so the organization can constantly provide superior value for them.

Meanwhile, competitor orientation is an understanding of the strengths, weaknesses, and capability of both current and future competitors. Inter-functional coordination is defined as the harmonized application of an organization's resources in creating superior value for target consumers (May-Chiun *et al.*,



Table 1 Indicators to Measure Market Orientation

No	Dimensions	No	Indicator
1	Customer Orientation	1	The customers' needs are the main objectives of the company
		2	The company always analyzes customers' needs
		3	The company evaluates the effort of meeting customers' needs
		4	The company has met the customers' needs
		5	The company improves the effort of meeting customers' needs after evaluation
2	Competitor Orientation	1	The company improves its added values of the products
		2	The company identifies the strengths and weaknesses of competitors
		3	The company implements a competition strategy by issuing product policies
		4	The company encourages initiatives to formulate competition strategy based on knowledge of competitors
		5	The company identifies competitors in the industry
3	Inter-functional Coordination	1	The employees in work units coordinate to deliver services and to meet customer needs
		2	The company has had communication media to communicate across work units
		3	The company has had standard operational procedures for customer service
		4	the company updates information on customers during customers' engagement
		5	The company improves the competency of employees to serve the customers

(Source: Researcher's Data Collection)

Table 2 Indicators to Measure Marketing Strategy

No	Dimensions	No	Indicator
1	Product Adaptation Strategy	1	The company has adapted the brand
		2	The company has adapted design
		3	The company has adapted label
		4	The company has adapted product line variety
		5	The company has adapted quality
2	Distribution Adaptation Strategy	1	The company provides full supports for distributors
		2	The company has provided training for sales forces of distributors
		3	The company provides promotional supports to distributors
3	Promotion Adaptation Strategy	1	The company adapts product position with a foreign target market
		2	The company adapts promotional approaches
		3	The company adapts the packaging
4	Price Adaptation Strategy	1	The company applies a different price strategy in foreign target markets
		2	The company applies different credit concession in foreign target markets
		3	The company issues different discount policy in the foreign target market
		4	The company has a different profit margin in the foreign target market

(Source: Researcher's Data Collection)

2015). Table 1 shows the indicators to measure market orientation.

Export marketing strategy is defined as ways of a company to adapt to the foreign market by adopting local wisdom of the foreign countries (Alshammari & Islam, 2014; Azizi *et al.*, 2009). The researcher develops the measurement of the four dimensions for export marketing strategy. They are product adaptation strategy, distribution adaptation strategy, promotion adaptation strategy, and price adaptation strategy. The indicators to measure each dimension are described in Table 2.

Marketing capability becomes unique by combining the employees' knowledge and skills with their past experiences in new product development, sales, and distribution activities. As a result, these capabilities cannot be easily imitated by rivals and

assist companies in achieving their sustainable competitive advantages. The researcher develops the measurement of the five dimensions for export marketing capability. They are marketing planning skills, marketing activities implementation, product development capabilities, distribution capabilities, and price and communication capabilities (Acikdilli, 2015). Table 3 shows the indicators to measure marketing capability.

Export marketing performance is defined as the achievements of a company shown by its market growth and finance that ensure the company's sustainability (Muis, 2014). The researchers develop a measurement of the two dimensions for export marketing performance. They are market and financial performance. The indicators to measure each dimension are in Table 4.

Table 3 Indicators to Measure Marketing Capability

No	Dimensions	No	Indicators
1	Marketing Planning Skill	1	The company has set up clear export marketing objectives
		2	The company has good marketing planning skills
		3	The company formulates export marketing strategy creatively
		4	The company has a complete export marketing planning process
2	Marketing Activities Implementation	1	The company has achieved the goals of its marketing activities
		2	The marketing activities of the company have been conducted as planned
		3	The marketing activities have met customer needs
3	Product Development Capabilities	1	The company develops products by empowering research and development units
		2	The company has been successful in new product launching that the company develops and launch new products quickly
		3	The company has established a comprehensive product development system for export markets
4	Distribution Capabilities	1	The company has met distributors' needs for its export markets
		2	The company has provided added values for its distributors
		3	The company has closely worked together with distributors and retailers in the market
		4	The company has provided valuable supports to distributors in the export market
5	Price and Communication Capabilities	1	The company effectively manages its marketing communication program
		2	The company has had marketing communication skills and process
		3	The company has delivered and updated price structure to customers
		4	The company has applied pricing skills to respond quickly to changes

