

**THE INFLUENCE OF MARKET ORIENTATION TOWARDS  
ORGANIZATIONAL LEARNING, INNOVATION OF ORGANIZATION,  
COMPETITIVE ADVANTAGE, TRANSFORMATIONAL ORGANIZATION AND  
COMPANY PERFORMANCE  
(Study in PT Bank Negara Indonesia (Persero) Tbk)**

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**Abstract**

*The aims of this research are to analyze and explain the influences of: 1) market orientation towards organization learning, 2) market orientation towards organizational innovation; 3) market orientation towards organizational transformation; 4) market orientation towards company; 5) organization learning towards organizational innovation; 6) organization learning towards organizational transformation; 7) organization learning towards competitive advantage; 8) organization learning towards company performance; 9) organizational innovation towards competitive advantage; 10) organizational innovation towards company performance; 10) organizational innovation towards company performance; 11) organizational transformation towards competitive advantage; 12) organizational transformation towards competitive advantage; 12) competitive advantage towards company performance.*

*This research is generated in PT Bank Negara Indonesia (Persero) Tbk, hereafter called as PT BNI. All around Indonesia, all branch managers of PT BNI consist of 169 people and it becomes the population of this study. Sampling technic used in this research is saturated sampling with census method. These primary and secondary data are then analyzed using generalized structured component analysis (GSCA). This results show that market orientation variable has influenced organization learning and organizational transformation significantly. However, market orientation has influenced towards company performance and organizational innovation in significantly. Furthermore, organization learning has significantly influenced towards organizational transformation and competitive advantage. Organization learning has insignificantly influenced towards company performance, while organizational innovation has affected competitive advantage. Organizational innovation affect company performance insignificantly. Organizational transformation has significantly influenced towards competitive advantage and company performance. Competitive advantage has significantly influence towards company performance.*

**Keywords:** Market Orientation, Organization Learning, Organizational Innovation, Competitive Advantage, Organizational Transformation, Company Performance.

## **1. INTRODUCTION**

Recently, globalization era has caused tighter business competitiveness in industrial world. So, it occurs the friction of new paradigm from transactional marketing to relationship marketing, which is a transition of development of company business strategy that formerly oriented in product change its customer (Barnes, 2003). This new paradigm also generated finance industries in improving their profit. Finance market in Indonesia has dominated by three banks which are Bank Mandiri, BRI and BCA. Besides, some of regional banks started to take part of the competitiveness by doing acquisition on local banks. Using a firm capital and broader network, regional banks has licentious advantage to improve their own banks to compete with other local banks including PT BNI. This condition insists PT BNI management to find some steps to restore its glory.

Company performance can be achieved depend on company capability in deciding neediness and requirement of target market and pleased them more effective and efficient than its competitor (Agarwal et.al. 2003). Company which implemented market orientation far more advantage in customer knowledge and it can be used as resources to developed product that refers to consumer requirements. Kumar (2005) research result has shown that market orientation tend to give significant contribution in company competency in order to encourage higher performance in finance field and to success in providing new service. Besides market orientation, improvement of company performance can be accomplished by growing certain capability from all company resources through learning. According to Marquardt (1996), organization learning can be built through system thinking, psychological model, personal skill, team work, sharing missions, and dialogue. Innovations plays important role in company success. Innovation, include introduction process, or new idea in organization that relevant with company capability (Hurley, 2003). While Ho (2010) has shown, that organizational innovation has directly and significantly influenced towards performance.

Improvement of company performance, beside innovation, can be through transformation in the company. Transformation as changing process from one condition to other condition to achieved something better. Licen (2002), stated that organizational transformation is change that structure to make organization more flexible and has a lower hierarchy level. In order to support the development of organization culture needs change in human management practice. Same with innovation and transformation, the improvement of company performance happened because of competitive advantage. It is occurred in business field cannot be avoided. Optimizing of the resources will make the organization have more advantage than the competitor. This tight competition insisted company to have competitive advantage. Li (2000) research result has found that there was positive influence between competitive advantage and performance measured by selling volume, profitability, target market and return of investment. Competitive advantage was able to obtain through company capability in managing and using their resources and capital.

