

Relationship of Innovation and Market Orientation With the Profitability of SMEs in Mexico

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Abstract

The objective of this research is to analyse the effect of innovation and market orientation of small and medium-sized enterprises (SMEs) on their profitability in 2018 in Mexico, because they are two key elements in the development and growth of these companies, which compete with large companies within a globalized and constantly evolving market. For this analysis, an empirical study was carried out through a survey on a sample of 300 companies selected by simple random sampling adapting the scales of Kohli & Jaworski (1990) to measure market orientation, for innovation the scale proposed by the OECD (2005) was adapted and business profitability and adaptation was made to the scale proposed by Gadanne, Mia, Sands, Winata, & Hooi (2012). Reliability and validity of the scales were evaluated through the Confirmatory Factor Analysis, which shows that the higher level of orientation to the SME market, the higher level of business profitability so companies must seek to implement innovation activities in their products, processes and management to see better results reflected, in addition, the influence exerted by market orientation on innovation activities drives the company to meet the needs of the client and in this way conquering their preference.

Keywords: innovation, market orientation, profitability, SMEs, business development

1. Introduction

The importance of SMEs for the generation of employment and income has led several governments and international organizations to support their development and expansion (Ramcharran, 2017), in addition to being a factor of great dynamism, providing a component of competence, ideas, products and new jobs (Soria, de la Garza Carranza, Salazar, Martinez, & Rebollar, 2020), representing one of the pillars.

Companies have been increasingly competing to capture the attention and preference of consumers, by offering a significant increase in the value of the products or services they offer in the market (Terewanavong, Whitwell, Widing, & O'Cass, 2011), to achieve this, companies are more frequently using market orientation as a business strategy, which allows them to gain the attention of consumers, meet their needs and displace their main competitors (Tippins & Sohi, 2003), through the incorporation of innovation activities for the creation of both competitive advantages and the development of new and improved products or services, which will allow companies to improve their level of profitability (Bellamy, Ghosh, & Hora, 2014).

Gök & Peker (2020) consider that market orientation is a construct that has a lot of importance in the marketing literature, essentially for the generation of value, in improving the level of innovation and increasing business profitability. In addition, there are some studies published in the literature that have analyzed and discussed the impact of market orientation in various areas, such as relational capabilities, innovation activities (Carbonell & Escudero, 2010), learning orientation (Lee & Tsai, 2005), business profitability (Han, Kim, & Srivastava, 1998; Morgan, Vorthies, & Mason, 2009), performance in innovation and the development of new products (Kirca, Jayachandran, & Bearden, 2005; Najafi-Tavani, & Najafi-Tavani, 2016), among other important areas.

Market orientation is understood as the level at which an organization applies the concept of marketing in its strategies and tactical decisions, being the antecedent for the creation of value for the client, the increase in competitive capacity and the improvement of financial performance (Kohli & Jaworki, 1990), which generates a

greater competitive advantage and offers more longterm benefits for the company.

There is a significant advance in the publication of articles that relate market orientation with innovation activities and the level of business profitability (Grinstein, 2008; Wang & Chung, 2013), however, there are still inconsistencies in the degree of influence that market orientation exerts on innovation and profitability of companies (Kim et al., 2015), so it is possible to establish that the relationship between these three important constructs can be considered as unfinished (Dekoulou & Trivellas, 2017). Hence the importance of this study in trying to provide robust theoretical and empirical evidence that allows us to fill that gap in the literature, by analysing and discussing the effects of market orientation on the innovation and profitability of SMEs in an emerging country, as is the case of Mexico.

Innovation plays a leading role in helping to improve productivity, competitive advantage and economic performance of companies, for Wicaksono y Nuvriasari (2012) market orientation is one of the key elements to achieve the commercial performance of the company.

