Knowledge Management, Supply Chain Marketing Implementation and Marketing Capabilities and Tourism Industry Performance in Indonesia

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Abstract--- The current study purpose is to conduct the relationship between the knowledge management (KNW), customer orientation (CUO) and tourism industry performance (TIP) of Indonesia with the moderating effect of supply chain marketing planning capabilities (SCMPC) and supply chain marketing implementations capabilities (SCMIC). For this purpose, the data was collected from the 400 professional managers by using a convenient sampling technique which yield a 80 percent response rate. The Structural Equation Modelling (SEM) analysis has shown that knowledge management (KNW) has directly significant and positive association with the tourism industry performance (TIP) but customer orientation (CUO) has an insignificant relationship with the TIP. On the other hand, the indirect effect of the study has shown that both moderating indicators namely SCMPC and SCMIC have a significant moderating effect in the relationship of both of the exogenous and endogenous variable. Therefore, this moderating effect contribution is considered to be an important contribution of the study which fill the previous studies gaps. The research limitations and future directions at the end of the study were also discussed.

Keywords--- Customer orientation, tourism industry performance, supply chain marketing planning capabilities, supply chain marketing implementations capabilities, knowledge management, Indonesia.

1. Introduction

Number of countries are observing the rapid growth in Tourism. At international level it is postulated as the fourth as an export class following the fuel, food and chemicals [1]. Additionally, it creates jobs and opportunities which carries them. It also serves as an inspiration among the developing economies. It is estimated that the global tourism observed a huge increase in 2012; as it increased from 1042 billion USD to 1075 billion USD in 2012 [1] which hints about the increase in global tourism over the years and also become important for the economies which are still under development [2, 3]. Since, Indonesia is a developing country; therefore, its important cannot be ignored. Improvement in hotelsing supply chain significantly increases the performance of the tourism industry as both of them are interlinked. Previously studies [4, 5] have also supported the influence of hoteling supply chain on tourism performance. Having worthy hoteling supply chain can significantly contribute towards the tourism industry. Therefore, the countries have started to pay special attention to the tourism industry and also included it in their priorities. Moreover, both the tourism and hoteling has positively influenced the economies of various countries such as exchange of foreign currencies, provided support to balance of payment and also positively contributed towards the payment of debts. Hoteling is regarded as the important and core component of the tourism. Good performance of the hoteling industry creates jobs and contributes towards the economic growth [6]. Further, it also offers the opportunities to unemployed individuals to do job and also reduce the rate of unemployment in the country. Besides, number of hotels are offering the seasonal employments and numerous individuals are interested to do such kind of jobs. The hoteling industry significantly influence various organizations which have wide range of influence on the organizations. Meanwhile, the government of the respective country is asked to give special attention for the further development on such industry and also scale up the tourism as well [7] because both of them are significantly associated and positively contributes towards the economic growth [8-10]. Moreover, majority of the economies in the world has benefited from the both the tourism and hoteling [11].

In this regard the below figure 1 presents the contribution of tourism in their revenues. Notably, these figures are related to top 10 economies. Australian tourism industry has highly contributed followed by Singapore. Malaysian and Chinese tourism also contributed significantly to the GDP. When the revenue increases it also scales up the economic growth. Tourism industry outclass performance significantly contributes towards the GDP. Because of this countries (China, Singapore and Australia) have higher GDP. They have
improved their hoteling supply chain which also positively contributes towards the tourism performance as the better supply chain in hoteling is attractive for customers as it fulfils their requirements [12, 13].

Notably, there are performance related issues in the Indonesia tourism due to the absence of the supply chain activities which in turn has negatively influenced the hoteling and tourism in Indonesia. It is also depicted in figure 1 as Indonesia does not fall in the list of top 10 economies. It is also worthy to note that the Indonesian public has maintained considerable attractions for the tourists across the globe [14, 15]. It is stated that the tourism performance in Indonesia can be significantly enhanced by improving the customer relationship management (CRM) and also enhancing the supply chain capabilities in Indonesia hoteling. It is inclusive of the customer orientation and knowledge management. Having better supply chain capabilities related to the marketing and appropriate application of them can significantly influence the performance of the tourism industry.

Previously, a study [16, 17] showed that the marketing planning capabilities (MPC) and marketing implementation capabilities (MIC) positively influence the tourism performance. Therefore, the present study is aimed at to examine contribution of supply chain MPC and MIC to scale up the tourism performance as a moderating variable. Hence, the study objective is to, to determine the moderating of MIC and MPC on the relationship of customer orientation, knowledge management and tourism industry performance of Indonesia.

