

Explanatory Factors of Sustainability Management in Improving the Performance of Small and Medium Industries in Denpasar City

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Abstract: This study aims to answer the main problem of how sustainable management practices in the Small and Medium Industry (SMI) sector can improve their performance. Data was collected by distributing questionnaires to 364 SMI business actors in Denpasar City. Hypothesis testing using the PLS structural equation model with assistance SmartPLS 3.2.9 software. The research results show that sustainable management through the implementation of CSR, green product innovation and THK culture can contribute positively to the performance of SMEs. This provides an important understanding for SMI business actors to implement CSR even though it is in a simple concept and motivates SMI business actors to always be creative and innovate by developing environmentally friendly product innovations by creating environmentally friendly products to improve SMI business performance to compete in the global market. Another finding is that THK culture as a view or guideline for members involved in the organization by adopting local wisdom values into business models, especially in synergizing CSR with local wisdom in the form of THK culture has proven to have a positive effect on improving the performance of the SMI sector in Denpasar city.

Keywords: Corporate Social Responsibility; Green Product Innovation, THK Culture; Small and Medium Industry Performance.

Introduction

Small and medium industry (SMI) is one of the economic sectors that participates in supporting economic development in Indonesia in general and in Bali in particular. SMEs are experiencing increasingly rapid growth, which is due to the performance of SMEs that are very efficient, productive and have a high level of global competitiveness (Pramuki & Kusumawati, 2020). However, the existence and participation of SMEs that are so large is threatened if their sustainability continues to perform poorly in the midst of the Covid-19 pandemic and various other global issues such as climate change and environmental damage. Therefore, pimplementation of sustainability management in the SMI sector is believed to have a positive effect on performance, such as the application of the implementation of corporate social responsibility (CSR) (Bahta et al., 2021; Lee et al., 2016; Magon et al., 2018) and application of green product innovation (Budi; & Sundiman, 2021; Fitriyah et al., 2020; Martinez-Conesa et al., 2017).

Issues regarding the implementation of CSR and green product innovation. Until now it has become an interesting issue in various industrial business sectors (Fandeli et al., 2020; Muangmee et al., 2021). The implementation of CSR is a company's strategic step in realizing sustainable development. Thus CSR can

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be interpreted as a form of embodiment of the company's commitment to improving the quality of life of employees, local communities and society more broadly as a form of contribution to sustainable economic development which is reflected through business operations or good business practices (Bevan & Yung, 2015; Fitriyah et al., 2020).

Attention to CSR is largely due to the increasing level of awareness and importance of organizational social responsibility (Nejati et al., 2014). CSR provide an understanding that the company has the ability, concern and sense of responsibility for the growth and development of the environment in which the company operates so that it has an impact on company value (Trisnadewi & Amlayasa, 2020; Velte, 2021). CSR activities are carried out with the aim of fulfilling stakeholder expectations about how company activities should be carried out. This motivation is in accordance with the perspective of legitimacy theory (C. Deegan, 2009). Legitimacy Theory can be considered as important for an organization to determine the boundaries imposed by social norms and values, and reactions to these boundaries encourage the importance of analyzing organizational behavior with regard to its social environment. Strong legitimacy allows companies to increase resources and greater profitability for the company (Deegan, 2019).

A well-planned and well-implemented CSR program (supporting the company's core business) will add value to the company so that it is expected to be one of the triggers for brand loyalty, especially when environmental issues are rife (triple bottom line). The success of implementing CSR programs that adhere to the triple bottom line is expected to achieve synergy because it is the key to the concept of sustainable development. In order for the implemented CSR to truly become a marketing tool for the company, its implementation must be adjusted to the company's vision and mission, which means that if the program is successful, its implementation should not only aim for momentary publicity, but must be sustainable. So that the CSR carried out can maintain or increase competitiveness through reputation and product brand loyalty or corporate image. These two things will be a competitive advantage for the company that is difficult for competitors to imitate. In order for this to be achieved, investment in CSR must pay attention to compatibility with the values contained in the brand, the relevance and attractiveness of customers to employees, because they believe investment in CSR will enhance the reputation of the company or brand and motivate employees (Trisnadewi & Amlayasa, 2020).

