

Antecedents and Consequences of Marketing Capability as a Mediation Variable (Study on Medium Enterprises in Central Java Province)

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Abstract

This study aims to develop the concept of business orientation which includes market orientation, learning orientation, and entrepreneurial orientation by emphasizing the role of marketing capabilities in an effort to improve marketing performance.

The population of this research is all medium-sized enterprises in Central Java Province. The sample used is 158 respondents. Regional sampling technique is used to determine the sample, based on the population area that has been determined in Central Java Province. Data were analyzed using Statistical Package for Service Solution (SPSS).

The results of the study found that marketing capability acts as a mediation linking learning orientation and entrepreneurial orientation with marketing performance. However, marketing capabilities have not been able to mediate the relationship between market orientation and marketing performance. Market orientation individually determines marketing performance. In addition, this study also found that marketing capability is directly influenced by learning orientation and entrepreneurial orientation, but market orientation is not a determinant of marketing capability.

Keywords: Market Orientation, Learning Orientation, Entrepreneurship Orientation, Marketing Capability, Marketing Performance.

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I. Introduction

The problems of medium-sized enterprises in Central Java are related to the problem of human resources, access to funding and marketing. In terms of education, only 34.2% of medium-sized business entrepreneurs have advanced education and only 6% have received higher education. In terms of access to resources, it shows that only 2.0% use banking credit services, the rest rely on capital that comes from family and own capital.

The consequences of the problems faced by medium-sized enterprises have an impact on the achievement of relatively very low performance. Judging from the aspect of sales turnover, most of them, which is around 84.9% of medium-sized businesses, are only able to achieve sales of a maximum of 100 million rupiah or less than 10 million rupiah per month. Only about 14.3% of medium-sized businesses are able to achieve sales of between 100 million-1 billion rupiah. Marketing reach is only limited to local districts/cities which reach 97%. as a result medium business difficult to develop.

Various efforts have been made in an effort to improve the performance of medium-sized enterprises, starting from training activities, capital assistance, and making laws governing medium-sized enterprises, but so far, medium-sized enterprises have not shown optimal performance.

Based on the description of the aspects related to the company's success, the effort to achieve better performance for medium-sized enterprises actually relies on two approaches, namely the structural approach (Porter, 1985) as a market-based approach (Makhija, 2003) and the Resource Base View of Approach. the firm (Barney, Wright & Ketchen Jr, 2001). The development of the Resource Base View of the firm is related to business orientation. Based on this, the question arises "Will a business orientation that includes market orientation, learning orientation and entrepreneurial orientation be able to drive marketing performance?". The last issue is the focus of this research.

II. Literature Review

2.1 Market Orientation and Marketing Performance

Market orientation is a behavior to provide superior value to customers, respond to competitors' actions and communicate internally (Venkatesan, Soutar, 2000; Farrell, Oczkowski; 2002), based on this definition, market orientation is measured by three indicators, namely: Consumer orientation; Competitor orientation; Coordination between functions/communication internally.

Learning Orientation Variable is the degree of company emphasis on the value of learning for long-term benefits (Sinkula et al. 1997) as measured by the indicators: Commitment to learning; Shared vision (shared organizational vision) Open-mindedness (open mindedness).

Market oriented culture is needed to build and maintain core capabilities to continuously create superior customer value. Holey, et al. (2017); Slater & Narver, (1993) found that marketing skills were considered more important than operational skills. So when companies are up-to-date with information about customers and competitors, these companies are able to effectively handle marketing activities within their organization.

Dawes (2000) emphasizes that each component of market orientation is closely related to profitability. Each element has unique features and for this main reason, market orientation is judged on three indicators (Tan & Smyrnios, 2004a).

An empirical study conducted by Appiah Adu (1997) found that market orientation has a positive effect on company performance which is in line with the research findings of Kumar, Subramanian, & Yauger, (1998). Based on this explanation, the following hypothesis is proposed:

Hypothesis 1: The stronger the market orientation, the higher the marketing performance.

