

Research Horizon

ISSN: 2808-0696 (p), 2807-9531 (e)

Research Horizon

Volume: 04

Issue: 06

Year: 2024

Page: 231-238

Marketing Relations Performance Behavior in Regional Office Palembang in Value Chain Based Credit Initiative

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Abstract

Value Chain Financing (VCF) is a financing solution through financial instruments, practices, and technology to optimize the management of working capital and liquidity related to the value chain process for the parent company and supplier companies, distributors, or agents as end users. By utilizing data effectively, Bank BRI can improve financial performance, strengthen competitive positions, and provide added value to customers. For marketing staff at Bank BRI in Regional Office Palembang, especially in the context of the retail loan business, this database has a crucial role in creating strategies to improve performance in credit initiatives based on the Value Chain database. In the context of the retail loan business at Bank BRI, the value chain database has an important role in improving efficiency, effectiveness, and service quality. This study uses a qualitative approach to explore and understand the behavior of marketing performance at Regional Office Palembang in carrying out value chain-based credit initiatives. The purpose of this study is to find out how the Value Chain Database can help the performance of Marketing Staff at Bank BRI in Regional Office Palembang to be even better. So that these Marketing Staff can formulate strategies to improve marketing performance supported by Value Chain-based credit initiatives

Keywords

Value Chain Financing, Value Chain Database, Marketing Performance, Improvement Strategy

1. Introduction

Bank BRI as a company has a goal to increase the competitiveness of the company in winning business competition and meeting the rapidly changing needs of customers. BRI's innovation and exploration of new sources of growth have implications for the company's increasingly complex business. The dynamics of the internal and business environment require BRI to be agile in responding to challenges and careful in optimizing business opportunities both now and in the future. With BRI's vision translated into a strategy focused on increasing growth and improving asset quality by maintaining business segment profitability, and being able to lead BRI's value chain management. To provide banking services to various regions in Go Smaller, Go Shorter & Go Faster, BRI digitalization is carried out by referring to 3 (three) main frameworks, namely the first Digitizing Core or digitizing business processes with the aim of increasing productivity and focusing on efficiency. Second, Digital Ecosystems, namely BRI prepares digital platforms to encourage BRI to enter the value chain ecosystem business so that it is expected to be a source of new growth in terms of CASA, FDI and new BRI customers. Third, New Digital Propositions, BRI innovates financial technology with a fully digital approach and a new business model that can provide services to customers faster, better, and more efficiently. The business strategy in 2023 for the SME (Small Medium) segment will focus on the upper small and medium segments, and strengthen value chain financing. For the SME business for expansion in 2023 is "Expand Selectively, Focus on Transaction Led Business Model BRI", with a focus on execution by utilizing the potential of the value chain and focusing on transaction-based business models (transaction-based lending). In 2024 the SME business strategy is "Scaling Up SME Business", which will be focused on the upper small and medium segments, as well as strengthening value chain financing. The SME business will be encouraged to focus on healthier growth pipeline execution from the value chain, expanding the scope of pipeline sources from customers / trade ecosystems based on AI, the revitalization of the SME center through refocusing the work unit (KC Area Metro) as a growth driver. On the credit side, until December 2023 BRI managed to grow credit 14.5% (yoy) to Rp. 1,161 trillion. BRI's credit growth was above the growth of national banking credit which grew by 9.7% (yoy), reaching Rp. 6,966 trillion. So that in December 2023, BRI's credit market share of the total banking industry reached 16.67%, an increase compared to December 2022 which amounted to 15.98%. Credit growth strategies to increase market share are carried out through increasing the capabilities of marketers in each segment accompanied by reliable tools, improving organizational structures that increase effectiveness and business processes, selective lending by optimizing the potential of the value chain and maintaining optimum credit quality with the development of support systems. Meanwhile, BRI's Corporate segment credit was able to grow solidly reaching Rp. 197.7 trillion, or grew 13.8% year on year.

2. Literature Review

Value chain, or value chain, is a concept introduced by Michael Porter in his book "Competitive Advantage". It refers to the set of activities performed by an organization to create value for customers and earn profits. The value chain outlines the processes involved in the production and delivery of a product or service, and how each step can add value. According to Porter (1985), a value chain is composed of two main categories of activities: primary activities and supporting activities. Primary activities directly contribute to the creation and delivery of a product or service and include inbound logistics, which involves the receipt and storage of raw materials; operations, which focus on processing and production; outbound logistics,

which handles the distribution of products to customers; marketing and sales, which encompass promotional and sales efforts; and service, which ensures customer satisfaction through after-sales support. Supporting activities, on the other hand, provide the necessary infrastructure and resources to facilitate primary activities. These include firm infrastructure, covering general management, strategic planning, and accounting systems; human resource management, which involves recruiting, training, and retaining talent; technology development, which focuses on innovation and technological advancements; and procurement, which manages the acquisition of goods and services needed to sustain operations (Trott, 2017; Pamela & Indrawati, 2022). Together, these activities enhance a company's efficiency and competitive advantage (Ali, 2021; Abdillah et al., 2024).

