



EXPLORING THE ANTECEDENTS OF MUSEM PERFORMANCE IN INDONESIA

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Abstract

The objective of the study is to explore antecedents of museum performance in Indonesia. Based on literature review, a conceptual framework was developed, for further empirical study.

The model offers the market orientation, custodial orientation, technological orientation, entrepreneurial orientation of the management as the major factors that could influence the effectiveness museum performance. It is expected that applying a marketing orientation, technological orientation, and entrepreneurial orientation is critical for successfully improving museum performance. This work makes a theoretical contribution to the analysis of market orientation in cultural organizations, like museum. A proposed model was provided for further empirical study.

Keywords: Market orientation, technological orientation, entrepreneurial orientation, museum performance.

INTRODUCTION

The number of museums in Indonesia started to increase during the first National Development Plan in 1970s and currently there are around 275 museums in Indonesia. In 2010, based on the request of the President of the Republic of Indonesia, a National Museum Campaign was launched by the Directorate of Museums, under the Directorate General of History and Archaeology of the Ministry of Culture and Tourism. The objective of the activities is to create a new and friendlier image to the nation's museums with the objective to improve the quality, access and management of the museums (Practical Guide of Museum Revitalization in Indonesia, 2011).

Traditionally the basic function of museums has been to gather, preserve and study objects. Today managing museums entails understanding both the custodial role and the need to attract visitors (Gilmore and Rentschler, 2002). Cole (2008) indicates two major factors that cause museum professionals to adopt marketing actively: (1) the need to increase higher numbers of visitors; (2) to become people-oriented, visitor oriented and to place public service at the core of the museum's (educational) mission. Many museums' concerns in Indonesia are still related to the sources of their funding and survival of their institutions.

Many museums have been struggling to face a shift in their basic operating philosophy, from the publicly supported cultural repository to the market-oriented private sector



entertainment/tourism industry (Neilson, 2003). Many non-profit organizations like museums in Indonesia tend to have a lack of awareness in finding new ways to create value to attract visitors. The increased intensity of competition and changing visitor behavior have forced museums to find new sources of competitive advantage (Evans et al., 2012).

In most developed countries, it is a common practice that museums are being managed from business/marketing perspective. It is related to several factors such as the need for financing, increased competition, increased leisure time for individual, the need of museum to understand their visitors better (Tobelem, 1997; Camarero and Garrido, M.J., 2008).

The objective of this paper is to explore antecedents of museum performance in Indonesia. Previous studies (Gainer and Padanyi, 2002), have examined the effect of market orientation in not-for-profit contexts.

THEORETICAL FRAMEWORK

Olson, Belohlav and Boyer (2005) points out that, unlike for profit organizations, not profit organizations have conflicting goals between fulfilling their overall mission and the effort of generating revenue.

Camarero and Garrido (2008) points out that Museum has to attract two types of customers (1) visitors who are more concerned with artistic aspects such as the quality of the exhibition and are inclined to value innovation and unexpected offers; (2) tourists, who prefer offering that could meet their interest and services that complement the artistic offerings.

Today, museums serve the functions of collection, research and exhibition, as well as education and recreation. They have gradually acquired visitor-based roles instead of museum-based roles. (Sheng and Chen, 2011). Museums adopt marketing to justify the whole process of generating their own resources to be involved in commercial ventures or intensifying fund raising efforts among individuals, corporations (Camarero and Garrido, M.J. (2008). Camarero and Garrido, M.J. (2008), classified two types of museum performance: (1) economic performance and (2) social performance.

Market Orientation

The two major contributions of Narver and Slater (1990), and Kohli and Jaworski (1990) refreshed the research on the marketing concept and created many theoretical, empirical and managerial efforts. Several studies have been devoted to clarify the conceptual domain of market orientation, to operationalize the construct, to identify the antecedents and the effects on firm's performance. Narver and Slater (1990) defined market orientation as "the organization's culture and operationalize this construct based on three behavioural components: customer orientation, competitor orientation and interfunctional coordination.

There are three main market orientation perspectives: cultural perspective (Narver and Slater, 1990), behavioral perspective (Kohli and Jaworski, 1990), and resource perspective (Day, 1994). Narver and Slater (1990) defined market orientation as "the organization culture that most effectively and efficiently creates the necessary behavior for the creation superior value for buyers and thus continuous superior performance for the business" (p. 21). These authors focus on three dimensions: customer orientation, competitor orientation, and inter-functional coordination.



The behavioral perspective of market orientation is defined as “the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it” (Kohli and Jaworski, 1990, p. 6).

The resource perspective considers market orientation as a firm-level capability that relates a firm to its external environment. It enables the firm to compete by anticipating market requirements ahead of competitors and by creating durable relationships with customers, channel members, and suppliers (Day, 1994).

Market orientation has been known as a strategic orientation that focuses on how firms interact with the environment (Day, 1994). The effect of market orientation towards firm’s performance have been found in several studies (Narver & Slater, 1990; Ruekert 1992) and the moderated effects (Greenley, 1995; Jaworski & Kohli, 1993; Slater & Narver, 1994). Narver and Slater (1990) found that market orientation is an important driver of profitability.

Foltean, F.S; Feder, Szidonia, E; Ionescu, A. (2015), found that market orientation have positive effect upon customer satisfaction, market effectiveness, financial performance and firm’s adaptability, while brand orientation does not have a significant effect upon any of performance dimension.

