



Strategic Orientation of Homestay in Lima Puluh Kota Regency: Market and Technology Perspective

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Abstract

There are numerous small-scale homestay businesses in the Lima Puluh Kota Regency along with the development of tourist destinations in this region. Several studies have found that small-scale businesses could grow in terms of competition and performance if they have market and technology orientation. This article aims to investigate whether the homestay business in Lima Puluh Kota Regency is market and technology-oriented. This study utilized descriptive analysis research design. The investigation was conducted using questionnaire and interviews on consumer orientation, competitor orientation, technology policy, and position and adoption, which were randomly distributed to 55 homestay business owners as the sample. The questionnaires adopted the scales of Harerro (2018) and Al Ansari et al. (2013), with sound psychometric characteristics. SPSS v26 was used to process the data. This study found that the owners or managers of the homestay in Lima Puluh Kota Regency have been pretty good market-oriented, and nevertheless in few numbers, among them have a technology orientation. These findings are believed contribute to tourism and family business literature especially in homestay business.

Keywords: accommodation, hospitality, market orientation, technology orientation, West Sumatera,

1. Introduction

Lima Puluh Kota is one of regencies in West Sumatera Province that has potential beautiful natural scenery for tourist attraction. To mention some: Lembah Harau, Sarasah Tanggo, Gunung Sanggul Rest Area, Sarasah Bunta that had developed by local communities with local government supports, and parallely with non-nature tourism attraction, for example Batang Tabik Water Park, Rumah Gadang Kapalo Banda and Kelok Sambilan. In 2019, 644,099 travelers visited Lima Puluh Kota Regency, including 636,783 locals and 7,316 international visitors. It was a 13% rise over last year (BPS 50 Kota, 2020). As a consequence of the Covid-19 pandemic, it decreased in 2020. However, the local government and tourist stakeholders continue to improve. Lima Puluh Kota Regency won The Best

Performance Peduli Wisata Awards and Toilet Bersih in West Sumatera Province in 2020.

The development of the tourism industry in Lima Puluh Kota Regency has a positive impact on the local communities' economy, as indicated to be the emergence of tourism supporting businesses such as homestay. Practically, having an empty and rentable room is the primary resource to begin homestay business, even there are several investors invest a new property. The existing homestays businesses generally offer 2 to 5 rooms, some of them have up to 10 rooms. In 2019, there were 65 homestays businesses in Lima Puluh Kota Regency. They spread in relatively concentrated close areas. Nevertheless, the facility is sound competitive. Figure 1 shows the examples of homestays.

In today's competitive tourist market, homestay owners or managers require strategic orientation to win the competition and contribute to successful company performance. Market orientation is one component of strategic orientation, and it is regarded as the most effective and efficient organizational culture in producing behavior to give superior value to customers, which influences good business success (Narver & Slater, 1990). Another dimension, technology orientation is also important to accelerate task completions and solve task constraints. Mardiyanto (2018) stated that technology orientation can be defined as technical knowledge as a technical solution to fulfill the need of users.

Figure 1. The homestays in Lima Puluh Kota Regency



source: personal documentation, 2021

Ningrum et al. (2019) conducted research on homestays in Harau, Lima Puluh Kota Regency. However, this study only looked at the visitor's point of view and did not take into account the managers' or owners' strategies. Therefore, this research is important in providing scientific information about homestays from another perspective. So that stakeholders involved in the tourist development of the Lima Puluh Kota Regency, including homestay owners, can more easily make strategic and technical decisions. Come with that, this paper aims to reveal whether the homestay business owners in Lima Puluh Kota Regency are market and technology oriented.

2. Literature review

2.1. Market Orientation

Market orientation is a business perspective that put customer as the focus of attention in overall business activity. Kohli & Jaworski (1990) argued that generally, marketing concept is defined as philosophy or way of thinking that lead the allocation of resources and the strategy formulation for organization. Market

orientations considered as activities aimed to implement marketing concepts includes: conducting, spreading and responding market intelligence.

Market orientation is a dimensional construct consisting of three components: customer orientation, competitor orientation, and inter-function coordination (Narver & Slater, 1990). Market orientation is realized as the level of orientation of business unit towards its customers by (1) obtaining and using information from customers, (2) developing strategies that meet customers' needs, (3) implementing the strategy by being responsive to customers' needs and wants, Ruekert (1992). To conclude, market orientation is an organizational culture that prioritizes market information in formulating business strategy. Market orientation has a positive impact on either short and long-time business performance. The faster the company develops market orientation, the greater the sustainable profit obtained compared, Kumar et al. (2011).