2.2 Market Orientation and Marketing Capability

Marketing capability is the company's ability to perform various marketing functions. The marketing capability variable is measured by 6 indicators (Tzokas, et al., 2001). Market research (marketing research); Relationship/distribution, Pricing, Product development, Promotion/marketing communication; Marketing Management.

Gounaris, et al. (2004) identified that companies that adopt a market orientation approach systematically conduct formal market research, collect and disseminate intelligence throughout the company's market and emphasize strategic marketing planning. In addition, these organizations tend to segment and adjust products, prices and promotional strategies to suit the target segment. Market orientation also affects the control over the direction of the company by making the company more focused on customer, market and product-related information, as well as responding to the information collected.

In large-scale manufacturing and service companies in Australia and America (Vorhies & Harker, 2000) found that market orientation had a significant positive effect on marketing capability. Slater and Narver (1994a) state that a market-oriented culture is necessary to build and maintain core capabilities that continue to create superior customer value. In an effort to strengthen the statement of Slater and Narver (1994a) in medium-sized enterprises in developing countries. Therefore, the following hypothesis is proposed:

Hypothesis 2: The stronger the market orientation, the higher the marketing capability.

2.3 Learning Orientation and Marketing Capabilities

Miller (1983), Lumpkin and Dess (2008) define entrepreneurial orientation as entrepreneurial companies related to product innovation, undertake risky activities and are the first to introduce innovation, proactively and in aggressive competition. Intensive activities are needed to outperform competitors which are characterized by combining aggressive posture or response to improve position in the competition. The indicators for this variable are: Innovativeness; Proactiveness (proactiveness); Competitive aggressiveness and risk taking.

Celucha, et al. (2002) empirically show that managers who perceive their companies as having a higher learning orientation, find that their information systems and marketing capabilities are better. As learning organizations that seek to understand the market, they develop rules for processing information that will affect internal and external organizations (Sinkula, et al., 1997, Calantone, et al., 2002). External actions refer to product, promotion, distribution, pricing strategies and tactics which are all part of the marketing capability. Learning orientation positively increases market information and information dissemination which, in turn, affects the degree to which companies make changes to their marketing strategies. Therefore, the following hypotheses are proposed:

Hypothesis 3: The stronger the learning orientation, the higher the marketing capability.

2.4 Learning Orientation and Marketing Performance

Learning orientation is a philosophy adopted by companies that emphasize learning in organizations. Learning orientation will develop well in an organization that conducts learning. In a learning-oriented

organization there will be a continuous ability development process in order to create a better future (Schein, 1996).

Learning-oriented companies have a set of values that influence their desire to create and use knowledge (Sinkula, Baker and Noordewier, 1997). There are three important values that shape learning orientation, namely commitment to learning, openness to new thinking and shared vision. It can be explained as follows:

1. Commitment to learning the fundamental values adopted in learning through the organization will affect whether the organization maintains a learning culture or not. Commitment is realized when there is strong support from all members of the organization, including the management.
2. Open to new thinking, learning-oriented organizations are open to gaining new knowledge, always questioning what is learned and known and willing to learn from past experiences.
3. Shared vision. In contrast to the commitment to new thinking that affects the intensity of learning. Shared vision has an important role in proactive learning. According to Argyris (in Slater and Narver, 1995), there are two types of learning organizations, namely adaptive and generative learning. Both types of learning can take place together in a learning-oriented company.

Sinkula, et al. (1997) stated that learning orientation is a set of organizational values that influence the company's tendency to create and use knowledge. Learning orientation is associated with three values: commitment to learning, open mindedness and shared vision.

The researchers underlined that learning orientation is associated with firm performance (Stewart & Mavondo, 2004). Farrell (1999) identified that learning orientation is positively related to organizational commitment, togetherness and organizational innovation. Similarly, Sadler Smith, Spicer and Chaston (2001) show empirically that higher growth is owned by manufacturing firms with a more active learning orientation which makes better use of knowledge assets compared to their competitors with lower growth. However, in fact learning orientation can cause problems because of the inside out orientation (Day, 1994). In line with this, a number of researchers (Baker & Sinkula, 1999b, 2002; Farrell & Oczkowski, 2002) agrees that market and learning orientation are antecedents to firm performance. Hult, et al. (2004), shows that there is a positive relationship between learning orientation and firm performance. Therefore, the following hypotheses are proposed:

Hypothesis 4: The stronger the learning orientation, the higher the marketing performance.

