

# INFLUENCE OF MARKET ORIENTATION AND CROSS- FUNCTIONAL COLLABORATION ON EXPORT PRODUCT ADAPTATION STRATEGY AND EXPORT MARKETING PERFORMANCE

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## **INFLUENCE OF MARKET ORIENTATION AND CROSS-FUNCTIONAL COLLABORATION ON EXPORT PRODUCT ADAPTATION STRATEGY AND EXPORT MARKETING PERFORMANCE**

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### **ABSTRACT**

The study of Export Marketing Performance becomes very important after the export trade world was affected by the Covid-19 pandemic in 2020 and 2021. Meanwhile, high global inflation resulted in the weakening of global people's purchasing power in the export market. Besides that, research that examines Market Orientation (MO), Cross Functional Collaboration (CrossF) in the forestry industry which is full of international restrictions related to environmental issues needs to be studied more deeply. In the design of the research model that was built, this study aims to examine the effect of Market Orientation (MO) and Cross Functional Collaboration (CrossF) on the Export Product Adaptation Strategy (ProdAdapt), as well as their effect on Export Marketing Performance (ExPerf). In addition, this study also examines the direct effect of the Export Product Adaptation Strategy (ProdAdapt) on Export Marketing Performance. In this case, the Market Orientation (MO) construct is operationalized with two variables, namely Customer Orientation (CusO) and Competitor Orientation (ComO). This study was conducted on 40 woods and rattan furniture exporting companies spread across three provinces in Indonesia, namely East Java, Central Kalimantan and South Kalimantan. Statistical analysis was performed using PLS (Partial Least Squares). The results of the study show that both Orientation and Competitor Orientation have no significant effect on Export Product Adaptation Strategy, and both have no significant effect on Export Marketing Performance. On the other hand, Cross-Functional Collaboration has a significant effect on Export Product Adaptation Strategy, but has no significant effect on Export Marketing Performance, while the Export Product Adaptation Strategy is known to have a significant effect on Export Marketing Performance. Thus, it is also known that the Export Product Adaptation Strategy is a mediating variable between Cross-Functional Collaboration and Export Marketing Performance.

### **KEY WORDS**

Market orientation, cross-functional collaboration, export product adaptation strategy, export marketing performance.

In the era of hypercompetitive competition, to improve export marketing performance, an environment-based export marketing strategy is needed, namely a marketing strategy that always adapts to the marketing environment in each export destination country. Chumme (2022), export marketing performance has a positive influence on a country's economic growth and can increase market opportunities.

It is interesting to note that the export volume of Indonesian wood and rattan furniture is far less than the production of wood and rattan raw materials themselves. Indonesia's tropical forests are the third largest in the world after Brazil and the Democratic Republic of the Congo. With the implementation of Sustainable Forest Management (SFM) management standards, the availability of wood and rattan raw materials in Indonesia is proven to continue to increase from year to year from Industrial Plantation Forests (HTI), Community Plantation Forests (HTR), and intensification of rattan cultivation. Therefore, efforts to improve Indonesia's export marketing performance need to be supported by research related to forestry products.

Export marketing performance covers three aspects, namely economic, strategic, and perceptual (O'cass and Julian, 2003, Julian and Ahmed, 2005, Lages and Montgomery,



2004). Meanwhile, to achieve superior marketing performance, a product adaptation strategy (global standardization and local adaptation) in the global market is needed (Liu and Shi, 2020).

The crucial thing needed to win the competition and get superior marketing performance is an export marketing strategy based on the marketing environment in export destination countries Bergersen and Zierfuss (2004), Shamsuddoha and Ali (2006), Mavrogiannis et al (2008), Zaiem and Zghidi (2011). In international marketing, products must adapt at a certain level to accommodate the environment in certain target markets (Julian and Ahmed, 2005). In export marketing there are differences in the cultural, legal, political, monetary system and others, therefore the marketing-mix strategy in export marketing needs to be adapted according to the level of need (Onkvisit and Shaw, 2004).

Export Product Adaptation Strategy (ProdAdapt), this marketing strategy can be applied if the company has substantial international competence only (Cavusgil and Zou, 1994; Chaston, 2004) in implementing an effective marketing strategy, companies need to focus on knowledge of market conditions (customers and competitors), as well as knowledge of functional managerial processes, namely in this case related to the effectiveness of Cross-Functional Collaboration such as the interdependence relationship between procurement department, production and distribution department, and marketing department. Apart from that, Gerstlberger and Pedrosa (2021) from the perspective of the theory of company performance depend on the suitability of organizational behavior in the field such as Cross-Functional Collaboration with specific internal conditions. De Luca and Atuahene-Gima (2007), product strategy is characterized by a process where companies can transform the knowledge inherent in Cross-Functional Collaboration.

