

## The relationship between marketing strategies and innovative market orientation on performance of halal-certified agro-food SMEs

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### Abstract

Changes in Malaysian's lifestyle have resulted in an increased demand for trusted agro-food products. Therefore, it is becoming a challenge for halal-certified agro-food SMEs in Malaysia to fulfil the demand by implementing marketing strategies and innovative market orientation. This study aimed to investigate the relationship between marketing strategies and innovative market orientation on performance of halal-certified agro-food SMEs. A systematic random sampling was used to select 321 halal-certified agro-food SMEs located in Peninsular Malaysia and a self-administered questionnaire using a structured questionnaire was employed to obtain responses from the target SMEs. Descriptive analysis, Chi-square analysis, and Pearson correlation analysis were carried out to analyse the data. Majority of the halal-certified agro-food SMEs involved in the study were categorised as small-sized companies with at least 5 to 75 employees. The finding revealed that there was no association between annual average sales and overall performance of halal-certified agro-food SMEs. The finding further indicated that there was a strong positive relationship between the performance (market share, sales, profitability, and growth rate) of halal-certified agro-food SMEs and marketing strategies and innovative market orientation. It is suggested that the halal-certified agro-food SMEs utilize their experience to develop more effective marketing strategies for better performance.

## 1. Introduction

According to SME Corporation Malaysia, small and medium enterprises (SMEs) can be categorised based on the number of full-time employees and annual average sales of the company. Small and medium enterprises (SMEs) play an important role in the economic development of many countries including Malaysia (Sallem *et al.*, 2017). According to Ramayah *et al.* (2009), SMEs contributed 99.2% to the overall business establishments in Malaysia. The share of agro-food SMEs to agricultural value-added was reported as 42.2% with manufacturing industry contributed 18.3% of the share (SME Corporation, 2016). Despite the considerable significant contribution of agro-food SMEs to the Malaysia economy, the third-quarter report of 2017 indicated more than 40% of SMEs did not perform. Financial, management, and marketing strategies are the key contributors to the failure of SMEs where they have been incompetent to sustain long enough in the marketplace (Sallem *et al.*, 2017). Besides, the Federal

Agricultural Marketing Authority (FAMA) also reported that disorganized marketing of food SMEs as the other constraints faced by the agro-food sector (FAMA, 2015). Ahmad (2009) anticipated higher food demand in the future with the current low supply from agro-food SMEs. The author further indicated that the issue occurred was due to weaker sales and weak in marketing performance by these SMEs. Such circumstances and the volatile market have led to the domination of local food markets by imported products especially from neighbour countries like Thailand, Myanmar, and Indonesia.

Nevertheless, the changes in the Malaysian's lifestyle have resulted in an increased demand for trusted agro-food products. Rahman and Abdul (2017) described the concerns for safe and healthy food among consumers provided new avenues and opportunities for halal-certified agro-food SMEs to gain more trust and fulfil the demand for halal products. Halal certification, an indicator that is displayed by SMEs at product packaging or food premise, in form of certification, trademark or

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logo (Ab Talib *et al.*, 2019). Many studies on halal certification were focused on consumer and less attention on processors and manufacturers especially in their market performance (Ab Talib *et al.*, 2019; Mohamed *et al.*, 2013; Aziz and Chok, 2013). The research on the performance of halal-certified agro-food SMEs related to marketing strategies and market orientation is lacking. However, despite the growing number of halal certification-related research, there are still lack understanding on SMEs performance especially in their marketing performance as well as branding problem that led to marketing management failure (Ab Talib *et al.*, 2019).

According to Rahman and Abdul (2017), local SMEs tend to ignore the marketing practices on the improvement of products in relation to their business performance. In addition, these SMEs also ignored the importance of management skills in their business as they depend solely on their experience. Furthermore, Khalique *et al.* (2011) attributed the lack of knowledge on marketing techniques as the main problem faced by SMEs in Malaysia. Scheers (2011) further argued that inaccessibility of new ways of marketing strategy or market orientation as hindrance to the firms' success. Nevertheless, marketing concept based on basic implementation helps in business performance (Jobber and Ellis-Chadwick, 2012; Omondi, 2017). Rodriguez *et al.* (2014) described that the performance of SMEs can be evaluated by using financial (profitability and sales volume) or non-financial (market share and growth rate), whereas Omar *et al.* (2009) suggested the number of workers and business sales turnover as a measurement for performance.