Despite the important role of both market orientation and innovation in companies, mainly in SMEs, as two strategic resources that significantly improve business results (Ashrafi & Ravasan, 2018), little attention has been paid to the analysis of these constructs in the current literature in the field of marketing (Crifo, Diaye, & Pekovic, 2016; Olavarrieta & Friedmann, 2008; Wang & Chung, 2013). From this perspective, it is important to note that the main objective of this study is the analysis and discussion of the relationship between market orientation, innovation and profitability of SMEs, as recommended by Kim et al., (2015), Dekoulou and Trivellas (2017) and Ashrafi and Ravasan (2018), a relationship that has also been analyzed by Johnson, Dibrell, and Hansen (2009) for food processing companies in the United States of America and Micheels and Gow (2008) who through a model of structural equations analyzed the importance of market orientation and the performance of beef producers in Illinois USA, whose results suggest that market-oriented companies are highly innovative and achieve superior performance so it follows that the capacity of SMEs to improve their profitability levels depends on their ability to generate and promote better levels of competitiveness, as well as the ability to adapt to market changes.

2. Method

In the literature of the field of marketing, it is commonly established that the market orientation implemented by companies, including SMEs, collect, analyze and use data and information related to the market to improve not only business profitability but also innovation activities (Beverland Lindgreen, Napoli, Bollantyne, & Aitken, 2007). Under this perspective, market orientation can be defined as “the generation of market intelligence and the dissemination of that intelligence among all the departments that make up and organization” (Kohli & Jaworski, 1990), which allows to establish that market orientation is a process of creation and dissemination of market intelligence, which allows companies to increase not only the value delivered to their consumers (Kohli & Jaworski, 1990), if not, also a competitive advantage (Cho, Fan, & Zhou, 2009; Kirca et al., 2005).

Likewise, the market orientation allows companies the appropriate use of resources to increase the value delivered to consumers (Slater & Narver, 1994), since the practices of the generation of information and use of resources have a close relationship not only with the addition of value to consumers, but also with the innovation activities and profitability of companies (Cho et al., 2009; Tournois, 2013; Woodruff, 1997). Therefore, it is possible to establish that market orientation significantly improves the skills of companies in the market and improve their results (Huhtala, Sihvonen, Frösén, Jaakkola, & Tikkanen, 2014). Thus, the following sections will try to analyze in more detail the relationship between market orientation, innovation and profitability of companies.

2.1 Market Orientation and Profitability

In recent publications on marketing, market orientation plays a substantial role in the use of the marketing capabilities of companies (Cacciolatti & Lee, 2016), since commonly the market orientation implemented by companies, particularly SMEs, has a clear trend in the development of the level of use of their capabilities (Li & Zhou, 2010). Therefore, market orientation is generally perceived not only as a business strategy that helps to improve the capabilities to companies (Nasutaion, Movondo, Matanda, & Ndubisi, 2011), but also to obtain more and better business results, including a significant increase in the level of profitability (Barreles-Molina, Martínez-López, & Gázquez-Abad, 2014).

Likewise, the current marketing literature identifies market orientation as a vital concept for companies, including SMEs, to obtain a higher level of profitability as well as greater competitive advantages (Najafi- Tavani et al., 2016), perhaps that is why market orientation is increasingly gaining the attention of researchers, academics and industry professionals in the last three decades (Cho et al., 2009; Kohli & Jaworski, 1990; Qu & Zhang, 2015), so it is not

surprising that researchers and academics in the field of marketing consider market orientation as one of the most important marketing resources through which companies of all sizes and sectors can improve their level of performance and their competitive advantage (Davicik & Sharma, 2016).

In this context, it is possible to establish that market orientation is the degree to which a company applies the concept of marketing, both in this strategy and in its decisions (Jaworski & Kohli, 1993; Kohli & Jaworski, 1990). Therefore, it is not surprising that in the marketing literature market orientation is considered as a crucial antecedent in the generation of value for consumers, in the increase of competitive capacities and, above all, in the increase in the level of performance of companies (Kohli & Jaworski, 1990; Narver & Slater, 1990). In addition, market orientation should not only be understood as a unit of analysis in the marketing – consumer relationship, but also as a substantial element in the creation of value in the supply chain and at the level of business performance (Baker, Simpson, & Siguaw, 1999; Grunert, 2002; Langerak, 2001; Siguaw, Simpson, & Baker, 1998).