Empirically, the implementation of CSR has proven to have a positive impact on company performance and maintains the company's sustainability in the long term (Gimeno-Arias et al., 2021; Lin et al., 2021; Murjana et al., 2021). Veltes (2021) in his literature study, he found that there was a growing level of public awareness of environmental preservation and interest in environmentally friendly products. Starting to grow this awareness has an impact on the company's tendency to care more about environmental protection as its social responsibility. One of the immaterial factors that can contribute to increasing the economic value of a company is social responsibility (Lin et al., 2021). CSR is a concept in which companies integrate their social functions by paying attention to the company's internal and external environment in business operations and in their interactions with stakeholders on a voluntary basis without any pressure. (Murjana et al., 2021; Trisnadewi & Amlayasa, 2020). However, different findings were found by Crisóstomo et al., (2011) and Trisnadewi & Amlayasa, (2020) which shows that CSR has a negative and insignificant effect on firm value, while CSR has an effect on firm performance. Furthermore, the practice of social responsibility in small companies is rarely studied, therefore it is necessary to study the implementation of CSR in the SME sector (Fitriyah et al., 2020; Nejati et al., 2014). The results of this study illustrates that the relationship of CSR to performance in SMEs is still unclear.

Green product innovation as a manifestation of CSR innovation is the key to competitive advantage in a very volatile environment. Green product innovation as the main driver for a country's economic growth. The ability to innovate has direct consequences for the ability to compete at the individual, corporate, regional and national levels. The values created by innovation are often embodied in new ways of doing things or new products and processes that contribute to wealth. According to Fitriyah et al., 2020 and Martinez-Conesa et al., (2017) states that green product innovation can be defined as a competitive advantage derived from creative ideas to produce qualities of efficiency, speed and flexibility that are useful within the company. Implementation can take place in various fields such as design improvements, process improvements, and technology improvements. An enterprise can make many kinds of changes in its working methods, use of factors of production and types of outputs which increase its productivity and commercial performance.

Green product innovation can be explained as a combination of assets and resources. It therefore requires a wide variety of resources, assets and capabilities to drive through success in a rapidly changing environment (Rajapathirana & Hui, 2017). According to Rajapathirana & Hui (2017) innovation capability is defined as (1) the capacity to develop new products that meet market needs; (2) the capacity to apply appropriate process technologies to produce these new products; (3) the capacity to develop and adopt new products and processing technologies to meet future needs; (4) and the capacity to respond to intentional technological activities and unexpected opportunities created by competitors.

Empirically, Martinez-Conesa et al., (2017) develop research results by adding green product innovation as a mediating variable and it is proven that green product innovation as a partial mediating variable is the relationship between CSR and SME performance. Other findings too supported by Fitriyah et al., (2020) actually found that green product innovation as a perfect mediating variable or a variable that fully mediates the relationship of CSR to business performance. Other findings actually found an inconsistent relationship. Nevertheless, this relationship still exists gap, when innovation affects the performance of industrial businesses (Budi; & Sundiman, 2021). The findings of this study it can be said that CSR as a form of sustainability practice should be driving mechanism for companies to be more innovative, efficient, and effective.

Another sustainability management factor as a contextual factor that has the potential to improve SMI performance is the implementation of the Tri Hita Karana (THK) culture. That the practice of CSR in every local company where the environmental and social company operates cannot be separated from the influence of cultural aspects or local wisdom of the local community, especially in Bali. It can be said that the practice of CSR internalize with local cultural practices (Larasati & Kustina, 2019). Empirically it can be proven that the implementation of THK culture is believed to be able to improve organizational performance (Mulyawan et al., 2017; Wirawati et al., 2020).

