

Effect of Market Orientation on Learning Orientation to Reach Competitive Advantage Rural Credit Banks in East Java Province - Indonesia

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Abstract:- Competition in the banking sector which is increasingly competitive in the era of globalization requires a bank to find a way out to be able to compete and excel, including in this case the Rural Credit Bank (BPR). Market orientation and learning orientation become moments that contribute to increasing the bank's competitive advantage.

This type of research is explanatory, with a sample of 95 rural banks from a population of 179 rural banks in East Java using proportional random sampling. Data collection using questionnaires, interviews and documentation, for data analysis used GSCA (Generalized Structured Component Analysis).

The results of the study prove that ; “market orientation has a significant effect on competitive advantage, a significant effect on learning orientation. Learning Orientation has a significant effect on competitive advantage. The results of this study develop the Strategy Management Strategy from the Market Base View Perspective. The results of the study confirm the theory used in this study as well as previous research references”. Practical contribution: BPR can utilize market orientation, learning orientation, as a source of competitive advantage.

Research limitations : “information sources rely solely on a single information from the BPR director or director so that it is possible to obtain biased data, the research is cross-sectional. For future research, the source of information should come from the BPR director and chief director, and the research should be longitudinal in order to obtain a complete picture of the variables studied”.

Keywords:- Market Orientation, Learning Orientation, Competitive Advantage.

I. INTRODUCTION

A. Background

Competition between banks is increasingly fierce, the growth and development of banks is not only marked by the number of branches opened but can be seen from the emergence of new products with all kinds of attributes owned by each bank. As the World Bank IBRD Executive said:

“As in other industries, competition in the banking system is desirable for efficiency and maximization of social welfare. However, due to its roles and functions, there are some properties that distinguish it from other industries. It is important to not only make sure that banking sector is competitive and efficient, but also stable. The so-called structure-conduct-performance paradigm assumes that there is a stable, causal relationship between the structure of the banking industry, firm conduct, and performance, (David R. Malpass, 2019:7)

Banks as a business organization can achieve performance above the average competitor and win competition in a dynamic external environment, when the organization understands the needs and desires of consumers and activities carried out by competitors, in addition the organization must learn faster from competitors. Bank Perkreditan Rakyat (BPR) to win competition in the micro market requires a hard struggle, because in addition to competing with fellow BPRs and other non-financial institutions, (Taswan, 2010: 19). The bank is also dealing with a commercial bank that has changed its business orientation to go to retail with a focus on financing in the micro business, which is a market for BPR.

The purpose of the formation of the People's Credit Bank (BPR) by the government is to support the implementation of national development in order to improve national stability, economic growth and equity, towards increasing the welfare of the people so that they do not fall into the hands of the pengijon. BPR's goal is to serve the credit needs of farmers, ranchers, fishermen, traders, small businesses, employees and retirees, because this target has not been fully served by commercial banks, thus the BPR market segment, is the micro market, (Gigih, 2018: 3) in [http : //www.bi.go.id](http://www.bi.go.id).

This condition is both a threat and an opportunity for rural banks that are able to compete and survive in the micro market. Knowledge of the sources that underlie competitive pressures will show the strengths and weaknesses of a company, which is important how to position itself in the industry and emphasize which strategic changes in an industry provide the greatest benefit, and pay attention to trends from industries that promise opportunities or threats, (Porter, 1989: 143).

The role of rural banks in the economy in Indonesia can be seen from the percentage of the value of loans extended to Small and Medium Enterprises (MSMEs), in 2010-2013 that is 4.5 - 4.88%. BPRs in East Java Province in the fourth quarter of 2014 were able to raise public funds in the amount of 6.24 trillion Rupiahs, with a composition of 68% coming from deposits while 32% came from community savings. Based on these conditions, BPRs can use market orientation, to understand and deal with the dynamics of the external environment.

As the opinion stated that companies that make market orientation an organizational culture, will focus on the company's external needs, wants and market demands, as the basis for developing the strategies of each business unit in the organization and determining the company's success. An organization in obtaining and interpreting market information to be true, it must be oriented to learning, (Schlosser and McNaughton, 2004: 107).

A market-oriented business is a business where the entire organization implicitly embraces the values in it and all businesses are directed to create superior customer value. In a relatively stable environment and responding quickly to evolving customer desires and focusing on customer satisfaction can provide a lasting basis for a company's competitive advantage. This relationship will be long-lasting and valuable, and as such will provide the basis for competitive advantage (Slater and Narver, 1998: 126).

Market orientation builds another orientation and companies need market orientation to build learning orientation. Market orientation as a characteristic of an organization that determines priorities in the marketing information process in every activity and its use in strategic processes, the processes that enable companies to learn, (Barker and Sinkula, 1999: 194)

Higher learning is needed to prioritize and act on important market information or get rid of outdated information. Although learning orientation provides a sustainable competitive advantage, market orientation is an important cultural and behavioral basis for learning orientation and leads naturally to learning, and interacts with learning (Barker, 1999: 142).

Likewise, the results obtained from several previous researchers who examined the relationship between market orientation and learning orientation are Keskin (2006), Eris and Ozmen (2012). Previous researchers who examined the relationship between learning orientation and performance were: Martinette (2006); Barker and Sinkula (1999); Mavondo et al. (2005), Keskin (2011), Eshlaghy and Maatofi (2011), but there are other researchers who obtained different research results namely that learning orientation did not determine the performance examined by Halim in 2011.