2. Literature Review and hypothesis development

The current section has discussed the literature review section and research hypothesis of the study which are formulated based on the research objective.

2.1 The Association of the Customer Orientation and the Tourism Industry Performance

Previously different terms such as customer and market oriented relationship, advertisement ideas and market oriented relationship have been used in which the needs of the customers are fulfilled [11, 18]. Hence, the Indonesian hoteling is asked to concentrate on the customers as it will attract more visitors. Such approach helps to improve the supply chain which ends up in improved hoteling.

According to [19, 20], organizations which do focus on customers tend to have better performance [21]. Accordingly, [22] organizations need to move beyond the customer division. They are needed to create the separate administrations, items, messages to be delivered to the customers, and they are also asked to collect customer data. For instance, the customer data may consist of previous transactions etc. Backed by this, developments of high customer lifetime can possibly ensure the productive growth of the organizations over the period of time. Moreover, it also increases the level of customer satisfaction along with this the satisfaction of employees is also necessary aimed at for the production of goods and services from the organization [23-25]. Hence, the customer orientation is also significant for the tourism performance. Following is the hypothesis

**H1:** Customer orientation significantly influence tourism industry performance.

2.2 The Association of the Knowledge Management and the Tourism Industry Performance

Knowledge management capabilities denotes to the ability of an organization to reliably use the data. Further it is also inclusive of the data management, handling regarding the customer and administration in order to fulfil the needs of the customers [26, 27]. Further, these capabilities also assist the procedures of an organization which are directly linked with creating, recovering and utilizing the knowledge aimed at to gain the competitiveness [28-30]. It is also regarded as an important aspect for the success of organizations.

Recently, the knowledge has emerged to be a significant intangible resource for an organization. Accordingly, the procedures to transmit the knowledge regarding the customers is also important for organizations. Because it is the key resource which ensures the firms to strengthen their links with the customers and gain competitiveness [31, 32]. Accordingly, [33] contended that the presence of better integration with the customers, suppliers and external partners results in generation of the new ideas resulting in innovations. Knowledge gained from the customers and the other partners facilitate the organizations in development of the customized services aimed at to enhance and satisfy the visitors.

Previously studies have proved a link between the knowledge management and performance [34, 35]. Hence, the performance can be boosted by having the better integration of the knowledge management and hoteling services such that the increase in knowledge management capabilities will result in increased performance of tourism industry.
H2: Knowledge management significantly influence the tourism industry performance.

2.3 The moderating variable Supply Chain Marketing Planning Capabilities

Generally, the capabilities of the organizations play a vital role in their performance. Particularly, supply chain marketing planning capabilities are always considered to be important from the customer perspective as they help the organizations to capture them and the high customer base results in superior performance. These capabilities can be considered as the organizations’ management of the supply chain so they can perform productively. On the other hand, marketing planning denotes to a procedure which uses the explicit technologies to handle the current and develop the future plan for organizations [36]. Accordingly, MPC can be regarded as the ability of an organization to consider and respond to the changing market situations aimed at to guide its resource allocation and activities so that a firm may respond to nature and extensive accomplishment of the financial goals of an organization. Better planning capabilities also assist to target and capture wide range of customers [37].

Since, the marketing capabilities positively influence the customers [38] these can potentially the organizational intentions to frame the customer oriented strategies [39]. Notably, the application of these strategies enhances value creation in services. Hence, the supply chain activities in hoteling regarding the MPC positively drive the customer satisfaction and these also do positively influence the performance as well [40, 41]. Thus, these capabilities are needed in hoteling supply chain performance. Following is the hypothesis:

H3: SCMIC significantly moderates the association of KNW and TIP.

H4: SCMIC significantly moderates the association of CUO and TIP.

