# Influence of market orientation and innovation on marketing performance in a small industry of malay woven textile riau province, Indonesia

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# INFLUENCE OF MARKET ORIENTATION AND INNOVATION ON MARKETING PERFORMANCE IN SMALL INDUSTRY OF MALAY WOVEN TEXTILE, RIAU PROVINCE, INDONESIA

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**Abstract**

*This research aimed to study on market orientation and performance of marketing innovation on a small industrial woven fabric wilt in Riau province, Indonesia and to obtain the test results and study on influence of market orientation on performance marketing through innovation in small industrial woven fabric has been conducted descriptive and verification by descriptive and explanatory survey in Riau province. The verification tool used in this research is Structural Equation Modeling (SEM) by using of Lisrel program. The analysis showed that the market orientation affects the marketing performance through innovations in small industrial woven fabric wilt in Riau province, Indonesia.*

*Keywords: Market Orientation, Innovation, Performance Marketing, Small Industry*

**INTRODUCTION**

The small businesses consist of agriculture, mining, quarrying and home industry. Moreover, industry includes manufacturing, electricity, gas, water supply, construction, trade, hotels and restaurants, transport communications, financial services and manufacturing sector managed by the ministry of industry and trade.

Several problems encountered in the development of industrial sector: first, the high dependence on imports of both raw materials, auxiliary materials, semi-finished goods and components; second, the relationship between the industry and other economic sectors are relatively longer; Third, the industry structure is dominated by a few branches of short stage process industry; Fourth, lack of mastery and application of technology; fifth, more than 60% of the industrial sectors are generally located on the Java island, thus IKM ratio in Java reaches 60:40 (Decree of Industry in 2013) and the last one is that small industry groups are still weak (Accountability Report of Government Performance of the Industrial Ministry in 2012).

One who needed for the development of small businesses is the increasing power of creativity and innovation in business. The human needs for grow from consciousness to create a new work. The creation of new work is called creativity. It was the beginning of birth a new breakthrough called innovation.

Industrial classification according to the Central Statistics Bureau (BPS) based on the total work force: 1) the total1-4 labors of micro industries, 2) 5-19 labors for small industry, 3) middle industry of 20-99 labors and 4) macro industries with more than 100 labors.

Generally, the micro industries in the Province of Riau also face problems that are relatively similar to those in Indonesia, micro industries are not spread evenly on counties and cities in the Province of Riau. One is a micro Malays weaving industries consisting of Lejo and Siak weaving.

The knowledge of Malays weaving obtained by businesses generally are learned on their own or generations of a family. Malays weaving is originally only used as underside fabric of Kurung Malays, is now beginning to be modified into clothing that can be directly used with motifs or patterns that are typical motifs of Malay, such as bamboo shoots, petals of rose water, flowers crimson, stars and diamonds and others, especially for male and female, usually for Kurung Malays shirt with woven/Malays Songket motifs.

In addition, industrial products of Malays weaving of Riau also are used also for formal dress, reception, bridal wear, and fashion various modes of both male and female. In the last few years, Malays weaving has begun to be developed by businesses into a wide variety of products such as bags, tablecloths, place betel, sandals, shoes and souvenirs. But not many businesses can create and innovate to the Malays weaving.

The problem of marketing also becomes an obstacle among the market's inability Malays weaving which has a particular motif design and high prices. Pricing applied by micro industries Malays weaving is high when compared to the flood of products from Malaysia, China and Thailand, which set a cheaper price with motifs, materials and an attractive design. This is due to high raw material, thus difficult in standardize the normal pricing.

The desire develops potential region purposed to have a high competitiveness. The reality has not been able to realize the development of the Malays weaving industry comprehensively. The difficulties in obtaining capital from banks and other financial institutions became one of the obstacles impede to the development of micro industries of Malays weaving, including bookkeeping order, skills/human resource.

Research by Alizadeh et al (2013) suggests the relationship between market orientation and organizational performance by using correlation test and the result is a positive and significant relationship between market orientation and organizational performance.