Learning orientation expresses the framework of organizational values, defines, creates and shares information and uses abilities, then they state that the success of learning activities must be measured by performance. Furthermore states that the ability of organizations to learn faster than competitors can be a source of competitive advantage, (Sinkula, 1997: 102)

Competitive advantage is a condition that allows a company to operate with quality that is more efficient or better than its competitors (Porter, 1980). Meet the needs of customers in certain segments better (delivered by Lovelock and Wright, 2005), continually adapting to trends, or external changes in the company, ownership of internal resource competencies, (David, 2005: 86 - Day and Wensly, 1988: 127).

B. Problem Formulation

Based on the background description that has been described, then the problem is formulated :

- Does market orientation have a significant effect on competitive advantage, market orientation has a significant effect on learning orientation in rural banks (BPRs) East Jawa ?
- Does Learning orientation have a significant effect on competitive advantage in rural banks (BPRs) East Jawa ?

II. LITERATURE REVIEW

The theory relevant to how companies adjust their assets to the environment to get compatible with the environment of the company is Market based view that focuses on the analysis of the analysis of external forces and industry variables as a basis for obtaining and maintaining competitive advantage, competitive advantage is mainly determined by competitive position in the industry , (David, 2006: 118). Basically Market based view is about adaptation to the market environment, and is defined as a culture in which all workers are committed to creating value continuously about value for customers,

(Hollensen, 2010: 32). Adaptation to new market positions adjusting to changes in factors such as consumer preferences, competitor movements, government regulations and distribution structures can have a significant impact on companies, this requires tenacity in changing product offerings, activity systems and resource bases to match changes in external conditions, (Dewitt and Meyer, 2005: 132).

Market orientation is needed to build Competitive Advantage in order to create value for customers derived from information about customers, information regarding competitors, then all information is coordinated between organizational functions, then action is taken to process the information and be realized on products or services that are in accordance with the will of the market, this is as stated by Slater and Narver (1994,1998), Luke and Ferrel (2000); Reicheld (1996) in Slater and Narver (1998); Day and Nedungadi (1994). Market orientation is also a source of knowledge for learning-oriented organizations, so that competitive advantage will be achieved, (David, 2006: 122).

Market orientation as a culture in business, where all employees have committed to create sustainable superior value for customers. Market orientation requires customer focus, competitor intelligence, coordination between business functions, (Narver and Slater, 1993: 144). It is further known that customer orientation is a deep understanding of customer needs, so that superior value can be given continuously, in other words that the seller's understanding of who his potential customers are currently and in the future, what is desired, and felt by the customer, (Narver and Slater, 1993: 144). Competitor orientation is defined as an understanding of the short-term strengths and weaknesses as well as the long-term capabilities and strategies of existing and potential competitors. While coordination between functions illustrates the use of coordinated company resources in creating superior value for target customers.

Argyris and Schon (1978) state that learning orientation is the degree to which companies are proactive in the circumstances they trust and actually maximize organizational performance. Slater and Narver, (1995) Dickson, (1996) convey that culture or habits allow organizations to learn faster than competitors and create competitive advantage, in addition to devoting or basing themselves on superior value for customers, (Narver and Slater, 1993: 148).

Barker and Sinkula, (1999) measure and test learning orientation from three dimensions, namely commitment to learning, share vision, and open-mindedness, all three are core components for building learning orientations for organizations. Organizational commitment to learning is the level of learning that the organization considers appropriate or appropriate and thus tries to not only promote the learning process (Sinkula, 1997: 135). An open view or open-mindedness refers to a critical evaluation of an organization's daily activities and acceptance of new ideas. The shared vision or share vision is to show the concentration of all members of the organization on learning that leads to strengthening their energy, commitment and goals.

Competitive advantage is at the heart of the company's performance in the competitive market, namely how a company can truly create and maintain competitive advantage in the industry. Competitive advantage basically grows from the value of a company that is able to create value for its buyers, exceeding the company's costs incurred for value creation. To gain a competitive advantage over its competitors, companies can provide comparable buyer value or carry out activities more efficiently than competitors (lower costs), or provide activities in unique ways that create greater buyer value and premium prices / differentiation, (Porter , 1994: 206)

Berdine (2008) has conducted research measuring the competitive advantage of textiles in America, he has developed indicators from Porter which include marketing, location, customer service, relationship with suppliers, relationship & development, production efficiency, cost, reliability of delivery, product quality, full package sourcing, lead-time, flexibility. Canals (1993) identified sources of bank competitive advantage which included man power, financial management, asset base and intangibles assets. The most important basis for competitive advantage includes price, features, bundling, quality, availability, image, relationship, (Dewitt and Meyer, 2005).

III. RESEARCH METHODS

The type of research used is explanatory research. This is in "accordance with similar research concepts that try to see the relationship between exogenous variables and endogenous variables which are a series of causal or causal influences".

