

# BUSINESS PROCESS TRANSFORMATION AND ITS INFLUENCE ON MARKETING PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES WAJO SILK IN SOUTH SULAWESI

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**Abstract:**The aims of this research are to determine : (1) the influence of business process orientation on customer orientation and competitor orientation in small and medium silk businesses; (2) the influence of customer orientation and competitor orientation on innovation orientation in small and medium silk businesses; (3) the influence of innovation orientation on the marketing performance of small and medium silk enterprises; (4) the influence of business process orientation on innovation orientation through customer orientation and competitor orientation in small and medium silk enterprises; (5) the influence of business process orientation on marketing performance through customer orientation, competitor orientation and innovation orientation in small and medium silk businesses. The sampling technique used purposive sampling. Sample size plays an important role in estimating and interpreting the results of Structural Equation Modeling (SEM) analysis, with the estimation model using maximum likelihood (ML), so the number of samples determined in this study was 160 respondents. The analytical method used in this research is structural equation modeling (SEM). The conclusions of this research are as follows:(1) business process orientation has a positive and significant effect on customer orientation and competitor orientation in small and medium silk businesses; (2) customer orientation and competitor orientation have a positive and significant effect on innovation orientation in small and medium silk businesses; (3) innovation orientation has a positive and significant effect on the marketing performance of small and medium silk enterprises; (4) business process orientation has a positive and significant effect on innovation orientation through customer orientation and competitor orientation in small and medium silk businesses; (5) business process orientation has a positive and significant effect on marketing performance through customer orientation, competitor orientation and innovation orientation in small and medium silk businesses.

**Keywords:**business process orientation, customer orientation, competitor orientation,innovation orientation, marketing performance

## INTRODUCTION

As a part of small businesses, the silk weaving industry in Wajo Regency, South Sulawesi Province is the dominant sector among other industries. South Sulawesi Province is the largest silk industry center in Indonesia, while Wajo Regency has the most weaving business units among other districts. This industry is still a home industry, with a market share of 8 percent of the total existing weaving industry.(Guntur,2022). The development of silk weaving in Wajo Regency for five consecutive years is as follows:

**Table 1. Data on the Development of Silk Weaving in Wajo Regency**

Year	Business unit	Growth	Labor	Invertation Value
2015	5377	-	16131	8789525
2016	5377	0,000	16131	8789525
2017	5375	-0.037	16093	9789525
2018	5831	8,484	16099	9820525
2019	5940	1,869	18308	20993073

Source: Department of Cooperatives, MSMEs and Industry, Wajo Regency

Based on the data from the table above, it appears that the development of the silk business over the last five years has not shown significant growth. The highest was 8 percent in 2018, even though it had decreased from the previous year.

There is relatively a lot of research on literature in South Sulawesi, but these issues are not comprehensively integrated or each issue stands alone. From several research/studies, publications in various media, and workshops, an overview of various problems in developing natural silk in South Sulawesi, especially in Wajo Regency, was obtained as follows: 1) capital and financing. based on information from the Deputy Governor of South Sulawesi regarding the decline in silk thread production in this area (South Sulawesi), in part because some silk farmers switched businesses and faced capital constraints for developing silk cultivation (Antara News, 02/25/2011). 2) the limited number of experts and skilled human resources who have technical expertise, counseling and management of natural silk activities are still relatively limited in number and distribution, which is an obstacle in the natural silk business in Indonesia. This is due to the low productivity of mulberry leaves and silkworm cocoons, so that the income earned by the community is still low. Therefore, efforts to increase the production of mulberry leaves need to continue, including by improving mulberry plant maintenance techniques (Andadari, 2005). In addition, Persuteraan in South Sulawesi is experiencing quite serious obstacles. Namely, the minimal availability of raw materials upstream (Upeks, 12 May 2011). 3) the technology used by natural silk farmers/craftsmen is still relatively traditional, so the quality and quantity of production is still relatively low so that technology transfer is needed to be able to further increase production (both quantity and quality) which is still not optimal/smooth, this can be seen from The absence of downstream industries (factories) that accommodate the productivity of silkworm craftsmen has hampered the development of silkworms in South Sulawesi (Jurnas.com, 03/05/2011). 4) Apart from technology, farmers' production and profits are low. This is because the management of mulberry and silk cocoon