Competitive advantage cannot be separated with innovation made by the company. Droge and Vickery (1994) has found evidence that there was strong relationship among companies which designed their products well and have an innovation towards the product as their resources. Besides innovation and transformation, competitive advantage can be achieved through learning. According to Barney (1991) to reach sustainable competitive advantage, company must be searched and improved special capability using all resources through learning. By active learning process in individual level comes learning in organizational level. So, organization was able to gain and process the information became new knowledge in doing its activity.

## **2. LITERATURE REVIEW**

Dewit and Meyer (2005) stated a preposition, that a company must provide a product or service closer to the client requirement than the competitor, if it desires of competitive advantage. Market Based View (MBV) perspective build competitive advantage based on marker attractiveness. However, according to MBV model, company was challenged to find industry that most interesting to compete. Company tried to search an industry with high potential profit and learn how to use those resources to implement the necessary of strategy needed according to the characteristic of industry structure. Resource-based view of the firm/ RBV characterized by knowledge or learning economy or economic which is depends on intangible assets. Resource based theory out posted by Penrose (1959) who stated that heterogeneity, inconsistency and productive service of firm resources which provided has come from firm resources which are given a unique characteristic in each firm. Assumption of RBV is how firm can compete with other firm to gain

competitive advantage by managing their resources based on firm capability. Knowledge based view (KBV) is new existence of Resource-based view (RBV) from the company and giving a strong theoretical support in intellectual capital. KBV came from RBV and has shown that knowledge in its various forms are resources (Grant, 1966). Basic assumption of knowledge-based theory came from company resource-based view. But, that view failed to give sufficient recognition of knowledge.

Naver and Slater (1990) defined that market orientation as organization culture which most effective in creating important behavior of forming high value of consumer and performance in business. While, Uncles (2000) explained market orientation as process and activity related to create and provide consumer necessity by keep assessing consumer needs. Organization which allowed to do experiment and learning from its experiences will get more success than others which not allowed (Wheelen and Hunger, 2002). In the effort of gaining and holding their competitive advantage in business environment that keep on changing fast. Organization must be able to increase their learning capability (Maquardt, 1996). According to Damanpour (1991), innovation an introduction of tools, system, law, product or service, new process of technology, a structure or new administration system or new planning program adopted for organization. Vivid relationship between innovation and competitive advantage development also profit obtained above average makes most of companies interested to learn how to gain innovation and effectively manage that (Robbins, 2006). The definition of competitive advantage itself has two different meaning but still related to each other. First definition accentuated to the advantage and superior in resources and skill owned by the company. Company which own competency in the field of marketing, manufacturing and innovation is possible to use them as resources to gain competitive advantage. While the second definition pointed to advantage in performance during this time. These definitions involving company position compare with their competitors. In good competitive position, company actually has a strong capital to keep competing with other companies (Groe and Vickery, 1994). Webster in Armstrong (2003) mentioned that strategy of organization transformation is related to program development by which the company aims to assure that the transformation conducted is responding new requirements strategically, and it is effectively functional in dynamic environment where the company operated. According to Armstrong (2003), there were 4 strategies for transformation: 1) change in controlling organization, as an example, a change from controlled by product to controlled by market; 2) a basic change in relationship between or among parts of organization; 3) big change in work process; 4) change of basic culture in norm, value or research system. Performance is an activity pattern proceed to achieved goal and measured by standard. According to Kreitner and Kinicki (2003), organization performance mean as an achievement of the organization in doing its activity in certain period (usually for a year). Performance is a reflection whether the organization succeed or not in its activity.

### **3. METHODOLOGY**

This research classified as qualitative research which lead to test a certain theory by observing relation between variables. This research variables measured by using research instrument, so numbers can be analyzed based on statistic procedure (Creswell, 2010). This research paradigm included post-positive paradigm which characterized of determinant, reductionism, observation, empirical test and theory verification (Creswell, 2010). The aims of this research were to test the influence of several independent variables both directly and indirectly. This also means to test hypothesis which has been pointed out earlier but still based on theoretical discussion built by the researcher. Therefore, this type of the research, according to the aim and hypothesis, was causality research.

Population in this research is the branch manager of PT BNI. In Indonesia, consist of 169 branch manager or information field about business performance of PT BNI. Gained from 169 branch manager or manager area as respondent. Sampling method is using saturation sampling. However, in this research obtained 169 samples in PT BNI in Indonesia. These research respondents were all branch manager and area manager with the assumption that they have implemented and comprehended the decided policies. In PT BNI structure for branch offices were lead by branch manager or area manager. This research was not differ the characteristic of that structural position, so it was assume that they were qualified as respondents.