In this sense, researchers and academics consider that market orientation is an essential construct, which helps companies significantly increase their competitive advantages and level of performance (Kumar, Page, & Spalt, 2011). However, even though the analysis and discussion of market orientation has spread for more than three decades, this concept has received little attention in emerging economy countries (Hau, Kim, Lee, & Kim, 2013). Therefore, it is important to establish that the objective of market orientation is both the creation of greater value for consumers, as well as the analysis of its effects on its main competitors and at the level of business profitability (Gounaris, Tanyeri, Avlonitis, & Giannopoulos, 2012). Thus, according to the information presented previously. It is possible to raise the first research hypothesis:

H1: The higher level of market orientation, the higher level of business profitability.

2.2 Market Orientation and Innovation

There is a significant increase in the publication of studies in the marketing literature that have analyzed and discussed the effects of market orientation on innovation activities (Atuahene-Gima, 1995; Nasution et al., 2011), which have generally found a significant positive relationship between customer orientation and competition in innovation (Ho, Nguyen, Adhikari, Miles, & Bonney, 2018). In particular, the positive impacts of market orientation on innovation must be understood from the perspective of consumer orientation, which usually significantly improves both the level of sales and the profitability margin of companies (Aruahene-Gima, 1995). For Nerver & Slater (1990) the market orientation is the concentration on customers and competitors, and the integration of the functions of companies to create superior value for the client, its purpose is to offer a proposal of superior value to the client based on the client's knowledge and the analysis of the competition (Gounaris et al., 2012).

Similarly, in the study carried out by Grinstein (2008) it was concluded that consumer and competition orientations positively affect innovation activities, while Atuahene-Gima, Slater, & Olson (2005) found that consumer orientations and competition increase the level of commitment of companies in the development of new products. For their part, Newman, Prajogo & Atherton (2016) found a strong relationship between consumer orientations and competition as well as the incremental and radical innovation of companies. However, in most published studies on marketing, the effects of market orientation on innovation activities have been analyzed from the perspective of the three dimensions of market orientation (consumer orientation, competition orientation and cross-functional coordination), leaving aside its analysis in a general way (Ho et al., 2018).

However, the relationship between market orientation and innovation has generated ambiguous results (Christensen, Cook, & Hall, 2005; Lukas & Ferrel, 2000), since, for example, published studies such as those of Tajeddini & Trueman (2008), Tajeddini (2010) and Voigt, Baccarella, Wassmus, & Meißner (2011), found a significant correlation between market orientation and innovation, while Matsuo (2006) found that market orientation positively affects conflict support innovation, but a negative relationship in conflict resolution innovation. Other studies found a positive relationship between market orientation and product innovation (Laforet, 2009), in service innovation (Fredberg & Piller, 2011) in product and service innovation (Micheels & Gow, 2008; Sadikoglu & Zehir, 2020), and in radical innovation (Newman et al., 2016).

In a more recent study Lewrick, Omar, Williams Jr., Tjandra, & Lee (2015) found a significant positive relationship between market orientation and radical innovation and a non-significant relationship with incremental innovation in mature companies. However, there are also other published articles that have found a significant positive influence between market orientation and radical and incremental innovation (Atuahene-Gima et al., 2005; Newman et al., 2016). Therefore, it is possible to argue that market orientation limits the actions of competitors, in the development of radical and incremental innovations to their products and services (Lukas & Ferrell, 2000). Thus, according to the

information presented above, it is possible to raise the second research hypothesis:

H2: The higher the level of market orientation, the higher the level of innovation.

2.3 Innovation and Business Profitability

Morillo (2001) establishes that innovation is one of the qualitative indicators that are implemented by companies when delimiting their profitability and the effects of this measure on the financial performance of companies; therefore, as a result of all the implications entails, it is strongly and positively linked to the profitability of companies. Based on the above, profitability is considered by various researchers, academics and industry professionals as one of the main objectives of companies, and is directly related to the return that investments generate during a given period of time, so it is possible to understand profitability as "the result of the decisions made by the administration of a company" (De La Hoz Suárez, Ferrer, & De La Hoz Suárez, 2008).