2.5 Entrepreneurship Orientation and Marketing Performance

Marketing performance is the result achieved by the company in meeting consumer expectations (Vorhies, et al., 1999; Vorhies & Harker, 2000; Vorhies, 1998). This variable is measured by four indicators, namely: customer satisfaction; Delivery of value (customer value delivery); Effectiveness of marketing programs (effectiveness of marketing programs); New product success. The Likert scale is used to measure social phenomena, which in this study of social phenomena are determined specifically by researchers, hereinafter referred to as research variables.

Entrepreneurship indicated by keinovacynicism, proactiveness, aggressiveness in competing and risk-taking will be able to improve the ability of market research, distribution, pricing of products and services, product development, communication/ promotion and marketing management, as indicators of marketing capability. This means that companies that have an entrepreneurial orientation will increase their marketing capabilities. Capability base theory states that in an effort to achieve competitive advantage, the entrepreneur is an important element. Entrepreneurship will encourage capabilities to achieve competitive advantage. Research by Guenzi & Troilo (2006) found that the ability to create superior value for consumers flows from the company's marketing capabilities. Lee & Hsieh (2010) states that in a period with a very high level of competition, companies need to have a competitive advantage in the global market. This means that capabilities can increase competitive advantage directly. Therefore, the following hypotheses are proposed:

Hypothesis 5: The stronger the entrepreneurial orientation, the higher the marketing performance.

2.6 Entrepreneurship Orientation and Marketing Capability

Many empirical studies of the influence of entrepreneurial orientation have been carried out. Wiklund, (2000) shows a positive relationship between entrepreneurial orientation and firm performance. Covin & Slevin (1989) concluded that the effect of entrepreneurial orientation on firm performance is positive in a competitive environment that is mutually exclusive and dependent on organizational structure. Tzokas, et al. (2001) noted that unique marketing techniques are associated with overall firm performance. Consistent with this view, Smart and Conant (1994) assert that a strong relationship appears to exist between firms' entrepreneurial orientation and distinctive marketing capabilities. Therefore, the following hypotheses are proposed:

Hypothesis 6: The stronger the entrepreneurial orientation, the higher the marketing capability.

2.7 Marketing Capability and Marketing Performance

Good development of marketing skills is very important for marketing activities in the effort of gathering information about market needs and selecting target market segmentation (market planning activities); development of new services to meet the needs of the targeted segment (through product development activities); the price of services/products and the communication of benefits offered to the target market (Day, 1994). This activity can be achieved through advertising/promotion or personal selling (Vorhies & Yarbrough, 1998; Tzokas, et al. 2001); Weerawardena, 2003b). Chaston, 1998a emphasizes that marketing capabilities have a major influence on marketing performance. Therefore, the following hypotheses are proposed: Hypothesis 7: The higher the marketing capability, the higher the marketing performance.

From the description above, the hypothesis model of this research can be described as Figure 1