farming is not yet efficient, both technically and price efficiency due to low use of land production factors, mulberry crop intensity, urea fertilizer and labor (Marhasan, 2005). 5) Accessibility. Market access is still difficult for farmers and craftsmen to reach, resulting in a slow process of marketing the products of Micro, Small and Medium Enterprises (MSMEs) in South Sulawesi which are still constrained by capital and marketing, as well as management. This was revealed in the evaluation meeting for the implementation of the Smart Anging Mammiri (SAM) II exhibition (South Sulawesi Cooperatives and SMEs Department, Wednesday 27 October 2010), Another issue that needs to be considered in developing silk production is improving the quality of human resources and marketing (Berita Daerah.com. 04/20/2011).

A number of the challenges mentioned above have long been the subject of recurring discussions among natural silk actors both locally (South Sulawesi) and nationally. It's just that these various efforts have not offered a solution or produced a comprehensive policy that can make the condition of natural silk in Wajo Regency, South Sulawesi better. So what is needed now is to formulate a model for improving the performance of small businesses.

Based on the above phenomenon, the research justification is prepared as follows: The first justification in this research is based on the existence of a research gap. Therefore, the empirical findings in the study of business process transformation from market orientation to product innovation orientation and its influence on the marketing performance of small silk businesses in Wajo Regency in South Sulawesi will provide greater clarity in improving the marketing performance of small and medium enterprises. The second justification is to build a theoretical model developed from several theories, several relevant literature studies so that it can help academics to develop future research. Research on the study of business process transformation from market orientation to product innovation orientation and its influence on the marketing performance of small silk businesses in Wajo Regency in South Sulawesi is still very interesting and there are still wide opportunities to develop it by involving various adequate theories and literature. The theories involved are Resources Based View (RBV), with its branches Entrepreneurial Theory, Organizational Theory, and social capital theory and Market Based View (Contingency Theory). The third justification is that there is still a lack of studies on the marketing performance of small businesses, especially the silk industry, which use the variables business process orientation, market orientation, product orientation and innovation, so it is hoped that the findings of this research can contribute to the government in making policies to improve the welfare of the small business industry. The fourth justification is that there is no research that links business process orientation with market orientation and its impact on product orientation and marketing performance as a unified model for improving small business marketing performance, so that it can be used as research novelty or novelty of this research.

## THEORETICAL OVERVIEW

### Definition of Small Business and Small Industry

The definition of small business in Indonesia that has been used so far tends to refer to the number of workers and total asset ownership. The Central Bureau of Statistics uses the limit for small-scale companies which refers to the number of workers, namely a company that employs 1 to 20 workers (including the company owner); while the Ministry of Industry and Trade uses investment capital (asset) ownership criteria, namely a company that has a maximum investment capital of IDR 600 million excluding the value of buildings and structures (Sadoko et al., 1995).

### Resource Based View (RBV) Theory

RBV theory views the firm as a collection of resources and capabilities (Penrose 1959; Wernerfelt, 1984). The RBV assumption is that companies compete based on resources and capabilities. Differences in a company's resources and capabilities with competing companies will provide competitive advantages (Peteraf, 1993).

Company resources can be divided into three types, namely, tangible, intangible and human resources (Grant, 2002). Capabilities show what a company can do with its resources (Amit and Schoemaker, 1993). Higher levels of firm capabilities are known as 'capability dynamics' (Teece, Pisano, and Shuen, 1997). Dynamic capabilities are a company's ability to create, maintain, or change other company capabilities (Winter 2003).