A close relationship between innovation and the profitability of companies has been demonstrated in the literature, this relationship is recognized by authors such as Prajogo & Ahmed (2006), Berson, Oreg, & Dvir, (2008) who distinguish innovation as one of the fundamental factors for the success of organizations, since this derives from the positive impact that innovation has on organizational performance "in terms of profitability, growth and effects" (Narajo-Valencia, Jiménez, & Sanz-valle, 2012), in addition, previously Drucker (1985) and Miles, Snow, Meyer, & Coleman Jr., (1978) found that companies that practice innovation in their activities obtain multiple benefits, since "they are more flexible, adapt to changes in the environment and respond faster and better to the changing needs of society as a whole in order to obtain better results" (García Pérez de Lema, Martínez García, & Aragón Sánchez, 2012).

In the opinion of Rodríguez, Fernández, & García (2018) when companies increase their degree of innovation, it will have a positive impact on their size and performance; since even in times of economic crisis they will continue to obtain better results. From another perspective, Rodríguez, Sánchez, & Gómez (2007) believes that small companies face various problems that derive from their size, among which those related to innovation and technological development are highlighted; this is why these companies see the need to implement better innovation strategies with which they can boost their advantages and achieve better results. In addition, O'Regan, Ghobadian, & Sims, (2006) and Bhaskaran (2006) believe that companies that want to be more efficient and effective, must constantly implement innovative activities, since through these their profit margin is increased, which transcends improving their performance and operational efficiency (López-Torres, Maldonado Guzmán, Pinzón Castro, & García Ramírez, 2016).

In the same sense, Jiménez & Valle (2006) mention that innovation is an essential part for the company to generate better results in terms of profitability, since through innovation activities companies can make significant changes in their products, processes or management systems that allow them to reach an advantageous position. In this sense, Damanpour (1991) recognizes the existence of two types of innovation and classifies them as technical innovation and administrative innovation; on the one hand, it mentions that technical innovation involves the adoption and implementation of improvements in processes, products or services, while administrative innovation entails the adoption of new procedures, policies and forms of organization of companies (Jiménez-Jiménez & Sanz-Valle, 2011).

Innovation in products, processes and management systems has an influence on the performance of SMEs and their profitability, since according to Maldonado Guzmán, Madrid Guijarro, Martínez Serna, & Aguilera Enríquez (2009) depending on the size of the company, innovation in its three types intervenes both in the internal processes of the organization, as well as in the market and customers. In this sense, Zahera (1996) concludes that for most SMEs the incorporation of technological innovation activities represents one of the fundamental elements to achieve better levels of productivity and profitability, and identifies that the areas related to information systems (communication and marketing) are "the functional areas of the company where innovations are most often incorporated." Thus, according to the information presented, the third research hypothesis is raised:

H3: The higher the level of innovation, the higher the level of business profitability

2.4 Methodology

In order to respond to the three hypotheses raised in this study, an empirical study was carried out in the companies of the state of Aguascalientes (Mexico), using as a reference framework the business directory of the Business Information System of Mexico for the state of Aguascalientes of 2018, which had registered at the end of November of 1,350 companies of between 5 and 250 workers. Likewise, an information collection instrument was designed which was applied to a sample of 300 companies, selected through a simple random sampling with an error of $\pm 5\%$ and a significance level of 95%, representing that sample a little more than 22% of the total population under study,

and the survey was applied during the months of February to March 2019.

For the measurement of market orientation, an adaptation to the scale proposed by Kohli & Jaworski (1990) was made, who considered that it can be measured through 12 items. Likewise, for the measurement of innovation, an adaptation to the scale proposed by the OECD (2005) was made, where it was considered that innovation can be measured through 6 items. Finally, for the measurement of business profitability, an adaptation was made to the scale proposed by Gadenne, Mia, Sands, Winata, & Hooi (2012), who considered that profitability can be measured through 3 items. All items on the three scales were measured through a 5-point Likert-type scale with 1 = completely disagree with 5 = completely agree as limits.