Primary data in this research was the assessment of branch manager of PT BNI in Indonesia about market orientation variable, organizational learning, innovation, competitive advantage, business transformation and company performance. Secondary data were data gained from PT BNI data base. This secondary data were information about description or company profile. Data collecting technic in this research

were using questionnaire, which was giving written question list to the branch manager to obtain relevant information about facts of statement towards market orientation, organizational learning, innovation, competitive advantage, business transformation and company performance. Questionnaire has sent through email and mail and also directly given to the respondent. In the beginning, sampling process has done by email or mail but the response rate was low. Therefore, sampling process also directly proceeded in the forum of PT BNI Training centre of banking Manager Academy in Jakarta. So, the sampling process towards 169 respondents can be completed perfectly.

Data analysis used in this research was Generalized Structured Component Analysis (GSCA) developed by Huengsun Hwang et. al. (2004). The aim of using this technique was to replace factor with linear combination from indicators (manifest variable) in SEM. This analysis approach has used least square method in the process of estimation parameter. Tanenhaus (2008) cited in Solimun (2012) said that GSCA was SEM method component-basis. It is important and is able to count the score and also implemented in very small sample. Besides, GSCA can be used in structural model involving indicator which has reflective and normative characteristic. The problem of singularity and multicollinearity often became serious obstacle in structural model analysis using SEM covariant-basis. Hwang (2010) stated that in its practice, GSCA allowed multicollinearity happened which is have strong correlation between exogenous variables. The reasons which became background of choosing GSCA method in this research are as follows:

1. Model formed by this research conceptual framework is tiered causal relationship which was market orientation influence competitive advantage and then company performance. With all the relationship and tiered, between the problem and aim can be solved using support of model in structural form.
2. GSCA is a fit analysis tools to proceed simulation of model development using the exact chosen model criteria by using the biggest goodness of fit (AFIT)
3. This study using latent variable measured by indicator. GSCA was suitable to use in confirming unidimensionality from various indicator of latent variable both reflective and formative.
4. GSCA was powerful analysis method far from assumption basis and possible in proceed analysis from several latent variables simultaneously to get more statistically efficient.
5. GSCA method was easier to operate and its specification of indicator model are reflective and formative. It because GSCA needs a certain distribution assumption and do not need index modification.

Unit analysis in this research were branches of PT BNI in Indonesia which has 169 branches, therefore GSCA analysis approach was suitable in generated start from the small sample.

#### 4. RESEARCH RESULT

Structural Equation Modeling (SEM) is analysis tool to test simultaneously between exogenous variable and endogenous variable, variable which has a lot of indicators. GSCA was SEM analysis in third generation developed by Heungsun Hwang Hec Montreal and Yoshio Takane in 2004. The aims of it was to replace factor with linear combination from indicator (manifest variable) within SEM analysis.

The purpose of measure of fit evaluation in measurement model was to test if an instrument is valid and reliable. Measure of fit in structural model was to understand how much information can be explained using structural model (relationship between latent variable) in GSCA analysis result. Measure of fit in overall model was measurement of combination of goodness of fit between structural model and measurement model, in which can be done in overall model using all variable which have reflective indicator (Solimun, 2013).

**Table 1. Result of Goodness of Fit Index (Inner Model)**

Goodness of Fit Index	Cut of Value	Result	Explanation
FIT	> 0,500	0,582	Model good fit
AFIT	> 0,500	0,575	Model good fit
GFI	> 0,900	0,992	Model good fit
SRMR	< 0,080	0,072	Model good fit

First step of this fitting test was to generally evaluate goodness of fit (GOF) between data and model. This test of the entire model involved with analysis towards statistic of GOF resulted by the program. In this matter is GSCA. By using the guidance of GOF measurement and GOF statistic result, it can be proceed analysis to all models as presented in table 1. The explanation about this goodness of fit index result (inner model) presented in this discussion :

FIT = 0.582

FIT has shown total variant of all variables which were explained by certain model. FIT score is about 0 to 1. So, the model that has put forward can explain all variables with 0.582 score. In other word, differentiate of market orientation, partnership, learning orientation, differentiation strategy, competitive advantage and organization performance can be explained by this model for 58.2 % and the rest (41.8%) explained by other variables. It means that model is quite proper to explain this dicussion phenomenon.