Meanwhile, Kovács and Szakály (2022) found a direct influence of Market Orientation from two dimensions, namely Customer Orientation (CusO) and Competitor Orientation (ComO) on company performance in terms of competitiveness and marketing effectiveness. Both are corporate cultures that can encourage company behavior in a very effective and successful way in generating outstanding customer value and increasing the competitive spirit and creating good competitive abilities to compete in the market, so that in the end it will affect the creation of good marketing performance.

This study operationalizes Customer Orientation (CusO) and Competitor Orientation (ComO) from the MO Narver and Slater (1990) concept as exogenous variables of Export Product Adaptation Strategy and Export Marketing Performance, while the aspect of inter-functional coordination is not used as a variable because this study operationalizes Cross-Functional Collaboration (Cross-F). This is because Cross-F is a behavioral aspect that includes aspects of collaboration in implementing inter-functional coordination. This aspect of collaboration is seen as important in the application of marketing concepts that can create strong synergy both between departments, as well as between individuals within the organization.

Based on the reviews of Chaston (2004), Onkvisit and Shaw (2004), De Luca and Atuahene-Gima (2007), Liu and Shi (2020), Gerstlberger and Pedrosa (2021), and Kovács and Szakály (2022) which have been described above, it can be reconstructed the research model of the influence of Market Orientation (Customer and Competitor) and Cross-Functional Collaboration on export product strategies, namely in this case the Export Product Adaptation Strategy, the influence of Export Product Adaptation Strategy on Export Marketing Performance, as well as the direct influence of Customer Orientation and Competitor Orientation towards Export Marketing Performance.

## THEORY DEVELOPMENT AND HYPOTHESES

Export marketing performance is the result obtained as a result of overall export marketing strategies and activities, both customers centric, competitor centric, internal centric, and social centric activities.

Customer centric in the form of efforts to fulfil customer needs and desires, establish relationships with customers, and build customer satisfaction and loyalty (Li and Cavusgil,



1999); Li and Cavusgil, 2000; Ozkaya et al, 2014). Competitor centric is an effort to win competition in the market by acquiring and interpreting all information about competitors' activities and strategies, benchmarking and so on (Hou and Chien, 2010; Ozkaya et al 2014; Yu, et al, 2015). Internal centric is internal strengthening of the company such as building employee satisfaction and loyalty, creating good cross-functional collaboration, increasing knowledge, expertise, skills and company experience which ultimately achieves service and product excellence (Kotler and Keller, 2012; Cadogan et al, 2005). ; Madhavan and Grover, 1998; De Luca and Atuahene-Gima, 2007). While social centric is an effort to offer social benefits so that our products provide social solutions, which include providing solutions to environmental issues, economic issues in the community, as well as other social issues such as poverty, income inequality, and so on (Markplus, 2021).

Kotler and Keller (2016), marketing performance is divided into two parts, namely (1) short-term results and (2) changes in brand equity. Short-term results often reflect profit and loss concerns as indicated by sales turnover, shareholder value, or a combination of the two. Meanwhile, brand-equity measures can include, among others, customer awareness, attitudes, and behaviors; market share; relative price premium; number of complaints; distribution and availability; total number of customers; perceived quality, and loyalty and retention.

Al-Gasawneh (2022), marketing performance is an integral set of activities for the achievement of strategic objectives of marketing management. Meanwhile, Cavusgil and Zou (1994) view that the export market is a strategic and economic opportunity for the company, therefore export marketing performance is seen as the achievement of the company's goals, both economic goals and strategic objectives for exporting a product to foreign markets.

Al-Gasawneh (2022), Lages and Mont-gomery (2004), Kotler and Keller (2016), O'cass and Julian (2003), broadly speaking, Export Marketing Performance (ExPerf) can be measured in three groups of indicators, namely: economic indicators, including export sales, export sales growth, export profits, export/sales ratio, shareholder value; strategic indicators, including overseas market expansion, increased competitiveness, increased market share, strengthening strategic positions, customer awareness, attitudes and behaviors; number of complaints; distribution and availability; total number of customers; perceived quality, customer loyalty and retention; perceptual indicators, which include perceptions of satisfaction and perceptions of success.