2.2. Technology Orientation

Technology orientation is the path to sustainable competitiveness that top management and organization member are extensively dedicated to continuous learning, seeking new information and willing to change old routines, Halac (2015). Technology orientation is characterized by a level of commitment to R&D, acquisition of newest technologies and latest applications (Gatignin & Xuereb, 1997). SMEs which is focused on latest technology can offer imitable end products. Customers tend to choose product and service which apply technological advances (Salim, et al., 2020). Al Ansari (2003) assumed that the higher technology utilized, the more innovative product generated, the more product and services offer to certain market. Technology orientation is measured by technology policy, position and adoption. Technology-oriented business always reserve their resources to apply the latest technology to develop new process, new product, and new service, which are targeted to lead to excellence performance (Nakola et al., 2015).

There are several studies of market and technology orientation in the tourist accommodation business, i.e.: Lestari & Warmika (2019), studied the impact of market orientation on business performance that moderated by technology orientation on 90 budget hotel owners in Ubud Bali Regency. They used competitor orientation, customer orientation, and inter-function coordination indicators for market orientation, and non-financial indicators for business performance. The result of the study is market and technology orientation have a positive and significant effect on non-star hotel performance.

Herrero et al. (2018) also conducted research on market orientation and technology for marketing purposes in small businesses in Spain. This research involved 200 tourist accommodation small businesses such as hotels, hostels, apartments, camping sites, and rural tourism accommodations. They applied customer and competitor orientation indicators as market orientation measurements. Marketing objectives were reflected in performance expectations and social influence. The result showed performance expectation and social influences are related to the use of social network sites (SNS) as a communication tool. The performance was determined by customer orientation but not by competitor orientation. Managers' beliefs regarding technology (e.g. intention to use SNS as a communication tool) are primarily guided by their perception of the need and preferences of customers referring to the technology.

The two studies infer a) the Naver & Slater (1990)'s indicators can be considered as market orientation measurement, b). the impact of market and technology orientation toward organizational performance, and 3). business performance might be measured in terms of financial and non-financial aspects.

3. Research Method

The unit of analysis of this study is homestays in Lima Pulu Kota Regency. Out of the 65 homestay businesses population, this study applied Issac and Michael sampling technique, with 10% error it is obtained 53 samples. However, this study employs 55 samples size to get a better result. The convenience sampling technique was utilized to select respondents randomly.

Data were collected through questionnaires and interviews. The questionnaire was divided into two sections: one for the homestay owner or manager profile and one for the market and technology-oriented variable. The questions were arranged systematically and effectively using a 5 Likert scale, from 1 to 5 (strongly disagree – strongly agree). The data is descriptively analyzed, which describing the object systematically and accurately, as well as its relationship to existing phenomena (Maholta, 2005). Simple tabulation analysis was utilized to process and present the data in percentages.

Market orientation questionnaire adopted the scale of Harerro (2018), in terms of orientation to consumer and competitor. While, technology orientation adopted the scale of Al Ansari et al. (2003) in terms of technology policy, position and adoption. Those indicators were assumed to be appropriate for homestay businesses, which are small businesses with a simple organizational structure.

4. Result and Discussion

According to the findings of this study, the homestay owners/managers are all adults, which means they can make their own decisions and set their own business policies. In terms of business longevity, more than half of all homestay businesses have been in operation for more than three years. It indicates that the homestay business in Lima Pulu Kota Regency is not only new, but also long-standing and promising, and it attracts a large number of newcomers. All of the homestay businesses are privately/family-owned. None are affiliated with Pokdarwis (a tourism awareness group) or the local government. The respondents' profile are described in Table 1.

Table 1. The Profile of the Respondents

Respondents Characteristics	Amount	Percentage
Age		
▪ 20-39 years	14	25
▪ 40-59 years	33	60
▪ > 60 years	8	15
Gender		
▪ Male	31	56
▪ Female	24	44
Residence		

▪ In the homestay	17	31
▪ Close to homestay	29	53
▪ Faraway from homestay	9	16
Business duration		
▪ 1-3,5 years	24	44
▪ 4-6,5 years	19	35
▪ >6,5 tahun	12	22

Source : Data Results

4.1. Market Orientation of Homestay

The market orientation of homestay owners/managers was assessed using five indicators of customer orientation and three indicators of competitor orientation. Table 2 depicts the indicators' perceptions as perceived by the respondents.

Table 2. Market Orientation Indicators

Indicators	% positive perception (agree and strongly agree)
Customer orientation	
▪ Emphasizing the importance of being customer oriented	86
▪ Measuring customer satisfaction regularly	91
▪ Putting in a lot of effort to understand our customers' needs	95
▪ Doing whatever it takes to create value added for our customers	93
▪ Monitoring our customers' needs constantly	93
Competitor orientation	
▪ Reacting quickly to the actions of our competitors	70
▪ Discussing the strengths and weaknesses of our competitors on a regular basis	59
▪ Seeking opportunities to outperform other homestays	75

Source : Author computation

Table 2 shows that more than half of respondents have a positive perception of indicators. This is preliminary information indicating that the homestay owner is already market-oriented; In terms of understanding customers and competitors, according to the findings, 85 percent of respondents believe that customers/visitors are the primary focus of business. Visitor satisfaction is an indicator of business success and sustainability.