Likewise, to evaluate the reliability and validity of the scales of market orientation, innovation and profitability, a Confirmatory Factorial Analysis (AFC) was applied using the maximum likelihood method and with the support of the SmartPLS software (Hair Jr, Page, & Brunsveld, 2019). Therefore, the reliability of the three scales was measured through the Cronbach Alpha and the Composite Reliability Index (IFC) (Bagozzi & Yi, 2012). The results obtained from the AFC indicate that the values of the Cronbach's Alpha and the IFC are higher than 0.7, which indicates the existence of reliability of the scales of market orientation, innovation and business profitability (Hair, Anderson, Tatham, & Black, 1999; Nunnally & Bernstein, 1994)

In addition, the results of the AFC indicate that the totality of the items of the related factors of the innovation, market orientation and profitability scales are significant ($p < 0.01$), the value of the totality of the standardized factor loadings is greater than 0.6 (Bagozzi & Yi, 2012), and the Extracted Variance Index (IVE) of each pair of constructs of the theoretical model have a value greater than 0.5 (Fornell & Larcker, 1981), which shows that this theoretical model has an excellent adjustment of the data, thereby evidencing the existence of convergent validity.

Table 1. Variables used in the model

Innovation	<ol style="list-style-type: none"> 1. The company is actively looking for innovative ideas. 2. Innovation is easily accepted by management. 3. Innovation is encouraged in our organization. 4. We actively seek innovative ideas for products and services. 5. The success rate of innovation is in relation to direct competitors. 6. The level of differentiation of products and services is better than direct competition
Profitability	<ol style="list-style-type: none"> 1. He considers that in the last 3 years the percentage of his sales has increased by percentage. 2. He considers that in the last 3 years the company has increased its profitability. 3. He considers that the return on capital has been achieved in the last 3 years.
Market Orientation	<ol style="list-style-type: none"> 1. In our company, senior management periodically analyzes the strengths of competitors and weaknesses. 2. We respond quickly to competitive actions that threaten us. 3. Our sellers regularly share information regarding competitors' strategies. 4. We know well that our competitors the last three years 5. Our products/services are the best in the business.

6. Our service development is based on good information about the market and the customer.
7. We are more customer-focused than our competitors.
8. We communicate information about our customer experiences with and without success in all the functions of the company.
9. Our strategy for competitive advantage is based on understanding the needs of customers.
10. Our business objectives are mainly driven by customer satisfaction.
11. We measure customer satisfaction systematically and frequently.
12. The customer's interest should always come first, ahead of the owners

Source: own elaboration

3. Results

For the reliability analysis, Cronbach's Alpha was used, the Confirmatory Factor Analysis (AFC) was used with PLS-SEM, with the aim of measuring the convergent proportion of variance (Hair, Anderson, Babin, & Black, 2010), according to Anderson and Gerbing (1988), is accepted when the loads of the items are significant and the minimum value of the factory loads is .5 (Hair et al., 2010). The structural equation model was applied to test the hypothesized model by analyzing the relationships between the constructs.