According to Vasquez, et al. (2001) in research with given title of "market orientation, innovation and competitive strategies in the industrial firm", whose findings stated that market orientation has a positive influence on the innovative culture, the company has an influence on the degree of innovation of the company.

Mavondo and Chimhan (2005) with the research in Australia using respondents—the entrepreneurs engaged in advanced technology, professional services providers and hospital industry. The results of study are that market orientation of the positive influence on product innovation, administration and processes innovation.

Kemp, et al (2003) carried out the study on innovation and firm performance, in large companies and small companies. The study illustrates the general relationship between innovation and performance and is specifically applied to the relationship between innovation and performance in small and medium enterprises. The company therefore required to be able to create new ideas or new ideas and also offer innovative products that satisfy and improve service to customers.

Meanwhile, Agrawal, et al (2003) is arguing in his research that the innovation has influence to the marketing performance through objective and subjective approaches. Based on the above explanation, this study is about the Effects of Market Orientation on Marketing Performance through Innovation in small industry of Malays weaving in the Province of Riau.

**Research Questions**

1. How is the market orientation, innovation and marketing performance on a small industry of Malays weaving in the Province of Riau?

2. Are these any influence of market orientation toward the innovation in small industry of Malays weaving in the Province of Riau?

3. Does the innovation influences the performance of marketing in small industry woven fabric Provision wilt in Riau.

4. Does the market orientation influence the marketing performance through innovations in small industry of Malays weaving in the Province of Riau?

**Objectives**

1. To produce a study of market orientation, innovation and marketing performance on a small industry Malay woven in the Province of Riau.

2. To obtain test results and studies on the effect of market orientation towards innovation in small industry of Malays weaving in the Province of Riau.

3. To obtain the test results and studies on the effect of innovation on marketing performance on a small industry of Malays weaving in the Province of Riau.

4. To get test results and studies on the influence of market orientation on marketing performance through innovation in small industry of Malays weaving in the Province of Riau.

**LITERATURE REVIEW**

**Market Orientation**

Basically, market-oriented approach is a transition from product concept to market-oriented concept as marketing efforts to control or prevent a decline in sales. Market orientation is also seen as a philosophy of business and business process management behavior.

According to Cravens and Piercy (2013; 14) "market orientation business perspective that make the customer the focal point of company's total operation. A business is market oriented when is culture is systematically and entirely committed to the continuous creation of superior customer value".

Furthermore, there are many definitions of market orientation put forward by the experts as proposed by Gebhardt et al. (2006; 6) then states that the market orientation is a corporate culture that is the most effective and efficient in creating a superior customer value by taking into account covering three components, namely the orientation on consumer, the orientation of the competitors, and cross-functional coordination with the two criteria that focus on long-term profitability. Meanwhile, according to Ruekert (2002; 7), market orientation is a business unit with each of the business units to 1) collect and use information from the consumer, 2) develop a strategy in accordance with the needs of consumers and 3) implement the strategy to consumers demand.

By the definition of market orientation shows that the notion and the concept of market orientation has not changed much. When seen from the above definition of the market is almost the same orientation in providing a sense, they are just different views in a position rather than market orientation as a behavior or a culture of a company.

Traditionally, customer is the person who buys and users of the product or customers are interacting and transacting with the company after the completion of the production process. The Company is also required to focus on the information related to the needs of potential customers. Customer orientation means a set of beliefs and value system that puts the customer above anything else for long-term profitability of the company. Customer orientation is also the key to the success of the business or company that is the object of the performance results of sales, profitability and market share.

Gaspersz (2000; 33) defines the customer is everyone who requires companies to meet a certain quality standard and therefore will affect the company's performance. Customer orientation is a sufficient understanding of the target market so that buyers are able to create superior value continuously and create a more superior performance for the company. Through this orientation, the company has an opportunity to shape the customer's perception of the values that built and perceived values and will ultimately result in customer satisfaction.