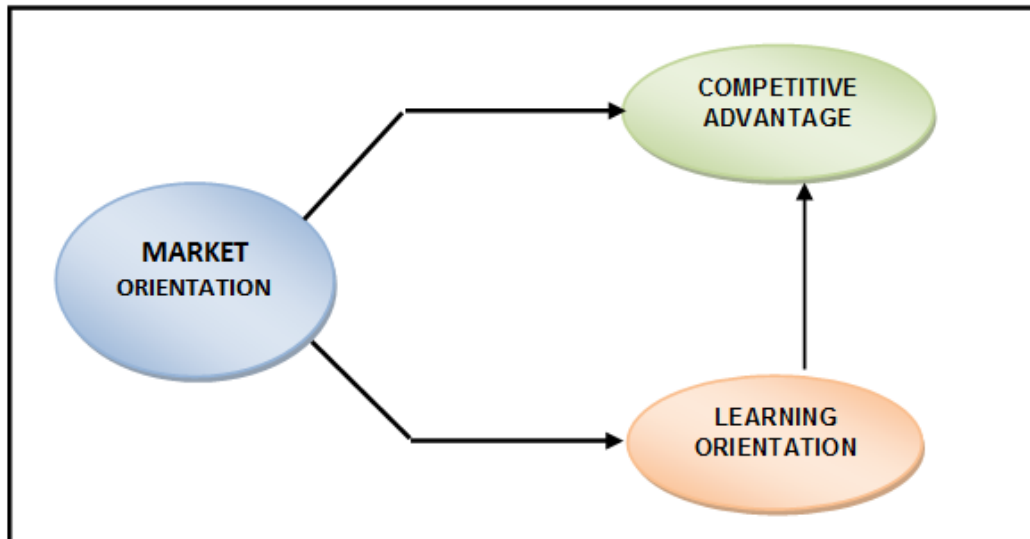


Fig 1:- Model research framework
Source: previous theories and research though (2018)

IV. RESULTS AND DISCUSSION

This study uses three indicators to describe the Market Orientation variable, including indicators of Customer Orientation (X.1), Competitor Orientation (X.2) and Coordination Between Functions (X.3). This indicator was adopted from the opinions of Narver and Slater (1990), Slater and Narver (1994) and from the results of Suarniki's research (2008). Descriptions of each indicator of market orientation variables are stated as follows. The results of the study showed the average score of respondents' answers for the market orientation variable was 3.71 or included in the good category (Sujana 2005) in other words actually indicators of Customer Orientation, Competitor Orientation, Coordination Between Functions, included in good criteria, to measure Variables Market Orientation, therefore all these indicators should be maintained or can be reused. This is in accordance with the opinion of Narver and Slater (1990) which states that Market Orientation requires Customer Focus, Competitive Intelligence and Coordination between Business Functions. This discussion will explain the strengths and weaknesses of each indicator contribution to the market orientation variable.

➤ The customer orientation indicator has a mean value of 3.66 included in the good category (Sujana 2005), "while according to the evaluation of the measurement model, the customer orientation indicator is important, it can be interpreted based on respondents' answers Customer Orientation indicators are included in the criteria both to describe the Market Orientation variable and should still calculated or maintained". This reasoning is reinforced by the respondent's answer score which states that 55 people (59.2%) stated that they prioritized and prioritized information about their customers or were in the criterion value of 3.4-4.2 or good (Sujana, 2005). This condition is in accordance with the opinion of Nerver and Slater (1990), which states that Customer Orientation has a strong relationship with Competitor Orientation indicators. But

the Customer Orientation indicator still has weaknesses because the answer score of 40.8% of respondents on the criteria is sufficient to low means there are still respondents who perceive that this indicator is not a priority and this is in accordance with the opinion of Narver and Slater (1990) which states that the difficulty which will be faced by companies that focus on existing customers, are reactive and only focus on short-term needs.

- The average value of respondents' answers on the Competitor Orientation indicator is 3.70 which has meaning based on the factual conditions of the competitor orientation indicators included in both categories (Sujana, 2005) so that when used to measure "Market Orientation variables can be maintained or prioritized. The reason that can be stated is that there are 66.7% (62) people who state that they prioritize and prioritize information about their competitors, or in other words, this indicator is important for BPR organizations. Based on the evaluation of the measurement model that the Competitor Orientation indicator is the most important indicator in explaining the Market Orientation variable". But that this indicator still has weaknesses because 33.3% of respondents stated that they prioritized information about their competitors or according to Sujana (2005), including enough and some respondents said they did not prioritize or considered not important with regard to their competitors' information which means they have unfavorable criteria .
- Coordination indicators between functions, obtained a mean value of 3.76 and included in both categories (Sujana 2005), "besides that according to the evaluation of the measurement model of this indicator is important. The meaning of this value is based on respondents' answers that the Coordination Indicator between Functions in an organization is good if it is used to measure market orientation variables, therefore it can be

reconsidered". Theoretical explanation that can be put forward that the integration of coordinated company resources is closely related to customer orientation and competitor orientation, where coordination is built based on information obtained through the utilization of coordinated resources, this information is disseminated to all parts of the organization (Narver and Slater, 1990). "This opinion can be used on the basis of why respondents perceive this indicator in the first order so that the mean obtained is highest among the three indicators. This condition has been supported by 22.6% of respondents' score scores which state that they prioritize coordination between functions, and 39.8% of respondents said they prioritize or it is important to coordinate between functions in order to manage information regarding their competitors or customers".

Learning orientation variables are measured through three indicators which include Commitment to learning (Y1.1), share vision or shared vision (Y1.2) and Openness of Thought, (Y1.3) this indicator is derived from Sinkula Theory (1997), Barker and Sinkula (1999) as well as the results of previous studies of Mahmood and Hanafi (2013) and Eriz and Ozmen (2012).