Ungerman *et al.* (2018) also concurred that marketing strategies and market orientation are part of the marketing concepts that differed significantly from the original marketing methods. Marketing strategies were the implementation of new marketing methods that involve significant changes in product design, packaging, product placement, product promotion or pricing to increase the benefits, income, and sales (OECD, 2005; Gituma, 2017; Kanagal, 2017). Marketing strategies are an important element of development to ensure better performance of SMEs. There was a substantial association between strategy and performance at the firm (Spillan and Parnell, 2006). Few authors argued that marketing strategies namely product, price, promotion activities, and place have affected the business performance (Keskin *et al.*, 2006; Köksal and Özgül, 2007; Haghhighinasab *et al.*, 2013). However, only two elements namely product and promotion were revealed to have impacts on marketing strategies, whereas price and distribution factors were found to have small impacts

on performance. According to Sok *et al.* (2013), marketing strategies is one of the key contributors to SMEs' performance. This was supported by Stokes and Wilson (2010) that the impact of marketing strategies on competitive advantage and business performance would encourage SMEs to emulate marketing strategies with innovative approaches to achieve better performance.

Meanwhile, market orientation refers to the implementation of the new marketing concept which consisted of three elements namely inter-functional coordination, customer orientation, and competitor orientation (Narver and Slater, 1990; Kohli *et al.*, 1990). However, inter-functional coordination is omitted because it is less appropriate for small-sized firms than large-scale organizations. The authors also described market orientation as the organization culture that most effectively and efficiently for continuous superior performance for the business (Narver and Slater, 1990; Kohli *et al.*, 1990). Besides, Ozkaya *et al.* (2015) stated that orientation is crucially related to customers and competitors' knowledge into the company performance. Innovative market orientation is defined as the implement on innovation in market orientation along with customer orientation and competitor orientation. This was supported by Rhee *et al.* (2010) who indicated that innovation is importance as well as market orientation in developing better performance of SMEs. The innovative market orientation is focusing on innovation in market orientation (Lukas and Ferrell, 2000; Augusto *et al.*, 2009). Rhee *et al.* (2010) concluded that market orientation has a positive impact on the innovativeness of the firm. The authors indicated that innovativeness is strongly correlated with the performance of SMEs, as the element of market orientation.

The above discussions highlight the issues regarding specific marketing strategies and innovative market orientation on the performance of halal-certified agro-food SMEs. Therefore, it is important to identify the effectiveness of marketing strategies and innovative market orientation as performance indicators for halal-certified agro-food SMEs.

In line with the above discussions, the main objective of this study was to investigate the relationship between marketing strategies and innovative market orientation on performance of halal-certified agro-food SMEs. The specific objectives of this study were: - 1) to determine the association between firmographic profiles and overall performance of halal-certified agro-food SMEs, 2) to determine the relationship between marketing strategies and performance of halal-certified agro-food SMEs, and 3) to investigate the relationship

between innovative market orientation and performance of halal-certified agro-food SMEs.

## 2. Methodology

### 2.1 Sampling and measurement

Systematic random sampling was used to select the target halal-certified agro-food SMEs in Peninsular Malaysia. The list of potential SMEs was obtained from JAKIM (Department of Islamic Development Malaysia) Directory 2018. A total of 321 halal-certified agro-food SMEs were selected based on the recommendation by Krejcie and Morgan (1970). The data collection was carried out through a self-administered questionnaire using a structured questionnaire to obtain responses from the SMEs. The questionnaire was designed into five sections where Section A consisted of questions on socio-demographic profiles of the SMEs. Section B consisted of questions on firmographic profiles, Section C consisted of questions on marketing strategies, Section D consisted of innovative market orientation, and Section E consisted of questions on performance. Most of the questions established were closed and open-ended questions based on 5-point Likert scale statements. The questionnaires were distributed to the selected halal-certified agro-food SMEs through scheduled appointments. The respondents who involved in this study were from three different levels of job position namely top management, middle management, and lower management. As indicated by Rhee *et al.* (2010); Love *et al.* (2002), these three different levels of management could be used as a company representative who could provide their perception of company's performance. The data gathered from the survey were analysed using several statistical analyses such as descriptive analysis, Chi-square analysis, and Pearson correlation analysis.