This value chain concept helps organizations to analyze where they can create more value and increase competitiveness in the market. The concept of Database Value Chain can be understood through the application of the value chain model introduced by Porter (1985). In this context, data and information are considered as strategic assets that can create a competitive advantage in each of the company's value chain activities. Porter emphasizes that by managing and utilizing data effectively, companies can create value at every stage of their operations, from primary activities such as logistics and production to supporting activities such as human resource management and infrastructure (Indranoi & Kecharananta, 2015; Yin, 2018).

Value chain financing is an approach that integrates financing in all stages of the value chain, from raw material suppliers to end consumers. The concept aims to improve the efficiency and effectiveness of the flow of goods, information, and finance throughout the value chain (Handayani et al., 2024). According to Kauffman & Sethi (2018), value chain financing encompasses a variety of financial instruments designed to support all parties in the chain, including producers, distributors, and retailers. As such, this approach focuses not only on the financing aspect, but also on developing relationships between all stakeholders in the chain (Yu et al, 2020; Yousuf, 2022).

In the banking sector, the implementation of value chain financing can provide better access to finance to businesses, especially in the micro, small and medium enterprises (MSMEs) sector. PT BRI (Persero) Tbk has implemented this concept by developing credit products that support the value chain, such as Distributor Financing, Supplier Financing and Vendor Financing. This allows businesses to get the funds they need at the right time, according to their operational needs. Distributor financing is a type of financing provided to support distributors in the supply chain. It assists distributors in purchasing goods or products from manufacturers or suppliers with more flexible payment terms, such as longer payment terms or access to working capital. The main objective of distributor financing is to strengthen the liquidity of distributors so that they can meet market demands without facing financial constraints (Quyen, 2020; Husni et al., 2023). In this scheme, banks or financial institutions usually work with suppliers to provide financing facilities to distributors. This financing allows the distributor to pay the supplier according to the agreement, while the bank provides the funds upfront (Kouvelis & Qiu, 2022).

Behavioral performance of marketers is a combination of two important concepts: consumer behavior and marketing strategy effectiveness. In this context, behavioral marketing refers to the way banks, in this case PT BRI (Persero) Tbk. interact with the market to offer financial products and services. Behavioral marketing theory, as explained by Kotler & Keller (2016), emphasizes the importance of understanding consumer behavior in formulating marketing strategies. According to them, consumer behavior is influenced by various factors, including cultural, social, personal, and psychological. Therefore, banks must understand different market

segments and customize their approach according to consumer needs and preferences. For example, in the context of value chain-based lending, PT BRI must understand the characteristics of customers involved in the value chain, such as from end users, small entrepreneurs, distributors, to principals. By understanding the behavior of each group, the bank can design more relevant and effective products and services (Rivaldo et al, 2022).

The performance of marketers is measured through various indicators, such as market share, sales growth, and customer satisfaction levels. According to Gupta and Lehmann (2005), marketers' performance includes a company's ability to achieve their marketing objectives and deliver value to customers. Good performance is not only determined by the marketing activities carried out, but also by the extent to which these activities are able to create sustainable relationships with customers.

A good relationship with customers is one of the key factors in marketing success. PT BRI implements a Customer Relationship Management (CRM) strategy to manage interactions with customers. By using data analytics, the bank can better understand customer needs and respond quickly to their requests (Payne & Frow, 2017). The ability to respond to customer feedback is critical in improving the performance of marketers. PT BRI actively collects and analyzes feedback from customers to improve products and services. Companies that are responsive to customer feedback have higher satisfaction levels. In an era that is increasingly concerned with environmental issues, sustainability is one of the factors that influence marketing behavior (Shah, 2022; Kurniadi et al., 2024). PT BRI has committed to supporting sustainability initiatives through environmentally friendly products. According to Aaker (2012), sustainability is not only attractive to consumers but can also improve brand reputation. Measurement and evaluation of marketers' performance is something that cannot be ignored. PT BRI routinely conducts performance analysis to assess the effectiveness of the marketing strategies implemented. This is important to ensure that the bank remains relevant and competitive in the market. (Farris et al., 2010).