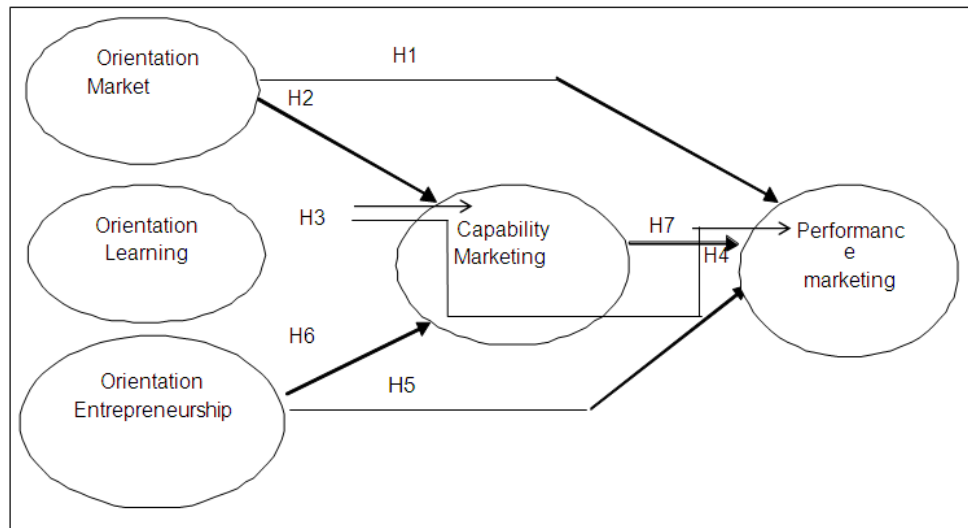


Figure 1. Research Hypothesis Model

III. Research Methods

Population and Research Sample

The population of this research is all medium enterprises in Central Java Province. The sample used is 158 respondents. Regional sampling technique is used to determine the sample, based on the population area that has been determined in Central Java Province. Data were analyzed using Statistical Package for Service Solution (SPSS).

Research variable

In this study there are 20 manifest variables (indicators) with 5 factors (variables) analyzed to determine how many factors (variables) will be formed. The variables in this study are: Three independent variables namely Orientation market, Learning orientation, Orientation Entrepreneurship, One dependent variable is Marketing Performance and one mediating variable is Marketing Capability.

Test the Validity and Reliability of Research Instruments

Before the research instrument was used as data collection media, the instrument is tested first. All indicators meet the requirements of validity (correlation > 0.3) and reliability (alpha cronbach > 0.6)

Data analysis method

Since the problem being tested is a relationship between various variables and has a relationship causality between variables, then the data analysis used is Path Analysis / path analysis (Hair, JF Jr., Black, WC, Babin, BJ, Anderson, RO, Tatham, RL 2006). The specific reasons for using path analysis are: the relationship between variables is a tiered causality. The variables in the study are latent variables, namely variables that are unobservable. With the latent variables in the model on the one hand, while path analysis requires observable variables, to get the value of the latent variable, the score factor is used using the Confirmatory Factor Analysis method, using SPSS software.

IV. Result

Confirmatory Factor Analysis Results

Confirmatory factor analysis is used to examine the variables that define a construct that cannot be measured directly. The analysis of the indicators used gives meaning to the labels given to latent variables or other confirmed constructs. The results of the Confirmatory Factor analysis for each variable in this study can be seen in Table 1.

Table1. Results of Confirmatory Factor Analysis

Variabel	Indikator	Bobot faktor	Kapabilitas Pemasaran	Penelitian Pasar	
Orientasi Pasar	Orientasi Konsumen	0,979		Penetapan harga Produk	0,930
	Orientasi pesaing	0,985		Pengembangan produk	0,944
	Koordinasi antar fungsi	0,989		Relationship Komunikasi pemasaran	0,964
	Komitmen belajar	0,925		Manajemen pemasaran	0,950
Orientasi Pembelajaran Belajar	Berbagi Visi	0,928	Kinerja Pemasaran	Kepuasan pelanggan	0,966
	Keterbukaan pemikiran	0,878		Penyampaian nilai	0,955
Orientasi Kewirausahaan	Keinovatifan	0,657		Efektivitas program pemasaran	0,970
	Keproaktifan	0,545		Kesuksesan produk baru	0,965
	Berani mengambil Risiko	0,624			
	Agresif bersaing	0,699			

Source: Data processed, 2021

The results of the confirmatory analysis as shown in Table 1 show that the strongest indicator for measuring market orientation is coordination between functions and loading values, on the other hand, the dominant indicator for measuring learning orientation is Vision Sharing. Aggressive competitive indicator is the dominant indicator for entrepreneurial orientation. Market research and the effectiveness of marketing programs are the dominant indicators for marketing capability and marketing performance.