2.4 The moderating variable Supply Chain Marketing Implementation Capabilities

Firm performance can be increased by its capabilities. Accordingly, supply chain marketing implementation capabilities are regarded as significant for increase in tourism performance by increasing the positive contribution of knowledge management towards performance. There is no importance of knowledge management unless it is employed within an organization. Supply chain activities in hoteling can be raised by knowledge management via implementation capabilities. These denotes to the pattern in which an organization arranges its capabilities related to the supply chain aimed at to increase the market performance efficiency. Implementation capabilities are of much significance in both cases. Previously a study [42] contended that the capabilities to implement the marketing denotes to the process by which the paper work is turned into an activity. While another study [43] contended that the execution is actually following a certain procedure. Whereas the technique to implement denotes to the activity to make the procedural work. Further it also decides about the elements which are anticipated to alter the plan [11]. Anyhow, supply chain is vital in the whole process. According to [44] MIC of hoteling positively affect the tourism and it can be regarded as a process whose outcome can be gained and elaborated by the organizations related skills to turn a resource into marketing plan and a doable action, ultimately leading towards the performance. Hence, such capabilities significantly enrich the satisfaction of customers in hoteling which ends up in increasing the tourism performance. Following are the hypothesis:

H5: SCMIC significantly moderates the association of KNW and TIP.

H6: SCMIC significantly moderates the association of CUO and TIP.

The above discussion in the study has become the foundation for the development of research framework of the study. In the current study, customer orientation, knowledge management, are an independent variable, supply chain marketing implementations capabilities (SCMIC), supply chain marketing planning capabilities (SCMPC) are the moderating variables, while tourism industry performance is the dependent variable of the study. All of these variables are predicted in the following Figure 1 below.
3. Research Methodology

With respect to the methodology, there are three type of methodologies which are being used in the social sciences namely, qualitative, quantitative and mix method research approach. According to [45] "qualitative research is a field of inquiry. It crosses cuts disciplines, fields, and subject matters". Moreover, they described that “qualitative research methodology is a situated activity that locates the observer in the world and consists of a set interpretive material, practices that make the world visible.” In other words, qualitative research approach is also a type of primary data in which data is collected is a structured way. It consists of utilization of computational, and statistical software for conducting the analysis and to get results. Finally, in the mixed method, there are both the qualitative and quantitative type of research techniques are conducted. Among the methodology perspective, the current study has applied a quantitative research approach that is correlational in nature.

The current study has used the cross sectional research design in which one-time data is collected. As the current study is consisting of primary which is collected from the professional managers by using a convenient sampling technique by using a self-administered questionnaire. The total 500 questionnaires were distributed. Among of the 500 questionnaires, there were 400 questionnaires were returned back which yield a 80 percent response rate which is considered to be good response rate [46].

The research questionnaire was adopted from the previous literature where this has been used and tested. In this regards, the validity and reliability and validity is more of this construct. For the current research framework, six items for the customer orientation (CUO), six items for the knowledge management (KNM), six items for the supply chain marketing implementation capabilities (SCMIC), six items for the supply chain marketing planning capabilities (SCMPC) and also six items for the tourism industry performance (TIP) has been used in the present study. The construct was measured by using a five point Likert Scale that was ranged from strongly disagree (1) to strongly agree (5).

4. Data Analysis and Discussions

The data analysis of the study is consisting of two sections. One section denotes the assessment of the measurement model, while other section indicates...
the structural model of the study. The assessment model has shown the validity and reliability of the model, however structural model of the study has shown the relationship of the variable which is gain by testing the hypothesis [47].