By implementing effective marketing strategies and understanding customer behavior, PT BRI (Persero) Tbk. can enhance the performance of marketers in value chain-based credit initiatives, creating value not only for the bank but also for customers and society. Research by Vahlne and Johanson (2022) highlights the critical role of financial institutions in supporting value chain development, emphasizing several key aspects. Firstly, improved access to financing is a significant benefit, with financial institutions providing businesses, particularly SMEs, better opportunities to secure funding. This access enables companies to invest in production and distribution enhancements, increasing their competitiveness in local and global markets. Secondly, financial institutions contribute to reducing financial risks for companies in the value chain. Through value chain-based financing, risks related to working capital and liquidity are distributed more effectively among suppliers, distributors, and financial institutions. The research also underscores the importance of collaboration among financial institutions, businesses, and government entities. Such partnerships, supported by public policies and robust financial infrastructure, enhance the efficiency and sustainability of value chain development. Moreover, financial institutions play a pivotal role in driving economic growth by facilitating capital flows through diverse financial instruments. This strengthens value chains, boosts export, fosters innovation, and generates employment, particularly in developing economies. Finally, the adoption of financial technology (fintech) emerges as a crucial factor in streamlining access to financing. Fintech solutions expedite financial transactions, improve transparency, and enable companies to manage global value chains more efficiently.

3. Methods

This research uses a qualitative approach to explore and understand the performance behavior of marketers in value chain-based credit initiatives at BRI. The qualitative approach was chosen because it allows researchers to gain a deep understanding of the phenomenon under study (Creswell, 2014). With this approach, researchers can explore the experiences, views, and motivations of individuals involved in the activities of marketers, as well as understand how their interactions affect the performance and effectiveness of the credit initiatives undertaken. In the context of this study, a qualitative approach allows researchers to explore aspects that are not always quantifiable. Qualitative research allows researchers to capture the nuances and complexities of marketers' behaviors, including the factors that influence decision-making, the way the team of marketers interacts with customers, and the challenges faced in implementing a value chain-based strategy (Denzin & Lincoln, 2011). Furthermore, this research also considers the social and cultural context in which BRI operates. By understanding the background and work environment, the researcher can assess how these external factors influence the performance behavior of marketers. This is in line with the view that human behavior is often influenced by the context in which they exist (Yin, 2011). Thus, the type of qualitative research chosen in this study is expected to contribute significantly to the understanding of the performance behavior of marketers at BRI, as well as its implications for the effectiveness of value chain-based credit initiatives. This study aims to not only answer the research questions, but also to provide evidence-based recommendations for the development of future marketers' strategies.

4. Results

The growth of the corporate segment is focused on efforts to strengthen wholesale funding and transaction banking such as trade finance, cash management and forex transactions as well as creating a pipeline for the MSME segment through optimizing the corporate business value chain. In addition, the growth of the corporate segment was also driven by increased funding support from BRI Parent to Subsidiary Companies to optimize the synergy of the BRI Group.

Table 1. Total Outstanding Small and Medium Businesses of RO Palembang

Outstanding (Rp. Billion)	2022	RKAP	Target (%)	2023	RKAP	Target (%)
Small Credit	9.362	9.535	98.1	10.059	9.822	102.4
Intermediate Credit	1.264	1.651	76.7	1.515	2.400	63.1
Total	10.626	11.186	94.9	11.574	12.222	94.6

Total outstanding small and medium loans in 2023 amounted to Rp. 11,5 trillion, an increase of 8,9% compared to 2022 which amounted to Rp. 10,6 trillion. The increase was largely contributed by Medium Loans which grew 20,01%. In 2023, business distribution was carried out selectively, namely utilizing the potential of the value chain and focusing on transaction-based business models. This strategy produced positive results in the achievement of the performance of the small and medium credit segment as of December 2023, with an increase in the total number of small and medium customers by 1.859 (7.4% growth) from 24,933 in December 2022 to 26,792 customers.

Table 2. Total Small and Medium Business Customers of RO Palembang

Debtor	2022	RKAP	Target (%)	2023	RKAP	Target (%)
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Small Credit	24.891	24.685	100.01	26.743	26.278	101.7
Intermediate Credit	42	39	107.6	49	56	87.5
Total	24.933	24.724	100.01	26.792	26.334	101.7

If look at the two tables of Bank BRI's small and medium business productivity performance, Bank BRI's performance has increased. However, this positive performance has not met the target of BRI management of 115%. The target is 100,01% for 2022 and 101,7% for 2023. Based on the table, the part of the increase in customers is still less than the target that has not yet reached the target, namely for total loan customers still 101,7% of the 2023 target.