The condition of the market environment in each export destination country can differ from one country to another in terms of consumer behavior, monetary system, socio-cultural, and political (Onkvisit and Shaw, 2004). Therefore, in the export product strategy, it is necessary to analyze the market environment in the export destination country to be able to create products that are relevant both in terms of physical appearance, permitted product composition requirements, appropriate marketing communications, required certifications, and so on. Markplus (2021), emphasizes the need to analyze the market environment which includes various aspects, including the development of technology, socio-culture, political-legal, economy, market, customers and competitors.

Export Product Adaptation Strategy (ProdAdapt) is defined as an effort to adapt product strategies to the external environment of export destination countries due to differences in culture, law, politics and monetary systems to meet customer needs and satisfaction and create superior customer value. ProdAdapt can be either mandatory adaptation or voluntary adaptation. Mandatory adaptation is product adaptation that must be carried out, among others due to differences in language, electrical system, measurement system and product specifications, as well as government regulations, while voluntary adaptation occurs when exporters decide to modify one or more of their products by themselves (Albaum and Duerr, 2011). ). Zaiem and Zghidi (2011), ProdAdapt can state the degree of difference of a product in the domestic market and the market in the export destination country, in terms of positioning, design/style, quality, features/characteristics, brand/branding, packaging, labeling, services, warranty, items/models in the product line.

Market Orientation (MO) is a popular idea among practitioners of economics, business administration and in other management fields in order to respond to the challenges of a



dynamically changing market environment (Kovács and Szakály, 2022). MO is also an invisible hand that guides the behavior of individuals in an organization, apart from that MO can also provide a framework for implementing marketing programs (Han and Hansen, 2012). Export market orientation can be viewed as a market orientation concept that is applied to the export market, although the MO of companies in the domestic market does not determine the same level of ability in the export market (Stocker and Várkonyi, 2022).

Market Orientation (MO) was first developed by Kohli and Jaworski (1990) and Narver and Slater (1990). Kohli and Jaworski (1990) define MO as a market intelligence generation process that deals with current and future customer needs, then disseminates them within the organization, and responds to them. Therefore, Kohli and Jaworski (1990) operationalize MO into three parts, namely: (1) Intelligence generation, which is to acquire broad market information, especially customer needs and desires, as well as market environment information such as government regulations, changes in technology, information about competitors, and so on; (2) Intelligence dissemination, namely the process of disseminating information obtained from the intelligence generation process to all relevant departments or individuals within the organization. The marketing manager can be a facilitator in this process of intelligence dissemination with various effective methods, both formally and informally; (3) Responsiveness, namely various actions taken to respond to information obtained from the results of intelligence generation and intelligence dissemination, for example designing products with various features required by customers, avoiding product material compositions that are not permitted, processing required permits, determining methods relevant marketing communications, and so on.

Meanwhile, Narver and Slater (1990) provide the operationalization of MO as an organizational culture that is oriented towards customers and competitors, and coordinates it across departments. This can be elaborated into three MO elements, namely as follows: (1) Customer orientation, namely sufficient understanding of target customers to create superior value on an ongoing basis; (2) Competitor orientation, namely understanding related to the strengths, weaknesses and strategies of competitors; (3) Interfunctional coordination, namely the coordination process between related departments in order to create superior customer value. Considering that this study operationalizes the two MO elements of Narver and Slater (1990) mentioned above, it will further discuss Customer Orientation (CusO) and Competitor Orientation (ComO).

Understanding customer needs and identifying how to fulfill them is one of the most important parts of marketing (Yopan et al, 2022). This is an approach to the customer that emphasizes the importance of meeting customer needs, and making it the focus of the company. This approach can also be regarded as a strategic approach where information about customers is considered as a strategic context (Kovács and Szakály, 2022).

From the above context, it is necessary to have a customer-focused organizational culture, which is a culture that always tries to collect and understand information about the needs of target customers and fulfill them so as to create superior customer value. This organizational culture is known as Customer Orientation (CusO). This superior customer vacuum can be achieved by increasing customer benefits, or reducing customer costs (Narver and Slater, 1990). Benefits can be classified into functional benefits, emotional benefits, and social benefits (Markplus, 2021).

Competitor orientation (ComO) is a company's understanding of short-term strengths and weaknesses, as well as the long-term capabilities and strategies of current and potential competitors (Narver and Slater, 1990). ComO is a culture of monitoring competitors' actions and competitors' strategies, both short-term strategies and long-term strategies. This will assist the company in identifying competitors' strengths and weaknesses, as well as identifying whether competitors are a challenge or a threat. Apart from that, ComO can improve the company's position in the market if it is willing to study successful players in the market (Mudanganyi, et al, 2020).

