



## HOW DOES ORGANIZATION NETWORK AND MARKET ORIENTATION AFFECT MARKETING PERFORMANCE? CASE OF PTPN IX DOWNSTREAM PRODUCTS, CENTRAL JAVA

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### Article Information    Abstract

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This study aims to determine the effect of organizational network and market orientation on marketing performance on downstream products of PTPN IX Central Java. The sample is 34 respondents with a nonprobability sampling technique using the census method. The independent variables in this study are organizational networks (X1) and market orientation (X2), then the dependent variable is marketing performance (Y). The data collection method used in this study is a questionnaire. The data analysis method used is descriptive analysis and multiple linear regression analysis. Based on the research results, organizational networks positively and significantly affect marketing performance. The market orientation has a positive and significant effect on the marketing performance of downstream products of PTPN IX in Central Java. Marketing performance impacts sales turnover, sales increase and marketing reach. Therefore, management must pay attention to every relationship, whether friends, business relations or partner companies, both large and small, and fulfill customer orientation, threats from competitors, and market information.

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### INTRODUCTION

Stronger business competition requires companies to understand what is happening in the market and what consumers want. Due to the intense competition, companies must understand what and how to manage their various resources. An important key to winning the competition lies in the company's ability to create a competitive advantage and build organizational networks. Competitive advantage can be achieved if the company provides customers with more value than its competitors (Wahyudiyono, 2021). In contrast, the organizational network is to build relationships with other organizations. The success of organizational networks can only be measured qualitatively.

The ability to build organizational networks is a necessity for people who organize. Utilizing organizational networks will provide benefits for the organization. Marketing

performance can streamline the company and increase market share and profitability. Performance is a reflection of a business's success level carried out by individuals, groups, organizations or companies (Sari, 2013). Performance indicates work success or actual performance achieved by a person or organization because of carrying out their duties properly. Marketing performance is always seen as the result of a certain strategic role. For a salesperson, performance is generated due to the salesperson's aggressiveness in approaching and serving their customers well (Widodo, 2016).

Factors that influence marketing performance are the capability of business networks. A network, implied as making contact with other people or organizations, can also be grouped as human resources, and networking is an alternative to using internal resources. The network is important for all companies,

especially because the economic environment is increasingly competitive. Networks are becoming increasingly important as they make it easier for companies to access information, resources, markets and technology. Information and social networks are considered important for the formation of companies and the success and sustainability of companies. Although all companies participate in formal and informal networks, larger companies are more likely to enter long-term cooperative contracts.

In contrast, smaller, entrepreneurial companies tend to engage in more personal and mutually beneficial contracts (reciprocal). Technological learning and other organizational learning can occur in informal or formal networks. Resources such as an open and communicative environment and information flow can enrich the innovation process within an organization (Lukiastuti, 2012).

Another factor that influences marketing performance is market orientation. Market orientation reflects the extent to which the company creates satisfaction by meeting the needs and wants of customers as an organizing principle within the company. Market orientation is highly valuable, rare, and non-exchangeable. It cannot be perfectly imitated, considered one of the internal capabilities and resources that can potentially create a competitive advantage (Nuvriasari et al., 2015).

Market orientation is a corporate culture that can lead to increased marketing performance. Market orientation is the most effective and efficient organizational culture for creating the behaviors needed to create superior

value for buyers and produce superior performance for the company (Wahyudiyono, 2021).

The research gap underlying this research is the difference in the results of Lukiastuti's research (2012) which shows that business networking capabilities have a significant positive effect on marketing performance. However, the research results of Ashrafi & Ravasan (2018) show that business networking capabilities do not affect marketing performance. The research results by Nuvriasari et al. (2015) show that market orientation does not affect marketing performance. However, the results of research by Gradistya & Farida (2016) show that market orientation significantly affects marketing performance.

The Central Statistics Agency (BPS) announced that Indonesia's economy in the second quarter of 2022 experienced annual growth of 5.44 percent. Head of BPS Margo Yuwono said positive growth occurred in line with the improvement in the economy after the Covid-19 pandemic (Jambi.bps.go.id, 2022). PT Perkebunan Nusantara IX is a subsidiary of PTPN III, which operates in the plantation sector. This company cultivates rubber, tea, coffee, and sugar cane and organizes agrotourism. PTPN IX also produces ground coffee under Banaran Coffee, Kaligua Powder Tea, Kaligua Dip Tea and Nutmeg Syrup 9. In addition, PTPN IX also manages Kampoeng Kopi Banaran, which includes cafes, agrotourism and resorts equipped with supporting facilities. The following is downstream product sales data from 2020 to 2022 PTPN IX Central Java.