AFIT = 0.575

Adjusted from FIT almost similar with FIT. But, because the research was not compared the models. It used AFIT criteria ia model evaluation basis.

Goodness of Fit Indices (GFI) = 0.992

GFI was a measurement about model accuracy in generating covarians matrix observed. GFI score must be around 0 to 1. Although theoritically GFI probably has negative score but it should not expected to be happened, because model which has negative score was the worst model. GFI score bigger or same with 0.9 showed a good fit of a model (Diamantopaulus, 2000 in Ghozali, 2005).

SRMR (Standardize Root Mean Square Residual) = 0.072

RMR standardize represent avarage score of the entire standardized residual, and has range from 0 to 1. Model which has good fit will have smaller RMR standardized score than 0.08. it can be concluded that it's a good fit. But in this research using FIT and GFI scoring basis was sufficient.

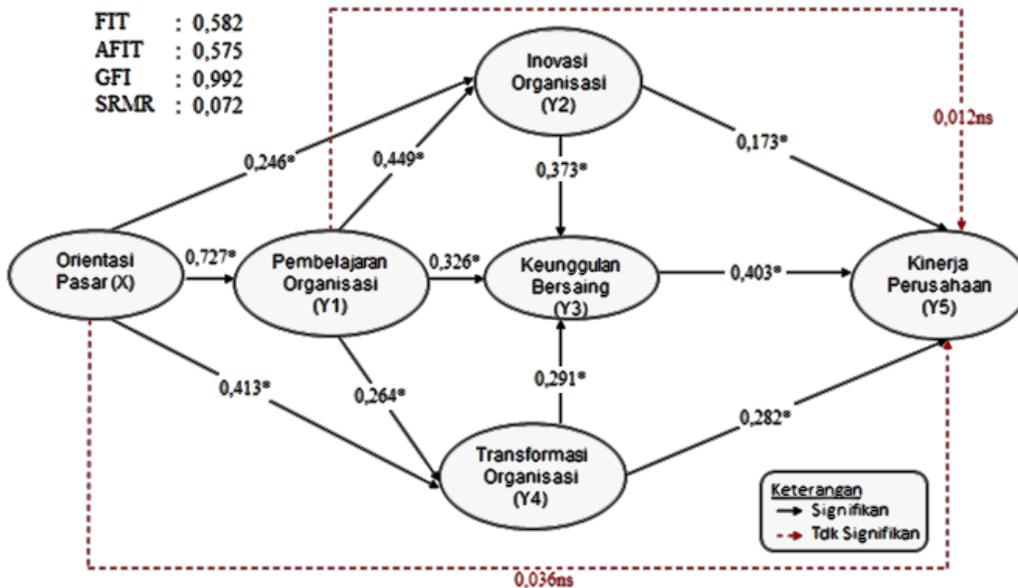


Figure 1. Path Diagram of Measurement Model and Structural Model

Y2 = Organization innovation

X = Market orientation

Y1 = Organization learning

Y3 = Competitive advantage

Y5 = Company Performance

Y4 = Organization transformation

This hypothesis test can be seen from Structural Modal evaluation result in GSCA analysis result, in which mean to generate how many information can be explained by using structural model (influence between variable which has hypothesized). In this reserach has tested 12 (twelve) kinds of relationships between variables. Causal relationship stated insignificant if critical ratio (CR) has same score or less than 1.96, otherwise if CR score bigger than 1.96 (t-table) means that relationship stated significant. The result of Structural model test presented in Figure 1.

Table 2. Recapitulation of estimation result and hypothesis test

Influence between variables		Path Coefficient	Standard Error	CR
Cause variable	Effect variable			
OP	PO	0,727	0,044	16,51*
OP	IO	0,246	0,100	2,45*
OP	TO	0,413	0,075	5,52*
OP	KP	0,036	0,098	0,37
PO	IO	0,449	0,094	4,76*
PO	TO	0,264	0,072	3,69*
PO	KB	0,326	0,064	5,06*
PO	KP	0,012	0,119	0,10
IO	KB	0,373	0,052	7,11*
IO	KP	0,173	0,079	2,20*
TO	KB	0,291	0,054	5,36*
TO	KP	0,282	0,067	4,23*
KB	KP	0,403	0,100	4,02*

Explanation :

OP = market orientation; PO = organization learning; IO = innovation; TO = organization transformation; KB = Competitive advantage; KP = Company performance; \* = CR > 2