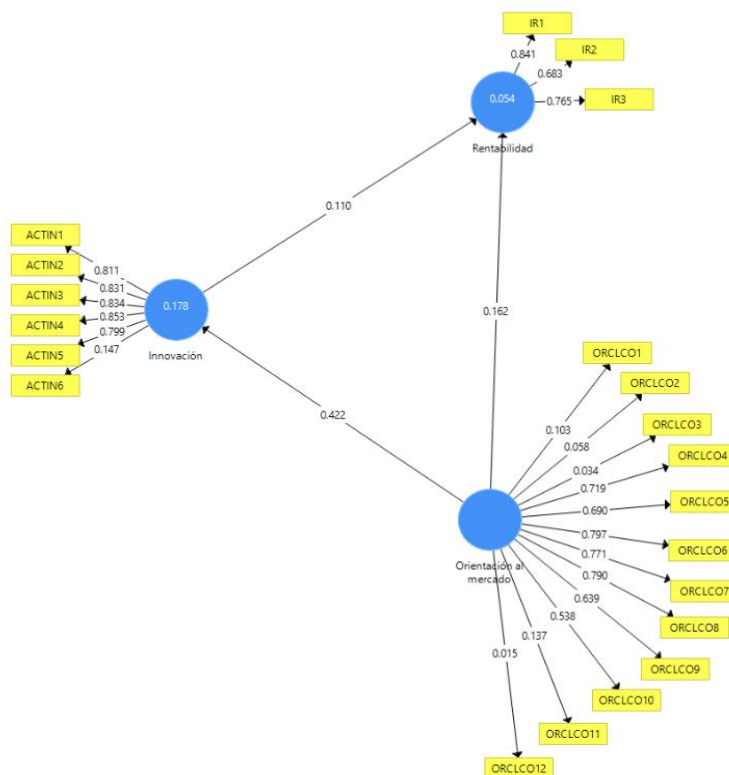


Illustration 1. Nomogram of the application of the PLS-SEM

To analyze the individual reliability of the items, the loads of each indicator were examined with their respective construct, according to Chin (1998) initial loads can be accepted from .5, for Barclay, Higgins, and Thompson (1995) loads from .5 are acceptable when scales are applied in different contexts. It can be seen in Table 3 that all elements have loads greater than .5 so their levels are acceptable. The elimination of weak items can have the effect of losing valid information for the model (Cepeda & Roldán, 2004) in addition, Chin (1998) recommends that items with weak factor loads be kept in the model except for those whose weight is not significantly different from 0.

In the reliability analysis of the constructs, the internal consistency of the indicators is evaluated, that is, the observable variables are measuring the latent variable it represents, for which two criteria are evaluated, Cronbach's Alpha Coefficient and Composite Reliability of the construct, which can be a more complete criterion (Fornell & Larcker, 1981), since part of the actual factorial loads Al., 1995). Composite reliability is not influenced by the number of items in the latent variable. However, let's use one criterion or another, the minimum rule of acceptance according to Nunally and Bernstein (1978) is at a reliability of 0.7 in the early stages of research and in a stricter sense at 0.8 in basic research. In Table 2 it is observed that two of the dimensions considered (innovation and market orientation) have indices higher than 0.7 and the profitability construct of .656, which is very close to .7, therefore, they provide evidence of the reliability of the first-order constructs or dimensions, or their capacity as a measuring instrument, so it is possible to establish, according to the results obtained, that the scales of measurement of innovation and market orientation have a level of reliability and validity

The convergent validity was examined using the average extracted variance (AVE) whose acceptance criterion is that the average extracted variance of a construct is greater than .5 meaning that the construct shares more than half of its variance with its indicators, the rest of the variance being due to the measurement error (Fornell & Larcker, 1981). Being two of three variables (innovation and profitability) greater than .5 in the average variance extracted, the construct that is less than .5 (market orientation) reflects an acceptable level of convergent validity according to De La Rubia (2019).

Table 2. Reliability and validity of the construct

	CRONBACH'S ALFA	COMPOSITE RELIABILITY	AVE
Innovation	.811	.877	.572
Market Orientation	.783	.769	.298
Profitability	.656	.809	.587

Source: own elaboration

Table 3. Discriminant validity

	INNOVATION	MARKET ORIENTATION	PROFITABILITY
Innovation	.756		
Market Orientation	.422	.546	
Profitability	.179	.209	.766

Source: own elaboration

To test the hypotheses raised, the Bootstrap technique and the percentile method were used, with reference to the discriminating validity, Table 4 shows the value of the HTMT for the three established constructs, in which the values of the relationships are observed, which are lower than the conservative threshold of .85 so it is possible to establish, according to the results obtained, that the scales that measure the relationship between innovation, market orientation and profitability have a discriminating validity, that is, the three constructs are measuring different elements that relate to each other (Hair et al., 2010). Table 4 shows the values obtained from the confidence interval of the HTMT at 2.5% and 97.5% in the bootstrapping analysis, where it can be seen that in the lower and upper range there is no value 1, which shows the existence of the stability of the estimation of the coefficient of the relationship between innovation activities, market orientation and business performance (Dijkstra & Henseler, 2015), which means that SMEs in Mexico will have to focus their efforts on implementing market-oriented strategies and innovation to improve their profitability levels.