Path Analysis Results

The results of the Path analysis can be seen in Figure 2. and Table 2.

Based on the results of the analysis shown in Table2 as well as in Figure 2. it appears that the direct influence between the research variables is both significant(s) and not significant (ts). Table2 shows that of the seven direct effects between the variables tested, there are four that have a significant effect and three that are not significant. Based on the analysis results show that the path coefficient of direct influence of market orientation on marketing performance is obtained by a value of 0.344 with a probability of 0.003. This indicates that there is sufficient empirical evidence to accept the hypothesis (H1) that the stronger the market orientation, the higher the marketing performance.

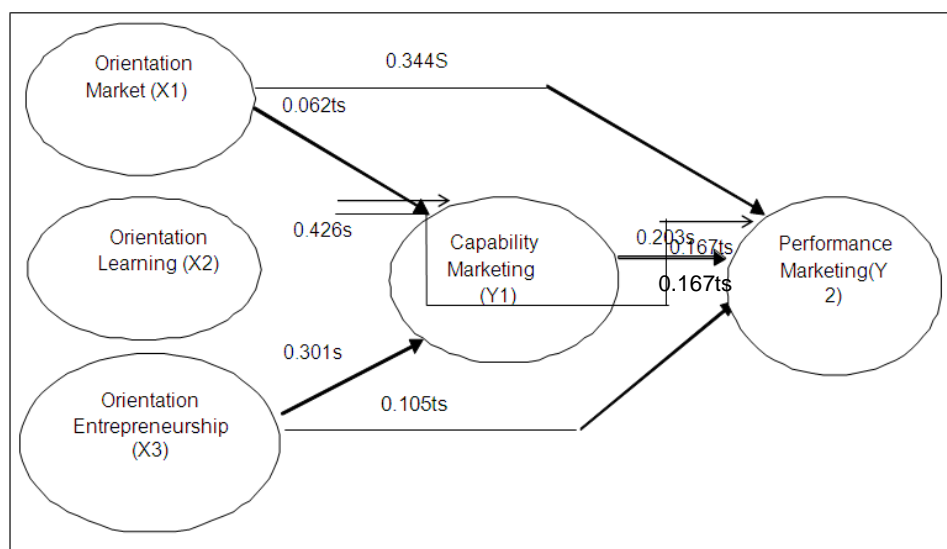


Figure 2. Path coefficient

Note: s = significant; ts = not significant

Source: Developed for this study

Table 2. Direct Effect Test

Independent Variable	Dependent variable	Coefficient	Prob.	Information
Market Orientation	Marketing Performance	0.344	0.003	significant
Market orientation	Marketing capabilities	0.062	0.585	Not significant
Learning orientation	Marketing Performance	0.167	0.153	Not significant
Learning orientation	Marketing capabilities	0.426	0.000	significant
Entrepreneurial orientation	Marketing Performance	0.105	0.198	Not significant
Entrepreneurial orientation	Marketing capabilities	0.301	0.000	significant
Marketing capabilities	Marketing Performance	0.203	0.012	significant

Source: Processed Data, 2021

Path coefficient a positive sign can be interpreted that the relationship between market orientation and marketing performance is unidirectional. This means that the stronger the market orientation, the higher the marketing performance.

Based on the results of the analysis of the influence of market orientation on marketing capability, a value of 0.062 is obtained with a probability of 0.585. This shows that there is not enough empirical evidence to accept the hypothesis (H2) that the stronger the company's market orientation, the higher the marketing capability.

The results of the analysis of the influence of learning orientation on marketing performance obtained a value of 0.167 with a probability of 0.153. These results indicate that there is not enough empirical evidence to accept the hypothesis (H3) that the stronger the learning orientation, the higher the marketing performance.

The results of the analysis of the influence of learning orientation on marketing capabilities obtained a value of 0.426 with a probability of 0.000. These results indicate that there is sufficient empirical evidence to accept the hypothesis (H4) that the stronger the firm's learning orientation, the higher its marketing capability. The positive path coefficient indicates that the stronger the learning orientation, the higher the marketing capability.