To optimize the achievement of these targets, one of the strategies made is that in 2022 Bank BRI forms a new organization or division specifically handling this field. In addition to forming a new organizational structure, the company also implements value chain business governance internally at Bank BRI. As a bank that focuses on Micro, Small and Medium Enterprises (MSMEs) and even Corporations, with a partnership business pattern, this business provides a significant opportunity to increase credit for the commercial retail and medium business segments. In addition, it also acts as a strategy in maximally utilizing trickle down business from core companies (medium and corporate) financed by Bank BRI. Value Chain Financing (VCF) is a financing solution through financial instruments, practices, and technology to optimize working capital and liquidity management related to the value chain process for parent companies and supplier companies, distributors, or agents as end users. These actors are involved in a supply chain with underlying trade or work transactions. The Value Chain Financing scheme in this study is limited to direct loan financing (Kredit Mitra), a category of short- and medium-term funding with a factoring approach as stated in the agreement between Bank BRI as a factor and the customer (can be a buyer or seller). Partner Credit can be in the form of Working Capital Credit (KMK) for Pre-Financing, Working Capital Credit (KMK) for Post-Financing, and Working Capital Credit (KMK) for Distributors.

5. Discussion

In the increasingly fierce competition in the banking industry, marketers or marketing or RM (Relationship manager) need to have creativity to create unique and attractive marketing strategies. They must be able to think of innovative ways to attract the attention of potential customers and increase sales. According to Kotler & Keller (2020), marketers play a pivotal role in executing marketing strategies effectively. One of their primary responsibilities is understanding customers, which involves identifying customer needs, wants, and behaviors. This understanding is essential for designing products and services that align with customer expectations. Marketers are also tasked with developing and implementing marketing strategies. This includes identifying target market segments, establishing strong brand positioning, and managing the marketing mix—comprising product, price, place, and promotion. Building and maintaining customer relationships is another critical role. Marketers aim to foster loyalty and encourage repeat purchases by engaging directly with customers through personalized service and impactful marketing communications. In addition, market analysis is a core function, requiring marketers to analyze market dynamics and competitors. This helps in evaluating the positioning of products or services and adjusting stay competitive. Finally, innovation and adaptability are key attributes for marketers. They must innovate and remain flexible to respond to changes in market trends and technological advancements, ensuring that marketing efforts remain relevant and effective in a rapidly evolving landscape. When viewed from the phenomenon of RM

(Relationship Manager) behavioral activities or marketing personnel in BRI, BRI RMs are generally in marketers to obtain customers through canvassing, door to door, telemarketing, event marketing and trickle down business (value chain). In the activity of the credit granting process by the RM, nowadays the BRI RM is starting to choose the value chain based. Value chain-based lending can make RMs get a pipeline faster and more secure. Based on this background, the purpose of this research is to find out how the Value Chain Database can help the performance of Marketing Personnel at Bank BRI in the Palembang Regional Office to be even better. So that these Marketing Personnel can formulate strategies to improve marketing performance supported by Value Chain-based credit initiatives.

6. Conclusion

In this study, value chain-based credit initiatives were analyzed using the concept of the Value Chain Database to improve efficiency and effectiveness in lending. Through the application of the Database Value Chain, data collected from each operational stage—from customer data collection, credit assessment, to monitoring and managing credit risk—is processed and analyzed to support better decision-making in lending. The integration of the Value Chain Database into value chain-based lending processes provides several significant benefits. First, it facilitates more effective data collection by organizing relevant information from potential borrowers in a structured manner, enabling accurate and evidence-based credit assessments. Second, it enhances risk management as structured and accessible data allows banks to conduct comprehensive risk analyses, including identifying risk patterns across various industry sectors. Additionally, the database supports service optimization by enabling faster responses to debtor needs and delivering more personalized services, which fosters increased customer satisfaction and loyalty. Furthermore, it enables data-driven decision-making at every stage of the lending process, from initial evaluations to post-lending monitoring, reducing the likelihood of errors and ensuring more reliable outcomes. By leveraging the Value Chain Database, value chain-based credit initiatives become more adaptable to borrower needs and create added value for both lending institutions and borrowers. This approach underscores the critical role of effective information systems and data management in improving operational efficiency and supporting competitive advantage within the banking industry.

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