In the knowledge-based view (KBV) approach, Cross-Functional Collaboration (Cross-F) is one of the important elements in the construct of Market Knowledge Competence which is the key to the success of a company in creating a sustained competitive advantage (Li and



Cavusgil, 2000; Li and Calantone, 1998). The resource-based view (RBV) approach views an organization as a combination of resources, capabilities, and competencies (Marcus, 2005). Gerstlberger and Pedrosa (2021), Cross-F is a structured collaboration and is reflected in the degree of interdependence and interaction between members of the organization during the implementation of collective tasks.

Based on the above view, Cross-F can be defined as collaboration between functional units within an organization that synergizes in combining specific knowledge and capabilities of each functional unit, as well as generating strategic ideas that ultimately create sustained superior customer value.

From combining individual knowledge into collective knowledge within the organization, Cross-F can create new knowledge in finding creative and innovative solutions to meet customer needs and win the competition. Madhavan and Grover (1998), individual knowledge cannot work efficiently, except together, as soon as members collaborate as a team, they can potentially create new knowledge which is the result of a combination of explicit and tacit knowledge from all team members.. Krohmer et al (2002) in the process of combining the capabilities of various related functional units, they collaborate to create mutual understanding, have the same vision and share complementary resources to achieve common goals.

Export Product Adaptation Strategy (ProdAdapt) is determined by companies that have an organizational culture that focuses on customer wants and needs. The difference in the external environment between the country of origin and the country of export destination results in differences in customer behavior, purchasing power and customer needs and desires. Differences in technology, socio-culture, economics, political-legal, for example the prohibition of certain chemicals attached to products, as well as market conditions in export destination countries can only be known if the organization has a customer-oriented culture. Therefore, Customer Orientation (CusO) can be a determinant of the success of ProdAdapt.

Likewise, organizations that have a culture that focuses on competitor information such as competitor behavior, competitor strategies, competitor products, and so on will be able to easily adapt the export products offered to customers, both determining benchmarking of competitors' products, as well as in new product development (NPD) which ultimately becomes a sustained competitive advantage.

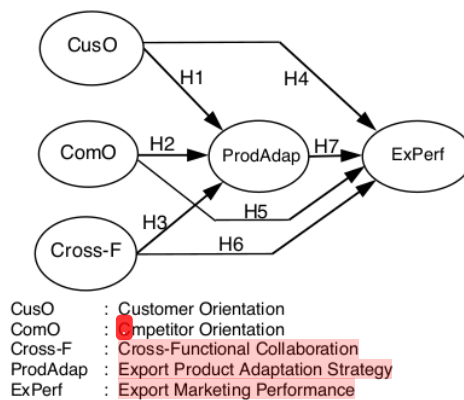


Figure 1 – Conceptual Model

This is supported by several previous studies, including: Bello (2001) with a customer centric approach found the effect of market orientation on the adaptation strategy of export products, Navarro et al (2011) found the effect of market orientation (MO) on export adaptation strategy on elements marketing mix. Likewise, Tantong et al (2010) who found



market orientation as a moderating effect between product adaptation strategies on export performance. Based on the above, the following hypothesis can be drawn:

- H1: Customer Orientation has a significant effect on the Export Product Adaptation Strategy;
- H2: Competitor Orientation has a significant effect on the Export Product Adaptation Strategy.

Functional integration or also known as Cross-Functional Collaboration (Cross-F) can facilitate market intelligence (about the market environment) in product development. By combining internal-external knowledge and information on Cross-F, new and creative ideas can be generated to create creative products (Chan and Cho, 2022). The interaction of the marketing function with other functional units such as production, information technology and finance can help companies to become more adaptive, effective and efficient (Cadogan et al, 2005).

Based on the above view, organizations that have high Cross-F, can be more adaptive to changes in the export marketing environment, especially in terms of technological changes such as substitution products due to technological developments in export destination countries, socio-culture such as increasing the need for minimalist furniture products because the size of the house or apartment is getting narrower, the economy such as a decrease in purchasing power that affects the features of customized products, political-legal with many export requirements related to green products, and market conditions. This affects the strategy of export product adaptation strategy (Export Product Adaptation Strategy). Based on this, the following hypothesis can be drawn.

Hypothesis 3: Cross-Functional Collaboration has a significant effect on the Export Product Adaptation Strategy.