Based on the results of the analysis, it was found that the path coefficient of the direct influence of entrepreneurial orientation on the company's marketing capability was obtained by a value of 0.301 with a significance of 0.000. These results indicate that there is sufficient empirical evidence to accept the hypothesis

(H5) that the stronger the entrepreneurial orientation, the higher the company's performance. The positive path coefficient means that the relationship between entrepreneurial orientation and marketing capability is unidirectional. This means that the stronger the entrepreneurial orientation, the higher the marketing capability.

Based on the results of the analysis obtained that The path coefficient of the direct influence of entrepreneurial orientation on marketing performance is 0.105 with a significance of 0.198. These results indicate that there is not enough empirical evidence to accept the hypothesis (H6) that the stronger the entrepreneurial orientation, the higher the marketing performance.

Based on the results of the analysis, it is found that the path coefficient of the direct influence of marketing capability on marketing performance is 0.203 with a significance of 0.012. These results indicate that there is sufficient empirical evidence to accept the hypothesis (H7) that the higher the marketing capability, the higher the marketing performance. The positive path coefficient means that the relationship between marketing capability and marketing performance is unidirectional. This means that the higher the marketing capability, the higher the marketing performance.

The indirect effect examination aims to detect the position of the intervening variable in a model. This means that this examination is carried out to determine the pattern of relationships between variables. In the Path Approach, to analyze the indirect effect, it is done by multiplying the path coefficient value of the influence of the exogenous variable with the intermediate variable and the coefficient of the influence of the intermediate variable with the endogenous variable. While the total effect is calculated by adding up the value of the coefficient of direct influence with the product of the value of the coefficient of indirect influence.

Based on the empirical model in Figure 1, the value of direct influence, indirect effect and total effect can be seen in Table 3.

The results of testing the indirect effect between the variables of this study are as follows:

The indirect effect of market orientation on marketing performance through marketing capability is obtained by a coefficient of 0.0126 and it is not significant. Direct effect of marketing capability on marketing performance (coefficient 0.203 and significant). Based on this, marketing capability is not a variable that mediates the effect of market orientation on marketing performance.

The indirect effect of learning orientation on marketing performance through marketing capability is 0.0865. The significance of the indirect influence can be determined

Table 3. Identification of Marketing Capabilities as Mediating Variables

No.	Variable Independent	Intermediate Variable	Variable dependent	Influence		Information
				Live	no lgs	
1.	<i>Market Orientation</i>	Capability Marketing	Performance Marketing	0.344*	0.0126	Not mediation
2.	<i>Orientation Learning</i>	Capability Marketing	Performance Marketing	0.167	0.0865*	Mediation perfect
3.	<i>Orientation Entrepreneurship</i>	Capability Marketing	Performance Marketing	0.105	0.0611*	Mediation perfect

Information:

* = significant or $\alpha \leq 0,05$

Source: Data processed, 2021

by observing the significance of the influence paths traversed. Based on this, marketing capability as a variable that perfectly mediates the effect of learning orientation on marketing performance.

The indirect effect of entrepreneurial orientation on marketing performance through marketing capability is 0.0611. The significance of indirect spirits can be determined by observing the significance of the paths traversed. Based on this, marketing capability as a variable that perfectly mediates the effect of learning orientation on marketing performance.

V. Discussion

The following section describes a comparison between the loading factor and the indicator average. Loading Factors or factor weights describe the value of each indicators that contribute to forming variables. Meanwhile, the average value reflects the respondent's perception of the indicators of each research variable. Respondents' perceptions of the indicators of the research variables in terms of the loading factor value and the average value can be seen in Table 4.

The three market orientation indicators are valid indicators because the factor weights of the three indicators are above 0.5 in alpha (α) 5%. Based on the weighted value of the three indicators, the indicator of coordination between functions is the strongest in reflecting market orientation. The findings of this study

support the opinion expressed by Narver and Slater (2000). Findingresearchthis also supports research conducted by Appiah-Adu, Kwaku (1997); Appiah-Adu, Kumar, et al. (2004)' Dawes John (2000); Farrell MA & Oczkowski E (2002); Medina C & Rufin R (2009); which measures market orientation with the three indicators mentioned above.

