LINKING ORGANIZATIONAL PERFORMANCE AND STRATEGIC ORIENTATION OF ONLINE TRANSPORTATION: A CUSTOMER’S PERSPECTIVE

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Abstract

The aim for this study is to understand the effect between strategic orientation towards organizational performance in online transportation from customer perspective. The approach of this study is quantitative research with data collection method using face to face interview through questionnaires. This study is conducted in an urban area of Grab users who domicile in Jakarta, Depok, Tangerang and Bekasi. The study reveals all types of strategic orientation; market orientation, brand orientation, and technology orientation have significant relationships towards organizational performance. The present research is expected to extend the prior research contributing to the extant literature by investigating an emerging concepts and deeper understanding of strategic orientations and its possible antecedents.

Keywords: Brand Orientation, Market Orientation, Organizational Performance, Strategic Orientation, Technology Orientation.

1. Introduction and Purpose

In the globalization era, business competition between companies is getting tougher. This causes a high demand for the management of the company to work more carefully in determining its competitive strategy to improve their performance and win the business competition (Almajali, Masa’deh and Tarhini, 2016). The strategy used must be able to solve problems and finally to increase business performance. To get the best strategies for the organization, it depends on its type of business, resources, competencies, and capabilities to achieve a match with its internal and external needs to made them into competitive advantages of the organization. Organizational performance also has a crucial role for every organization. Hence, this study aims to explore more about variables of strategic orientation that affect organization performance especially in online transportation platform in Indonesia. According to the literature, it is noted that organizational performance and strategic orientation are linked to each other. Most studies have studied the effects between strategic orientation and organizational performance in western country and only a few studies for Asia.

2. Theoretical Underpinnings

2.1 Strategic Orientation

Strategic Orientation means a bundle of “principles influence and direct the activities of a firm and generate the behaviors intended to ensure the viability and performance of the firm” (Hakala, 2011). Every organization has a different response in facing their challenges, although they are in the same environment or industry. This response depends on firms’ strategic orientation. Strategy is defined to the long-term direction of an organization (Richard et al.,
A market-oriented strategy aims to fulfill customers’ and strengthen the relationship with them through the product and service (Horan, O’Dwyer and Tiernan, 2011). A brand-oriented strategy is focusing on a brand as a strategic asset of the firm and delivery of brand values as its main strategy (Urde, Baumgarth and Merrilees, 2013). A technology-oriented strategy considers research and development as main focus and incorporating in new technology during the product development (Gatignon and Xuereb, 2006). This study aimed to present market orientation, brand orientation, and technology orientation as proposed in the study conducted in online transportation in Indonesia from customers’ perspective.

2.2 Market Orientation
Market orientation is marketing concepts implementation (Kara et al, 2015). A Market-oriented firm is a firm that focused in learning about customers, their needs and wants, and how firm’s resources develop a good value proposition for customers that make it superior compared to competitors. Therefore, the statements such as “the customer is always right” and “everything for the customer”, “customer is the king” reflect the approach of this market orientation (Urde et al, 2013). The performance of market-oriented firm is measured with customer satisfaction, customer loyalty and customer lifetime value (Urde, Baumgarth and Merrilees, 2013). Market orientation has crucial role in driving business success and has received bunch of interest in business and academic world (Zebal and Saber, 2014).

2.3 Brand Orientation
Brand orientation defined as “an approach where organization process revolve around the creation, development, and brand identity protection in interaction with target customers, aiming to achieve lasting competitive advantages of brand” (Urde et al, 2013). It was noted that corporations had made a policy decision of making brand as its strategic asset and implemented to branding process (Urde et al, 2013). The earlier marketing concept was built on the notion that customer needs should be incorporated in brand image and meaning (Urde et al, 2013).

2.4 Technology Orientation
The Firm has been forced in enhancing their technological expertise to compete in their industries, especially in technological advancement and product and service life cycle (Karatepe and Talebzadeh, 2016). Technology orientation referred to a firm’s focused on research and development and emphasizing new technologies in development of products (Kara et al, 2015). In order to create long-term success, new innovation, new technology, new products, services, and processes had to be developed (Hakala, 2011). Therefore, technology orientation strategy has been a vital part of strategic orientation.

2.5 Organizational Performance
To keep enhancing organizational performance has been an ultimate goal for every firm. As a result, organizational performance is considered the core for organizational performance. That’s why most of firms’ effort are put into this area (Tseng and Lee, 2014). Every researcher has different definition, opinions and measurement for organizational performance due to the difficulty of defining and measuring performance for organization. The concept between organization and performance should be defined separately. Hence, organizational performance is defined as an ability of an organization to perform well and accomplish goals by using resources efficiently and effectively (Tseng and Lee, 2014). According to Lin (2005). Performance is not only about past achievements, but also potential ability to complete future goals.