Competitor orientation also showed that competitors must consider and analyze the intensity of competition between companies in the industry. In analyzing the competition, required an identification of existing competitors to the organization interest. Competitor orientation means that companies must understand the strengths and weaknesses of short-term and long-term capabilities and strategies of competitors' current and potential competitors.

According to Assauri (2012; 100) in analyze a competitor or enterprise one, organizations need to find the relevant information: 1) What the encouragement contender for goal attainment future, 2) what the competitors are doing and could be done, in this case expressed in the form of a strategy that is now executable, 3) what is believed to be a competitor of the industry reflected by the basic assumption, and 4) what are the capabilities of competitor illustrated or indicated by their advantages and disadvantages.

The coordination between functions is regarding available resources and intended to the creation of superior value for the consumer. Every function in the organization is important and each plays a unique role in creating value for customers.

**Innovation**

Innovation is one of the keys to the company's success in winning the competition. One of enterprise sustainability depends on how responsiveness of company to cope with the existing

dynamics. As in manufacturing firms that are always required to produce a better product at costs lower when compared to the competitors. Technology is often associated with innovation, as it is considered as an important factor to improve of profits to the company, positioning and performance to cope with the market dynamics.

Moreover, Okpara (2007) identified the elements of innovation as follows: challenge; creativity; focus on the customer; communication; collaboration; settlement; contemplation; culture; and context.

According to Kemp, et al. (2003) innovation is the creation of the development and implementation of goods, processes and new services with the aim to enhance the excellence competitiveness. Kem et al. (2003) describes new innovation indicators.

The innovation can be developed by anyone and anywhere. Innovation is not only implemented by large companies but also the micro industry enterprises which are needed to innovate for the continuation of business. Invasion is the process of generating ideas. New ideas and using them effectively and profitably are seen from the number of satisfied customers. According to Dhewanto, et al. (2013; 321) innovation is a comprehensive process that is tied up in the company's business strategy to be used.

There are three activities in the company, namely innovation invention, innovation, and impersonation (imitation).Innovation is a commercial product creation process of the invention. Discovery is the act of creating or developing a new product or process. While imitation is the use of an innovation by similar companies.

According to Kemp, et al. (2003), innovation can be applied to companies both large and small companies. There are three dimensions of innovation: 1) innovation inputs which are companies doing research and development or investment that is developed and if the research can test the results of what has been developed, 2) innovation process when the manager must improve the technological innovation with the passage of the organization's activities without supported technological innovation, the company is impossible to win the competition and 3) innovation output on new products or processes or developed will become its own attraction for consumers.

**Marketing Performance**

Performance is the result or the overall success rate of a person during a certain period in the duty compared to the standard range of possibilities such as the work of the target or targets or criteria established beforehand.

Marketing performance is an important element of a company's performance in general due to the performance of a company can be seen from the performance of marketing that has

been done so far. Marketing performance is a concept to measure a company's marketing achievements. The company is also interested to know that his achievements as a mirror of its business success in the market competition. Marketing performance measurement is a process in the business of providing feedback on performance related to marketing efforts that have been made by the organization (Clark, et al., 2006; 91).

Initially, marketing performance measured in terms of efficiency even sometimes called the productivity that compares the input marketing namely marketing costs with the output is the result of the sale. This indicator is also used to measure how efficiently the marketing program conducted by a company based on financial calculations. Furthermore began development of a number of indicators to measure marketing performance of which is customer satisfaction (customer satisfaction) and customer loyalty (Customer Loyalty).

Moreover, the study arranged by Vorhies and Morgan (2005), which conducts research on market performance in the UK and Spain show that the performance measurement of marketing should be done comprehensively not only on the financial aspect, but also pay attention to other programs that drive marketing performance company in the other with market. Meanwhile, O'Sullivan (2007; 26-36) study on marketing performance measurement used by the company in Ireland on the performance of companies using six core variables: 1) financial measurement, 2) competitive market, 3) consume behavior, 4) consumer attitude, 5) direct customer and innovativeness. By the research it appears that the cause of shortagein marketing performance companies caused by a single assessment of the marketing performance on the basis of financial aspects of measurement, while other aspects are not considered.