### Structure-Conduct-Performance (SCP) Theory

Market Structure, Behavior and Performance are three elements that can describe the Indonesian banking industry, or known as the Structure, Conduct and Performance (SCP) paradigm. SCP is used to measure the relationship between the three. The SCP paradigm was first coined by Bain and Mason in 1940 and the simplest model is the linear model proposed by Stephen Martin in 1988, namely structure influences behavior and behavior influences performance. The smaller the degree of competition in an industry, the greater the profits the company will obtain (Ilusmawati and Nuswantara, 2014). Market structure elements consist of Market Share, Market Concentration, and Barriers to Entry. Market share is how much a company controls the market which is calculated in percentage. Market share in business practice is the company's goal/motivation. Companies with better market share will enjoy profits and product sales and an increase in their share prices (Jaya, 2008).

### Several Theories about Business Process Orientation

Basically, a large or small company must have a business activity which consists of continuous processes carried out within the company, or what is usually called a business process (Dewi, 2017). A business process involves a sequence of deliberately organized activities aimed at producing a specific output, which may subsequently initiate other activities or involve different actors as process owners (Alshathry, 2016). In essence, a business process comprises interconnected, independent activities that pertain to a company's business functions. Here, the term "business function" refers to a company or organization responsible for creating a product or service (Jones et al., 2014, as cited in Alshathry, 2016). The critical role of business processes within an organization has led to the development of business

process management, a managerial approach focused on the continuous improvement and optimization of these processes.

### **Several Theories about Market Orientation**

Market orientation is crucial for companies as it aligns with the growing global competition and evolving customer needs, necessitating that businesses stay closely connected to their markets. This concept embodies a business culture where organizations are dedicated to continually innovating to deliver superior value to customers. According to Narver and Slater (1990), market orientation is the organizational culture that most effectively fosters behaviors essential for generating exceptional value for customers and enhancing business performance. Uncles (2000) further elaborates that market orientation involves processes and activities aimed at creating and satisfying customer needs through ongoing evaluation. Adopting a market-oriented approach can significantly boost a company's performance..

### **Some Theories about Innovation**

Prakoso (2005), as cited by Suendro (2010), suggests that innovation serves as a crucial mechanism for companies to adapt to ever-changing environments. It plays a pivotal role in the ongoing growth and development of organizations. This can be achieved by introducing new technologies, applying novel concepts in products and services, exploring new markets, and implementing innovative organizational structures. The integration of these diverse innovation aspects creates an "innovation arena." According to Kotler and Armstrong (1997), a product encompasses anything offered to the market that can capture attention, be owned, used, or consumed, and fulfill needs and desires. This includes tangible goods, services, people, places, organizations, and ideas.

### **Some Theories about Marketing Performance**

Madura (2001) discusses that business performance is evaluated from the viewpoint of business owners who have invested capital into the company, emphasizing two main criteria: the return on their investment and the associated risk. The business strategies devised by managers must therefore focus on fulfilling the expectations of these owners. It is essential for managers to assess how different business strategies will influence the company's investment returns and the risk profile. Mulyadi (1997) explains that organizations are basically run by humans, so performance appraisal is actually an assessment of human behavior in carrying out the roles they play in the organization. According to Wibisono (2006) performance evaluation is a performance assessment that is compared with agreed plans or standards. Siegel & Marconi (1989) argue that performance appraisal is a periodic determination of the operational effectiveness of an organization, organizational divisions and employees based on predetermined targets, standards and criteria.

### **conceptual framework**

In developing this conceptual research, four justifications are considered essential. The first justification is the identification of a research gap. This study aims to provide empirical insights into how the transformation from market orientation to product innovation orientation affects the marketing performance of small silk businesses in Wajo Regency, South Sulawesi, thereby enhancing the marketing performance of small and medium enterprises. The second justification involves constructing a theoretical model derived from various theories and literature, which

can guide future academic research. The focus on business process transformation from market orientation to product innovation orientation in small silk businesses remains a promising area for exploration, integrating theories such as the Resource-Based View (RBV), Entrepreneurial Theory, Organizational Theory, Social Capital Theory, and the Market-Based View (Contingency Theory).