2.6 Strategic Orientation and Organizational Performance
The concept of strategic orientation has strong competitive position and are implemented by firms to achieve continuous and superior performance (Slater and Narver, 2000). Noble et al,
(2003) also remarked that strategic orientations represent a significant effect of organizational performance, and to achieve superior performance, firms can pursue with different variables of strategic orientations. Hence, a firm may have multiple strategies in achieving their goal. Slater, Olson and Hult (2006) also underscored positive relationship between strategic orientation and organizational performance.

2.7 Market Orientation and Organizational Performance

The relationship between market orientation and business performance has been a fertile area in this era. In marketing literature, market orientation on organizational performance is generally well documented. Market orientation complete a firm with better understanding of its customers and environment, leading to customer’s satisfaction. It is generally accepted that market orientation has direct (Slater and Narver, 2000) or indirect effect (Greenley, 1995) on organizational performance. The proposition of market driven and innovative firm will outperform in the competition (Pitt et al, 1996; Slater and Narver, 2000; Jaworski and Kohli, 2017). Hence, it can be hypothesized that:

**H1: Market Orientation has positive effect towards organizational performance**

2.8 Brand Orientation and Organizational Performance

Brand orientation refers to the business approach, a mindset that regards brand as strategy resources (Baumgarth et al, 2013). Simões and Dibb (2001) claimed that the role of brands in achieving market leadership in brand-oriented firms has turned their brand into powerful strategic assets for organizational performance. Researches show that brand orientation has a positive effect towards organizational performance (Wong and Merrilees, 2005). Similarly, branding moderates organizational performance and reinforcing strategic orientation of firms. It is also supported by empirical study by Chaudhuri and Holbrook (2003) that there is positive relationship between brand orientation and organizational performance. All these suggest that the overall organizational performance can be increased with brand-oriented strategy. Hence, it can be hypothesized that:

**H2: Brand orientation has positive effect towards organizational performance**

2.9 Technology Orientation and Organizational Performance

New product development and substantial technological background in a firm can be described by the level of technology orientation in research and development activities (Gatignon and Xuereb, 1997). A technology-oriented firm enables it to use the latest technologies. Moreover, creativity and development are crucial values in leading its competent strategies (Rubera and Droge, 2013). A firm guided by a technology orientation, accumulates vast technological knowledge stores by past experiences and process them with new ones to gain competitive advantage (Li and Zhou, 2010). However, this effect has less attention in literature (Tzokas et al., 2015). This kind of firm will gain more competitive advantage over its competitors. In this context, the following hypothesis is proposed:

**H3: Technology orientation has positive effect towards organizational Performance**

Based on the relationship shown through propositions mentioned earlier, the researcher derives a model below as depicted in Figure 2.
3. Methodology

3.1 Research Design

This study is a quantitative research which its process consists of making research problem, theorizing, hypothesizing, data collection, data analysis, conclusions and suggestion making (Sugiyono, 2013). Hair et al. (2015) stated that quantitative approach is measurement in which numbers are used directly to determine characteristic of something with statistical analysis. Quantitative approach also provides objectivity in tested hypotheses by applying statistical criteria. In this study, four variables will be measured, that are market orientation, brand orientation, technology orientation and organizational performance. Market orientation, brand orientation and technology orientation are independent variable while dependent variable is organizational performance. Thus, after choosing the sampling technique, the researcher determined the sample size used for the preliminary study as well as for the actual. The criteria used in selecting respondents are all people who domicile in Jakarta, Depok, Tangerang and Bekasi and for those who have been using Grab and has Grab app in their smartphones. Market orientation included six indicators are taken from the study conducted by Laukkanen et al. (2013). Brand orientation included five indicators are taken from the study conducted by Baumgarth and Schmidt (2010). Technology orientation included five indicators from are derived from study conducted by Li and Zhou (2010). Organizational performance included three indicators which were derived from the study conducted by Almajali, Masa’deh and Tarhini (2016).