Marketing performance also has standard quality in determine of target and strategies set out in the SBU, and it is expected the company will gain market share, sales, profitability and satisfaction plays a key role in planning the marketing strategy of the company. The concept of marketing performance measurement will be effective if the company in carrying out marketing activities allow to be carried out mainly with regard to aspects of quality management thus it is will produce quality output as well. In the end the company will bring an output of corresponding to the desired specifications of the customer and have a quality performance in improving customer satisfaction.

## RESEARCH METHODS

The methods used to collect data and information is the survey. Survey is descriptive and explanatory survey using a questionnaire to obtain more specific information from the study population. The unit of analysis in the study was micro industry of Malays weaving in the Province of Riau, while the observation unit is a small industry business of Malays weaving of

Riau. The populations of study are all small industry of Malays weavingin the Province of Riau, total 263 small industries of Malays weaving. Hence, a census was conducted. The verification tool used is Structural Equation Modeling (SEM) using Lisrel program.

## ANALYSIS AND FINDINGS

### Descriptive Analysis of Research Variable Data

Description of the research data can be used to enrich the discussion through the data description of the respondents which can be seen how the respondents to each indicator variables being studied. Make it easier to interpret the variables being studied, conducted categorization to score responder. According to Cooper & Schindler (2006; 467) for ordinal data or data interval/ratio has an asymmetric distribution, measures of central tendency can be done through the distribution of inter-quartile range. In this study, the average categorization score respondents conducted using quartile values with the following provisions.

Minimum score (1)-Quartile I (2)          :          Low/Bad/Never
Quartile I (2)-quartile II (3)                :          Less/Sometimes
Quartile II (3)-the third quartile (4)     :          Moderately/Frequent
The third quartile (4)-the maximum score (5):    High/Good/Always

### Market Orientation

Market orientation was measured using nine indicators, following the results of the categorization of the average score of respondents to each indicator on variable market orientation.

Table 1: Recapitulation Mean Score of Respondents Answer Regarding Market

| Indicators | Mean scores | Category |
|---|---|---|
| Understanding the customer's demand | 3.75 | Understanding |
| Attention to customer satisfaction | 3.76 | Adequate |
| Responding to suggestions from customers | 2.72 | Deliberate |
| Customer orientation | 3.41 | Adequate |
| Speed capture opportunities than competitors | 3.15 | Adequate |
| Responding to competitors' actions | 3.10 | Adequate |
| Analysis of the strengths and weaknesses of competitors | 3.06 | Adequate |
| Competitor orientation | 3.10 | Adequate |
| Discuss customer's needs and demand | 3.21 | Adequate |
| Share information on market | 3.18 | Adequate |
| To coordinate with the workforce | 3.22 | Adequate |
| Intra-function coordination | 3.21 | Adequate |
| Grand Mean | 3.24 | Adequate |

In Table 1 it can be seen that the results of the calculation of the grand mean score of respondents regarding market orientation of 3.24 is in the interval 3-4. It can be concluded that the market orientation in small industry of Malays Weaving in the Province of Riau is high adequately.

**Innovation**

Innovation is measured by using of nine indicators, the results of the categorization of the average score of respondents to each indicator on innovation variables as follows:

Table 2: Recapitulation Mean Score of Respondent's Answer by Innovations

| Indicators | Mean scores | Category |
|---|---|---|
| colors Novelty | 3.84 | Adequate |
| Raw materials novelty | 3.82 | Adequate |
| Variety of patterns or motifs | 3.79 | Deliberate |
| Input Innovation | 3.82 | Adequate |
| Time efficiency | 3.41 | Adequate |
| Stages of the production process | 3.19 | Adequate |
| Sophisticated instrument | 3.06 | Adequate |
| Process Innovation | 3.22 | Adequate |
| Color varieties | 3.70 | Adequate |
| Motif/pattern varieties | 3.67 | Adequate |
| Variations development of products | 2.83 | Adequate |
| Output Innovation | 3.40 | Adequate |
| Grand Mean | 3.48 | Adequate |

\In Table 2 it can be seen that the results of the calculation of the grand mean score of respondents about the innovation of 3.48 is in the interval 3-4. It is concluded that innovation in small industry of Malays weaving in the Province of Riau is adequate.