The existence of various gaps in this research, it is increasingly challenging to study in more depth related to the implementation of sustainability management. This is an opportunity for researchers to conduct further research by paying attention to contextual factors. Contextual factors suspected of playing a role is the application of an organizational culture based on THK. To the researcher's knowledge, the application of sustainability management in the cultural aspect is still rarely used or has never been used in the context of small businesses or industries (SMI), thus this is intended as a research novelty to produce a more comprehensive study. This research was conducted to answer the main problem, namely whether sustainability management which includes the implementation of CSR, green product innovation and the implementation of THK culture can improve the performance of SMEs. The focus of this research is on the industrial sector belonging to the SMI. SMEs that want to enter the global market must be able to respond properly and wisely to market or consumer demands for environmentally friendly products.

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Literature Review

2.1 Legitimacy Theory

This study uses legitimacy theory as its theoretical basis. It can be in justification that the organization continually tries to convince that they carry out activities in accordance with the boundaries and norms prevailing society (Vivianita & Nafasati, 2018). Companies want legitimacy from society as a legitimate entity, through disclosure in the annual report as a tool communication for companies to promote better CSR disclosure (Janang et al., 2020).

2.2 CSR and SMI Performance

A well-planned and well-implemented CSR program (supporting the company's core business) will add value to the company so that it is expected to be one of the triggers for brand loyalty, especially when environmental issues are rife (triple bottom line). The success of implementing CSR programs that adhere to the triple bottom line is expected to achieve synergy because it is the key to the concept of sustainable development. In order for the implemented CSR to truly become a marketing tool for the company, its implementation must be adjusted to the company's vision and mission, which means that if the program is successful, its implementation should not only aim for momentary publicity, but must be sustainable. So that the CSR carried out can maintain or increase competitiveness through reputation and product brand loyalty or corporate image. These two things will be a competitive advantage for the company that is difficult for competitors to imitate. In order for this to be achieved, investment in CSR must pay attention to compatibility with the values contained in the brand, the relevance and attractiveness of customers to employees, because they believe investment in CSR will enhance the reputation of the company or brand and motivate employees (Trisnadewi & Amlayasa, 2020).

Based on the view of legitimacy theory, it is generally expected that there is a positive relationship between CSR and financial performance. The success of an organization depends on the capacity of the organization to manage relationships with its stakeholders. Relationship management with key business stakeholders has become an important tool for generating value, making interpretation of stakeholder theory an important step in understanding the possible relationship between CSR and corporate performance. The basic assumption behind this theory is that CSR can be an organizational tool that leads to more effective use of resources, which has a positive impact on a company's financial performance. Research result Crisóstomo et al., (2011; Fitriyah et al., (2020); Martinez-Conesa et al., (2017) succeeded in proving that CSR has a positive effect on company performance.

H1: Corporate Social Responsibility has a positive effect on SMI performance

2.3 Green Innovation and SMI performance

Market performance and financial performance cannot be realized without green product innovation. Green product innovation can facilitate companies to generate market performance in various ways through helping to identify technological possibilities by improving the quality of products and services and products of superior value to customers can help to acquire new customers. Thus customer satisfaction improves the organization's market position (Hogan & Coote, 2014). Market performance can be derived as the extent to which companies obtain market-related results than their competitors with respect to customer satisfaction, acquisition of new customers, loyalty and others (Oh et al., 2015). Marketing concepts basically suggest that superior judgmental performance (quality, customer satisfaction)

Green product innovation is firstly associated with non-financial aspects of firm performance, for example, customer side, satisfaction and thereafter accelerating higher financial performance (Gunday,

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Ulusoy, Kilic, & Alpan, 2011). Although innovation in a short period of time may lead to losses but over the long term that may accelerate for a positive effect on production, market and financial performance (Rajapathirana & Hui, 2017). The research results prove to explain the positive relationship between green product innovation market performance (Gök & Peker, 2017; Gunday et al., 2011; Rajapathirana & Hui, 2017).