Companies that have a market orientation culture, especially customer orientation and competitor orientation can easily identify customer needs and desires and are agile in facing competitive challenges. Kovács and Szakály (2022), market orientation is a corporate culture that is able to encourage the most effective and successful organizational behavior in creating high customer value and contributing to high business performance. In terms of export marketing, it is proven by Bello (2001) and Armario (2008) that market orientation has an effect on export marketing performance. Based on this, the following hypothesis can be drawn:

- H4: Customer Orientation has a significant effect on Export Marketing Performance;
- H5: Competitor Orientation has a significant effect on Export Marketing Performance.

Cross-Functional Collaboration (Cross-F) provides interaction space between departments, for example between production, information technology, and finance departments so that companies will be more adaptive, effective, efficient and can improve marketing performance (Cadogan et al, 2005). Apart from that, Cross-F can create new knowledge after the collaboration of individual knowledge of each member of the work team (Madhavan and Grover, 1998: 2) to then be realized into superior products that meet customer wants and needs, create superior customer value, and have an effect on increasing customer satisfaction on export marketing performance. Cross-F can also accelerate product development by reducing the time span of first-mover advantages (FMA) (Hart and Service, 1993). Several studies that support the direct effect of Cross-F on Export Marketing Performance include Li and Cavusgil (1999) and Li and Cavusgil (2000). Thus, the following hypothesis can be drawn:

- H6: Cross-Functional Collaboration has a significant effect on Export Marketing Performance.

Export Product Adaptation Strategy (ProdAdapt) is a key strategy for successful export marketing. This is because the marketing environment is very different from one country to another, such as the prohibition of the use of hazardous chemicals in furniture products, production processes that do not allow the employment of children, certification of raw materials, culture and customer behavior that affect the shape and quality of the product offered, purchasing power and so on. The successful adaptation of these products directly affects the export marketing performance (ExPerf) both financially, strategically, and



perceptually. Several studies that support the effect of ProdAdapt on ExPerf include Tantong et al (2010), Bergersen and Zierfuss (2004), and Zaiem and Zghidi (2011). Thus, the following hypothesis can be drawn:

- Hypothesis 7: Export Product Adaptation Strategy has a significant effect on Export Marketing Performance.

## METHODS OF RESEARCH

The model testing in this study was conducted on wood and rattan furniture exporting companies in three provinces in Indonesia, namely East Java, South Kalimantan and Central Kalimantan. From the data obtained from the forestry service and data from the local trade and industry office, it is known that the company population is 44 companies. By using the Slovin formula, the data collection sample was determined as many as 40 companies as respondents. Data collection will be carried out in 2021. Each company that acts as a respondent is asked to answer 2 (two) sets of the same questionnaire and then the score of both is averaged. It aims to reduce the common-method variance (CMV).

All variables must be measured using indicators because in this study all these variables are latent variables. The indicators measured are perceptions, opinions, attitudes and views of respondents on the object of the questionnaire. Therefore, the measurement was carried out using a Likert scale with a score range of 5 points, namely (1) strongly disagree, (2) disagree, (3) neutral, (4) agree, (5) strongly agree.

The indicators used to measure the Customer Orientation (CusO) variable were developed from Kandemir (2005) which was also developed from Slater and Narver (1995), namely: (1) Commitment to monitor customers in the export market. (2) Commitment to prioritize good ethics in servicing customers in the export market. (3) Believe in the importance of understanding customer needs to achieve competitive advantage. (4) Believe in the importance to measure customer satisfaction.

The indicators used to measure the Competitor Orientation (ComO) variable were developed from Kandemir (2005) which was also developed from Slater and Narver (1995), namely: (1) Pay a great attention to the weaknesses/strengths of competitors in the export markets; (2) Believe in the importance of monitoring competitor activities constantly; (3) Focus on discussing competitor strategies. (4) Believe in the importance of a competitor's new product.

The indicators used to measure the variable Cross-Functional Collaboration (Cross-F) are measured based on indicators developed from Li and Calantone (1998), namely: (1) Shared information about customers' needs; (2) Cooperated testing of new product concepts; (3) Integration of production and market knowledge.

The indicators used to measure the Export Product Adaptation Strategy (ProdAdapt) variable are measured based on indicators developed from Lee and Griffith (2004), namely: (1) Adapted product to the needs of foreign customers in each destination country; (2) Differentiation of export products from domestic products: (3) Adapted products in each different country.

Using indicators to measure Export Marketing Performance (ExPerf) variable are measured based on the indicators developed from Julian and Ahmed (2005), namely: (1) Export profitability; (2) Export growth; (3) Export product competitiveness; (4) Perceived export success.