4. Results and Discussions

In this study, the researcher distributed questionnaires of 310 questionnaires and 310 return questionnaires. From the total 310 return questionnaires, 302 questionnaires were valid. From the return questionnaire, the researcher used 302 questionnaires for data analysis to achieve the actual sample size amount because the eight questionnaires could not be used as they do not meet the criteria of this study who have Grab app on their smartphone. It is because this indicate them as Grab users. The validity was measured by analyzing data from construct validity and discriminant validity and all the indicators are valid. While the reliability was measured by Cronbach’s alpha coefficient and indicated that all constructs are reliable.
Hypotheses testing should be done to measure its significance of the hypotheses has been given before. This can be obtained by looking at the $T$-statistics > 1.96 and $P$-value < 0.05. Table 3 shows there are three hypotheses in the table that give a significant effect.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Original Sample</th>
<th>$T$-statistics</th>
<th>Sig $P$-value</th>
<th>Hypotheses Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Market Orientation has positive effect towards organizational performance</td>
<td>0.229</td>
<td>3.050</td>
<td>0.002</td>
<td>Significantly Positive &amp; Supported</td>
</tr>
<tr>
<td>H2: Brand Orientation has positive effect towards organizational performance</td>
<td>0.415</td>
<td>5.174</td>
<td>0.000</td>
<td>Significantly Positive &amp; Supported</td>
</tr>
<tr>
<td>H3: Technology Orientation has positive effect towards organizational performance</td>
<td>0.245</td>
<td>3.845</td>
<td>0.000</td>
<td>Significantly Positive &amp; Supported</td>
</tr>
</tbody>
</table>

R-square evaluation is done in measuring a research's structural model based on SmartPLS 3.0 software. The R-square outputs is shown by 0.718 indicates that organizational performance can be explained by 71.8% by market orientation, brand orientation, and technology orientation.

5. Discussions

Based on the research result, the first hypothesis stated that “market orientation has positive effect towards organizational performance” is proved that the hypothesis is supported as its $T$-statistics > T-value 1.96 which resulted as 3.050. The result of this hypothesis is supported by the previous theory in previous section that market-oriented business should performed better and more prepared in any environment to adjust its strategy. It is because they focused not only to the firms but also with its customer and competitor (Jaworski and Kohli, 2017). As a result, this hypothesis proves its significance of the relationship between market orientation and organizational performance. As a ride hailing company, Grab has been using its market orientation to reach its organizational performance. Hence, market orientation has positive relationship with organizational performance as its boost organizational performance in better way. Furthermore, the second hypothesis stated “brand orientation has positive effect towards organizational performance” verified that the hypothesis is supported because it is confirmed the criteria of $T$-statistics > T-value 1.96 which resulted as 5.174. The result of this hypothesis is supported by previous theory that states brand orientation concerned with how customers value the brand and how their attitude towards it. In order to reduce risk, buyers often recognize product based on brand names. In addition, brand orientation protects firm innovation from imitation by competitors (Lei, Ye and Abimbola, 2013). Moreover, overall organizational
performance can be increased with brand-oriented strategy to restrain its competitive advantage. As a result, this hypothesis proves its significance of the relationship of brand orientation and organizational performance. Last, the third hypothesis declared that “technology orientation has positive effect towards organizational performance” shows that the hypothesis is supported because it is confirmed the rule of thumb of T-statistics > T-value 1.96 which resulted as 3.845. The result of this hypothesis is supported by the previous theory stated that organization with high technology orientation are able to meet the needs of changing customers and in the end to keep gaining competitive advantage over competitors (Hakala, 2011). It is also supported (Gao et al, 2007) that there is positive relationship between technology orientation and organizational performance.

6. Conclusion

The previous research was built on relevant published work with the same purpose of this study, which is to examine the relationship between market orientation, brand orientation and technology orientation towards organizational performance. From the literature review, it can be noticed that similar studies have not been conducted in Indonesia and its online transportation platform since it is still new. Besides the contribution of this study to the existing knowledge, the findings of this study may useful for management in terms of implementing different strategic orientations to improve organizational performance according to each industry. The result of this study indicates that organization such as transportation company operating in Indonesia should consider relying on multiple strategic orientations especially market, brand and technology orientation in their pursuit of improved performance. They also need to consider which strategic orientations actually contribute in increasing organizational performance. Organizations need to trade-off between strategic orientations due to limited resources in terms of money, time and skills. Hence, in managerial implications, this study can encourage organizations to determine different strategic orientations according to where their company currently stand to make necessary adjustments. There are several limitations in this study that could provide opportunities for future research as follows: results from data collected are based on the honesty of respondents, the interpretations are vary depending on the readers’ point of view, time constraint limitation. This research is conducted within three months which was a limited time to have full understanding about the research. For the next research, there are some recommendations that are given: add more types of strategic orientation. Although market, brand, and technology orientation are widely used in the literature, but they are not the only ones. Hence, further research could explore the relationship between strategic orientation and organizational performance by using other variations such as cost orientation, competitor orientation, learning orientation and employee orientation. Use more respondents with wider geographical location may have more accurate result because different geographical will contain different characteristic and longer time might help to analyze more deeply. Future research may apply this theory for comparing with other industry such as automotive industry and service industry so that researcher can get to know the relationship of strategic orientation towards organizational performance in other industry.
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