**Marketing Performance**

Marketing performance was measured by using of five indicators, the results of the categorization of the average score of respondents to each indicator on variable marketing performance as follows.

Table 3: Recapitulation Mean Score of Respondent's Answer Regarding Marketing Performance

| Indicators | Mean scores | Category |
|---|---|---|
| Increase in sales value | 2.29 | Low |
| | 2.31 | Low |

Table 3….

| | | |
|---|---|---|
| Financial | 2.30 | Low |
| Coverage of markets served | 2.87 | Little |
| Customer satisfaction | 3.00 | Adequate |
| Market share | 2.38 | Low |
| Non-Financial | 2.75 | Low |
| Grand Mean | 2.57 | Improper |

In Table 3 it can be seen that the results of the calculation of the grand mean score of respondents regarding the marketing performance of 2.57 is in the interval 2-3. It is concluded that the marketing performance of micro industry of Malays weaving in the Province of Riau is improper.

**Measurement Model**

Furthermore, to test the hypothesis of the study, the data is processed by using of variance-based structural equation modeling. By the results of data processing uses Lisrel 8.7 program obtained full path diagram model of user satisfaction accounting information as shown in Figure 1 below.

Figure 1: Full Line Diagram Model
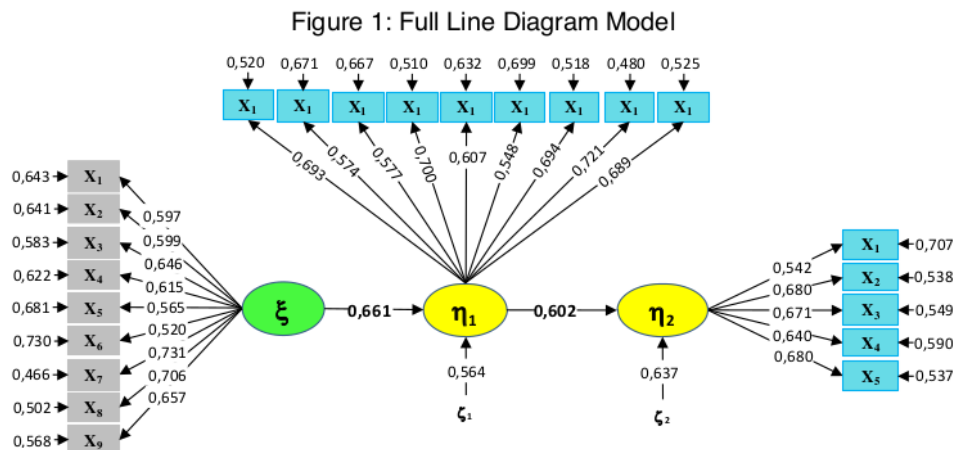


The testing results of model compatibility $\chi^2$ (Chi square) test of research obtained a value of 548 with a p-value <0.001. Thus, when referring to the test results obtained $\chi^2$, the model is not yet fit in overalls. However, according to Hair et al, (2006; 747), the difficulty of getting p-value greater than 0.05 at the $\chi^2$ test developed some measure of other model fit. Root Mean score of Square Error of Approximation (RMSEA) was 0.073, when referring to the value of RMSEA models can be accepted as it smaller than 0.08. Then Goodness of Fit Index of 0.847 is smaller

than recommended and it is greater than 0.90. Other measures such as normed Fit Index, Comparative Fit Index, and Relative Fit Index already qualified is greater than 0.90.

Subsequently, carried out the validity test of each indicator as well as the reliability of the constructs latent variables studied. Indicators considered valid if it has a weighting factor greater than 0.50, as proposed Hair et al, (2006; 128) "Factor loadings ± 0:50 or greater are considered practically significant". Then construct which is considered satisfactory reliability is greater than 0.70. The following are the results of the measurement model testing of each latent variable in this study.