## RESULTS AND DISCUSSION

Confirmatory Factor Analysis (CFA) was conducted to confirm the validity and reliability of the indicators for each variable used. In this case, it is done using Partial Least Squares (PLS), using SmartPLS 3.2.9 software.

The validity test is carried out in two stages, namely convergent validity to measure the validity of the indicators as a measure of the variable, and discriminant validity to measure whether indicators in a variable are more correlated than their correlation with other





variables, namely by knowing which indicators have a cross-sectional effect. the highest loading grouped on the variable. While the reliability test was measured using Cronbach's alpha and composite reliability, if the value of Cronbach's alpha > 0.7, then the construct measured had internal consistency with the "good" category. Likewise for composite reliability, if the value is > 0.7, the construct has internal consistency with the "good" category.

In the convergent validity test, there is 1 item that has an outer loading value of < 0.6, namely X12 (commitment to prioritize good ethics in servicing customers in the export market) of 0.2231 on the Customer Orientation (CusO) variable. Therefore, the item is declared invalid as a measure of the variable. The full value of the loading factor is presented in table 1. Discriminant validity testing is carried out after invalid items in the convergent validity test are removed.

Table 1 – Convergent Validity: Outer Loadings

Indicators	Loading
<b>Customer Orientation (CusO)</b>	
X11   Commitment to monitor customer in the export market.	0.6252
X12   Commitment to prioritize good ethic in servicing customer in the export market.	*)0.2231
X13   Believe in the importance of understanding customer needs to achieve competitive advantage.	0.8965
X14   Believe in the importance to measure customer satisfaction.	0.8155
<b>Competitor Orientation (ComO)</b>	
X21   Pay a great attention to the weaknesses/strengths of competitors in the export market.	0.8266
X22   Believe in the importance of monitoring competitor activities constantly.	0.8825
X23   Focus to discuss competitor strategies.	0.8297
x24   Believe in the importance of competitor's new product.	0.7929
<b>Cross-Functional Collaboration (Cross-F)</b>	
X31   Shared information about customers' needs	0.9350
X32   Cooperated testing of new product concepts	0.8787
X33   Integration of production and market know-ledge.	0.8180
<b>Export Product Adaptation Strategy (ProdAdap)</b>	
Y11   Adapted product to the needs of foreign customers in each destination country.	0.7892
Y12   Differentiation of export product from domestic product.	0.8504
Y13   Adapted products in each different country	0.8536
<b>Export Marketing Performance (ExPerf)</b>	
Y21   Export profitability	0.7720
Y22   Export growth	0.8500
Y23   Export product competitiveness.	0.8675
Y24   Percieved export success.	0.8519

Note: \*) Outer loading < 0.6, invalid indicator.

The results of the discriminant validity test show that all indicators show the highest value in each of the variables. The cross-loading values of X11, X13, X14 have the highest values on the CusO variable, which are 0.625, 0.893, 0.820 respectively compared to the cross-loading value of the ComO, Cross-F, ProdAdapt and ExPerf variables.

The cross-loading values of X21, X22, X23, X24 have the highest values on the ComO variable, which are 0.827, 0.883, 0.830, 0.793 respectively compared to the cross-loading value of the CusO, Cross-F, ProdAdapt and ExPerf variables.

The cross-loading value of X31, X32, X33 has the highest value on the Cross-F variable, which is 0.935, 0.879, 0.818 respectively compared to the cross-loading value of the CusO, ComO, ProdAdapt and ExPerf variables.

The cross-loading value of Y11, Y12, Y13 has the highest value on the ProdAdapt variable, which is 0.789, 0.850, 0.854 respectively compared to the cross-loading value of the CusO, ComO, Cross-F and ExPerf variables.

The cross-loading value of Y21, Y22, Y23, Y24 has the highest value on the ExPerf variable, namely 0.772, 0.850, 0.867, 0.852 compared to the cross-loading value of the CusO, ComO, Cross-F and ProdAdapt variables. Overall, the complete discriminant validity test results can be seen in table 2.



