

## Exploring the Impact of Transformational Leadership on Organizational Culture and Employee Performance: The Mediating Role of Job Satisfaction and Motivation

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Article Info	ABSTRACT
<b>Keywords:</b> Market Orientation, Innovation and Entrepreneurship Orientation, Competitive Advantage	This research has analyzed the effect of market orientation, innovation and product orientation toward competitive advantage to increase marketing performance. This riset formula is how to create competitive advantage to increase marketing performance. Population which has selected in this research is small and medium scale clothing industry at Semarang. Those are 137 industries. Total sample in this research are 67 industries. Collecting data used questioner, with score start from 1 (very disagree) to 10 (really agree). Analyzed data tool which has been used is SEM (Structural Equation Model) through AMOS program 6.0. The result of data analyze showed that research model can be accepted with goodness of fit, they are chi – square = 234,552; probability = 0,058; GFI = 0,873; AGFI = 0,84; TLI = 0,985; CFI = 0,987; CMIN/DF = 1,61; and RMSEA = 0,033. All hypothesis can be accepted after SEM analyzes conducted. This matter means market orientation, innovation and entrepreneurship orientation have positive affect and significant toward competitive advantage. Then competitive advantage has positive affect and significant toward marketing performance. General conclusion from result of the model test which has applied to small and medium scale clothing industry at Semarang showed that competitive advantage can be reached through market orientation, innovation and entrepreneurship orientation, from there competitive advantage which has been produced by the industry can increase marketing performance. This research has given some research limitation and also give agenda for the next research.
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## INTRODUCTION

The emergence of competition in the business world is inevitable. With competition, companies are faced with various opportunities and threats both from outside and from within the country. For this reason, every company is required to always understand and understand what is happening in the market and what consumers want, as well as various changes in their business

environment so that they can compete with other companies. The company should strive to minimize weaknesses and maximize its strengths. Thus, companies are required to choose and establish strategies that can be used to face competition.

Some SMEs still have various external weaknesses, such as lack of ability to adapt to strategic environmental influences, lack of agility in business opportunities, lack of creativity and innovation in anticipating various challenges as a result of prolonged economic recession. In addition, internal factors of some SMEs are lack of managerial capabilities and skills, lack of access to information technology, capital and markets. This internal weakness is caused by some of the human resources of SME managers are less qualified in anticipating various problems faced (Burden, 2000) [6]

From the various shortcomings mentioned above, special attention is needed to the fate of the existence of SMEs as a support for the real economy of the community. Such fierce business competition requires companies to have competitive advantages, otherwise the company cannot survive for long. Competitive advantage in an organization can be obtained by paying attention to superior value for customers, culture and climate to bring improvements to efficiency and effectiveness.

According to Basuki (2012) [4], market orientation is a corporate culture that can lead to increased marketing work. Never and Settler (2009) define market orientation as the most effective and efficient organizational culture to create the behaviors needed to create superior value for buyers and produce superior performance for the company. Companies that have made market orientation as an organizational culture will be based on basic external needs, wants and market demands as a basis for strategizing for each business unit in the organization, and determining the success of the company.

In addition to market orientation, innovation can also be used as one of the strategies to create business opportunities, the main purpose of innovation is to meet market demand so that innovation products are one that can be used as a competitive advantage for companies (Wahyono, 2002) [18]. Customers generally want innovative products according to their wishes. For the company, its success in innovation means that it is one step ahead of its competitors. This requires the company's intelligence in recognizing the tastes of its customers so that the innovations it does in the end are in accordance with the wishes of its customers. Innovation means the company is one step ahead of its competitors. This requires the company's intelligence in recognizing the tastes of its customers so that the innovations it does in the end are in accordance with the wishes of its customers. Thus, innovation must be carefully planned and carried out.

On the other hand, the business world is now starting to embrace new thinking, where entrepreneurship is referred to as one of the factors to realize sustainable and highly competitive

company economic growth. Entrepreneurship itself means a human activity by exerting the energy of the mind or body to create or achieve a job that can realize noble people (Weerawerdena, 2003 Wee). According to frees (2018) product orientation is the key to improving marketing performance. Companies whose leaders are entrepreneurial-oriented have a clear and bold vision to face risks so as to create good performance. Nasir and Handoyo, (2003) stated that organizations with entrepreneurial type are associated with low marketing performance. His findings showed that companies whose top managers were entrepreneurs were more underperforming than those whose top managers were not entrepreneurs.

