

# *Contribution of Information Technology to Corporate Performance Through Social Benefits in Market Orientation*

Leo Agung

Faculty of Information Technology  
Institute Perbanas Jakarta



**Abstract** - The main role of information technology is to make business processes more integrated, faster, more precise, and the information needed is always available when needed in accordance with its contribution. The purpose of this study is to provide a global platform where individuals and organizations interact, communicate, collaborate and obtain information with information technology strategies in support of business strategies with a social benefit perspective of a market-oriented strategy. This social research is done by descriptive design using exploration method. The findings show that investment in inter organizational systems strongly supports the development of market orientation capabilities.

**Keywords** - *Information Technology; Market-Oriented; Social Benefit; Business Strategies.*

## **I. INTRODUCTION**

Company performance is a picture of the whole situation of a company for a certain period of time, and is the result or achievement that is influenced by the company's operational activities in the benefits of resources that are owned (Helfert, 1996). Likewise the advertising industry continues to be encouraged to improve its performance by understanding the trends of global marketing communications. The advertising industry in conducting the company's operational activities in finding and developing customers and promoting its products or services is needed a marketing strategy. Market orientation is one of the company's strategies to get customers and maintain them so that their sales targets can be fulfilled and even increased. Information technology plays an important role in market orientation because information technology not only supports market orientation but has contributed to electronic marketing at the global market level. Real Juan (2006) has tested the relationship of information technology through organizational learning that affects business performance. Borges (2009) conducted a study of how information technology contributes to market orientation by using case study research methodologies to several retail companies with e-business operations that have the third largest ranking in Brazil. Chung (2010) explores the influence of market

orientation and information technology engagement in the implementation of innovative activities, as well as the implementation of the influence of innovative activities on performance which suggests that investments in inter-organizational systems strongly support the development of market orientation capabilities. Rogé (2011) examines the active role of information technology especially communication in encouraging market orientation in achieving operational performance. Market research is very interesting and continues to be developed such as Gunarathne (2015) examining the reduction of new concepts of market orientation with dimensions of customer orientation, competitor orientation, interfunction coordination and social benefit orientation.

This study examines the contribution of information technology to the performance of the advertising industry through social benefits in market orientation (Gunarathne, 2015). The advertising industry selected is the advertising industry incorporated in the Indonesian Advertising Companies Association (P3I) Jakarta Special Capital Region which is a barometer of the advertising industry in Indonesia.

## II. COMPANY PERFORMANCE

Company performance is a benchmark for assessing management's success in achieving company goals that have been set in a certain period. Helfert (2001) states that company performance is the result of many individual decisions made continuously by the management in achieving goals. So the company's performance is a picture of the whole situation over a company for a certain period of time, and is the result or achievement that is influenced by the company's operational activities in the benefits of resources owned.

## III. INFORMATION TECHNOLOGY STRATEGY

Information technology strategy is a set of long-term planning that describes information technology systems and architecture for corporate purposes (Turban, 2004). Information Technology (IT) must be aligned with the company's marketing strategy (Jayachandran et al., 2005; Wei and Wang, 2011) to support the company's business. IT contribution to the company's strategy through the support of market information systems, operational information systems, information systems between organizations and decision support information systems. Market information system functions to record and collect market price, promotion and margin into computer system and can analysis. Market information systems also function as margin counters, compare competitor prices and facilitate negotiations with suppliers. The market information system can change prices automatically and send to management for approval via e-mail marketing. Market information systems can also classify customers using data mining.

The operational information system serves to provide sales reports and stock availability reports, can facilitate the monitoring of daily business performance by different departments and can scan trade affairs based on suppliers, can inform company performance and assist managers in developing market response.

The organizational information system serves to generate information about customers and suppliers, generating records of information in the form of data banks from various company locations that can be accessed and analyzed using tools such as data mining and can generate management reports provided through the Intranet Network, and information systems that offer online services to customers and integrate sales channels that can provide customers with better knowledge, thus automatically generating personalized offers according to their profile. Functioning to receive information from the Inter-Organization Information System that generates reports and enters into the managerial Information System. It also

facilitates intelligence socialization workflow to approved areas. Serves as a workflow system and as an analytical tool by using a data warehouse and facilitating strategies for decision making and marketing actions.

## IV. MARKET ORIENTATION

Market orientation by Deshpande and Webster, 1989 is a business management behavior process that has a pattern of values and beliefs that help individuals to understand organizational functions based on certain norms. Therefore, market orientation is seen as the best philosophy to do business and is a successful organizational culture (Houston, 1986; Wong and Sounders, 1993; Hunt and Morgan 1995). Recently, market orientation is a popular research topic (Boso and Cadogan 2013; Foley and Fahy 2009; Modi 2012; Murray et al. 2011; Tsioutsou 2010). A market orientation can help companies to adopt the most effective and efficient activities in creating superior value for buyers and superior corporate performance so market orientation research is used continuously for business (Narver and Slater 1990). The concept of market orientation has objectives: (1) Gathering information about customer needs, goals and competing capabilities continuously; (2) Creating customer value on an ongoing basis (Slater and Nerver, 1995). Both of these are cultivated in an integrated manner to all departments or departments that exist in order to improve the performance of the company (Kohli and Jaworski, 1990). Slater, Naver (1998) and Kohli, Jaworski (1990) have considered the importance of market orientation and organizational performance in the three behavioral component models developed by Slater and Slater (1990). In addition to the three components of the behavioral model, as well as improving people's welfare (Paul, kwon, 2002), Gunarathne (2015) adds new market orientation concepts consisting of customer orientation, competitor orientation, interfunctional coordination and social benefit orientation. The measurement of this new concept of market orientation explains how an organization should focus its long-term benefits in a global context.