4.1 Measurement Model

To test the model, we used the structural equation modelling (SEM) technique through using the partial least squares (PLS) with Smart PLS 3.0 [48] software. This software is called a second generation software that could be used to test the complex model along with the latent variables. In the assessment of the path modelling, composite reliability (CR) and Cronbach’s alpha utilize to evaluate variables reliability. Measurement model is used for the valuation of validity and internal consistency of scale items [47]. Cronbach’s alpha and CR are usually used to evaluate the internal consistency of construct. CR used to check the internal consistency of the construct and it also emphasis on the construct reliability valuation. The CR is based on the individual indicators reliability of the estimated model which suppose that all the items have different factor loadings, while Cronbach’s alpha tells composite reliability of construct [47]. In the convergent validity, the minimum Cronbach alpha recommended value is 0.7, CR recommended value is 0.7, minimum recommended value for factor loading is 0.5 and lastly for average variance extracted (AVE) is 0.5 [47, 49, 50]. The Table 1 predicted results have shown that all the recommend values fulfill the criteria of all the above discussed reliability and convergent validity.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Items</th>
<th>Loadings</th>
<th>Alpha</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
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<tr>
<td>Knowledge Management</td>
<td>KNW1</td>
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<td>0.851</td>
<td>0.913</td>
<td>0.692</td>
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<td></td>
<td>KNW2</td>
<td>0.885</td>
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<tr>
<td></td>
<td>KNW3</td>
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<td></td>
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<td></td>
<td>KNW4</td>
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<td></td>
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<tr>
<td></td>
<td>KNW5</td>
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<tr>
<td></td>
<td>KNW6</td>
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<td>Customer Orientation</td>
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<td>0.758</td>
<td>0.824</td>
<td>0.544</td>
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<td></td>
<td>CUO2</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>CUO4</td>
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<tr>
<td>Supply Chain Marketing Implementation Capabilities</td>
<td>SCMIC1</td>
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<td>0.833</td>
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<td></td>
<td>SCMIC2</td>
<td>0.801</td>
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<td></td>
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<tr>
<td></td>
<td>SCMIC 4</td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td>SCMIC 5</td>
<td>0.816</td>
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<td></td>
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<tr>
<td>Supply Chain Marketing Planning Capabilities</td>
<td>SCMCPC1</td>
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<td>0.834</td>
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<td></td>
<td>SCMCPC6</td>
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<td></td>
<td></td>
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<tr>
<td>Tourism Industry Performance</td>
<td>TIP1</td>
<td>0.911</td>
<td>0.898</td>
<td>0.913</td>
<td>0.678</td>
</tr>
<tr>
<td></td>
<td>TIP2</td>
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<td></td>
<td>TIP3</td>
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<td>TIP4</td>
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<td></td>
<td>TIP5</td>
<td>0.816</td>
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<td></td>
</tr>
</tbody>
</table>

Note: KNW-knowledge management, CUO-customer orientation, SCMIC-Supply Chain Marketing Implementation Capabilities, SCMCPC-Supply Chain Marketing Planning Capabilities, TIP-tourism industry performance.

Discriminant validity is the extent to which a construct is different from other constructs [51]. In the current study, the discriminant validity was confirmed with respect to the Fornell and lacker and HTMT. Firstly, the discriminant validity was being assessed from the Fornell & Lacker that...
grasps that when it comes to structural model a latent constructs shares more variance as compared to other latent constructs [52]. In line with this criterion the squared root of average variance extract should be greater than each of correlation of construct [53]. The Table 2 has shown that the criteria for the Fornell & Lacker is fulfilled in the current study. Secondly, the HTMT is being used for the discriminant validity. The recommended values for the HTMT is that the construct correlation should be less than 0.85 or 0.90 [54]. The Table 3 results predicted has shown that all the values are less than 0.85 which shows that the construct has the discriminant validity. The following results are predicted in the Table 2 and 3.

<table>
<thead>
<tr>
<th>Table 2 Fornell &amp; Lacker criterion</th>
<th>KNW</th>
<th>CUO</th>
<th>SCMIC</th>
<th>SCMPC</th>
<th>TIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>KNW</td>
<td>0.824</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>CUO</td>
<td>0.404</td>
<td>0.868</td>
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<tr>
<td>SCMIC</td>
<td>0.268</td>
<td>0.124</td>
<td>0.737</td>
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<tr>
<td>SCMPC</td>
<td>0.549</td>
<td>0.323</td>
<td>0.235</td>
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<tr>
<td>TIP</td>
<td>0.619</td>
<td>0.507</td>
<td>0.454</td>
<td>0.611</td>
<td>0.832</td>
</tr>
</tbody>
</table>

Note: KNW-knowledge management, CUO-customer orientation, SCMIC- Supply Chain Marketing Implementation Capabilities, SCMPC- Supply Chain Marketing Planning Capabilities, TIP-tourism industry performance.

<table>
<thead>
<tr>
<th>Table 3 HTMT Criterion</th>
<th>KNW</th>
<th>CUO</th>
<th>SCMIC</th>
<th>SCMPC</th>
<th>TIP</th>
</tr>
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<tbody>
<tr>
<td>KNW</td>
<td></td>
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<tr>
<td>CUO</td>
<td>0.534</td>
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<td>SCMIC</td>
<td>0.268</td>
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<td>SCMPC</td>
<td>0.549</td>
<td>0.723</td>
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<tr>
<td>TIP</td>
<td>0.619</td>
<td>0.507</td>
<td>0.624</td>
<td>0.211</td>
<td></td>
</tr>
</tbody>
</table>

Note: KNW-knowledge management, CUO-customer orientation, SCMIC- Supply Chain Marketing Implementation Capabilities, SCMPC- Supply Chain Marketing Planning Capabilities, TIP-tourism industry performance.