Table 4. Confidence intervals with corrected bias

	Original Sample (O)	Average of the Sample (M)	Bias	2.5%	97.5%
Innovation -> Profitability	.110	.118	.007	-.136	.262
Market Orientation -> Innovation	.422	.433	.011	.321	.492
Profitability -> Market Orientation	.162	.158	-.005	-.286	.285

Source: own elaboration

Responding to the hypotheses raised, it can be said that, the higher the level of market orientation, the higher the level of business profitability, an increase of one unit in the market orientation will result in a higher level of business profitability in .162 units, therefore, the first hypothesis is approved. In order to improve the results of SMEs in Mexico, it is recommended to focus on knowing and understanding their customers, paying attention to the strategies of the competition since the lack of market orientation can limit their results, several studies have analyzed the market orientation and its direct relationship with the profitability or performance of companies, coinciding with the results of this analysis.

With respect to the second hypothesis, the findings coincide with several previous studies on the positive relationship between market orientation and innovation such as those of Sadikoglu & Zehir (2010) Micheels & Gow (2008), which is logical since market orientation requires companies to know and understand their client to then be able to innovate with the aim of generating for the consumer and for themselves. This research shows the need to improve the level of knowledge and understanding in the management of SMEs in Mexico due to the positive effect on innovation (Johnson et al., 2009). Elements such as having market information, competition orientation and customer-centered strategies are activities that stand out in this area since knowing and understanding the development of the market gives the guideline to generate innovative advances that allow SMEs to capitalize on strategies in benefiting from their competitive advantage, which offers an opportunity for sustainability for them, generating resources and capacities that will contribute to the development of the company.

In this study there is evidence of a positive influence that innovation has on the profitability of companies, these findings are supported by previous studies such as those of Micheels and Gow (2008), however for innovation in SMEs it is necessary to coordinate between the institutions that promote research, promote organisms for their development and SMEs themselves. A business mechanism that allows to face the challenges is the organization of SMEs in business unions and associations, since the strategic vision generated within these organizations contributes to boosting and better face the challenges through guidance, technical assistance and training, factors that stimulate innovation.

Market orientation directly has an effect on the competitive advantage of SMEs, which means that entrepreneurs must take into account market orientation to build a competitive advantage, on the other hand, innovation directly affects the competitive advantage of SMEs because together with market orientation, they are the main key for the product to be accepted in the market.

4. Discussion

The significance of the study lies in the impact that SMEs have on the economic development of Mexico and the importance of innovation and market orientation in the performance of these companies, so the application of these concepts provides a valuable guide to establish business strategies in SMEs, which it is suggested that they have more information about their customers, competitors and the market in general to be able to make decisions about the best strategies to implement, it is important to mention that SMEs, as a main actor in economic and social development, face a series of challenges and challenges, which must be fought jointly among all entities involved, which requires a structural change.

Likewise, market orientation is a business strategy that is increasingly used by companies, especially by SMEs, since it facilitates not only the implementation of innovation activities, but also the achievement of a higher level of profitability, so it is possible to conclude that, according to the results obtained in this study, if the managers of SMEs

aim to improve the level of profitability of their businesses, then in the first instance they will have to think about making the necessary changes for the adoption and implementation of market orientation as a business strategy, but it should not be considered as one more strategy of the organization, but rather that it becomes part of the daily activities in all areas or departments of the organization.

On the part of innovation, it is important to mention the important role played by the SME entrepreneur, since he must have the capacity and initiative to generate and manage activities aimed at improving the products and processes of the company, which implies implementing schemes that encourage such activities, such as investment in training for teamwork with the aim of consolidating in the business philosophy the collaborative work in the same company as well as with customers and suppliers, with the aim of achieving better levels of innovation, which will be achieved only if the entrepreneur has a high level of knowledge and experience so that the efforts made to adopt innovation activities have the desired results.

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