**Table 1.** Downstream Product Sales Revenue for 2020-2022 (Rp.)

No	Counter	Year		
		2020	2021	2022
1	Semarang	1.430.606.852	1.008.059.177	1.012.263.469
2	Resto Gemawang, Kab Semarang	3.594.788.431	3.414.500.572	4.605.996.747
3	Resto Banaran Kudus	428.194.624	15.609.500	-
4	Transmart Semarang	129.146.749	66.580.697	107.825.507
5	Resort Bawen	1.167.335.478	280.508.353	-
6	Mart Bawen	871.721.897	160.590.998	-
7	Mart Semarang	186.005.631	108.793.906	27.133.423
8	QA Bawen	1.709.209.041	246.890.749	-
9	Rest Area 260, Brebes	975.566.209	1.175.190.110	1.374.336.079
10	Rest Area 360, Batang	767.284.760	606.094.534	450.610.903
11	Cafe Magelang	384.917.004	333.175.744	327.399.570
12	Cafe Bukit Kopi Semarang	483.902.991	603.602.429	586.582.797
13	Mart Magelang	96.635.792	62.041.338	429.958.618
14	Rest Area 456, Salatiga	436.772.329	622.552.897	680.967.090
15	Tjangkir Gendhis, Surakarta	861.369.398	682.757.911	435.649.718
16	Colomadu, Surakarta	387.172.882	603.872.886	648.081.339
17	Skyview	3.272.783.275	1.227.990.724	-
Total		17.183.413.343	11.218.812.525	10.686.805.260

Based on this table, it can be seen that the marketing performance of PTPN IX Central Java's downstream products has decreased; in 2020, revenue will reach Rp. 17,183,413,343.00, then in 2021, it will become Rp. 11,218,812,525.00. From this decrease, it is known that several counters have experienced an increase in revenue. In contrast, the counter for Resto Banaran Kudus will be closed in 2022 due to insufficient operational costs, while a second party manages Resort Bawen, Mart Bawen, QA Bawen and Skyview.

Based on the description of the background of the problem above, it can be formulated the problems to be studied, namely:

1. How does the organizational network influence the marketing performance of PTPN IX Central Java Downstream Products?
2. How does market orientation affect the marketing performance of PTPN IX Central Java Downstream Products?

This study aimed to analyze the influence of organizational networks and market orientation on the marketing performance of PTPN IX Central Java Downstream Products.

## LITERATURE REVIEW AND HYPOTHESES

### Marketing Performance

Marketing performance is a concept for measuring the market performance of a product. Every company is interested in knowing the market performance of its products. The success of marketing performance is reflected in the success of its business in the world of business competition. Besides that, the success of marketing performance can also be seen from the success rate of new products, which shows that the company's performance is improving.

Marketing performance describes the results of implementing corporate strategies such as customer satisfaction, new product success, sales growth, and profitability. Therefore, measuring the company's marketing performance uses sales, customer growth, and turnover to describe marketing and competition performance better (Faradilla, 2021). It can be concluded that marketing performance measures the success of the company's product marketing process. Marketing performance is an achievement achieved by a company or organization from the existence of marketing activities as a whole.

This study measures marketing performance using indicators presented by Aprillianita et al. (2018), namely sales turnover, increased sales, sales returns, & marketing area coverage.

### Organization Network

The network theory is based on interdependent actor relations. It can be understood that actors will only be able to achieve their goals by using the resources owned by other actors. Rhodes in Yuliani (2021) added that this interdependence mechanism works through the exchange of resources between actors. Inter-organizational networks (inter-organizational networks) emphasize that interdependence between one organization and another cannot be avoided.