Path coefficient from market orientation towards organization learning are 0.727 and CR = 16.51. in this relationship has positive and significant sign of path coefficient (CR > 2). So Ho hypothesis stated that  $\beta = 0$  which means rejected. Hypothesis Ho that  $\beta = 0$  is rejected, which means market orientation is able to directly explain organization learning. The first reserach hypothesis (H<sub>1</sub>) which stated market orientation did influnced towards organization innovation is accepted. Path coefficient from market orientation towards organization innovation are 0.246 and CR = 2.45, in this relationship has positive and significant signed of path coefficient. So, hypothesis Ho that  $\beta = 0$  is rejected, that market orientation can directly explain organization innovation. The second reserach hypothesis (H<sub>2</sub>) stated that market orientation has influenced towards organization innovation is accepted. Path coefficient from market orientation towards organization transformation are 0.413 and CR = 5.52. this relationship has positive and significant signed of path coefficient (CR > 2). Therefore, hypothesis Ho that  $\beta = 0$  is rejected, which means that market orientation is able to directly explain organization transformation. The third research hypothesis (H<sub>3</sub>) which stated that market orientation has influenced towards organization is accepted. Path coefficient from market orientation towards company performance are 0.036 and CR = 0.37. in this relationship has a positive but insignificant path coefficient (CR < 2). However, hypothesis Ho that  $\beta = 0$  is accepted, means that market orientation cannot directly explain company performance. The forth reserach hypothesis (H<sub>4</sub>) which explained that market orientation has influenced towards company performance is unaccpeted.

Path coefficient from organization learning towrds organization leraning is 0.449 and CR = 4.76. in this relationship has positif and significant signed of path coefficient (CR > 2). Therefore, hypothesis Ho that  $\beta = 0$  is rejected, which means organization learning can directly explain organization innovation. The fifth reserach hypothesis (H<sub>5</sub>) stated that organization learning has influenced towards organization transformation with 0.264 and CR = 3.69. in this relationship has positif and significant signed of path coefficient (CR > 2). Therefore, hypothesis Ho that  $\beta = 0$  is rejected, which means organization learning can directly explain organization transformation. The sixth reserach hypothesis (H<sub>6</sub>) stated that organization learning has influenced towards organization transformation is accpeted. 0.326 and CR = 5.06 of coefficient

path from learning organization towards competitive advantage. in this relationship has positif and significant signed of path coefficient ( $CR > 2$ ). Therefore, hypothesis  $H_0$  that  $\beta = 0$  is rejected, which means organization learning can directly explain competitive advantage. The seventh reserach hypothesis ( $H_7$ ) stated that organization learning has influenced towards competitive advantage is accpeted. Path coefficient from learning organization towards company performance is 0.012 and  $CR = 0.10$ . in this relationship has positif but insignnificant signed of path coefficient ( $CR < 2$ ). Therefore, hypothesis  $H_0$  that  $\beta = 0$  is accepted, which means organization learning cannot directly explain company performance. The eighth reserach hypothesis ( $H_8$ ) stated that organization learning has influenced towards company performance is unaccpeted.

Path coefficient from organization transformation towards competitive advantage is 0.291 and  $CR = 5.36$ . in this relationship has positif but significant signed of path coefficient ( $CR > 2$ ). Therefore, hypothesis  $H_0$  that  $\beta = 0$  is rejected, which means transformation organization can directly explain competitive advantage. The ninth reserach hypothesis ( $H_9$ ) stated that innovation has influenced towards competitive advantage is accepted. Path coefficient from organization innovation towards company performance is 0.173 and  $CR = 2.20$ . in this relationship has positif and significant signed of path coefficient ( $CR > 2$ ). Therefore, hypothesis  $H_0$  that  $\beta = 0$  is rejected, which means organization innovation can directly explain company performance. The tenth reserach hypothesis ( $H_9$ ) stated that innovation has influenced towards company performance is accepted.