Table 2 – Discriminant Validity: Cross-Loading

Indicator	VARIABLE				
	ComO (X2)	CrossF (X3)	CusO (X1)	ExPerf (Y2)	Prod-Adap (Y1)
X11	0.357	0.096	0.625	-0.006	0.158
X13	0.431	0.408	0.893	0.214	0.453
X14	0.483	0.294	0.820	0.174	0.383
X21	0.827	0.323	0.561	0.297	0.426
X22	0.883	0.483	0.488	0.383	0.548
X23	0.830	0.459	0.460	0.346	0.448
X24	0.793	0.210	0.185	0.202	0.288
X31	0.502	0.935	0.385	0.761	0.836
X32	0.306	0.879	0.356	0.633	0.720
X33	0.410	0.818	0.270	0.545	0.650
Y11	0.395	0.684	0.212	0.670	0.789
Y12	0.490	0.678	0.464	0.715	0.850
Y13	0.443	0.740	0.472	0.751	0.854
Y21	0.276	0.608	0.123	0.772	0.667
Y22	0.497	0.550	0.300	0.850	0.723
Y23	0.348	0.653	0.276	0.867	0.788
Y24	0.170	0.671	-0.014	0.852	0.687

The reliability test shows Cronbach's alpha and Composite Reliability values are more than 0.7, which are fully shown in Table 3. Therefore, the indicators for each latent variable are categorized as reliable or have a good level of internal consistency.

Measurement of the Goodness of Fit Index (GoF) obtained from the roots of the Average Variance Extracted (AVE) product with the R<sup>2</sup> model was carried out for testing the structural model (inner model test). Meanwhile, Q-square Predictive Relevance is obtained from the R<sup>2</sup> formula for each endogenous variable.

The results of the Partial Least Squares (PLS) analysis, the R-square and Average Variance Extracted (AVE) values of each variable are shown in table 4.

Table 3 – Cronbach's alpha and Composite Reliability

No	Variable	Cronbach's Alpha	Composite Reliability
1	Competitor Orientation	0.856	0.901
2	Cross-Functional Collaboration	0.851	0.910
3	Customer Orientation	0.718	0.828
4	Export Marketing Performance	0.856	0.903
5	Export Product Adaptation Strategy	0.777	0.870

Table 4 – R-Square and Average Variance Extracted (AVE)

No	Variable	R Square	AVE
1	Competitor Orientation	-	0.695
2	Cross-Functional Collaboration	-	0.772
3	Customer Orientation	-	0.62
4	Export Marketing Performance	0.786	0.699
5	Export Product Adaptation Strategy	0.744	0.692
	Avarege	0.765	0.6956

The Goodness of Fit (GoF) can be calculated as follows:

$$GoF = \sqrt{AVE \times R^2} \quad GoF = \sqrt{0.6956 \times 0.765}$$

$$GoF = 0.729$$

Note: GoF = 0.10 (small), GoF = 0.25 (medium), GoF = 0.36 (big).

Q-square Predictive Relevance:

$$Q^2 = 1 - (1-R_1^2)(1-R_2^2)...(1-R_p^2); Q^2 = 0.945$$



Based on the GoF value (0.729) and the Q-square Predictive Relevance value (0.945) it can be concluded that the model is declared "good" in measuring the observation results. Therefore, the analysis can be continued with hypothesis testing. Table 5 shows the Path Coefficients, t-Statistics and P-values. Hypothesis testing using the bootstrap method supports 2 hypotheses: H3 (CrossF -> ProdAdapt), H7 (ProdAdapt -> ExPerf) significant at P-values < 0.05 and H4 (CusO -> ExPerf) significant at P-values < 0.1, which is 0.097. While H1, H2, H5, H6 are not significant, both on the size of the P-values < 0.05, and on the size of the P-values < 0.1, i.e. each P-values are 0.241, 0.271, 0.947, and 0.715.

Table 5 – Path Coefficients, T-Statistics, P-Values

Hypotheses	Path Coefficients	t Statistics	P-values
H1 CusO -> ProdAdap	0.109	1.175	0.241
H2 ComO -> ProdAdap	0.130	1.102	0.271
H3 CrossF -> ProdAdap	0.740	7.220	0.000**
H4 CusO -> ExPerf	(0.247)	1.664	0.097*
H5 ComO -> ExPerf	(0.007)	0.067	0.947
H6 CrossF -> ExPerf	0.069	0.365	0.715
H7 ProdAdap -> ExPerf	0.918	5.565	0.000**

Note:  $\alpha = 10\%$  dan  $5\%$ , \*significant at 0.10; \*\*significant at 0.05.

This study provides an overview of the effect of export product adaptation strategies on export marketing performance. This is evidenced by the results of a study showing that the Export Adaptation Strategy (ProdAdapt) variable has a significant effect on Export Marketing performance (ExPerf) at the level of <5%. Meanwhile, the Market Orientation elements, namely Customer Orientation (CusO) and Competitor Orientation (ComO) have different results, where CusO has a significant effect on Export Marketing Performance (ExPerf) at the level of < 10%, while ComO has an insignificant effect. Likewise, Cross-Functional Collaboration (Cross-F) has no significant effect on ExPerf.