- Commitment indicators for learning (Y1.1), factually have a mean of 3.63, included in the good category (Sujana, 2005), while according to evaluation the measurement model is important. The meaning contained, that the commitment indicator for learning is good when used to measure learning orientation variables. Therefore this indicator can be maintained. The reason that can be submitted is that 59.2% of the respondents' answers stated strongly agree and agreed that the Chairperson and all members of the BPR organization have a commitment that learning is important as a means of achieving organizational goals. However, "this indicator is perceived by the respondent to be the lowest compared to the other two indicators in explaining the Learning Orientation Variable, this is evidenced from 40.8% of respondents' answers included in the sufficient category and in the low criteria, in other words that some of the BPR leaders perceive that the commitment to learning has not been carried out to the fullest". This can be confirmed in the opinion of Sinkula et al. (1997) which states that commitment to learning is a level of learning that is considered feasible for the organization and should try not only to promote the learning process, in other words the level of learning is not just a slogan but the learning process is actually implemented.
- The shared vision shows that all members of the organization must concentrate on strengthening their energy, as well as their commitments and goals for the organization. "This statement is supported from the results of research that the Joint Vision has a mean value of 3.74 is the highest value among the two indicators that measure learning orientation and according to the evaluation of the measurement model of this indicator is very important, the meaning

contained that the actual indicators of shared vision (Y1.2) categorized as good used to measure the Learning Orientation Variable, "so that its use should be prioritized, this is also supported by 59.2% of respondents' scores in very good and good criteria, which includes 18.3% of respondents stated strongly agree and 40.9% of respondents agreed to have Common Vision. This indicator still has weaknesses, because 37.6% of respondents' score is included in the sufficient criteria, and 3.2% of respondents' score is in the low category, meaning that in total there are 41.32% of respondents' answers which causes this indicator to be weak".

- Indicators of Openness of Thought or open thinking based on descriptive analysis obtained a mean value of 3.71 means that factually indicates indicators of openness of thought or open thinking can be said to be good (Sujana, 2005), while according to the evaluation of measurement models, this indicator is considered important, "so it can be used to measure Learning Orientation variables, and should be maintained. This statement is supported by 64.5% of respondents' answers included in the criteria very well and well in other words that the respondent stated strongly agreed and agreed in accepting ideas, new knowledge, criticism from various parties to achieve organizational goals". This is in accordance with the opinion of Hurley and Hult, (1998) which states that companies that have a learning-oriented vision will continue to try, collect and process knowledge in the organization. This indicator still has weaknesses, which is indicated by the respondents' score scores included in the criteria sufficient and low of 35.5%.

The variable competitive advantage is measured using nine indicators, which adopt Theory from Porter (1994), Ma (1999), Bharawadj et al., (1993), Dewitt and Meyer (2005), while the empirical is from Berdine (2008), Mahmood and Hanafi (2013), Martinette and Lesson (2012) and Wu et al., (2013). These indicators include Y3.1 Customer Service, Citra (Y3.2), service quality (Y3.3), Business process skills (Y3.4), Customer knowledge skills (Y3.5), competencies (Y3.6), relationship quality (Y3.7), strategic location, (Y3.8), flexibility (Y3.9).

- Customer Service Indicator (Y3.1) has a mean value of 3.74, and according to the evaluation of the measurement model is important, it can be interpreted that based on reality Customer Service skills indicators can be categorized as good, if used to measure Competitive Advantage Variables, therefore it should be maintained. "The logical explanation that can be conveyed is that from 61.3% of the respondents' answers indicate that the Customer Service skills in serving customers are very important and important, which means that they are included in the criteria very well and well. Theoretical explanation is that Customer Service skills are part of the purchasing criteria used by buyers as a criterion that is a measure of the buyer to see the value offered by the company and is a source of

differentiation, which in turn is a source of competitive advantage”, (Porter, 1994). Likewise, Bharadwaj et al. (1993) state that skills (customer service) are a potential source for competitive advantage, while Berdine (2008), states that Customer Service is a source of competitive advantage. But this Indicator still has weaknesses because 38.7% of respondents stated that Customer Service skills are quite important and not important, according to Sujana (2005), the results are included in the criteria of sufficient and low in other words there are (33.3% + 5.4%) Respondents' answers weaken this indicator.

- Image Indicator (Y3.2) The mean value obtained is 3.59 and according to the evaluation of the measurement model this indicator is considered important, this analysis has meaning based on the fact that the positive image indicator can be said to be good for measuring the Competitive Advantage variable, so it is worth maintaining. “The reason that can be conveyed is that from the respondents' score of 59.1% stated that the company's positive image is highly prioritized and prioritized by respondents, the results of this analysis according to Sujana (2005) include very good and good criteria. This is in accordance with the opinion of Dewitt and Meyer (2005) which states that the image or image that stands out compared to competitors is to give benefits to the company in competition, means having sufficient and low criteria, this respondent's answer score weakens the indicator”.
- Service Quality Indicator (Y3.3), has a mean value of 3.59 and according to the evaluation of the measurement model this indicator is considered important meaning based on respondents' answers that this indicator is included in the good category if used to measure the competitive advantage variable, therefore this indicator can be maintained empirically the reason that 60.2% of respondents consisting of 11.8% stated strongly prioritizing Service Quality, and 48.4% stated Prioritizing Service Quality. Mean according to criteria Sujana (2005) included in the category of very good and good. “The results of this analysis are consistent with what was stated by Dewitt and Meyer (2005) that when competing with other companies, the products or services offered do not have to be different but only need to be better than others. But this indicator still has weaknesses as evidenced by the existence of 39.8% of respondents who stated that they prioritized service quality and did not prioritize service quality, which meant that the score criteria were sufficient and the criteria were low”.
- Indicators of Skills in Business Processes (Y3.4), respondents' answers indicate that the mean value is 3.67, meaning that under real conditions that this indicator is well categorized when used to measure the Competitive Advantage variable, it should therefore be maintained. This indicator according to the evaluation results of the measurement model is the best in explaining the Competitive Advantage variable. This is