Path coefficient from organization transformation towards competitive advantage is 0.291 and  $CR = 5.36$ . in this relationship has positif and significant signed of path coefficient ( $CR > 2$ ). Therefore, hypothesis  $H_0$  that  $\beta = 0$  is rejected, which means organization transformation can directly explain competitive advantage. The eleventh reserach hypothesis ( $H_{11}$ ) stated that organization transformation has influenced towards competitive advantage is accepted. Path coefficient from organization transformation towards company performance is 0.282 and  $CR = 4.23$ . in this relationship has positif and significant signed of path coefficient ( $CR > 2$ ). Therefore, hypothesis  $H_0$  that  $\beta = 0$  is rejected, which means organization transformation can directly explain company performance. The twelveth reserach hypothesis ( $H_{12}$ ) stated that organization transformation has influenced towards company performance is accepted.

Path coefficient from competitiveadvantage towards company performance is 0.403 and  $CR = 4.02$ . in this relationship has positif and significant signed of path coefficient ( $CR > 2$ ). Therefore, hypothesis  $H_0$  that  $\beta = 0$  is rejected, which means competitive advantage can directly explain company performance. The thirteenth reserach hypothesis ( $H_{13}$ ) stated that competitive advantage has influenced towards company performance is accepted.

## 5. DISCUSSION

### 1. The influenced of market orientation towards Organization learning

In hypothesized structural model, path coefficient from market orientation towards organization learning is significant. Bank which was able to recognize the overall of market orientation development will be faster in adjusting market orientation. This result is similar with a number of reseraches had done by Eris and Deniz (2012) Lee (2005), Lin (2008), SuliyantoandRahab (2011), Damanpourand Evan(1984), Han (1998) and Ho. (2010) that there was relationship between market orientation and organization learning. Organization learning through human resources activities, has a positive relation towards finacial performance. Thus, the research by Prieto and Revilla (2006) has found that there was positive influence between learning capability both in non-financial performance and financial performance. Farrel (2008) had confirmed that the company with low performance tend to increase their market orientation and learning organization as their effort to develop company performance.

### 2. The influence of market orientation and organization learning towards organization innovation

In hypothesized stuctural modal, path coefficient from market orientation towards organization innovation is significant. Path coefficient of organization innovation towards comany performance is also significant. Both of this significant paths has explained that organization innovation will mediate the relationship between market orientation and company performance. Company performance was getting better because the change of organization innovation improvement. Bank which can recognize the whole development of market orientation will have faster adjusment. The role of mediation from this organization innovation will directly weakened the relationship of market orientation towards company performance. This

result was similar with a number of reseraches had proceed by Eris andDeniz (2012), Lee (2005), Lin (2008), SuliyantoandRahab (2011), Damanpour and Evan(1984), Han (1998) and Ho. (2010) that there is a relationship between market orientation and organization innovation, and the improvement of company performance decided by organization innovation. Han (1998) has postulated that market orientation positively influenced towards company performance, but in his research stated that market orientation significantly influence towards company performance through innovation as intervening variable. Market orientation positively influenced towards product innovation through coordination among functions. This condition is understandable because by coordination in the process will provide sam comprehension about consumer requirement.

In hypothesized stuctural model, path coefficient from organization learning towards organization innovation is significant. Path coefficient from organization innovation towards company performance is also significant. Both significant path explained that organization innovation mediate the relationship between organization learning and company performance. Company performance is getting better because the change of organization innovation improvement. Bank which can recognize the whole development of organization learning will have faster adjustment. The role of mediation from this organization innovation will weaken a direct relationship towards company performance. This result was similar with a number of reseraches had proceed by Mills and Friesen (1992), Therin (2002), SuliyantoandRahab (2011), Damanpourand Evan(1984), Ho (2010), andDeniz (2012) which stated that there was relationship between organization learning towards organization innovation, and the improvement of company performace decided by organization innovation. Therin (2002) and Suliyanto and rahab (2011) has proved that learning is significantly influenced towards innovation.

### 3.The influenced of market orientation and organization learning towards organization transformation

In the result of hypothesized model in coefficient test, path coefficient from market orientation towards organization transformation is significant, that also happened in organization transformation towards company performance. This both significant paths explained that organization transformation will mediate the relationship of market orientation and company performance. Company performance will get better because of the change in the improvement of organization transformation. Bank which can recognize the development of market orientation will adjust faster. The role of mediation from this organization transformation weaken the relationship of market orientation towads company performance. This result is similar with some researches had done by Despande and Webster (1998) and Licen (2002) which stated that there is relationship between market orientation towards organization transformation and company improvement.