The above shows that a customer-focused organizational culture (Customer Orientation) can help improve export marketing performance. It can be explained that organizations that focus on information about customer wants and needs, customer behavior and culture, customer purchasing power, product trends favored by customers and so on play an important role in the process of creating customer satisfaction which in turn has a direct effect on improving performance of export marketing in terms of financial, strategic and perceptual performance. However, this is not followed by the insignificant effect of Competitor Orientation (ComO) on Export Marketing Performance (ExPerf). Organizational culture that focuses on competitor information, such as competitors' products, competitor's strengths, competitor's strategies and so on cannot encourage an increase in export marketing performance directly. Therefore, other variables that are behavioral are needed.

On the other hand, Cross-F which has no significant effect on ExPerf indicates that the company's internal competence is not strong enough to directly increase export marketing performance. Thus, a mediating variable is needed. In this study Export Product Adaptation Strategy (ProdAdapt).

Export Product Adaptation Strategy (ProdAdapt) where the process of creating export products that can adapt to the market environment in each export destination country, both from the aspect of technology, socio-culture, economy, political-legal, market, customer and competitive, it turns out that the results of this study do not show there is a significant influence of the culture of Customer Orientation (CusO) and Competitor Orientation (ComO). This means that organizational competence is needed that is able to analyze, interpret and integrate knowledge about customers and competitors who then apply it into products that are suitable for the market environment in the export destination country. Meanwhile, Cross-Functional Collaboration (Cross-F) in organizations where there is knowledge sharing, good coordination between functions; the creation of synergistic relationships between functional units in an organization can effectively encourage Export Product Adaptation Strategy (ProdAdapt) significantly.



## CONCLUSION

This study was tested on the forestry industry, namely exporters of wood and rattan furniture products, it can be understood that forestry products are very sensitive to environmental issues because they are related to global issues such as global warming, renewable resources, harmful chemical substances, carbon trade, illegal logging, and so on.. This affects various political-legal decisions and the many requirements attached to exported products. Likewise, the behavior and culture of customers in each export destination country are influenced by various economic situations, cultures and trends. From the view above, it can be concluded that the adaptation strategy of export products is very important in improving the performance of export marketing, especially forest products. This is supported by the results of this study where the **Export Product Adaptation Strategy (ProdAdapt) has a significant effect on Export Marketing Performance (ExPerf)**. This is because forestry products must adapt to various market environmental issues in each export destination country.

Given the very specificity of forestry products because they are related to various environmental issues, the organizational culture that focuses on customers and competitors, namely **Customer Orientation (CusO) and Competitor Orientation (ComO)** is not the main determinant in improving export marketing performance. It is proven by the results of the CusO test on ExPerf which is only significant at the level of < 10% and even ComO has no significant effect on ExPerf. This has implications in two ways, first, a strong behavioral competence is needed to be able to play a role in improving the export marketing performance of forestry products, for example the competence to analyze, interpret, integrate export market knowledge and make it a product that is in accordance with the conditions of the market environment. Second, the competitive situation in the export of forestry products is not too sensitive to competition considering that products made from wood or rattan are becoming increasingly scarce (scarce). Likewise, the results of the CusO and ComO tests **have no significant effect on the Export Product Adaptation Strategy (ProdAdapt)**. This also has the implication that to play a role in the creation of an adaptation strategy for export products, it is not enough just to have a culture that focuses on customers and competitors, but also requires a behavioral competence that is able to formulate export market knowledge (technology, socio-culture, economy, political-legal), market, customer' needs, competitor' knowledge) to then reflect it into a forestry product export product strategy.

Internal competence in the form of Cross-Functional Collaboration (Cross-F) does not have a direct effect on Export Market Performance (ExPerf), but must be mediated by an export product adaptation strategy. This means that collaboration between departments or functional units in terms of collaborating various expertise, skills, experience and culture plays a very important role in bringing up new ideas that are creative, innovative, and produce various solutions in dealing with the demands of customer needs, both functional product demands (the product functions to meet customer needs as expected), emotional (a sense of pride, achievement, and other emotional values), social (product as an environmental solution), as well as attributes attached to the product such as prohibition of the use of hazardous chemicals, not employing children, minors, legal certification, and others.

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# INFLUENCE OF MARKET ORIENTATION AND CROSS-FUNCTIONAL COLLABORATION ON EXPORT PRODUCT ADAPTATION STRATEGY AND EXPORT MARKETING PERFORMANCE

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