The high level of competition that exists is not only felt by large companies but also experienced by small and medium companies in Indonesia, such as the apparel industry in Semarang. Changes that occur in the apparel industry include the decline in the value of apparel production. The Central Bureau of Statistics shows that market performance is shown by the realization of a decrease in production value during 2006 to 2008. The case will be used as an application of this research. Competition among existing companies is getting stronger and various ways are done by entrepreneurs to improve their marketing performance.

The increasing aggressiveness of market players in seizing market share has caused small and medium industries to consider it necessary to implement innovative product strategies that compete in addition to increasing customer satisfaction. From the case that occurred in small and medium enterprises in Semarang, it can be concluded that the competitive advantage of innovative products with similar products is interesting to be further examined in different scopes to contribute to the company in the form of managerial implications related to the influence of entrepreneurial orientation, market orientation, and innovation on competitive advantage to improve marketing performance. It also turns out to be an important factor for creating a competitive advantage. For companies, success in creating competitive advantage is believed to be one way to improve their performance. Hamel and Prahalad (2004) stated that marketing knowledge competence is the key to the success of marketing performance significantly. Furthermore, this research will make these three factors, namely innovation, market orientation, and entrepreneurial orientation as factors that affect competitive advantage to improve marketing performance.

The company's success in maintaining the continuity of sales of its products lies in its ability to innovate. From here the owners of the apparel industry in Semarang must be able to produce 'uniqueness' so as to foster competitive advantage. In simple terms, it can be said, the apparel industry in Semarang is required to be able to explore and utilize its advantages.

## METHOD

The method used in research is descriptive. This research requires a data analysis and interpretation that will be used to answer research questions to reveal the business phenomenon of the tourism sector related to the creation of business opportunities. So that data analysis is the process of simplifying data into a form that is easier to read and interpret. The model to be used in this study is a model of causality or relationship or influence and to test the hypothesis proposed, the analysis technique used is SEM (Structural Equation Modelling).

The reason for using SEM (Structural Equation Modelling) is because of the multivariate technique to be analyzed whose effect combines aspects of multiple regression (examining dependency relationships) and factor analysis to estimate a series of interrelated dependency relationships simultaneously (Hair et al., 2009, p.621). Research modeling through SEM allows researchers to answer research questions that are regressive and dimensional (ie measuring what the dimensions of a concept are). When a researcher faces a research question of identifying the dimensions of a concept or construct (as is usually done in factor analysis) and at the same time the researcher wants to measure the effect on the degree of relationship between factors that have been identified, SEM will be an alternative answer worth considering. Therefore it can be said that basically SEM is to know the variable test with a combination of factor analysis and multiple regression analysis (Haryani. 2015) [9].

The research used two kinds of analytical techniques, namely:

1. Regression Weight Analysis, used to analyze the influence between variables studied.
2. Structural Equation Modelling (SEM), used for confirmatory factor analysis of the most dominant factors in a group of variables.

## RESULTS AND DISCUSSION

In this section, data from research results and the process of analyzing these data are presented, to answer research questions and hypotheses that have been asked in parts two and 3. With the hope, from the problems found in this study can be formulated answers that provide academic implications and managerial implications that are useful for business practitioners.

The data analysis used in this study is *confirmatory factor analysis* and *full model of Structural Equation Modeling* (SEM), which usually includes seven steps to evaluate *the criteria of goodness of fit*, namely the level of compatibility between reality. The results of research in the field are supported by a theoretical framework with research models developed with predetermined criteria. The respondents in this study were managers of the small and medium-scale tourism industry in Sulawesi Selatan, totaling 67 respondents.

## CONCLUSION

The results of this study managed to find that there are three factors that can significantly affect competitive advantage, namely market orientation, innovation, and product orientation. Of these three factors, the market orientation factor turns out to have the strongest influence on competitive advantage compared to innovation and product orientation of tour packages. Research findings and implications.

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