In the result of hypothesized model in coefficient test, path coefficient from organization learning towards organization transformation is significant, it also happened with path coefficient from organization transformation towards company performance. Both of this significant paths explained that organization transformation will mediate the relationship between organization learning and company performance. Company performance will get better because of the change in the improvement of organization transformation. Bank which can recognize the development of organization learning will adjust faster. . The role of mediation from this organization transformation weaken the relationship oforganization learning towards company performance. This result is similar with some researches had done by Mill and Friesen (1992) which stated that there is relationship between organization learning towrds organization transformation and company performance decided by organization transformation.

### 4. The influenced of organization learning, organization innovation, business transformation towards competitive advantage

In the result of hypothesized model in coefficient test, path coefficient from organization learning towards competitive advantage is significant. it also happened with path coefficient from competitive advantage towards company performance. Both of this significant paths explained that competitive advantage will mediate the relationship between organization learning and company performance. Company performance will get better because of the change in the improvement of competitive advantage. The role of mediation from competitive advantage will weaken the direct relationship of organization learning towards company performance. result is similar with some researches had done by Barney (1991), Marquardt (1996), deGeus (1988), Chastonand Badger (1999), Wang andLo (2003), López (2005), Li (2000), Majeed (2011) which stated that the relationship between organization learning towards competitive advantage and

improvement of performance decided by competitive advantage. Wang and Lo (2003) empirically found that organization learning has a positive influence towards competitive competency, while Lopez (2005) found that there was an influence of organization learning towards innovation capability and company competitiveness. Li (2000) research result has found that there was positive influence between competitive advantage with performance measured through selling volume, profit rate, market share and return of investment.

In the result of hypothesized model in coefficient test, path coefficient from organization innovation towards competitive advantage is significant. It also happened with path coefficient from competitive advantage towards company performance. Both of these significant paths explained that competitive advantage will mediate the relationship between organization innovation and company performance. Company performance will get better because of the change in the improvement of competitive advantage. Bank which recognizes the whole improvement of organization innovation will adjust faster. The role of mediation from competitive advantage will weaken the direct relationship of organization innovation towards company performance. This result is similar with some researches had done by Nichols (1983), Droge and Vickery (1994), Bharadwaj (1993), Suliyanto (2011), Li (2000) and Majeed (2011) which stated that relationship between organization innovation towards competitive advantage and the improvement of company performance is decided by competitive advantage.

In the result of hypothesized model in coefficient test, path coefficient from organization transformation towards competitive advantage is significant. It also happened with path coefficient from competitive advantage towards company performance. Both of these significant paths explained that competitive advantage will mediate the relationship between organization transformation and company performance. Company performance will get better because of the change in the improvement of competitive advantage. Bank which recognizes the whole improvement of organization transformation will adjust faster. The role of mediation from competitive advantage will weaken the direct relationship of organization transformation towards company performance. This result is similar with some researches had done by Licen (2002), Li (2000) and Majeed (2011) which stated that there was relationship between organization transformation towards competitive advantage and the improvement of company performance decided by competitive advantage.

##### 5. The influence of Market orientation towards company performance

Analysis result present that market orientation insignificantly influenced towards company performance. This relationship explained that directly, the change of performance was not decided by market orientation. In hypothesis model, a number of variables has mediated the relationship between market orientation and company performance like organization learning, organization innovation, competitive advantage and organization transformation. The role of these mediations will weaken direct relationship from market orientation towards company performance. This result was not similar with some researches had done by Lings, Ian and Greenley, Gordon (2009), Kumar, et al (2011) also Sector Eris, E. Deniz (2012) which stated that market orientation has a positive impact on company performance.

##### 6. The influence of organization learning, organization innovation, organization transformation, competitive advantage towards company performance.

Analysis result explained that organization learning insignificantly influence towards company performance. This relationship explain directly the change of relationship between organization learning and company performance like organization innovation, competitive advantage and organization transformation. The role of a number of these mediations will weaken direct relationship between organization learning and company performance. This result was not similar with the research had done by Senge (1990), Khandekar and Sharma (2006), Prieto and Revilla (2006) and Farrel (2008) which stated that organization learning has positive impact towards company performance.

Analysis result explained that organization innovation insignificantly influence towards company performance. This relationship explain directly the change of performance was not decided by organization innovation. In this hypothesis model of a number of variables mediate the relationship between organization innovation and company performance like organization innovation, competitive advantage and organization transformation. The role of a number of these mediations will weaken direct relationship between organization learning and company performance. This result was not similar with the researches had done by Hall (in

Hitt,1997), Porter (1990), Hurley (2003), Damanpour and Evan(1984), Ho (2010) danDeniz (2012) which stated that organization innovation has positive impact towards company performance.