Recent research reveals that there is a positive relationship between innovation and financial performance (Jerop & Juma, 2014), in many cases providing innovative evidence that has a statistically significant impact on company profitability. On the other hand, Karabulut (2015) explains that the larger the market share, the return on investment that generates greater profit margins. Customer satisfaction and loyalty drive the company to higher profitability and revenue growth. Martinez-conesa et al (2017) and Ratajczak & Szutowski (2016) proved that green product innovation has a positive effect on company performance.

H2: Product green product innovation has a positive effect on SMI performance

2.4 THK Culture and SMI Performance

Companies that are oriented towards aligning business goals with sustainable development cannot be separated from social interaction and the surrounding environment. The business environment must also strive to innovate and adapt to new environments, companies must implement environmentally friendly practices. CSR implemented is strongly influenced by the cultural structure prevailing in the area. In Bali, which is famous for local wisdom, in this case the THK culture greatly influences the behavior of people's lives, including business organizations. Furthermore, research on the implementation of CSR based on THK Culture has been developed by Purwati & Tenaya, (2018) by getting the result that Integrated CSR means "the company's efforts in carrying out its business activities in a more integrated manner, both between the company's goals as a business venture, harmonious relations with society, nature, and God. Integrated CSR produces four implementation synergies, namely implementation in the company, community, environment, and matters relating to God. Other research by Dianti Mahyuni, (2018) about CSR Implementation based on the THK Concept (Case Study of the Como Shambala Estate Hotel in Banjar Begawan Payangan Gianyar). The results of the study showed that the Como Shambala Estate Hotel in implementing CSR was implemented through the Como Approach program. In the program there are three relationships, namely the relationship with the community, the environment and God. Empirically it has been proven that the implementation of THK culture is a predictor of business performance (Astini & Yadnyana, 2019; Sujana et al., 2022; Wulantari et al., 2022).

H3. THK culture has a positive effect on SMI performance

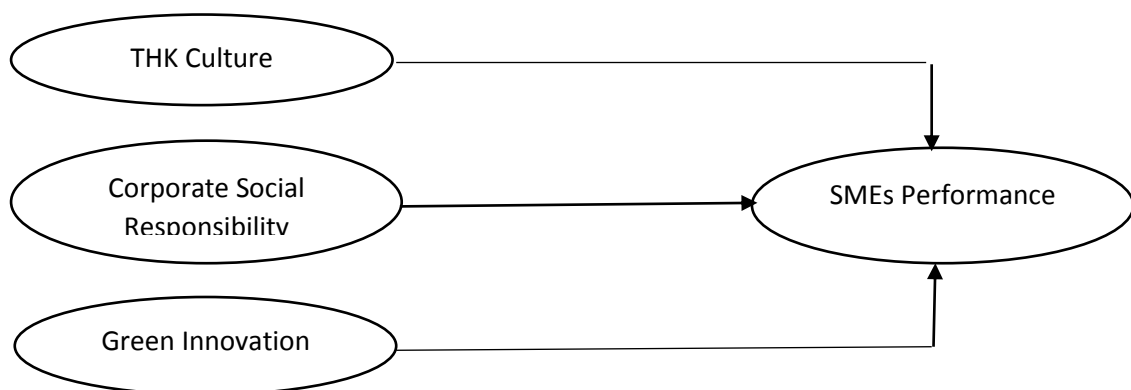


Fig 1 Research Concept Framework

Research Methods

This study uses a quantitative method to solve problems related to the phenomenon of SMI performance in the perspective of sustainability practices. The scope of this research is to examine sustainability practice strategies through CSR programs, green product innovation and THK organizational culture as predictors of SMI performance. The research location is in SMI throughout Denpasar City. The number of SMI registered at the Denpasar City Industry and Trade Service, data obtained were 3,995 which were spread across all sub-districts. The number of samples is determined by the slovin formula at an error threshold of 5% obtained by 364 samples.