The third justification addresses the limited research on the marketing performance of small businesses, particularly in the silk industry, that incorporates variables such as business process orientation, market orientation, product orientation, and innovation. The findings are expected to inform government policies aimed at improving the welfare of small business industries. The fourth justification highlights the novelty of linking business process orientation with market orientation and its impact on product orientation and marketing performance into a cohesive model to enhance small business marketing performance.

The relationship between business orientation and market orientation, strategic orientation, and marketing performance is analyzed using the Structure-Conduct-Performance (SCP) paradigm proposed by Mason (1939). This paradigm posits that the structure of an industry determines the behavior of its players, which in turn influences industry performance. SCP serves as a fundamental framework in industrial economic analysis, examining how market structure affects company behavior and overall market performance.

Barney and Hesterly (1996) argued that the SCP theory, along with the resource-based theory of the firm, advances the transaction cost theory and agency theory. They emphasized that the issue in an industry is not only the existence of companies but also the differing performances within the same industry. ES Mason and Joe Bain, as discussed by Shepherd (1990), developed SCP theory to address this discrepancy, initially aiming to aid government efforts in curbing less competitive companies. However, SCP theory now plays a crucial role in strategic management for companies.

The Market-Based View (MBV) theory focuses on how market orientation influences strategy (innovation) and its implications for company performance, while the Resource-Based View (RBV) theory examines the impact of capabilities on strategy and company performance. According to MBV theory, a company's performance is shaped by its unique strategic position in response to market competition (Hoskisson, Hitt, and Ireland, 2004; Porter, 1980, 1985, 1996)..

### **Research Hypothesis**

The hypotheses in this research are:

H1: Business process orientation has a positive and significant effect on customer orientation and competitor orientation in small and medium silk businesses;

H2: Customer orientation and competitor orientation have a positive and significant effect on innovation orientation in small and medium silk businesses;

H3: innovation orientation has a positive and significant effect on the marketing performance of small and medium silk businesses;

H4: business process orientation has a positive and significant effect on innovation orientation through customer orientation and competitor orientation in small and medium silk businesses;

H5: Business process orientation has a positive and significant effect on marketing performance through customer orientation, competitor orientation and innovation orientation in small and medium silk businesses.

### RESEARCH METHOD

Based on the type of research, this research is research that explains the causal relationship between variables or what is called explanatory research. Apart from that, this research is included in descriptive research. The research instrument in this research is The data entry list/table becomes a research instrument as a medium for collecting primary data from respondents. Apart from the data collection instrument in the form of a data list/table, data collection was also carried out by downloading secondary data in the form of small silk business profile data in Wajo Regency, South Sulawesi. The population of this research is all small silk business owners in Wajo Regency. The sampling technique used in this research was purposive sampling. Sample size plays an important role in estimating and interpreting the results of Structural Equation Modeling (SEM) analysis, with the estimation model using maximum likelihood (ML), so the number of samples determined in this study was 160 respondents. In this research, the type of data used is qualitative and quantitative. The data sources used in this research are primary data and also in secondary form. In this research, the research data collection techniques used include observation, questionnaires and documentation. The analytical method used in this research is structural equation modeling (SEM).