Visitors must be well-treated because visitor satisfaction is a business achievement (respondent 9), the guest is king and the source of finance for the homestay (10 respondents)

Various efforts are made to meet the needs of visitors and to monitor them on a regular basis in order to achieve this. The homestay owner tries to create a memorable atmosphere by organizing activities such as viewing rice fields, singing together, and so on. The homestay owner or manager considers their visitors to be family and hopes that the services provided will entice them to return. The owner

of the homestay believes that visitors want more than just overnight accommodations.

visitors seek happiness (respondent 16), and they visit for convenience (respondent 18)

The homestay owner has also been competitor-oriented by responding quickly to other competitors' strategies and attempting to find the best opportunities from competitors. It's just that not everyone has agreed to discuss the strengths and weaknesses of competitors. Respondents believe that business competition has been healthy so far; respondents consider competitors as partners who are the trigger for innovation in order to promote the business.

*consider as a partner in the homestay business (respondent 6)
and competition motivates us to provide better service (respondent 7)*

According to the respondents' competitor orientation, the homestay company owner in Limapuluh Kota Regency observes the moves of their competitors, discusses ideas with competitors, and chooses to move forward together.

Of course, there is competition, but we are more interested in exchanging ideas than in competing, in order to move forward as a group so that no homestay is left behind later (respondent 55)

The results support the characteristics of small businesses that the owner or manager becomes the key decision-maker in determining the strategic direction of the company. Therefore, market orientation is measured in terms of customer and competitor orientation as Chen & Myagmarsuren (2013) and Harrero (2018) did.

4.2. Technology Orientation of Homestay

Technology orientation is another orientation strategy measured in this study. This orientation can be seen in terms of policy, adoption, and technological position. These aspects are investigated using the indicators listed in Table 3. According to the study's findings, 84 percent of respondents have a policy to use technology in running their homestay business, and they are willing to allocate resources and a portion of their profits to make that policy a reality. However, the realization of the use of technology remains low, as evidenced by the indicators of using technology to improve operational quality, which have a lower percentage than the policy indicators. In terms of technology adoption, respondents are still following those of competitors, and a few have yet to position themselves as a leader in the use of technology and pioneer the use of new technology. Indicators are pioneers in the use of new technologies have the lowest percentage among a number of indicators used to measure technology orientation.

The low level of realization of the use of technology is related to the characteristics of homestay owners and managers, as reported by Nuryyev et al. (2020). He stated that self-characteristics have a significant impact on intention to adopt new technology. Age is one of the elements of self characteristics. In terms of age, in general, they are no longer young. it is widely assumed that young people are more concerned with technology and its changes than older people. Another reason could be that homestay owners and managers lack the capacity to master and innovate with technology. According to Xin Yang's research (2021), homestay managers on the suburbs of Beijing have already employed technology to advertise their services. They used online marketing technique such as online travel agencies, web

portal travel channels, social networking platforms, blogs, searching engines and governments promotion platforms. The capacity to innovate in the content or features of the media employed remains critical to the success of this marketing tactic. This demonstrates the importance of technological mastery. Conclusively, technology must be employed since it helps and increases the homestay company marketing network.

Tabel 3. Orientasi Teknologi Pemilik/Pengelola Homestay

Indicators	% positive perception (agree and strongly agree)
Utilizing up-to-date technology in business operation	84
Using technology to put ahead of the competitors	65
Pioneering the use of new technology	53
Allocating financial resources to adopt the latest technology	73
Allocating the profit to up-grade outdated technology	83
Using technology to improve operational quality	68

Source : Author Computation

5. Conclusion and Implications

Homestay business owner/manager in Lima Puluh Kota Regency are generally market-oriented, as evidenced by their dedication to serve visitors and embrace competitors as partners and drivers of innovation. They already understand that technology promotes better business performance, but they have limitations in how they apply technology. Many factors contribute to these limitations, including the owners'/managers' limited ability to use technology, relatively high technology prices, and a lack of socialization of the technology. To address the limitations, the participation of various parties is required.. Local government in collaboration with academics might organizes technical guidance of the use of technology in homestay business.

This study has two limitations. First, the variables investigated (market orientation and technological orientation) remain independent variables that yet have not been related to dependent variables such as financial or marketing performance. The strategic orientations are closely related to performance and have been studied by many scholars. Second, indicators that measure two variables have the potential to be developed.

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