Firstly, descriptive analysis was used to describe socio-demographic profiles (e.g. job position, age, gender, working experience, race, level of education), firmographic profiles (e.g. number of years of establishment, number of employees, annual average sales, and location), and performance status (market share, growth rate, sales, and profitability) based on the responses provided by the halal-certified agro-food SMEs. Secondly, Chi-square analysis was used to identify the association between firmographic profiles (e.g. number of years of establishment, number of employees, annual average sales, and location) and overall performance of halal-certified agro-food SMEs.

Finally, Pearson correlation analysis was carried out to identify the relationship between marketing strategies and innovative market orientation on the performance of halal-certified agro-food SMEs. The analysis determines

the existence of relationships, either positive or negative, between each dimension of marketing strategies and innovative market orientation of each category of performance measured. Table 1 shows the rules of thumb used to characterize the strength of the correlation between variables (Hair *et al.*, 2003). The strength of a relationship is indicated by the r-value listed in Table 1.

Table 1. Rules of thumb for correlation coefficient size

Coefficient Range (r)	Strength of Correlation
0.91 to 1.0 / -0.91 to -1.0	Very strong correlation
0.71 to 0.90 / -0.71 to -0.90	Strong correlation
0.41 to 0.70 / -0.41 to -0.70	Moderate correlation
0.21 to 0.40 / -0.21 to -0.40	Low correlation
0.01 to 0.20 / -0.01 to -0.20	Little if any correlation

Source: Hair *et al.* (2003)

### 2.2 Conceptual framework

Figure 1 depicts the conceptual framework of this study where independent variables consisted of firmographic profiles, marketing strategies, and innovative market orientation whereas the dependent variable consisted of the performance of halal-certified agro-food SMEs.

The following hypotheses tested in this study were:

$H_0$ : Firmographic profiles have no association with the overall performance of halal-certified agro-food SMEs.

$H_1$ : Firmographic profiles have an association with the overall performance of halal-certified agro-food SMEs.

$H_2$ : There is no relationship between marketing strategies and performance of halal-certified agro-food SMEs.

$H_3$ : There is a relationship between marketing strategies and performance of halal-certified agro-food SMEs.

$H_0$ : There is no relationship between innovative market orientation and performance of halal-certified agro-food SMEs.

$H_3$ : There is a relationship between innovative market orientation and performance of halal-certified agro-food SMEs.

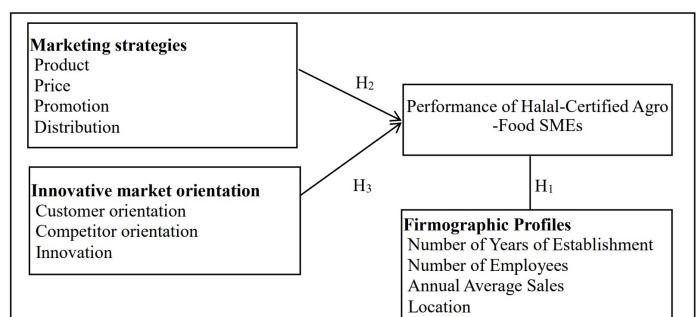


Figure 1. Conceptual framework. Source: Adapted from Keskin (2006); Rhee (2016)

### 3. Results and discussion

#### 3.1 Respondents' socio-demographic profiles

The descriptive analysis was employed to review the socio-demographic profiles of the 321 respondents of halal-certified agro-food SMEs (Table 2). In terms of position in the company, 175 respondents were from middle management (54.5%), followed by top management with 76 respondents (23.7%) and lower management with 70 respondents (21.8%). Majority of the respondents, 138 respondents (43.0%) were aged between 26 - 35 years old, followed by 72 respondents (22.4%) of age between 36 - 45 years old. There were 63 respondents (19.6%) aged between 36 - 45 years old and 48 respondents (15.0%) were aged between 18 - 25 years old. This indicates that minority of the respondents were of nascent entrepreneurs. Out of 321 respondents involved in the study, 137 were male (42.7%), whereas 184 were female (57.3%). Majority of the respondents, 113 of the respondents (35.2%) have accumulated at least 4 - 7 years of experience in the company, followed by 95 respondents (29.6%) with more than 12 years of working experience. There were 67 respondents (20.9%) with working experience between 0 - 3 years and the least number of the respondents, 46 respondents (14.3%) have working experience between 8 - 11 years. The