(Source: Researcher's Data Collection)

Table 4 Indicators to Measure Export Marketing Performance

	Coefficient	Std. Error	t-Statistic	Prob.
ECM(-1)	-0,5241	0,1598	-3,2786	0,0040
LNASI(-1)	0,4610	0,2020	2,2817	0,0342
LNMI2(-1)	-0,6237	0,5227	-1,1930	0,2475
MPR(-1)	-0,0319	0,0189	-1,6876	0,1078
EXR(-1)	0,0213	0,0053	3,9955	0,0008
GR_GDP(-1)	-0,0226	0,0134	-1,6850	0,1083
GS_GDP(-1)	-0,0234	0,0348	-0,6734	0,5088
BB_GDP(-1)	-0,0558	0,0520	-1,0734	0,2965
C	0,1187	0,1255	0,9464	0,3558

(Source: Researcher’s Data Collection)

The researcher distributes the questionnaires to 30 rattan processing SMEs and conducts the validity and reliability test. The test results indicate that the research instrument is valid ( $r > 0,3$ ) and reliable (Cronbach’s Alpha  $> 0,7$ ). The researcher continues to distribute the questionnaires to 78 respondents (108 respondents altogether). After the data are collected, the researcher conducts the normality test. The test result indicates that the responses are distributed normally (Kolmogorov Smirnov and Shapiro Wilk sig.  $> 0,05$ ). Next, the researcher analyzes the data with Structural Equation Model (SEM) to find the relationship among variables and test the hypotheses.

## RESULTS AND DISCUSSIONS

Respondents’ perceptions of each item of every dimension in the measured variables are rated in five categories. Those are very good (4,21–5,00), good (3,41–4,20), fair (2,61–3,40), poor (1,81–2,60), and very poor ( $< 1,81$ ). Market orientation is in the good category with an average score of 4,18. Then, the customer orientation dimension receives the best rating with 4,39 (very good). The highest score on customers’ needs is the company’s main objectives (4,49). Meanwhile, the lowest dimension is inter-functional coordination with 3,95, as shown in Table 5.

Table 5 The Score of Market Orientation

No	Dimensions	Scoring	Remarks
1	Customer Orientation	4,39	Very Good
2	Competitor Orientation	4,19	Good
3	Inter-Functional Coordination	3,95	Good

(Source: Researcher’s Data Collection)

Moreover, the export marketing strategy is in a very good category with an average of 4,29 of 5,00. The lowest dimension is distribution adaptation

(3,73). At the same time, the highest score (4,29) is product adaptation with the highest score on the item of the company that always pays attention to product quality needs of the target market (4,35). The results are shown in Table 6.

Table 6 The Score of Export Marketing Strategy

No	Dimensions	Scoring	Remarks
1	Product Adaptation	4,29	Very Good
2	Promotion Adaptation	4,07	Good
3	Distribution Adaptation	3,73	Good
4	Price Adaptation	3,77	Good

(Source: Researcher’s Data Collection)

Export marketing capability is in good category with an average of 3,88. The lowest rated dimensions are product development and distribution capabilities with 3,85 score. The highest item (3,92) is marketing planning skill with the highest score that the company sets up a very clear export marketing plan (4,19). The results are in Table 7.

Table 7 The Score of Export Marketing Capability

No	Dimensions	Scoring	Remarks
1	Marketing Planning Skill	3,92	Good
2	Marketing Activities Implementation	3,91	Good
3	Product Development Capabilities	3,85	Good
4	Distribution Capabilities	3,85	Good
5	Price and Communication Capabilities	3,86	Good

(Source: Researcher’s Data Collection)

Moreover, export marketing performance is in good category with an average of 3,26. The lowest dimension is the financial performance with 3,15. Then, the highest dimension is market performance with the highest score on the item of market share (3,48) as shown in Table 8.