### RESULT AND DISCUSSION

As for The results of calculating the influence between variables are displayed in the following Tabel 2:

**Table 2. Influence Between Variables**

<b>Independent Variable</b>		<b>Dependent Variable</b>	<b>Estimasi</b>	<b>T Value</b>	<b>Prob</b>
Business Process Orientation (X1)	1	Customer Orientation (Y1)	0.87	5.265	0.000
	2	Competitor Orientation (Y2)	0.838	4.958	0.000
Customer Orientation (Y1)	1	Innovation Orientation (Y3)	0.606	3.842	0.000
Competitor Orientation (Y2)	1	Innovation Orientation (Y3)	0.295	3.596	0.000
Innovation Orientation (Y3)	1	Marketing Performance (Y4)	1,714	7,233	0.000

Source: spss output, processed 2022

### **The Influence of Business Process Orientation on Customer Orientation**

Based on the table above, it appears that the coefficient value of the influence of business process orientation (X1) on customer orientation (Y1) is 0.870 with a t value of 5.265 at a significance level of 0.000. This coefficient shows that the business process orientation variable (X1) has a positive effect on customer orientation (Y1), so that an increase in business process orientation (X1) will be followed by an improvement in customer orientation (Y1) assuming other factors influence the size of customer orientation. (Y1) is considered constant.

The calculated t statistical value of the influence of business process orientation (X1) on customer orientation (Y1) is 5,265 with a significance of 0,000 or below 0.05. This means that business process orientation (X1) has a significant effect on customer orientation (Y1).

### **The Influence of Business Process Orientation on Competitor Orientation**

Based on the table above, it appears that the coefficient value of the influence of business process orientation (X1) on competitor orientation (Y2) is 0.870 with a t value of 5.265 at a significance level of 0.000. This coefficient shows that the business process orientation variable (X1) has a positive effect on competitor orientation (Y2), so that an increase in business process orientation (X1) will be followed by an improvement in competitor orientation (Y2) assuming other factors influence the size of competitor orientation. (Y2) is considered constant.

The calculated t statistical value of the influence of business process orientation (X1) on competitor orientation (Y2) is 5,265 with a significance of 0,000 or below 0.05. This means that business process orientation (X1) has a significant effect on competitor orientation (Y2).

### **The Influence of Customer Orientation on Innovation Orientation**

Based on the table above, it appears that the coefficient value of the influence of customer orientation (Y1) on innovation orientation (Y3) is 0.606 with a t value of 3.842 at a significance level of 0.000. This coefficient shows that the customer orientation variable (Y1) has a positive effect on innovation orientation (Y3), so that an increase in customer orientation (Y1) will be followed by an improvement in innovation orientation (Y3) assuming other factors influence the size of innovation orientation (Y3). is considered constant.

The calculated t statistical value of the influence of customer orientation (Y1) on innovation orientation (Y3) is 3,842 with a significance of 0.000 or below 0.05. This means that customer orientation (Y1) has a significant effect on innovation orientation (Y3).

### **The Influence of Competitor Orientation on Innovation Orientation**

Based on the table above, it appears that the coefficient value of the influence of competitor orientation (Y2) on innovation orientation (Y3) is 0.295 with a t value of 3.596 at a significance level of 0.000. This coefficient shows that the competitor orientation variable (Y2) has a positive effect on innovation orientation (Y3), so that an increase in competitor orientation (Y2) will be followed by an improvement in innovation orientation (Y3) assuming other factors influence the size of innovation orientation (Y3). ) is considered constant.

The calculated t statistical value of the influence of competitor orientation (Y2) on innovation orientation (Y3) is 3.596 with a significance of 0.000 or below 0.05. This



means that competitor orientation (Y2) has a significant effect on innovation orientation (Y3).

### **The Influence of Innovation Orientation on Marketing Performance**

Based on the table above, it appears that the coefficient value of the influence of innovation orientation (Y3) on Marketing Performance (Y4) is 1.714 with a t value of 7.233 at a significance level of 0.000. This coefficient shows that the innovation orientation variable (Y3) has a positive effect on Marketing Performance (Y4), so that an increase in innovation orientation (Y3) will be followed by an improvement in Marketing Performance (Y4) assuming other factors influence the size of innovation orientation (Y3) is considered constant.

The calculated t statistical value of the influence of innovation orientation (Y3) on marketing performance (Y4) is 7.233 with a significance of 0.000 or below 0.05. This means that innovation orientation (Y3) has a significant effect on Marketing Performance (Y4).