supported by 60.2% of respondents' answers stating that Business Skills (business processes) are very important and important to achieve Competitive Advantage. These results are in accordance with the opinion (Bharadwaj et al., 1993). Skill in running business processes is one source of competitive advantage, according to Sujana (2005) “the criteria for respondent's answer score are in very good and good criteria. This indicator still has proven weaknesses with answers from 39.8% of respondents having sufficient and low answer criteria, because respondents perceive that Skills in business processes are sufficient (neutral) important and not important”. Based on the respondents' description data, it is possible that some respondents had recently served as directors or chief directors at BPR, so that they still had little experience in managing BPRs and they probably thought that business management skills were not important.

- Superior Indicators in Knowledge Skills about customers (Y3.5) have a mean value of 3.74 and based on the evaluation of the measurement model this indicator is important meaning that based on reality (answers from respondents) that this indicator is good when used to measure the Competitive Advantage variable therefore should be maintained. The logical reasoning was that 59.1% of respondents had answered that they prioritized and prioritized that knowledge skills in their customers as a source of competitive advantage, meant that they were categorized as very good and good scores (sujana, 2005). Theoretically this is in accordance with the opinion of Ma (1999), Durand (1996) in Dewitt and Meyer (2005), which states that skills in knowledge are a source of competitive advantage. “But there is still a score of respondents' answers that do not support this indicator, as many as 40.9% stated that it is sufficient and does not prioritize means the criteria of error are in the range of sufficient and low”.
- The indicator has competency in its field (Y3.6) has an average value of 3.60 and according to the evaluation results of the measurement model this indicator is important, its meaning is based on reality (respondent's answer) that this indicator is categorized well if it is used to measure the competitive advantage variable, this is appropriate with the opinion of Dewitt and Meyer (2005), Ma, (1999) that competence in the occupied field is a source of competitive advantage. They stated that the intended competency is the suitability of the company in performing in certain fields is an intangible resource and is a source of competitive advantage. Based on descriptive analysis, it can be seen that 12.9% of respondents stated that having competence in their field is highly prioritized, which means they have very good criteria, and 45.2% of respondents stated that competence in their field is prioritized, which means they are included in good criteria. This indicator still has weaknesses because 31.2% of respondents stated that they prioritize competent as a source of competitive advantage, meaning it is included in the

sufficient category. 10.8% have low criteria because respondents stated that competency is not the priority. Thus the score which weakens this indicator is 42%. It needs to be said that the line of business undertaken by BPR is to serve small communities that are not touched by large banks.

- The superior indicator in customer relations (Y3.7) has an average value of 3.76 and according to the evaluation results of the measurement model this indicator is important, the meaning is based on the fact that the superior indicator in customer relations is included in the good category, if used to measure the competitive advantage variable. As Dewitt and Meyer (2005) stated, “that producing direct relationships with consumers is a strong source of competitive advantage. While the answer support from respondents as many as 20.4% stated superior in relationships with customers is very important, and 41.9% stated important, in other words this statement was supported by 62.3% of respondents who have very good and good criteria. Another opinion that is consistent with the results of this analysis is the statement of Penrose, (1959) in Dewitt and Meyer (2005), suggesting that relations with customers are relational resources which are important resources for the existence and success of a company”. This indicator still has weaknesses because 31.2% of the respondents' answers have enough criteria and 6.5% of the respondents' answers are in low criteria.
- The strategic location indicator (Y3.8) has an average of 3.70 and according to the evaluation results the measurement model of this indicator is considered important. “It can be interpreted that in fact this indicator can be said to be good if it is used to measure the variable competitive advantage, this is supported by 19.4% stating that excellence in company location is very important and 38.7% states it is important to have

excellence in company location, concluded that this statement is supported by 58.1% of respondents with very good and good criteria”, (Sujana, 2005). This is in accordance with Berdine (2008) in his research of the textile industry in America that that location is a source of competitive advantage. This indicator has weaknesses because 34.4% of respondents' score in the category is sufficient and 7.5% of respondents' score is included in the low category.

- The Flexible Indicator (Y3.9) has an average value of 3.66, and according to the evaluation results of the measurement model this indicator is important, meaning that based on respondents' answers or the fact that the indicator of flexibility is included in both categories when used to measure the competitive advantage variable, so it should be maintained if used to measure the Competitive Advantage Variable. Respondents' answers to this statement were 12.9% stated that having an advantage in flexibility was very important for BPR and 50.5% stated that having superior flexibility was important. Based on the results of observations made that the manifestation of this flexibility in the BPR is the ease in the procedure to get BPR services. To obtain services at the BPR is very easy and simple so for ordinary people with regard to bank matters this is not difficult, it needs to be said that most BPRs operate in the region thus assuming the level of customer education is not too high. This flexibility when confirmed with the opinion of Porter (1994) belongs to the group of criteria for the use of a product which is a source of differentiation which in turn is a source of competitive advantage. This indicator still has weaknesses, as evidenced by the existence of 25.8% of the respondents' score scores that fall into the sufficient criteria group and 10.8% of the respondents' score included in the low category means that respondents perceive that flexibility does not need to be prioritized.