Table 8 The Score of Export Marketing Strategy

No	Dimensions	Scoring	Remarks
1	Market Performance	3,26	Good
2	Financial Performance	3,15	Good

(Source: Researcher's Data Collection)

The SEM is used to test the interrelationships among all the research constructs. Before evaluating the structural models, the overall model fit must be assessed to ensure that the model adequately represents the entire set of causal relationships. The fit indices have confirmed that the model developed in this research is appropriate with acceptable goodness of fit with Non-Normed Fit Index (NNFI), Comparative Fit Index (CFI), Incremental Fit Index (IFI), and Relative Fit Index (RFI) all  $\geq 0,90$ . Meanwhile, Root Mean Square Error of Approximation (RMSEA) is below 0,1. The results are in Table 9.

The results indicate that market orientation has a positive effect on export marketing strategy. Thus, it supports H1. Then, market orientation affects export marketing capability positively. So, H2 is accepted. Similarly, export marketing strategy and capability have a positive effect on export marketing performance. Hence, H3 and H4 are accepted.

Market orientation has a positive effect on export marketing performance. Moreover, it also affects export marketing performance through export marketing strategy. Therefore, H5 and H6 are accepted. Similarly, market orientation also affects export marketing performance through export marketing capability. It supports H7. The results are in Table 10 and Figure 2.

Overall, the results indicate that market orientation affects export marketing strategy positively. SMEs with a strong market orientation culture can formulate and implement their effective marketing strategies well. The strategies are formulated by referring to comprehensive perspectives of customers and competitors as well as the awareness to serve customers better by coordinating across units. Besides, there is also a correlation between market orientation and export marketing capability. SMEs with strong market orientation culture know what capabilities or skills that the employees are required to have. SMEs can provide proper training programs for their employees, and employees also know what training programs they should take under their expense to support the job.

Table 9 Goodness of Fit

Goodness of Fit Measurement	Estimation	Result
Statistic Chi-Square ( $\lambda^2$ )	240,62	Fit
P-Value	0,000	Fit
Non-Centrality Parameter (NCP)	183,13	Fit
Goodness-of-fit Index(GFI)	0,85	Fit
Root mean square error of approximation (RMSEA)	0,075	Good Fit
Expected cross-validation index (ECVI)	2,99	Good Fit
Tucker-Lewis Index (TLI) or Non-Normed Fit Index (NNFI)	0,90	Good Fit
Normed Fit Index (NFI)	0,89	Fit
Adjusted Goodness of Fit Index (AGFI)	0,83	Fit
Incremental Fit Index (IFI)	0,92	Good Fit
Relative Fit Index (RFI)	0,91	Fit
Comparative Fit Index (CFI)	0,92	Good Fit
Parsimonious Goodness of Fit (PGFI)	0,82	Fit
Parsimonious Normed Fit Index (PNFI)	0,71	Fit

(Source: Researcher's Analysis)

Moreover, the export marketing strategy affects export marketing performance. It means that the better export marketing strategy is, the better the export marketing performance improves. To improve export performance, the industries need to adapt to their foreign markets and adjust their marketing mix policies to local wisdom of the foreign market. Besides, export marketing capability also affects export marketing performance. It means that the better export marketing capability is, the better export marketing performance improves. Industries need to plan their marketing campaign and implement the programs well. They also need to develop their products, distribute, decide reasonable prices, and communicate well with their customers.

Market orientation directly affects export marketing performance. This direct relationship confirms previous research findings on market orientation and business performance relationship by Julian *et al.* (2014), Affendy *et al.* (2015), Pinho *et al.* (2014), and Egberi and Osio (2019).

This research focuses on the relationship between market orientation and export marketing performance. It is not the domestic business performance, as other researchers have confirmed. The researcher finds that market orientation determines the success of export marketing performance. In other words, industries with strong market orientation will ensure their success in their export marketing performance.