4.2 Structural Model

After the model assessment, the next step in the SEM is to test the structural model of the study for testing the hypothesis of the study. For this purpose, the 500 bootstrap resampling technique was applied. The structural model of the study was consisting of two type of effect one is direct and other one is indirect effect. The SEM direct effect has shown that knowledge management (KNM) has positive and significant relationship with the tourism industry performance (TIP). This finding has shown that tourism industry has greater importance on the management of the knowledge to increase their performance. On the other hand, the direct effect of customer orientation (CUO) has shown that CUO has not significant relationship with TIP which shown that there is no relationship between the CUO and TIP. A possible reason for this relationship is that the respondents have perception that CUO is not important for increase the TIP.
However, the indirect effect of the study has shown that both moderating variables namely, supply chain marketing implementations capabilities (SCMIC) and supply chain marketing planning capabilities (SCMPC) are significantly moderating on the relationship of both of the exogenous variables and TIP. Therefore, these findings have shown that the both these variables are considered to very integral factors to increase their TIP. Moreover, these findings also shown that KNW did not only have a direct effect on the TIP but also indirectly effect to TIP. On the other hand, as the CUO was not significantly associated with TIP in the direct effect but in the indirect effect CUO has an association in the indirect effect. This shown that SCMIC and SCMPC are significant moderator in the relationship of the CUO and TIP. The direct and indirect effect results are predicted in the Table 4.
The performance of the any organization is considered to be an important part of the business. To increase the performance, the customer orientation, knowledge management are considered to be important factors. Moreover, supply chain marketing implementations capabilities (SCMIC) and supply chain marketing planning capabilities (SCMPC) are also very important determinants to improve the organizations knowledge and customer for the improvement of the performance. After seeking this significance, the current study purpose is to investigate the relationship between the knowledge management (KNW), customer orientation (CUO) and tourism industry performance (TIP) of Indonesia with the moderating effect of (SCMPC) and (SCMIC). For this objective, the data was collected from the professional managers for taken their observation about these determinants. The SEM analysis of the study has shown that KNW has a positive and significant relationship with the TIP, while CUO directly has an insignificant relationship with the TIP. On the other hand, the indirect effect of the study has shown that both moderating variables has significant moderating effect among both of the exogenous and endogenous variable. Therefore, this is considered to be big contribution of this study which fill the gap of previous studies. In addition, the current study also added a body of literature in the form of empirical research which could become a new area of research in future. Moreover, the current study could also provide help to the policy maker, corporate governors, researchers and to the owners to know about these indicators to increase their performance. The current study also has some which could provide help for the future research. Firstly, the study covered one country, therefore, the generalizability is limited, a future research could be done more comparative countries to increase its generalizability. Secondly, the study is limited on moderating effect, a future research could be established on mediating variable along with these variable of the framework.

5. Conclusion

The performance of the any organization is considered to be an important part of the business. To increase the performance, the customer orientation, knowledge management are considered to be important factors. Moreover, supply chain marketing implementations capabilities (SCMIC) and supply chain marketing planning capabilities (SCMPC) are also very important determinants to improve the organizations knowledge and customer for the improvement of the performance. After seeking this significance, the current study purpose is to investigate the relationship between the knowledge management (KNW), customer orientation (CUO) and tourism industry performance (TIP) of Indonesia with the moderating effect of (SCMPC) and (SCMIC). For this objective, the data was collected from the professional managers for taken their observation about these determinants. The SEM analysis of the study has shown that KNW has a positive and significant relationship with the TIP, while CUO directly has an insignificant relationship with the TIP. On the other hand, the indirect effect of the study has shown that both moderating variables has significant moderating effect among both of the exogenous and endogenous variable. Therefore, this is considered to be big contribution of this study which fill the gap of previous studies. In addition, the current study also added a body of literature in the form of empirical research which could become a new area of research in future. Moreover, the current study could also provide help to the policy maker, corporate governors, researchers and to the owners to know about these indicators to increase their performance. The current study also has some which could provide help for the future research. Firstly, the study covered one country, therefore, the generalizability is limited, a future research could be done more comparative countries to increase its generalizability. Secondly, the study is limited on moderating effect, a future research could be established on mediating variable along with these variable of the framework.

References