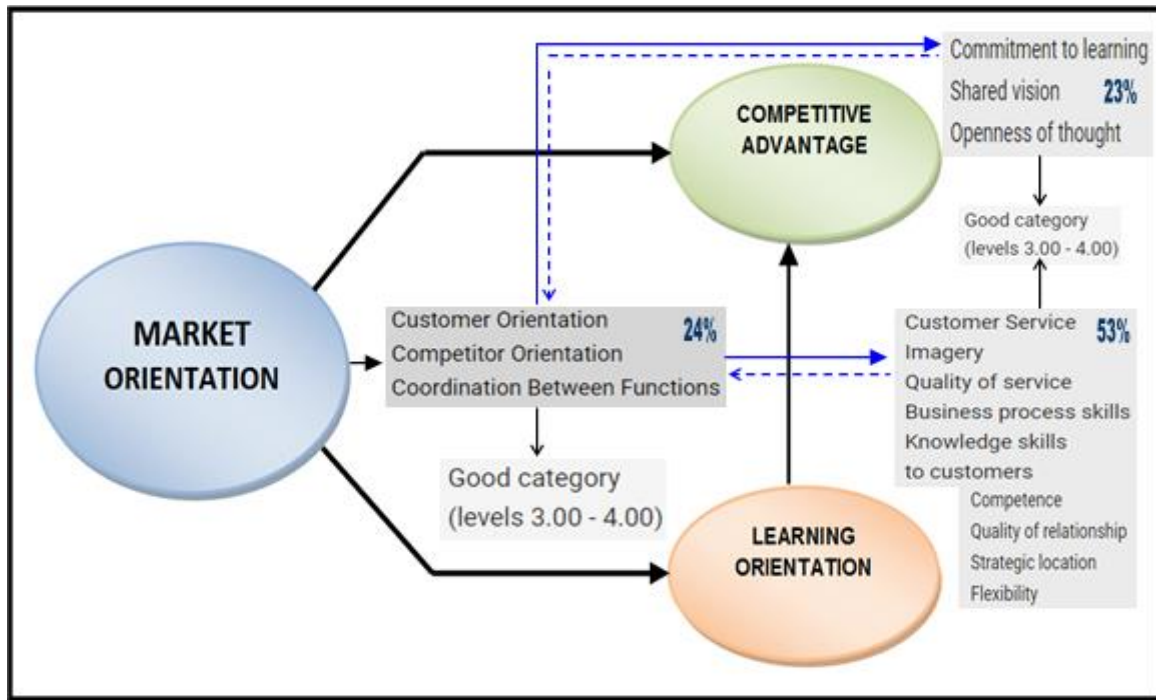


Fig 2:- Descriptive Model of Research Findings
 Source: primary data processed (2018)

A. Effect of Market Orientation on Competitive Advantage

Market Orientation Variable (X) has a positive influence on Competitive Advantage (Y2), which means increasing Market Orientation (X) will consequently increase the Competitive Advantage variable (Y2), where the Path coefficient obtained is 0.307 with a CR value of 3.57. Because the CR value is greater than the critical value (3.57 > 1.96), the statistical hypothesis stating Market Orientation has no significant effect on Competitive advantage (Ho) is rejected, meaning the Market Orientation variable (X) has a Significant influence on the Excellence variable Compete (Y2) at the alpha level of 0.05. In other words that the first hypothesis (H1) that has been submitted has empirical evidence, then it is declared accepted at $\alpha = 0.05$

The results of this study are in accordance with the opinion of Hari and Wensly (1988) who examined excellence as a basis for diagnosing competitive advantage, they conveyed that the potential for competitive advantage is superior skills and superior resources and must pay attention to competitors and customers to gain competitive advantage. He further argues that to evaluate the performance of a company it is better to use the perspective of customers and competitors, because it will create the focus of external relationships from competitive advantage through market orientation. While Day and Nedungadi (1994) stated that the use of corporate strategy and reaction to environmental changes depends on the orientation chosen (whether customer oriented or competitor oriented), he further said that competitive advantage was based on this orientation.

The statement of Slater and Narver (1995,1998), also in accordance with the results of this study, which states

that a business is declared market-oriented when in the business activities, all members of the organization embrace the values in the organization and all business activities aimed at creating customer value superior. Finally Narver and Slater (1990), states that in a cultural perspective, market orientation is the most effective organizational culture to create the behavior needed in order to create superior value for customers, which ultimately leads to sustainable performance.

This research is also in accordance with the statement of Reicheld in Slater and Narver, (1998) namely that in a stable environment such as retail banking, “when responding quickly to growing customer desires and focusing on efforts to satisfy customers will provide a strong basis for a competitive advantage company, which is long-lasting and valuable, and ultimately as the basis for competitive advantage”. This study also supports the same opinion and submitted by Hoffman (2000) which concludes from the opinion of Jaworski and Kohli (1990) that market orientation is an intangible resource that focuses on two things namely customers and competitors which ultimately provide benefits to competitive advantage.