Table 10 Variable Measurement Model Analysis

Item	Standardized Solution (Loading Factor)				R <sup>2</sup>	Error
	MO	EMS	EMC	EMP		
X <sub>1,ξ<sub>1</sub></sub>	0,850				0,723	0,278
X <sub>2,ξ<sub>1</sub></sub>	0,928				0,861	0,139
X <sub>3,ξ<sub>1</sub></sub>	0,845				0,714	0,286
Y <sub>1,η<sub>1</sub></sub>		0,749			0,561	0,439
Y <sub>2,η<sub>1</sub></sub>		0,831			0,691	0,309
Y <sub>3,η<sub>1</sub></sub>		0,797			0,635	0,365
Y <sub>4,η<sub>1</sub></sub>		0,551			0,304	0,696
Y <sub>5,η<sub>2</sub></sub>			0,677		0,458	0,542
Y <sub>6,η<sub>2</sub></sub>			0,786		0,618	0,382
Y <sub>7,η<sub>2</sub></sub>			0,851		0,724	0,276
Y <sub>8,η<sub>2</sub></sub>			0,761		0,579	0,421
Y <sub>9,η<sub>2</sub></sub>			0,572		0,327	0,673
Y <sub>10,η<sub>3</sub></sub>				0,813	0,661	0,339
Y <sub>11,η<sub>3</sub></sub>				0,874	0,764	0,236

(Source: Researcher's Analysis)