Analysis result explained that organization transformation insignificantly influence towards company performance. This relationship explain directly the change of performance was not decided by organization transformation. In this hypothesis model of a number of variables mediate the relationship between organization transformation and company performance like organization transformation and competitive advantage. The role of a number of this mediations will weaken direct relationship between organization ltransformation and company performance.this result was not similar with the researches had done Robbins (2006) andLicen (2002)) which stated that organization transformation has positive impact towards company performance.

The result of coefficient test toeads hypothesized model, path coefficient of competitive advantage towards company performance is significant. Both these significant paths has explained that competitive advantage are able to present company performance rate. Compeny performance will get better will happened caused by the change of competitive advantage. This result is similar with a number of reseraches had done by Licen (2002),Li (2000) Majeed (2011) which stated that there was relationship between competitive advantage and the improvement of company performance.

#### 7. The Whole Discussion Model

Based on the whole evaluation of fit-model, GFI score criteria has reached 0.992 or closer to 1. That means fit-model rate in generating covariant matrix observation is fulfilled because it was larger than cut-off or unfit model. But according to Bolen and Long (1993) stated that there was no measuement for goodness of fit which exlucisively become a basis of the whole model. The best measurement is theory substancy. Therefore, the whole model evaluation in this research using GFI. According theory, the ruslt can be explaine as follows.

Research model in this dissertation developed by using strtaegic management theory discussion and relevant reserach result. This model involving three theory entirely which are Market based View (MBV), Resources Based View (RBV) and Knowledge based View (KBV). MBV theory in this model attached to competitive advantage variable. MBV perspective build competitive advantage in basis of market attractiveness. In this point of view, the ability of company to anticipate the market is essential. External environment (especially industry and competition) has forced and limit them in determining strategy to reach high profitability. Generally, the compannies compated in certain indusstry will control the same resources strategically and aims for the same purpose using that resources.

Company must be able to proceed market orientation, organization learning, organization innovation and transformation organization in order to win competitive advantage. RBV approach can be characterized by knowledge advantage (Knowledge/learning economy) or an economic which counting on intangible assets. RBV theory viewed company as a group of resources and capabilities (Penrose, 1959). The different with resources and company capability with competitor will give competitive advantage (Pateraf, 1993). RBV asumption was how the company can compete with another company to get competitive advantage in managing their resources according to the company potentiality. Level of knowledge owned by the company will be measured with learning, innovation and organization transformation. In knowledge point of view, the company developed new knowledge which is important for competitive advantage from unique combination within that knowledge (Fleming, 2001). In this competitive ere, compeny often compete with developing their new invention faster than their competitor.

Analysis result of this model, the role of market orientation was an important matter in reading potency of organization performance. The role of market orientation might be indirectly influenced towards competitive advantage and company performance but this variable still as determinant factor in learning, innovation and organization transformation. They are all intervening variable for the relationship between market orientation and company performance.

### 6.CONCLUSION

According to analysis results and discussion obtain several conclusions. Market orientation is significantly influenced towards organization learning, company is able to compete with other comapanies to earn competitive advantage by managing their own resources. It also happened with market orientation towards organization innovation. Market orientation is significantly influenced towards organization

transformation. Market orientation insignificantly influenced towards company performance, this result is different with Market Based View (MBV), which stated that company must be provided product or service closer to customer requirements. Organization learning towards organization innovation, in knowledge point of view, explained that company must be able to develop new knowledge as competitive advantage. Organization learning has significantly influence towards organization transformation. Organization learning also has influenced towards competitive advantage. While it is indirectly influenced towards company performance. Organization innovation has influenced towards competitive advantage. But it is insignificantly influenced towards company performance. Organization transformation significantly influenced competitive advantage and also towards company performance. Competitive advantage has significantly influenced towards company performance. According to discussion result and research finding, a number of suggestions has given to financing personnel. PT BNI can use market orientation (information about competitor, customer and do some coordinations) as resources of competitive advantage. PT BNI can use competitive advantage resources (customer service, service quality, good image, business capability, capability of customer knowledge, competency, relationship with customer, service flexibility) as tools to reach optimum performance.

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