

ABSTRACT

The Effect of Market Orientation and Technology Orientation to Continuous Innovation and Performance of Consumer Goods Companies in Surabaya

The aim of the study is to examine the effect of market orientation and technology orientation to continuous innovation and company's performance, and the effect of continuous innovation to the performance of consumer goods Companies in Surabaya.

The population of the study is all big consumer goods companies (food and beverages), which are operated until the end of 2005, and located in Surabaya Industrial Estate Rungkut (SIER), the companies also joined in GAPMMI of East Java branch and received facilities from East Java Board of Investment. This research employs complete enumeration since the number of population is relatively small (31 food and beverages companies), whereas the analysis tool is path analysis.

The test results indicate that: market orientation has direct, positive and significant effect to continuous innovation of consumer goods companies. Technology orientation has direct, positive and significant effect to continuous innovation of consumer goods companies. Market orientation has direct, positive and significant effect to performance of consumer goods companies. Technology orientation has insignificant effect to performance of consumer goods companies. However, through continuous innovation indirect effect of technology orientation to company's performance is significant. The continuous innovation has direct, positive and significant effect to performance of consumer goods companies. Another important finding shows that continuous innovation is able to mediate market orientation and technology orientation with company's performance. It means that the presence of continuous innovation is required to strengthen the effect of market orientation and technology orientation to company's performance.

Keywords: Market orientation, technology orientation, continuous innovation, and company's performance.