Learning orientation in researchThis is measured by three indicators, namely learning commitment, shared vision and open-mindedness. The findings of this study support the opinion of the measurements made by Sinkula, et al. (1997), Calantone (2002), Panayides (2005); Deakins & Freel, (1998) andHendry (1996)

Entrepreneurial orientation in researchThis is measured by four indicators, namely innovation, proactiveness, aggressiveness in competing and daring to take risks. This finding supports the statement that entrepreneurial orientation has three main characteristics, namely innovation, risk taking and proactiveness (Covin & Slevin, 1989; Miller, 1983; Miller & Friesen, 1982).

The results of the analysis found that all indicators that reflect marketing capabilities are valid. The most dominant indicator reflecting the marketing capability variable is the company's ability to market research with a loading factor of 0.964. This finding confirms the statement of Vorhies, et al. (1999) and Conant, et al. (1990). They reveal marketing principles such as research, product development, pricing, distribution channel setup, promotion and marketing management.

Marketing performance indicators include; customer satisfaction, delivery of value to consumers, effectiveness of marketing programs and new product success. The results of the analysis found that all of these indicators reflect marketing performance.

Table 4. Respondents' Perceptions of Research Variables

Variable	Factor Weight Indicator	Average	
Market Orientation	Consumer Orientation	0.979	3.64
	Competitor orientation	0.985	3.60
	Coordination between functions	0.989	3.57
Learning Orientation	Commitment to learning	0.925	3.47
	Share Vision	0.928	3.49
	Open-mindedness	0.878	3.44
Orientation	Innovativeness	0.657	3.63
Entrepreneurship	Proactivity	0.545	3.63
	Dare to take risks	0.624	3.66
	Aggressive competing	0.699	3.62
Capability	Market Research	0.968	3.65
Marketing	Product Pricing	0.930	3.66
	Product development	0.944	3.63
	Relationship	0.964	3.59
	Marketing communication	0.960	3.59
	Marketing Management	0.950	3.59
Marketing Performance	Customer satisfaction	0.966	3.65
	Value delivery	0.955	3.58
	Marketing program effectiveness	0.970	3.56
	New product success	0.965	3.65

Source: Processed Data, 2021

Based on the factor weight value, it was found that the effectiveness of the marketing program is the indicator with the largest loading factor. This finding is in line with the research conducted by Vorhies et al., (1999) Vorhies & Harker (2000). Based on the results of the analysis of the influence of market orientation on marketing performance, it shows a positive and significant effect. This means that the ability to share information about consumers, the success and failure of integrated marketing in meeting the needs of the target market in order to create customer value will increase the effectiveness of marketing programs that are better than competitors. Although coordination between functions is an important indicator that can improve marketing performance, it is not optimally carried out. This is because the company's functions have not been formally established, so that the perception of coordination between functions is more on activities rather than in formal forms. The findings of this study confirm the statement of Slater and Narver (1993). FindingThis study supports the research of Appiah-Adu (1997), Kumar, et al., (2004) and Pelham (2000)

Based on the findings of this study, which were compiled consistent with other research findings, it can be stated that the influence of market orientation on performance tends to be consistent in both large and small companies. The findings of this study support the view that market orientation as organizational culture is related to all activities to generate and disseminate responsiveness to market orientation as the view of Narver and Slater (2000).

Based on the results of the analysis of the influence of market orientation on marketing capability, it shows a positive but not significant effect. The findings of this study do not support the research conducted by Vorhies & Harker (2000), Vorhies, et al. (1999). However, this study also contradicts other researchers (Hooley, et al., 1999; Slater & Narver, 1993) who found that marketing capabilities were considered more important than operational capabilities. The results of the analysis show that learning orientation has no effect on marketing performance. This fact may be due to awareness about the company's business, what is produced and the intended target consumers are not external activities, but rather on the enrichment of employee cognition. Meanwhile, the effort to find new markets and consumers is an effort carried out by the research and development department. The fact shows that there is not a single medium-sized company in Central Java Province that has a research and development department as the part that designs businesses to get new customers. The findings of this study are of course different from those of Farrell (1999), Sadler, et al. (2001). In addition, this study also does not support the research of Salavou (2002), Baker & Sinkula, (1999b, 2002); Farrell & Oczkowski, (2002) Hult, et al. (2004), Vijande, Perez & Gonzales (2005) , Panayides (2005) Weerawardena, O'Cass and Julian (2006)