### **Discussion of Research Results**

Based on the results of research that has been found in the previous subchapter, the following research results will be discussed:

#### **The Influence of Business Process Orientation on Customer Orientation and Competitor Orientation**

Basically, a large or small company must have a business activity which consists of continuous processes carried out within the company, or what is usually called a business process (Dewi, 2017). A business process is a series of activities that are deliberately arranged and carried out to produce a certain output which can be a trigger for other activities or actors as process owners (Alshathry, 2016). So it can be interpreted that a business process is a series of related independent process activities, which are related to the company's business functions. The business function in this sentence is defined as a company or organization that produces a product or service (Jones et al., 2014 in Alshathry, 2016). The importance of business processes in an organization has also given rise to business process management as a management technique that ensures continuous optimization of an organization's business processes.

RBV theory views the firm as a collection of resources and capabilities (Penrose 1959; Wernerfelt, 1984). The RBV assumption is that companies compete based on resources and capabilities. Differences in a company's resources and capabilities with competing companies will provide competitive advantages (Peteraf, 1993).

Company resources can be divided into three types, namely, tangible, intangible and human resources (Grant, 2002). Capabilities show what a company can do with its resources (Amit and Schoemaker, 1993). Higher levels of firm capabilities are known as 'capability dynamics' (Teece, Pisano, and Shuen, 1997). Dynamic capabilities are a company's ability to create, maintain, or change other company capabilities (Winter 2003).

According to the RBV, strategy is carried out by allocating resources to market needs when the capabilities of competing companies are insufficient so that it will provide effective results for the company. Company resources and capabilities are important in business-level strategy. And valuable resources that can influence

various businesses carried out by the company are important in corporate level strategy (Montgomery, 1997).

### **The Influence of Customer Orientation and Competitor Orientation on Innovation Orientation**

Customer orientation significantly enhances both technical and administrative innovation. This innovation, in turn, leads to improved subjective performance within the company, ultimately boosting objective performance as well (Kirca et al., 2015). Pau (2011) conducted research on technical innovation orientation, revealing that organizational culture impacts the commitment to implementing new ideas, production processes, and products. Meeting customer desires and needs is crucial for organizational success, as customer orientation and innovation orientation are complementary rather than conflicting. Innovation orientation can open up new markets and attract new consumers. Profit margins and the understanding of customer needs are vital for enhancing small farmers' capabilities, especially when customer concentration is high and competition is low. Informal networks are essential for small companies aiming to develop innovation capabilities and target the majority market (Dentoni & Domenico, 2011).

Customer orientation and competitor orientation are fundamentally interconnected and together form the core of market orientation. These dimensions enable a company to understand and fulfill customer needs while also recognizing competitors' strategies and strengths. Competitor orientation involves comprehending the short-term and long-term strategies, strengths, and weaknesses of current and potential competitors (Day and Wensly, 1988). Sales personnel gather and share competitor information within the company, facilitating discussions with leadership to anticipate threats and innovate effectively. A strong competitor orientation helps companies react to business challenges and adopt a proactive approach to outshine competitors through continuous innovation in products and services (Johnson et al., 2009).

### **The Influence of Innovation Orientation on Marketing Performance**

Mavondo, Felix, Chimhanzi, Jacqueline, Stewart and Jillian (2005) found that innovation orientation does not have a significant positive influence on marketing effectiveness. Darroch (2005), the results of his research stated that innovation orientation has no influence on performance, whether measured by financial performance or non-financial performance, namely market share and sales growth.

Sylvie, 2008; Beatrix, 2008. Then Johnson, Dibrell and Eric (2009), the results of their research stated that an integrated innovation orientation has a positive effect on the performance of manufacturing industrial companies. Integrated innovation includes organizational innovation, product innovation, process innovation and marketing innovation. Companies are more successful if they focus more on innovation activities. Likewise, Gurhan, Gunduz, Kemal and Lutfihak (2011) stated that restructuring and productivity have a significant positive effect on competitive advantage.