Table 2. Respondents' Socio-Demographic Profiles

Profiles	Frequency (n)	Percentage (%)
<b>Job Position</b>		
Top Management	76	23.7
Middle Management	175	54.5
Lower Management	70	21.8
<b>Age</b>		
18 - 25 years old	48	15
26 - 35 years old	138	43
36 - 45 years old	72	22.4
≥ 46 years old	63	19.6
<b>Gender</b>		
Male	137	42.7
Female	184	57.3
<b>Working Experience</b>		
0 - 3 years	67	20.9
4 - 7 years	113	35.2
8 - 11 years	46	14.3
≥ 12 years	95	29.6
<b>Race</b>		
Malay	287	89.4
Chinese	17	5.3
Indian	13	4
Bumiputera Sabah and Sarawak	4	1.2
<b>Level of Education</b>		
SPM	84	26.2
Diploma	90	28
Bachelor Degree	124	38.6
Master Degree	23	7.2
n = 321		

results also revealed that Malay respondents comprised as the majority with 287 respondents (89%), followed by 17 Chinese respondents (5%), 13 Indians respondents (4%), and only 4 respondents of Bumiputera Sabah and Sarawak (1.2%). In terms of the level of education, 124 respondents (39%) have graduated from a bachelor's degree, followed by diploma graduates with 90 respondents (28.0%). There were 84 respondents (26.2%) have graduated from SPM, and only 23 respondents (7.2%) have graduated from a master's degree.

#### 3.2 Firmographic profiles

Table 3. Firmographic profiles

Profiles	Frequency (n)	Percentage (%)
<b>Number of Years of Establishment</b>		
≥ 21 years	22	6.9
11 - 20 years	60	18.7
3 - 10 years	171	53.3
< 3 years	68	21.2
<b>Number of Employees</b>		
5 - 75 employees	231	72
76 - 200 employees	55	17.1
> 200 employees	35	10.9
<b>Annual Average Sales</b>		
RM300,001 - RM500,000	113	35.2
RM500,001 - RM1,000,000	70	21.8
RM1,000,001 - RM5,000,000	94	29.3
≥ RM5,000,001	44	13.7
<b>Location</b>		
North	53	16.5
South	85	26.5
Centre	115	35.8
Eastern	68	21.2
n= 321		

The descriptive analysis was employed to review the firmographic profiles of halal-certified agro-food SMEs. According to Table 3, 171 halal-certified agro-food SMEs were established between 3 - 10 years (53.3%), followed by 68 companies established less than 3 years (21.2%). There were 60 companies (18.7%) established between 11 - 20 years and 22 companies (6.9%) established for more than 21 years. Majority of the SMEs have employed at least 5 to 75 employees (72.0%), followed by 55 companies (17.1%) employed between 76 to 200 employees. There were 35 companies (10.9%) with more than 200 employees. In terms of annual average sales, there were 113 companies (35.2%) that recorded average sales between RM300,000 to RM500,000, followed by 94 companies (29.3%) with average sales between RM1,000,001 - RM5,000,000. There were also 70 companies (21.8%) with average

sales of RM500,001 - RM1,000,000 and the least number of company sales was 44 companies (13.7%) with RM5,000,001 and above. In terms of company location, 53 companies (16.5%) were located in the North, 85 companies (26.5%) were in the South, 115 companies (35.8%) were in the Center and 68 companies were located in the East (21.2%) and the Center was the highest number of responses with 115 companies (35.8%). Table 3 summarizes the firmographic profiles.