CSR is defined as a business commitment that contributes to sustainable economic development, through cooperation with employees and their representatives, their families, both the local community and the general public, to improve the quality of life in ways that are beneficial, both for the business itself and development. CSR is measured by several dimensions, namely 1). Labor CSR 2). Customer CSR 3). Supplier CSR 4). Local Community CSR 5). Environmental Responsibility (Martinez-Conesa et al., 2017). Green Product Innovation can be defined as a competitive advantage derived from creative ideas to produce quality, efficiency, speed and flexibility that are useful within the company. Innovation is measured using the following indicators 1). Number of new products/services 2). Number of new internal processes 3). Research and development 4). New product lines 5). Changes in product development (Martinez-Conesa et al., 2017). The THK culture built in this study consists of 3 indicators which are reflectively adopted from research results, namely 1) Palemahan, 2) Pawongan and 3) Parahayangan (Putera & Supartha, 2014). SMI performance is measured using the following indicators: 1). Increase in sales 2). Return on assets 3). Customer service 4). Customer relations 5). Customer loyalty 6). Employee absence 7). Work environment 8). Employee loyalty (Martinez-Conesa et al., 2017). To test the hypotheses proposed in the study, the PLS-SEM approach was used with the help of SmartPLS V.3.2.9 software.

Results And Discussion

Data collected in the study by distributing questionnaires to 364 SMI in Denpasar City. This data collection lasted for two months and all questionnaires were filled in completely and could be processed further. The characteristics of the respondents in this study are as follows: 1) the age characteristics of the respondents in this study were dominated by respondents under the age of 30, 163 respondents (44.8%), 2) the educational level characteristics of the respondents in this study were dominated by the high school education as many as 292 respondents (80.2%), 3) the characteristics of the respondent's length of business in this study is less than 5 years as many as 213 respondents (58.5%) 4) the characteristics of the sex of the respondents in this study are dominated by men 250 respondents (68.7%). Data analysis using the PLS-SEM method with SmartPLS.3.0 software consisting of testing the outer model and inner model.

Outer model or usually called the measurement model. The outer model is more specific on the relationship between latent variables and the indicator. Model measurement consists of validity and reliability tests. In this study, the validity test was measured through convergent validity and discriminant validity. The indicator is said to be valid if the convergent validity is seen from the loading factor value of more than 0.7 and the average variance extracted (AVE) value is greater than 0.5. In addition, an indicator is said to be valid if discriminant validity is carried out by comparing the AVE square root for each construct with the correlation value between the constructs in the model.

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Table 1. Outer Loading Value of Estimation Results

Variable	Indicator	Correlation Value
Corporate Social Responsibility	CSR1.1	0.782
	CSR1.2	0.714
	CSR1.3	0.767
	CSR1.4	0.805
	CSR1.5	0.755
	CSR1.6	0.807
	CSR1.7	0.731
	CSR1.8	0.707
Green Product Innovation	IH1	0.867
	IH2	0.847
	IH3	0.677
	IH4	0.715
	IH5	0.812
THK Culture	BO1	0.824
	BO2	0.809
	BO3	0.829
	BO4	0.770
	BO5	0.798
	BO6	0.731
SMI Performance	KSMI1	0.753
	KSMI2	0.727
	KSMI3	0.809
	KSMI4	0.832
	KSMI5	0.803
	KSMI6	0.785
	KSMI8	0.654

The reliability test is measured through composite reliability and cronbach's alpha which can be seen in the view of the latent variable coefficients. An indicator is said to be reliable if the value achieved by composite reliability and Cronbach's alpha is greater than 0.7 Ghazali, (2021). Based on the test results several times, it shows that the results of all research indicators are valid. each latent construct is greater than the correlation between latent constructs so that the test results can be said to have met the requirements of discriminant validity. Besides that,