Based on the results of the analysis of the effect of learning orientation on marketing capability, it shows a positive and significant effect. The findings of this study support the findings of Celucha, et al. (2002) that managers who perceive their company to have a higher learning orientation, find that their information systems and marketing capabilities are better. In addition, the company also has stronger product/service development, order fulfillment and external partnership capabilities. As learning organizations seek to understand the market, they develop rules for processing information that will affect the organization internally and externally. External actions refer to product, promotion, distribution, pricing strategies and tactics which are all part of the marketing capability.

Based on the results of the analysis of the influence of entrepreneurial orientation on marketing capability, it shows a positive and significant effect. The research findings support the research of Lee and Hsieh (2010) which found a positive relationship between entrepreneurial orientation and marketing capability. This study also supports the statement of Tzokas, et al. (2001) who noted that entrepreneurial orientation contributes synergistically with the emergence of unique marketing techniques and overall company performance. Consistent with this view, Smart and Conant (1994) assert that a strong relationship appears to exist between firms' entrepreneurial orientation and distinctive marketing capabilities. Based on the findings of this study, there are opportunities for medium-sized companies in Central Java Province to improve marketing capabilities because of the entrepreneurial orientation inherent in company managers.

Based on the results of the analysis of the influence of entrepreneurial orientation on Marketing Performance, it shows a positive but not significant effect. The findings of this study support research by Arbaughcox & Camp (2009) which found that entrepreneurial orientation does not affect performance. This is because entrepreneurial orientation focuses less on the relationship between organizational culture, business orientation and more on the relationship between corporate structure, management style and performance (Tzokas, et al., 2001). Entrepreneurship is the process of creating value by combining resources. Entrepreneurs are required to consider economies of scale, ability to lock in customers, growth of competitors, limited resources, internal financing capabilities and tolerance of customer goals and personal goals of customers (Bhide, 1996).

Based on the results of the analysis of the influence of marketing capability on Marketing Performance, it shows a positive and significant effect. The findings of this study support the statement of Vorhies & Yarbrough, (1999) This study also supports research, Tzokas, et al. (2001) (Weerawardena, (2006)

Discussion of the role of Marketing Capability as a Mediation Variable

The results of the path analysis found that the marketing capability variable was able to mediate the effect of learning orientation on marketing performance and the influence of entrepreneurial orientation on marketing performance. Meanwhile, in relation to the influence of market orientation on marketing performance, the capability variable does not act as a mediation. This means that the influence of market orientation on marketing performance does not really require marketing capabilities.

Finding this study supports the Resource Base View of the firm which explains that capability is a managerial skill and knowledge to empower asset accumulation for competitive advantage (Teece, et al., 2018); Day (1994)

VI. Conclusion

Based on the results of the research that has been described, several conclusions are obtained, namely: Marketing capabilities are a set of resources and skills in the field of marketing which are the result of the knowledge accumulation process and integration with values and norms developed through organizational processes.

Antecedent variables(predecessor) includes market orientation, learning orientation, and entrepreneurial orientation. The consequence (effect) is marketing performance, while the mediating variable is the variable that mediates the relationship between the independent variable and the dependent variable is marketing capability.

Marketing capabilities can be a perfect mediation of entrepreneurial orientation and learning orientation on marketing performance, but become a pseudo mediation for the effect of market orientation on marketing performance.

Future research is suggested to add relevant research variables in influencing marketing capabilities, such as marketing mix, segmenting, targeting and positioning (STP), innovation and social capital. Need to add demographics of respondents such as position in the company so that it can complete.

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