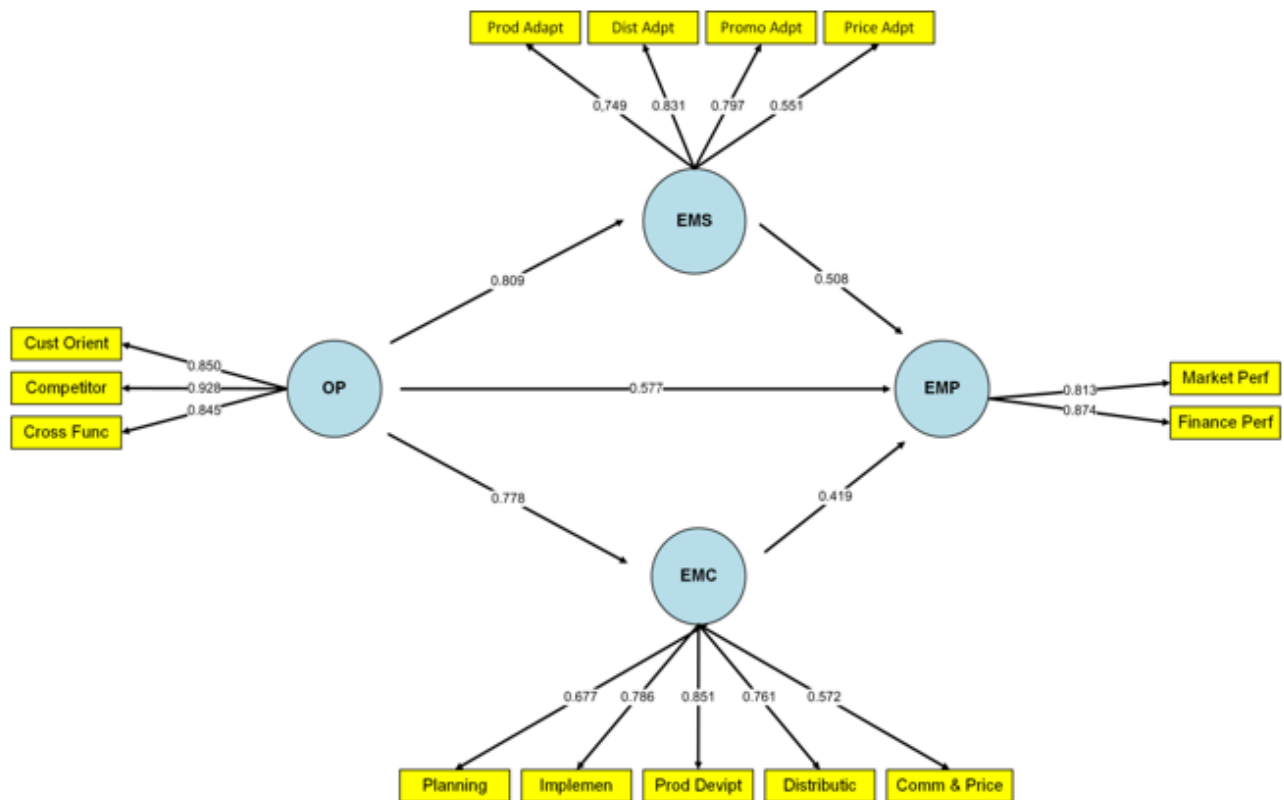


Figure 2 Path Diagram

The research finding has also confirmed that some variables intervene in market orientation and export marketing performance relationship. Some researchers, such as Racela and Thoumrungrroje (2014), Takata (2016), Dabrowski *et al.* (2019), and Sary *et al.* (2019) have found that variables mediate the relationship. Similarly, other researchers such as Qu and Zhang (2015), Boso *et al.* (2016), Zhang and Zhu (2016), and Tajeddini and Ratten (2017) have found that variables moderate the relationship. They believe that there will be no effect in the relationship without the moderating variables. However, this research confirms that export marketing strategy and capability are intervening or mediating variables. It has contributed to strengthening the market orientation and export performance relationship. The researcher believes that there will be an effect on market orientation and export marketing performance relationships without the intervening variables.

The theoretical implication of the research findings is that market orientation implementation in SMEs positively affects export marketing performance. SMEs should implement better market orientation to achieve better export marketing performance. Moreover, the export marketing performance increases when a SMEs-oriented market implements an export marketing strategy and empower their human resources' export marketing capability.

For industrial benefits, the results imply that marketing managers and owners of rattan processing SMEs in Indonesia should implement their market orientation culture consistently. They should consistently find out the needs and wants of the customers and issue marketing mix policies to meet the needs and wants of the customers. They should also consistently look into the selling points of their competitors' products and innovatively create added values, uniqueness, or competitive advantages of their product. Besides, they also need to work hand in hand and coordinate across units to serve and satisfy their customers better. Then, to scale up their export marketing performance, they need to adapt their marketing mix policies with local wisdom of their foreign markets. They also need to encourage their human resources to upgrade their export marketing capability such as marketing plan, program implementation, product development, distribution, price, and communication.

## CONCLUSIONS

In conclusion, the population for this research is marketing managers and owners of rattan processing SMEs in Indonesia. Around 108 completed self-administrated survey questionnaires are collected from nine provinces in Indonesia. Then, data are analyzed with SEM by using Lisrel 8.7. The results show that market orientation, export marketing strategy, and export marketing capability are well-implemented. However, export marketing performance is quite

well implemented in the rattan processing SMEs and needs to be improved. The researcher also finds that market orientation positively affects export marketing strategy and capability partially. Similarly, export marketing strategy and capability positively affect export marketing performance partially. Then, market orientation affects export marketing performance both directly and through export marketing strategy and capability as intervening variables.

Based on the mentioned research findings and the developed model, the researcher has confirmed the previous research findings that there is a direct effect of market orientation to export marketing performance. Then, it also confirms that the market orientation and export marketing performance relationship is intervened by export marketing strategy and capability as stated by some researchers.

The researcher believes that the research findings and research model that have been developed make significant contributions to science, especially to strategic marketing subjects. The researcher can theoretically state that SMEs with a strong market orientation culture can increase their export marketing performance. The market-oriented SMEs can improve their export marketing performance if they implement their export marketing strategy well and always develop their export marketing capability.

As industrial contributions, the researcher encourages the leadership of the SMEs to be market-oriented, implement export marketing strategy, and empower their human resources to drill their export marketing performance. It will increase their export marketing performance. It is expected that they can ensure the sustainability of their enterprises, generate incomes for better economic growth, and contribute prosperity and welfare for Indonesians.

This research has several limitations. First, the intervening variables are only export marketing strategy and capability. There are a lot of potential intervening variables in the relationship between market orientation and export marketing performance. Second, in this research, export marketing performance is measured in a subjective way. It is potentially limiting the generalizations. Third, in this research, the researcher only takes one respondent from each SME. Fourth, the analysis is based on data collection from rattan processing SMEs. There are great differences between small enterprises and medium enterprises that should be taken into account.

For future research, researchers can study other possible intervening variables in the relationship between market orientation and export marketing performance. The possible variables are learning organization, knowledge management, leadership styles, innovation, and communication information technology. It is also advisable to use objective performance indicators of the SMEs rather than subjective performance indicators. The number of respondents can be multiple to represent an enterprise. Then, researchers can study small, medium, or large enterprises due to their unique business situation and

characteristics. It is also advisable for the researchers to do future research on other SMEs of different products and market places.

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