Customer orientation is defined as a group of actions taken by a business to support sales and service staff in considering client needs and the main priority of their satisfaction (Slater and Narver, 1996). The business strategy used is to develop quality products, reward consumers, respond promptly to consumer and demand complaints, and be sensitive to community issues.

In principle, customer orientation and competitor orientation are two interrelated dimensions and a unity in the concept of market orientation. Competitor Orientation means that the seller can understand short-term strengths, weaknesses,

capabilities and long-term strategies against potential competitors (Day and Wensley, 1988; Porter 1980, 1985). Competitors have variables, namely the main competitors at this time and potential competitors in the future. With the capabilities of information technology, then the needs of current and future customers will be fulfilled (Narver and Slater, 1990). To predict the strength of the opponent and identify weaknesses then it can be used as an innovation process that has an influence on the performance of the company.

Inter-functional coordination is defined by Narver and Slater (1990) as a behavioral component of the market orientation in providing satisfaction to customers and winning competition by optimizing the functions of the company carefully. The move is the company's ability to capture better customer response (Kohli and Jaworski, 1990). Effective inter-functional coordination will be able to achieve the company's general objectives, therefore reliable leadership support is required in coordinating inter-functions in order to recognize its advantages and can work effectively with other fields.

Social benefits are the total benefits to society from producing or consuming goods or services (Paul and kwon, 2002). Social benefits include all the personal benefits plus the external benefits of production or consumption. Components of social benefits: (1) individual tangible goods (economic nature); intangible goods of the individual (intellectual or spiritual nature); (3) Collective tangible goods (ecological and basic infrastructure); (4) Collective intangible goods (socio-cultural nature, for society). Another way to explain social benefits is to increase the flow of capital to the public interest, or the achievements of any particular individual, other identifiable benefits to society or the environment (Matthew F. Doeringer, 2010).

## V. LINKAGES OF INFORMATION TECHNOLOGY, MARKET ORIENTATION AND ORGANIZATIONAL PERFORMANCE

Prasad (2001) offers a conceptual model that links market orientation, marketing competency, export performance and the role of internet technology, stating that companies that integrate internet technology in marketing activities will have a strong (positive) impact in integrating information technology strategies on market orientation , and ultimately will improve organizational performance. Borges (2009) examines how information technology contributes to market orientation using case study research methodologies to several retail companies with e-business operations that have the third largest ranking in Brazil, finding that investment in inter-organizational systems strongly supports the development of market orientation capabilities. Rogé (2011) examined the active role of

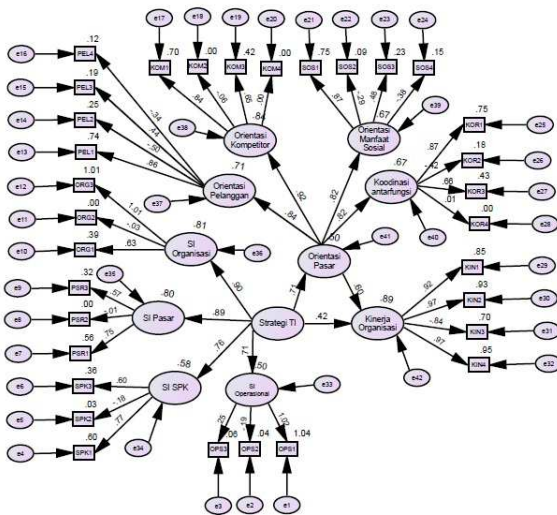
information technology, especially communication in encouraging market orientation in achieving operational performance, finding evidence of a direct relationship between information technology, especially active communication with marketing. This finding shows that the two roles of information technology that are actively perceived in the marketing function are (1) information technology provides superior customer value, and (2) the relationship of information technology with market orientation is positive and significant. Wang Yi (2013) discusses the process of information technology capabilities affecting the performance of innovation, the results show that market orientation fully mediates the influence of information technology capabilities on innovation performance. Rodriguez, 2014 examines the diffusion of technology namely customer relationship management systems (CRM) and social media, has created the need to increase understanding of how to manage customer interactions in today's digital era, finding that CRM and social media positively influence customer orientation activities. Carmen and Jose (2008) in their research found evidence that there was a positive and significant relationship between market orientation and economic and social performance.



Figure 1. Concept of Research Model

## VI. ANALYSIS WITH AMOS SEM 18

Measurement model using the confirmation factor analysis is a technique used to estimate the loading of construction quantities and indicator variables by theory (Malhotra, 2010). Confirmatory factor analysis (CFA) using Structural Equation Modeling (SEM) AMOS 18 by applying the maximum likelihood method to test Reliability and dimensional validity with Confirmatory Factor Analysis (CFA) (Hair et al., 1998; Anderson and Gerbing, 1988). The results consistently support the factor structure for the constructs determined through CFA. SEM analysis requires normal distributed data to avoid bias in the interpretation of data that may affect other data. Measurement of data normality is done simultaneously with the model suitability testing process through computational calculation using AMOS 18 software.



The results of this study are not only relevant for academics. From the point of view of marketing practitioners engaged in the advertising industry, the results of this research can help small and medium-sized industries, although there is a willingness to invest in building relationships, identifying customer needs and customer orientation costs.

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