Table 2. Discriminant Validity Test, Cronbach's Alpha and Composite Reliability

Variable	AVE	CSR	Innovation	Culture	Performance	Cronbach's Alpha	Composite Reliability
CSR	0.576	0.759				0.895	0.916
Innovation	0.619	0.679	0.787			0.843	0.890
Culture	0.631	0.664	0.598	0.794		0.883	0.911
Performance	0.590	0.448	0.451	0.476	0.768	0.884	0.909

Inner model testing is done by R-squared analysis on each dependent variable as the predictive power of the structural model. R-squares values 0.75, 0.50 and 0.25 it can be concluded that the model is strong, moderate and weak. The greater the R-square value indicates that the model predictor is better at explaining the variance. However, the maximum limit for the R-square value is only up to 0.70 in the PLS context. If the R-square value exceeds 0.70, it is possible that the model has a collinearity problem (Ghozali, 2021). The results of the test show that the R-square on the SME performance variable is 0.279, which indicates that the SMI performance variable is included in the weak category, which means that it is a weak predictor in explaining the variance of CSR, product innovation and THK organizational culture.

The expected hypothesis testing is that H_0 is rejected or a significance value < 0.05 (or a statistical t value > 1.96 with a significant level of 0.05). Hypothesis testing is evaluated in detail based on test results and research that is processed with SmartPLS 3.0 software. The results of the analysis are shown in table 3 below.

Table 3. Path Analysis and Hypothesis Testing

Relations Between Variables	Coefficient	T test	P Values	Information
THK Organizational Culture -> SMI Performance	0.259	3,867	0.000	Significant
CSR -> SMI Performance	0.149	2.020	0.044	Significant
Green Innovation -> SMI Performance	0.196	2,487	0.013	Significant