Networks between organizations (inter-organizational networks) are largely determined by coordination; in this coordination, some roles must be played by each organization involved. Wayne E. Baker in Nohria & Eccles (1992) states that organizational networks are crucial to avoid inertia. This is because organizational networks are designed to handle tasks that demand flexibility and adaptability and interact in relationships autonomously. The organizational network is an organizational collaboration with organizations that influence each other, define, and regulate the agent's perception of the mission situation. This organizational network also requires an understanding of the roles and tasks of each (Harmon et al., 2015). This organizational network's integration (synergy) is important in PT Perkebunan Nusantara IX establishing partnerships with several companies so that its downstream products can be sold according to targets and mutually beneficial.

According to Mardjono & Hariyadi (2013), network indicators for measuring marketing performance include (a) social networks consisting of good friends and family relationships for information, (b) support networks consisting of banking agent relations, government, mass organizations, (c) networks between companies both small and large.

### Market Orientation

Market orientation (market orientation = MO) is a measure of behavior and activity that reflects the implementation of the marketing concept. Market orientation is the most effective organizational culture in creating important behaviors for superior value creation for buyers and business performance (Fatmawati et al., 2016).

Arbawa & Wardoyo (2018) explain that market orientation is the most effective and efficient corporate culture for creating good value for customers, and this will create a sustainable top performance for the company. *Market orientation* is a process by the industry to obtain data on market conditions to produce superior products for consumers. *Market orientation* is also defined as the attitude of an organization in

identifying each consumer's needs and attitudes toward competitors and providing data about the market to the entire organization (Yanuar & Harti, 2020).

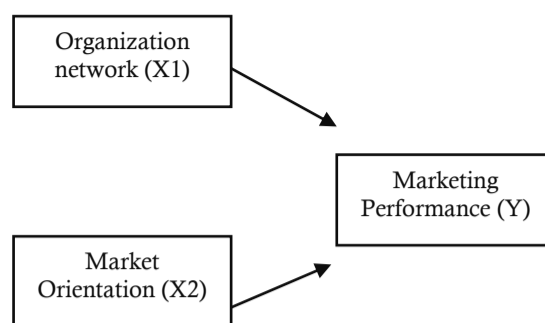
Based on the description above, it can be concluded that market orientation is an activity of an organization to create superior value for consumers and performance in a business by assessing customer needs and desires. The market orientation variable indicators used in this study were adapted from research (Jasmani, 2018). These indicators are customer orientation, competitor orientation, and market information.

**Hypotheses**

The research hypothesis is the initial answer (conjecture) to a research problem. The hypothesis is only prepared by means of inferential research, namely quantitative research intended for testing. based on the theory of organizational networks, market orientation towards marketing performance, the hypotheses put forward in this study are:

**H1:** A strong organizational network will increase the marketing performance of PTPN IX Central Java's downstream products

**H2 :** Appropriate market orientation will also strengthen and improve the marketing performance of PTPN IX Central Java's downstream products



**Figure 1.** Research Model

**METHOD**

This type of research is quantitative research. The data collection method is distributing questions to PTPN IX partner counter managers in the Central Java region. In this study, the sample used was 34 respondents. This study uses data collected using a questionnaire instrument. In addition, this study also used technical interviews and secondary data in the form of relevant literature.

**RESULT AND DISCUSSION**

Multiple linear regression analysis is used to answer the hypothesis proposed by researchers to determine the effect of the independent or independent variables, namely organizational networks and market orientation, on marketing performance.

**Table 2.** Multiple Linear Regression Analysis

Model	Coefficients <sup>a</sup>		t	Sig.
	Unstandardized Coefficients	Standardized Coefficients		
	B	Std. Error	Beta	
1 (Constant)	10.797	1.247		8.661 0.000
Organization network	0.335	0.110	0.371	3.042 0.005
Market orientation	0.722	0.118	0.748	6.135 0.000

a. Dependent Variable: Marketing performance

Descriptive data for each indicator is presented in Table 2 which can be seen below. The researcher started by loading the indicator load that reflects and considers internal consistency reliability, convergent validity, and discriminant validity. This is the beginning of the process. It is recommended that the measurement of the reflective structure be carried out using the types of procedures mentioned above in the model (Aleksandar et al., 2020).