### 3.3 Performance status of halal-certified agro-food SMEs

Table 4. Halal-certified agro-food SMEs performance for past three years

Performance	Frequency (n)	Percentage (%)
<b>Market Share</b>		
1% - 20%	75	23.4
21% - 40%	91	28.3
41% - 60%	72	22.4
61% - 80%	58	18.1
81% - 100%	25	7.8
<b>Growth Rate</b>		
1% - 20%	32	10
21% - 40%	64	19.9
41% - 60%	86	26.8
61% - 80%	87	27.1
81% - 100%	52	16.2
<b>Sales</b>		
1% - 20%	32	10
21% - 40%	69	21.5
41% - 60%	86	26.8
61% - 80%	112	34.9
81% - 100%	22	6.9
<b>Profitability</b>		
1% - 20%	74	23.1
21% - 40%	87	27.2
41% - 60%	88	27.4
61% - 80%	54	16.8
81% - 100%	18	5.6
n= 321		

The descriptive analysis was employed to review the performance status of halal-certified agro-food SMEs. All 321 halal-certified agro-food SMEs agreed that their performance (market share, growth rate, sales, and profitability) has increased in the past three years (Table 4). The market share showed that out of 321 halal-certified agro-food SMEs involved in this study, 91 companies (28.3%) have increased between 21% - 40% for past three years, followed by 75 companies (23.4%) have increased between 1% - 20%, 72 companies (22.4%) have increased between 41% - 60% and only 58 companies (18.1%) have increased between 61% - 80%

in their market share. The lowest market share of 25 companies (7.8%) have increased between 81% - 100%. In terms of growth rate, 87 companies (27.1%) have increased between 61% - 80%, and 86 companies (26.8%) have increased between 41% - 60%, followed by 64 companies (19.9%) have increased between 21% - 40% and 52 companies (16.2%) have increased between 81% - 100% in their growth rate. Meanwhile, the lowest percentage of 32 companies (10.0%) have increased between 1% - 20% in their growth rate.

From the annual average sales perspective, 121 companies (34.9%) have increased between 61% - 80% for past three years, followed by 86 companies (26.8%) have increased between 41% - 60%, 69 companies (21.5%) have increased between 21% - 40% and only 32 companies (10.0%) have increased between 1% - 20% of annual average sales. In terms of profitability, 88 companies (27.4%) have increased between 41% - 60%, followed by 87 companies (27.2%) with an increment between 21% - 40%, 74 companies (23.1%) have increased between 1% - 20% and 54 companies (16.8%) have increased between 61% - 80%. The lowest percentage of 18 companies (5.6%) showed that their profits have increased between 81% - 100%.

### 3.4 An association between firmographic profiles and overall performance of halal-certified agro-food SMEs

Chi-square analysis was carried out to determine the association between firmographic profiles (number of years of establishment, number of employees, annual average sales, and location) and overall performance of halal-certified agro-food SMEs. Table 5 shows that three (3) firmographic profiles were found to be significantly associated with the overall performance of halal-certified agro-food SMEs at 1%, 5%, and 10% levels of significance, respectively. First, the number of years of the establishment was significantly associated at 1% level of significance ( $p=0.000$ ), thus the  $H_0$  was rejected. Second, number of employees was also found to be significantly associated at 5% level of significance ( $p = 0.009$ ), thus the  $H_0$  was rejected. Next, there was an association between location and overall performance at 10% level of significance ( $p=0.073$ ), thus the  $H_0$  was rejected. However, the annual average sales were found to be not significant ( $p=0.315$ ), which indicated that there was no association between the overall performance of halal-certified agro-food SMEs and annual average sales, thus it failed to reject  $H_0$ . The present finding contradicts with Akgün *et al.* (2007) where annual average sales were reported to be significantly associated with performance.

Table 5. An association between firmographic profiles and overall performance of halal-certified agro-food SMEs

Variables	Chi-square	d.f	Significant	Decision
Number of Years of	32.132	9	0.000***	Reject H <sub>0</sub>
Number of Annual Average Sales	28.088	6	0.009**	Reject H <sub>0</sub>
Location	26.235	9	0.315	Fail to reject H <sub>0</sub>
	15.709	9	0.073*	Reject H <sub>0</sub>

\*\*\*Significant at 1% level of significance, \*\*Significant at 5% level of significance, \*Significant at 10% level of significance

### 3.5 Relationship between marketing strategies and performance of halal-certified agro-food SMEs

Pearson correlation analysis was employed to measure the strength of the relationship between marketing strategies and performance of halal-certified agro-food SMEs. There were four (4) categories of performance, namely market share, sales, growth rate, and profitability. Table 6 reveals the strength of the relationships based on its r-value as indicated by the rule of thumb shown in Table 1.