B. Effect of Market Orientation on Learning Orientation

The results of the analysis show that the influence of the Market Orientation (X) variable on Learning Orientation (Y1) is positive, meaning that the higher the Market Orientation (X) will consequently elevate the Learning Orientation variable (Y2), where the Path coefficient obtained is 0.548 with critical value of 8.17. Because the critical value is greater than the critical value (8.17 > 1.96), then the statistical hypothesis Ho is declared rejected, meaning that the Market Orientation variable (X) has a significant effect on the Learning Orientation variable

(Y2) at the 0.05 significance level. , in other words Hypothesis 2 (H2) that has been submitted in this study was declared accepted because it has been proven empirically. Thus the second hypothesis (H2) that has been submitted has empirical evidence, so it is declared acceptable in this study.

Market orientation has a significant positive effect on learning orientation in other words that the more market oriented, the more learning orientation will improve. Explanation according to statistics (sample characteristics) comes from populations whose parameters are not zero. The results of this study are in accordance with the opinion of Schlosser and McNaughton (2004) which states that market orientation forms another orientation and companies need market orientation to build learning orientation. Likewise, the opinion expressed by Dickson (1996) in Barker et al. (1999) which states that strong learning prioritizes and implements important market information, and discards information that is no longer useful.

This study agrees with the results of the Keskin research (2006) which states that market orientation has a positive effect on learning orientation, “this study has a similarity about its object about the size of the company is small and medium enterprises (SMEs) in Turkey which have been represented by middle managers, as well as reviewed from country background are both developing countries but Turkey is more developed”. The difference lies in the type of company Keskin uses SMEs but it is not explained whether the business sector is services or manufacturing or processing industries, while this research is on financial services businesses. Meanwhile, if viewed from the analysis tool used is almost the same, namely SEM.

This study also agrees with the results of research by Eris and Ozmen (2012) which states that market orientation has a significant impact on learning orientation, “in terms of the objects of both service companies but different types of services where they use logistics or logistical services sector companies. The background of the countries where the research was carried out together with developing countries but a little more advanced than Indonesia, so it is possible that the characteristics of the respondents are almost the same”. Research conducted by Hassan et al. (2013) examined the market orientation, learning orientation and organizational performance with banking research objects in Iran whose results agree with this study, but using regression analysis.

The logical explanation that can be delivered is that if a BPR is increasingly market-oriented, it will directly improve its learning orientation or if the BPR increases its attention to information regarding its customers, with the activities carried out by competitors and coordinating all of that information to all parts of the organization will cause an increase in its commitment to learning, increasing efforts to have a shared vision, and increasing the way of thinking that is open to every member in the organization.

C. The Influence of Learning Orientation Variables on Competitive Advantage

Based on the analysis of the Learning Orientation (Y2) variable, it has a positive influence on Competitive Advantage (Y3), because the path coefficient value obtained is positive, which means that the Learning Orientation (Y2) increases, the consequence will be to increase the Competitive Advantage variable (Y3). The path coefficient value obtained is 0.291 with a CR value of 3.63. Because the CR value is greater than the critical value ($3.63 > 1.96$), the statistical hypothesis states that H_0 is rejected, meaning that the Learning Orientation variable (Y2) has a significant effect on the Competitive Advantage variable (Y3) at the 0.05 significance level. In other words, Hypothesis 3 (H3) that has been submitted is proven empirically so that it can be declared accepted.

The results of this study are consistent with the research of Mahmood and Hanafi (2013) who examined SMEs in Malaysia with female owners, the results of the study indicate that there is a significant relationship between learning orientation and competitive advantage, the indicators used to measure learning orientation are the same as this study, namely (commitment, shared vision, open mindedness), while the variable of competitive advantage is measured using product differentiation, market response, market detection, performance is measured through subjective evaluation.

The research equation of Mahmood and Hanafi (2013) with this research is that both small and medium-sized companies are in developing countries, the same object is learning orientation in small and medium-sized companies, performance in small and medium-sized companies and competitive advantage in small and medium-sized companies. The difference with this research is the field of business, as well as indicators used to measure competitive advantage and performance. Based on the Solimun criteria, 2013 that two studies that have the same conclusions with the same object characteristics, the research can be concluded broadening the applicability of the concept or theory, but if the results of the research are the same and the characteristics of the objects are different then the stated study expands the applicability of a concept or theory. Based on this opinion, this study reinforces the application of the three concepts : “learning orientation, performance and competitive advantage. (because this criterion does not mention the indicator equation). But Mahmood and Hanafi's research business fields have differences with this research, it can be said that the characteristics of the research objects are different, thus it can be stated that the results of this study broaden the applicability of the concept of learning orientation, competitive advantage”.

Martinette and Lesson's research (2012) states that there is a significant positive relationship between learning orientation and competitive advantage with moderate effects, and there is a significant positive relationship between learning orientation and performance but has a weak effect, thirdly that competitive advantage moderates the relationship between orientation learning with

performance, in service companies in the United States, in research Martinette and Lesson (2012), in terms of research subjects, is a service company but the type of service is not mentioned, the background of research in developed countries. And the object of research is learning orientation in service companies, performance in service companies and competitive advantage in service companies. So based

on the criteria of Solimun (2013) it was concluded that the results of this study reinforce these three concepts.

Form of Learning Orientation Implementation in ; “BPR which is a source of competitive advantage is the participation of directors or chief directors in training programs conducted both by Bank Indonesia and its partners”.