In addition to the procedures described, another test called the Common Method Biases (CMB) test. Load factors with values ranging from 0.4 to 0.7 should only be retained if the removal of such values has no impact on AVE

and composite reliability (Gašić & Berber, 2021; Hair et al., 2017; Berber et al., 2020). Some components could not be included in future research because the values calculated for their loadings were very low. Figure 1 illustrates the indicator items have loading factor of more than 0.720 (see Figure 1).

A constant value of 10.797 means that marketing performance will be 10.797 if the organizational network and market orientation are equal to zero. The regression coefficient of the organizational network (X1) is 0.335. The coefficient is positive, meaning that every increase in an organizational network by one unit will be followed by an increase in marketing

performance of 0.335, assuming the other variables are considered constant or *ceteris paribus*. The market orientation regression coefficient (X2) is 0.722. The coefficient is positive, meaning that every one-unit increase in market orientation will be followed by an increase in marketing performance of 0.722, assuming the other variables are considered constant or *ceteris paribus*.

Hypothesis testing was tested by individual parameter test (t statistical test), which aims to determine the magnitude of the influence of each independent variable partially (individually) on the dependent variable. The value of the t-test is seen by the p-value (in the sig column) for each independent variable. The hypothesis is accepted if the p-value is smaller than the significant level of 0.05. The results of the analysis are as follows:

**Table 3. T-Test**

Model	Coefficients <sup>a</sup>				t	Sig.
	Unstandardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta			
1 (Constant)	10.797	1.247			8.661	0.000
Organization network	0.335	0.110	0.371		3.042	0.005
Market orientation	0.722	0.118	0.748		6.135	0.000

a. Dependent Variable: Marketing performance

From Table 3, the calculations' results obtained the t-count value of the organizational network of 3.042 > t-table 2.039 with a significance level of 0.005. This shows that the organizational network variable positively and significantly affects marketing performance. The results of this study indicate that the higher the organizational network, the higher the marketing performance of PTPN IX's downstream products in Central Java.

Then the results of the calculations that were carried out obtained the market orientation t-count value of 6.135 > t-table 2.039 with a significance level of 0.000. This shows that the

market orientation variable positively and significantly affects marketing performance. The results of this study indicate that the higher the market orientation, the better the marketing performance of PTPN IX's downstream products in Central Java.

The F statistical test shows whether all the independent variables included in the model have a joint effect on the dependent variable. To test whether the linear model is correct, it is seen by comparing the probabilities of the calculation results of the F test. If it shows a probability value <0.05, then the model in the regression is a fit/feasible model.

**Table 4. F-Test**

Model	ANOVA <sup>b</sup>				
	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	79.015	2	39.508	19.981	0.000 <sup>a</sup>
Residual	63.271	32	1.977		
Total	142.286	34			

a. Predictors: (Constant), Market orientation, Organization network

b. Dependent Variable: Marketing performance

Based on Table 4, the calculated F value is 19.981 > F table (2.88) with a significance level of 0.000 < 0.05. So it can be concluded that the model is a fit or feasible model. The coefficient of determination is useful for measuring the ability of the model on the independent variable (X) to explain the dependent variable (Y) (Ghozali, 2018). The coefficient of determination determines how far or how much the

organizational network and market orientation variables explain the marketing performance variable, which is indicated by the R Square value.

To find out how much marketing performance can be explained by organizational network variables and market orientation, the following are the results of testing with the SPSS program.

**Table 5.** Coefficient of Determination

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.745 <sup>a</sup>	0.555	0.528	1.40613

a. Predictors: (Constant), Market orientation, Organization network

b. Dependent Variable: Marketing performance

The coefficient of determination (R Square) is 0.555. This means that the variable organizational network and market orientation have a role in explaining or explaining marketing performance variables. In contrast, the remaining 44.5% (100% - 55.5%) is explained by other variables.

### CONCLUSION AND SUGGESTION

Analysis that affect marketing performance on downstream products of PTPN IX Jawa Tengah are organizational networks and market orientation. Statistical test results show that there is a positive and significant influence between marketing performance and organizational networks with a t-count value greater than t-table, and there is also a positive and significant influence between marketing performance and market orientation with a t-count value greater than t-table and a significance value smaller than 0.05.

Marketing performance impacts sales turnover, sales increase and marketing reach. Therefore, management must pay attention to every relationship, whether friends, business relations or partner companies, both large and small, and fulfill customer orientation, threats from competitors, and market information.

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