There was a very strong correlation between growth rate and promotion ( $r=0.911$ ,  $p<0.01$ ). Other strong relationships between two variables were between profitability and price ( $r=0.888$ ,  $p<0.01$ ), market share and product ( $r=0.867$ ,  $p<0.01$ ), promotion and profitability ( $r=0.770$ ,  $p<0.01$ ), and sales and promotion ( $r=0.768$ ,  $p<0.01$ ). There were seven (7) relationships that showed moderate correlations, namely between sales and product ( $r=0.685$ ,  $p<0.01$ ), growth rate and distribution ( $r=0.534$ ,  $p<0.01$ ), growth rate and price ( $r=0.528$ ,  $p<0.01$ ), growth rate and product ( $r=0.522$ ,  $p<0.01$ ), market share and promotion ( $r=0.515$ ,  $p<0.01$ ), market share and price ( $r=0.507$ ,  $p<0.01$ ), and sales and price ( $r=0.460$ ,  $p<0.01$ ). The low correlations were between market share and distribution ( $r=0.373$ ,  $p<0.01$ ),

profitability and distribution ( $r=0.357$ ,  $p<0.01$ ), and sales and distribution ( $r=0.329$ ,  $p<0.01$ ). Only profitability and product ( $r=0.200$ ,  $p<0.01$ ) showed a little correlation between the two variables.

Table 6 also shows that there was a positive value correlation coefficient between product, price, promotion, and distribution with each category of performance, namely market share, growth rate, sales, and profitability of halal-certified agro-food SMEs. All relationships between marketing strategies and performance of halal-certified agro-food SMEs were statistically significant with p-value less than 0.01, indicating significant at 1% level of significance. Hence, the H<sub>0</sub> was rejected. The present study revealed that there was a positive correlation between marketing strategies and performance of halal-certified agro-food SMEs. The highest correlation between marketing strategies and performance was promotion that has positive value correlation coefficient and a very strong correlation with the growth rate.

This result was in line with the findings by Gituma (2017) where all factors (product, price, promotion, distribution) in marketing strategies have significant relationships with firm performance. On the other hand, findings from Haghbinasab et al. (2013) showed only two factors, namely product and promotion that significantly correlated with firm performance.

### 3.6 Relationship between innovative market orientation and performance of halal-certified agro-food SMEs

Pearson correlation analysis was also carried out to measure the strength of the relationship between innovative market orientation and performance of halal-certified agro-food SMEs. There were four (4) categories of performance measured, namely market share, sales, growth rate, and profitability. Table 7 reveals the strength of the relationship based on r-value that indicates the strength of the correlation.

There was a very strong correlation between sales

Table 6. Correlation analysis between marketing strategies and performance

Performance		Product	Price	Promotion	Distribution
Market Share	Pearson Correlation	0.867***	0.507***	0.515***	0.373***
	Significant	0.000	0.000	0.000	0.000
	Decision	Reject H <sub>0</sub>	Reject H <sub>0</sub>	Reject H <sub>0</sub>	Reject H <sub>0</sub>
Growth Rate	Pearson Correlation	0.522***	0.528***	0.901***	0.534***
	Significant	0.000	0.000	0.000	0.000
	Decision	Reject H <sub>0</sub>	Reject H <sub>0</sub>	Reject H <sub>0</sub>	Reject H <sub>0</sub>
Sales	Pearson Correlation	0.685***	0.460***	0.768***	0.329***
	Significant	0.000	0.000	0.000	0.000
	Decision	Reject H <sub>0</sub>	Reject H <sub>0</sub>	Reject H <sub>0</sub>	Reject H <sub>0</sub>
Profitability	Pearson Correlation	0.200***	0.888***	0.770***	0.357***
	Significant	0.000	0.000	0.000	0.000
	Decision	Reject H <sub>0</sub>	Reject H <sub>0</sub>	Reject H <sub>0</sub>	Reject H <sub>0</sub>