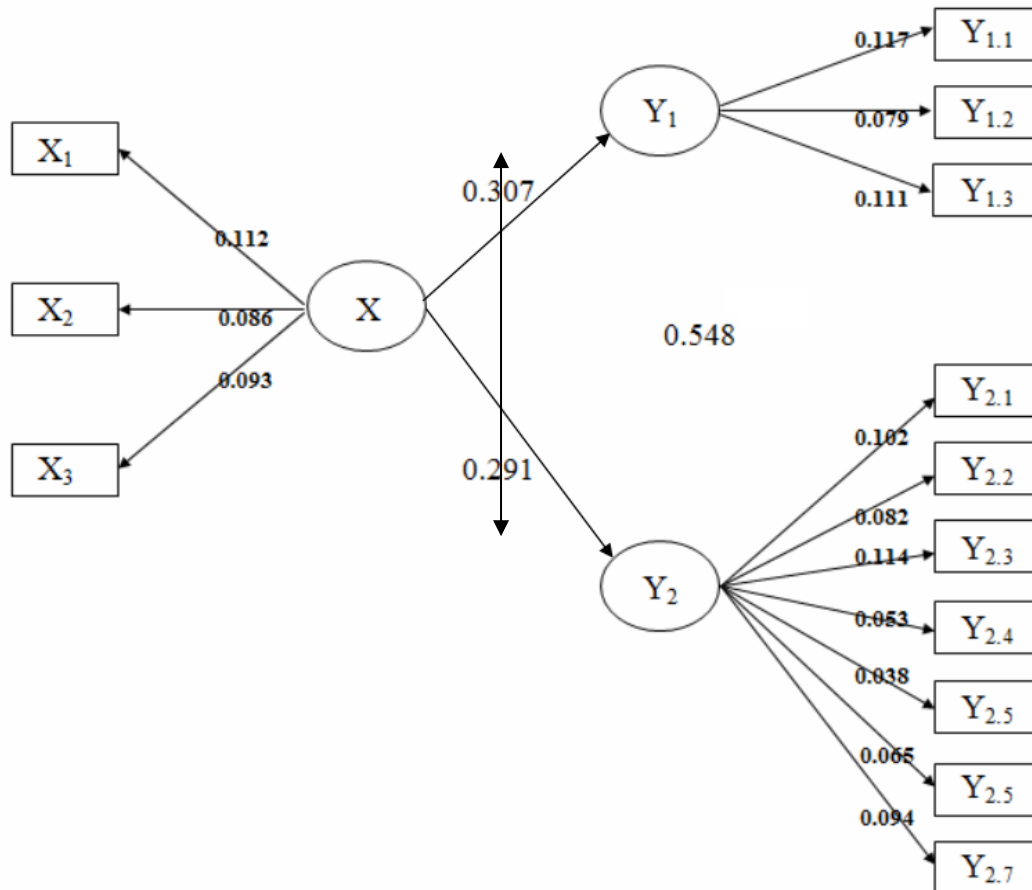


Fig 3:- Summary of Estimation Results and Hypothesis Testing
Source: primary data processed (2018)

V. CONCLUSION

The results of this study are consistent with the opinions of several experts used and broaden or strengthen the results of previous studies used in the references in this study with the following description:

- Market orientation has a significant effect on competitive advantage. This supports the opinions of Slater and Narver (1995,1998), Hari and Wensly (1988), Hoffman (2000) and empirical studies of Kumar et al. (2010); Zhoe et al. (2005)
- Market orientation significantly influences the Learning Orientation which means according to the opinions: Sinkula (1997), Barker and Sinkula (1999); Slater and Narver (1995); Dickson (1996), Schlosser and MacNaughton (2004), Shapiro (1998) while empirical studies were conducted by Keskin (2006); Eris and Ozmen (2012)

- Learning Orientation has a significant effect on Competitive Advantage, which is in accordance with the opinions of Slater and Narver (1995), Hardley and Mavondo (2002), Calantone et al. (2002), Dickson (1996), Luke et al. (2006), empirical support was provided by Martinette and Lesson (2012); Mahmood and Hanafi (2013)

VI. SUGGESTION

- The banking Indonesia especially ; “BPRs can utilize Market Orientation to obtain input on the needs and desires of customers as well as information about BPR or Other Bank activities. BPRs need to pay attention to the orientation of competitors in other words the strengths and weaknesses and strategies of competitors, because the competitors' orientations are the best in shaping Market Orientation”. BPRs need to improve coordination between functions (making use of

coordinated resources, information about customers and competitors should be distributed to all members of the organization), because coordination between functions is the weakest form Market Orientation. In addition to that the products produced by rural banks such as savings, deposits, loans are offered in accordance with the needs and desires of customers, and to improve the competitiveness of rural banks

- BPR can utilize Learning Orientation in a way that all members of the organization : “committed to always learning about everything, have a vision to advance and grow BPR, open-minded to receive new knowledge, criticism, constructive suggestions. The Joint Vision or or uniting vision needs to get the attention of the BPR leadership because this is the most important indicator for forming a Learning Orientation”. An open mind needs to be improved by BPR because this is the weakest in shaping the Learning Orientation
- BPRs can achieve Competitive Advantage through improvement : “Customer Service skills, maintaining Company image, service quality, skills in managing BPR businesses, customer knowledge skills, competence in their fields or consistently serving credit, relationship quality, and choosing strategic and flexible locations in providing service”. Based on the nine ways that need to be considered is the ability to manage BPR because this indicator is the best in shaping competitive advantage, while what needs to be improved or improved is the image of the BPR, for example so that customers or prospective customers are not ashamed to come to the BPR, then you should fill in the promotional message related that BPR is not old-fashioned, BPR is modern and so on.
- For other researchers who will examine the BPR object should add other variables

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