Previous studies found that market orientation influenced superior performance, such as profitability, sales growth, and new product success (Han et al., 1998; Kirca et al., 2005).

Narver et al. (2004) found that merely satisfying customers’ expressed needs may be insufficient for a company to attract and retain customers since customers’ expressed needs and benefits can be known by all competitors offering the same benefits to a given set of customers. Based on the above studies, the propositions are:

P1. Market orientation has a positive effect on performance.

Entrepreneurial Orientation

Entrepreneurial orientation is an expression of entrepreneurial firm’s mind-set as an organization which has an influence on strategic processes and performance (Rauch et al., 2004). Miller’s (1983) measures of entrepreneurship orientation which include innovativeness, risk taking and proactiveness have been used extensively (Covin and Slevin, 1989). This view has been extended by Lumpkin and Dess (1996) to include competitive aggressiveness and autonomy. Kocak et al (2016), define entrepreneurship in terms of three components: innovativeness, proactiveness, and constructive risk taking. Innovativeness reflects a firm’s tendency to engage in and support new ideas, novelty, experimentation, and creative processes, thereby departing from established practices and technologies (Lumpkin and Dess, 1996). Proactiveness refers to a posture of anticipating and acting on future wants and needs in the marketplace. Risk taking is associated with a willingness to commit large amounts of resources to projects where the likelihood and cost of failure may be high (Wiklund and Shepherd, 2003; Lumpkin and Dess, 1996).

Entrepreneurial orientation and its impact on performance has been examined extensively. It is argued that entrepreneurial orientation has a significant effect on performance (Yoo, 2001; Kocak et al, 2016). Rauch et al. (2009) found that the effect of

entrepreneurial orientation on performance was moderately large. Thus, the following propositions are proposed :

P2. Entrepreneurial orientation has a positive effect on performance.

Technological Orientation

Technological orientation in a firm reflects the philosophy of *technological-push* (Kocak et al, 2016). This view proposes that consumers prefer technologically superior products and services (Zhou et al., 2005). Gao et al. (2007) argue that technological firms can build new technological solutions and offer new and advanced products to meet customer needs.

Jeong et al. (2006) argue that technological orientation should lead to the development of more innovative, technologically superior products compared to those offered by competitors, giving the firm to achieve a greater competitive advantage.

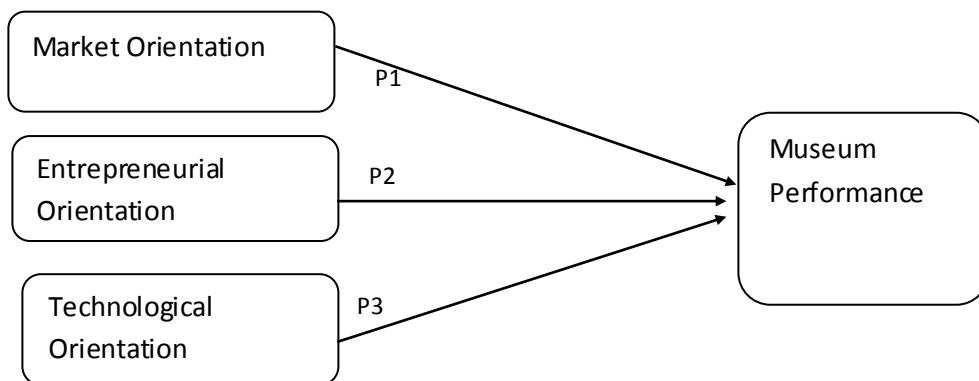
Thus we propose the following propositions:

P3. Technological orientation has a positive effect on firm performance

Museum should consider different types of competition, any substitution or alternative way to fulfil customers cultural needs other than by visiting a museum, alternative services that can satisfy the customers and competition from other similar museum. (Camarero and Garrido, M.J. (2008). McMillan et al (2005) , Gainer and Padanyi (2005) points out that the results of any marketing strategy applied to museums should be evaluated in economic and non-economic perspectives.

Based on the literature review we proposed the conceptual framework, presented on Figure 1:

Figure 1: Conceptual framework



CONCLUSIONS AND IMPLICATIONS

In today's environmental changes which occurred in a museum environment forced museums to adopt marketing as part of the solution. Two major forces leading museum professionals to embrace marketing more actively. First is the need to generate higher numbers of visitors, so that museums can justify their financial (in) dependence from the government. Second is the desire to become people-oriented (i.e. visitor oriented)



and to place public service at the core of the museum's (educational) mission. (Cole, 2008).

Museums need marketing because they face substantial competition in the leisure-time marketplace" (Kotler et al., 2008, p. 21).

Nowadays, museums pursue commercial goals, as they offer visitors an alternative leisure activity, in order to achieve financial goals (e.g. increased number of visitors and their revenue) (Camarero and Garrido, 2012). As pointed out by Hughes and Luksetich (2004, p. 203), "because of increased competition and government cutbacks, non-profits will be forced to place more reliance on commercial ventures. in many developing countries like Indonesia, museums have been struggling to find source of funding to sustain their survival since government has limited budget.

Museums provide different services to visitors and deliver experiences. Museums need to find the opportunity of shifting their focus from, products to market orientation, entrepreneurial orientation, technological orientation. Museum has to face competition with other museums and other heritage institutions to enter the new experience economy.

Future research could be conducted to develop a more comprehensive model and tested empirically.

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