Table 4: Summary of Test Results of Confirmatory Factor Analysis of Each Latent Variable

| Latent Variable | Indicator | Factor Weight | Composite Reliability | Variance Extracted |
|---|---|---|---|---|
| Market oriented | X1 | 0,597 | 0,854 | 0,396 |
| | X2 | 0,599 | | |
| | X3 | 0,646 | | |
| | X4 | 0,615 | | |
| | X5 | 0,565 | | |
| | X6 | 0,520 | | |
| | X7 | 0,731 | | |
| | X8 | 0,706 | | |
| | X9 | 0,657 | | |
| Innovation | Y1 | 0,693 | 0,866 | 0,420 |
| | Y2 | 0,574 | | |
| | Y3 | 0,577 | | |
| | Y4 | 0,700 | | |
| | Y5 | 0,607 | | |
| | Y6 | 0,548 | | |
| | Y7 | 0,694 | | |
| | Y8 | 0,721 | | |
| | Y9 | 0,689 | | |
| Market performance | Z1 | 0,542 | 0,799 | 0,416 |
| | Z2 | 0,680 | | |
| | Z3 | 0,671 | | |
| | Z4 | 0,640 | | |
| | Z5 | 0,680 | | |

By market orientation on latent variables can be seen weighting factor of each indicator greater than 0.50 which indicates that the ninth valid indicator to measure the latent variable market orientation. The composite reliability values are greater than 0.7 indicating that the nine indicators have consistency in measuring the latent variable organizational commitment.

Furthermore variance extracted value of 0.396 indicates that on average 39.6% of the information which is attached to each indicator can be represented by a latent variable market orientation.

In the latent variables of innovation can be seen the weight of each indicator factor greater than 0.50 which indicating that the ninth valid indicator to measure latent variables of innovation. The composite reliability value is greater than 0.7 which indicates that the nine indicators have consistency in measuring latent variables of innovation. Furthermore variance extracted value of 0.420 indicates that on average 42.0% of the information which is attached to each indicator can be represented through innovation latent variables.

Marketing performance on the latent variables can be viewed weighting factor of each indicator is greater than 0.50 indicates that the four valid indicator to measure the latent variable marketing performance. The composite reliability and Cronbach's alpha score is greater than 0.7 which indicates that all four indicators have latent variable consistency in measuring marketing performance. Furthermore variance extracted value of 0.954 indicates that on average 95.4% of the information which is attached to each indicator can be represented by a latent variable marketing performance.

**Structural Model**

After each measurement model latent variables has been described, further more hypothetical test is carried out. Here's a summary of the results of the study hypothesis testing.

Table 5: Summary Test Results Hypothesis

| Substructure | Path | Coefficient | $t_{statistic}$* | $R^2$ |
|---|---|---|---|---|
| First | $\xi \rightarrow \eta_1$ | 0,661 | 11,01 | 0,436 |
| Second | $\eta_1 \rightarrow \eta_2$ | 0,602 | 7,08 | 0,363 |

$t_{critic} = 1.96$

Through the coefficient of determination (R-square) contained in Table 5 it can be seen that the market orientation of 43.6% provides an influence to innovation. Then, there is innovation influence 36.3% of the marketing performance.

**The Effect of Market Orientation on Innovation**

Hypothesis:

H0: market orientation has no influence to the innovation.

Ha: market orientation influences the innovation.

Based on the testing results as presented in Table 5 it can be seen that the value $t_{statistic}$ of market orientation (11.01) is greater than $t_{critic}$ (1.96). Because $t_{account}$ greater than $t_{critic}$, then the error rate of 5% was decided to reject Ho. Therefore, based on the test results, it can be inferred that there is influence on the market orientation of innovation. The study provides empirical evidence that a higher market orientation which will make the innovation is increasing.