### **The Influence of Business Process Orientation on Innovation Orientation Through Customer Orientation and Competitor Orientation**

A successful company or organization should establish a well-defined business process that supports its activities in a conceptual, structured, and sequential manner to achieve maximum efficiency and effectiveness (Delgado et al., 2016). According to Hammer and Champy (1993) and Weske (2007), a business process is a series of coordinated activities with specific standards based on company functionality. These activities, carried out by groups of people or machines, require inputs and produce valuable outputs (as cited in Weske, 2007). Innovation orientation involves changes in product offerings, services, business models, or operations that significantly enhance the experiences of numerous stakeholders. Such changes often signal a shift from previous practices to new methods and allow the application of existing technologies or practices from other sectors to a particular one (Hovgaard & Hansen, 2004).

McDermott & O'Connor (2002) describe three facets of innovation orientation: a) Innovation can emerge from final results, typically related to project outcomes; b) It can leverage internal company orientations to enable sustainable productivity improvements; c) It is measured by the number of new products introduced, the percentage of sales from new products, innovation rates, and the frequency of introducing new concepts compared to competitors. Innovation inherently involves risks as it departs from established practices.

### **The Influence of Business Process Orientation on Marketing Performance Through Customer Orientation, Competitor Orientation and Innovation Orientation**

Business process orientation, as introduced by McCormack and Johnson in 2001, focuses on guiding companies through the process of achieving maturity by employing various performance metrics. The industry's structure shapes the behavior of its participants, which in turn affects overall industry performance. This concept is encapsulated in the Structure-Conduct-Performance (SCP) paradigm, which categorizes market conditions and competition into three primary areas: structure, conduct, and performance. The market structure impacts the behavior of firms within it, collectively determining the market system's performance.

Innovation, defined by Hansen, Korhonen, Rametsteiner, and Shook in 2006, involves the creativity and/or adoption of new ideas, processes, products, or services. These innovations aim to enhance customer value and contribute to the company's performance and effectiveness..

## **CONCLUSIONS**

Based on the results of the research and discussion in the previous chapter, it can be concluded as follows:(1) business process orientation has a positive and significant effect on customer orientation and competitor orientation in small and medium silk businesses in Wajo Regency. Thus, it can be concluded that if the business process orientation of small and medium silk businesses in Wajo Regency is carried out according to procedures, it will have an impact on positive customer orientation and small and medium silk businesses in Wajo Regency will be able to compete in running their business; (2) customer orientation and competitor orientation have a positive and significant effect on innovation orientation in small and medium silk businesses in Wajo Regency. Thus, it can be concluded that if small

and medium silk businesses in Wajo Regency always innovate in their business, this will have an impact on positive customer orientation and small and medium silk businesses in Wajo Regency will be able to compete in running their business; (3) innovation orientation has a positive and significant effect on the marketing performance of small and medium silk enterprises in Wajo Regency. Thus, it can be concluded that if small and medium silk businesses in Wajo Regency always innovate in their business, marketing performance can increase; (4) business process orientation has a positive and significant effect on innovation orientation through customer orientation and competitor orientation in small and medium silk businesses in Wajo Regency. Thus, it can be concluded that if the business process orientation of small and medium silk businesses in Wajo Regency is carried out according to procedures, there will be innovation in products and services and positive customer orientation accompanied by being able to compete in running the business; (5) business process orientation has a positive and significant effect on marketing performance through customer orientation, competitor orientation and innovation orientation in small and medium silk businesses in Wajo Regency. Thus, it can be concluded that if the business process orientation in small and medium silk businesses in Wajo Regency is carried out according to procedures, then marketing performance will improve, followed by an increase in customer orientation, competitor orientation and innovation orientation.

Implication : Small and medium-sized silk companies should prioritize business process orientation as a foundation for strengthening customer and competitor orientation, which will drive innovation and, ultimately, improve their marketing performance.

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