\*\*\*Correlation is significant at 1% level of significance (2-tailed)

Table 7. Correlation analysis between innovative market orientation and performance

	Performance	Competitor Orientation	Customer Orientations	Innovation
Market Share	Pearson Correlation	0.366***	0.811***	0.441***
	Significant	0.000	0.000	0.000
	Decision	Reject <b>H<sub>0</sub></b>	Reject <b>H<sub>0</sub></b>	Reject <b>H<sub>0</sub></b>
Growth Rate	Pearson Correlation	0.288***	0.472***	0.802***
	Significant	0.000	0.000	0.000
	Decision	Reject <b>H<sub>0</sub></b>	Reject <b>H<sub>0</sub></b>	Reject <b>H<sub>0</sub></b>
Sales	Pearson Correlation	0.297***	0.537***	0.917***
	Significant	0.000	0.000	0.000
	Decision	Reject <b>H<sub>0</sub></b>	Reject <b>H<sub>0</sub></b>	Reject <b>H<sub>0</sub></b>
Profitability	Pearson Correlation	0.481***	0.304***	0.200***
	Significant	0.000	0.000	0.000
	Decision	Reject <b>H<sub>0</sub></b>	Reject <b>H<sub>0</sub></b>	Reject <b>H<sub>0</sub></b>

\*\*\*Correlation is significant at 1% level of significance (2-tailed)

and innovation ( $r=0.917$ ,  $p<0.01$ ) while the other relationships indicated strong correlations between market share and customer orientation ( $r=0.811$ ,  $p<0.01$ ), and growth rate and customer orientation ( $r=0.0.802$ ,  $p<0.01$ ). There were four (4) relationships with a moderate correlation between sales and customer orientation ( $r=0.537$ ,  $p<0.01$ ), profitability and competitor orientation ( $r=0.481$ ,  $p<0.01$ ), growth rate and customer orientation ( $r=0.472$ ,  $p<0.01$ ), and market share and innovation ( $r=0.411$ ,  $p<0.01$ ). The low correlations were between market share and competitor orientation ( $r=0.366$   $p<0.01$ ), profitability and customer orientation ( $r=0.304$ ,  $p<0.01$ ), profitability and customer orientation ( $r=0.297$ ,  $p<0.01$ ), and growth rate and competitor orientation ( $r=0.288$ ,  $p<0.01$ ). Only profitability and innovation ( $r=0.200$ ,  $p<0.01$ ) showed a little correlation between the two variables.

Table 7 also reveals that there was a positive value correlation coefficient between competitor orientation, customer orientation, and innovation with each category of performance measured namely market share, growth rate, sales, and profitability of halal-certified agro-food SMEs. All relationships between innovative market orientation and performance of halal-certified agro-food SMEs were statistically significant with p-value less than 0.01, indicating significant at 1% level of significance. Hence, the  $H_0$  was rejected. The positive value of the correlation coefficient indicated that the growth rate has a very strong relationship with innovation.

The finding of this study was in line with Johnson *et al.* (2009); Atuahene-Gima and Wei (2011); and Ozkaya *et al.* (2015) who indicated that customer orientation, competitor orientation, and innovation had influenced the performance of SMEs. The finding of this study was also supported by the finding of Rhee *et al.* (2010) that innovation has a very strong correlation with sales, in which sales is one of the indicators of SMEs' performance.

#### 4. Conclusion

The performance of halal-certified agro-food SMEs for the past three years increased based on their market share, sales, growth rate, and profitability. However, annual average sales have no association with the performance of SMEs. There were strong relationships between marketing strategies on promotion and growth rate, and between innovative market orientation on innovation and sales. This would provide some insights on how halal-certified agro-based SMEs can strengthen and enhance their marketing activities. Improvement in the promotion techniques and tools are important marketing strategies that can be developed to enhance the growth of halal-certified agro-food SMEs. Moreover, the strong relationship between innovative market orientation and sales indicates that the halal-certified agro-food SMEs should be more innovative in producing their products and thus, able to boost their business. As a conclusion, relevant marketing implementation could determine the performance of halal-certified agro-food SMEs.

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