**Influence on Performance Innovation marketing**

Hypothesis:

H0: Innovation does not influence to the marketing performance.

Ha: Innovation influence to the marketing performance.

Based on test results as presented in Table 4.5 it can be seen that the value $t_{statistic}$ of innovation (7.08) is greater than $t_{critic}$ (1.96). Because $t_{account}$ greater than $t_{critic}$, then the error rate of 5% was decided to reject Ho. So based on the test results it can be concluded that the influence on the performance of marketing innovation. The results provide empirical evidence that there is higher innovation will improve marketing performance.

**Effects of Market Orientation on Marketing performance Through Innovation**

Hypothesis:

H0: Indirectly through innovation, market orientation does not influence to the marketing performance.

Ha: Indirectly through innovation, market orientation influences to the marketing performance.

To test the indirect effect of market orientation on performance through marketing innovation used Sobel test (Kline, 2011: 164).

Table 6: The testing result of the indirect effect of market orientation on marketing performance

| $T_{account}$ | $T_{critic}$ | Ho |
|---|---|---|
| 5,957 | 1,96 | Denied |

By test results as presented in Table 5.6 it can be seen that $ta_{ccount}$ has indirect influence to marketing performance (5.957) greater than $t_{critic}$ (1.96). Because $t_{account}$ greater than $t_{critic}$, then the error rate of 5% was decided to reject Ho. Thus, based on the test results it is concluded that it indirectly through innovation, market orientation influences the marketing performance.

**CONCLUSION**

1. By the three observed variables: market orientation, innovation and marketing performance, there are two variables: market orientation and innovation in small industry of Malays weaving in the Province of Riau is adequate, while for variable marketing performance on a small industry of Malays weaving in the province of Riau is in appropriate.

2. Market orientation influences to the innovation in small industry of Malays weaving in the Province of Riau.

3. Innovation influences the marketing performance on a small industry of Malays weaving in the Province of Riau.

4. Indirectly through innovation, market orientation influences the marketing performance on a small industry of Malays weaving in the Province of Riau.

**RECOMMENDATIONS**

**Recommendations for the Practice**

1. In market orientation aspect, though Riau Melayu woven clothes have fallen into a category of quite high but they have not been maximal yet. Thus, it is suggested that: Riau Melayu woven cloth businessmen should continuously look at the strengths and weaknesses of their competitors and always actively discuss with their workers their customers' wants and their market opportunities.

2. Though the Riau Melayu woven cloth businessmen have successfully enhanced their innovation but it is not optimal yet. Thus, it is suggested that: the businessmen should begin using the technology that is even though not so modern but may be helpful in accelerating their productive processes and always active in making diverse innovations to develop the small industry of Riau Melayu woven clothes.

3. Marketing performance aspect generally received a low appraisal. Thus, it is suggested that: the Riau Melayu woven cloth businessmen should be active in seeking new customers as their product marketing  targets and should continuously respond their customer complaints by following up the complaints so that the products they produce may be better.

4. Riau provincial/regency/municipal governments where there are small industries of Riau Melayu woven clothes should pay attention to the development of small woven cloth industry by offering guidance, including organizing education and training on entrepreneurship for businessmen (entrepreneurs) and workers in the small industry of  Riau Melayu woven clothes.

**Recommendations for the Science Development**

1. The market orientation variable in the present research used the development of its original concept that has been researched. Some researchers recommended using a market orientation variable in explaining the phenomenon existing in business world particularly in small industries. However, it is suggested for further researchers to be capable of verifying this finding by a study that is wider both in population and in relationship with other variables excluded in the present research.

2. The innovation variable in the present research was also developed from its original concept that had been researched earlier. Therefore, it is suggested for further researchers to conduct a study that is wider both in population and indicators or its relationship with other variables that are more comprehensive and excluded from the present research.

3. The marketing performance variable in the present research was a development of its original concept, but mostly applied to big companies. It is suggested for further researchers to add other indicators to the marketing performance variable more comprehensively in the same area with a wider population but applicable to small industries.

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