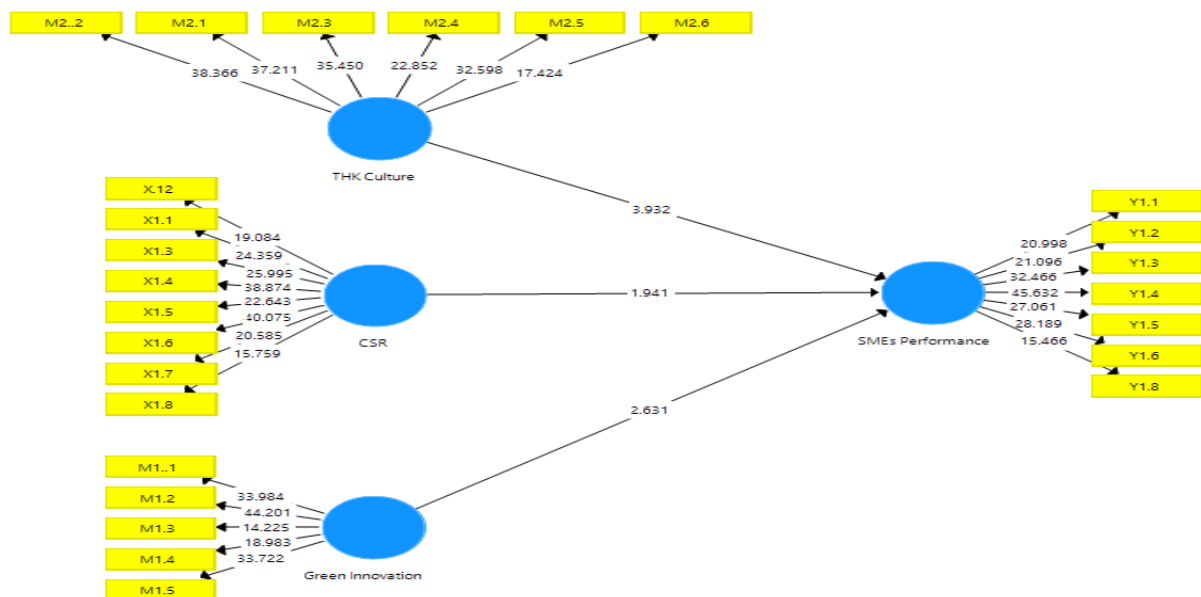


Figure 2. Structural Model

Based on the results of path analysis and hypothesis testing in table 3 and Figure 2, it can be explained that 1) CSR has a positive effect of .0149 on SME performance, and the relationship is significant with a p.value of 0.044 at the 0.05 level and a T-statistic value of 3.867 greater than 1.96, namely 3.867, 2) Green product innovation has a positive effect of 0.196 on SMI performance, and this relationship is significant with a p.value of 0.013 at the 0.05 level and a T-statistic value of 2.487 greater than 1.96, 3) THK culture

has a positive effect of 0.259 on SMI performance, and the relationship is significant with a p.value of 0.000 at the 0.05 level and a T-Statistics value of 3.867 greater than 1.96.

Discussion

1. The Effect of CSR on SMI Performance

CSR forms the normative rationale for the integration of corporate sustainability at a strategic level (Engert et al., 2016). This study focuses on various measurements and then assesses their relationship with green product innovation and firm performance in a single integrative model using structural equation modeling on a data set of 364 SMI Denpasar City. The results of this study indicate that the companies that are the most proactive in their CSR activities can also be the companies with the best performance. This means that increasing CSR will improve company performance.

CSR should be integrated into business management models because it is useful for justifying strategic choices and enables companies to generate valuable intangible strategic assets to achieve competitive advantage and high levels of financial performance. The main reason for choosing a sustainability approach is to reduce the negative environmental and social impacts of company activities while increasing (or at least not reducing) the company's economic performance (Martinez-conesa et al., 2017).

According to legitimacy theory, in general it is expected that there is a positive relationship between CSR and company performance. The success of an organization, especially SMEs, depends on the capacity of the organization to legitimize the community, especially its stakeholders. The more legitimate companies become, the more important they become to generate value, making interpreting legitimacy theory an important step in understanding the possible relationship between CSR and firm performance. The basic assumption behind this theory is that CSR can be a contributor to organizational legitimacy which leads to stakeholder trust in managing its resources and has a positive impact on the company's financial performance (Martinez-conesa et al., 2017).

2. The Effect of Green Product Innovation on SMI Performance

PLS analysis shows the results that innovation performance has a significant positive effect on SMI performance. This means that innovation will improve the performance of SMEs. Market performance and financial performance cannot be realized without innovation performance. Innovation can facilitate companies to produce market performance in various ways through helping to identify technological possibilities by improving the quality of products and services and products of superior value to customers can help to acquire new customers. Thus customer satisfaction improves the organization's market position (Hogan & Coote, 2014). Market performance can be derived as the extent to which firms obtain market-related results than their competitors with respect to customer satisfaction, acquisition of new customers, loyalty etc (Oh et al., 2015).

Innovation performance is firstly associated with non-financial aspects of firm performance, for example, customer side, satisfaction and thereafter accelerating higher financial performance (Gunday, Ulusoy, Kilic, & Alpkan, 2011). Although innovation in a short period of time may lead to losses but over the long term that may accelerate for a positive effect on production, market and financial performance (Rajapathirana & Hui, 2017). The research results prove to explain the positive relationship between market performance and innovation performance (Gök & Peker, 2017; Gunday et al., 2011; Rajapathirana & Hui, 2017).

Recent research reveals that there is a positive relationship between innovation and financial performance (Jerop & Juma, 2014), in many cases providing evidence that innovation has a statistically significant impact on firm profitability. On the other hand, Karabulut (2015) explains that the larger the market share,

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the return on investment that generates greater profit margins. Customer satisfaction and loyalty drive the company to higher profitability and revenue growth. These results are in accordance with research by Martinez-Conesa et al (2017) and Ratajczak & Szutowski (2016) proving that innovation performance affects company performance.

3. The Influence of THK Culture on SMI Performance.

The results of this study also succeeded in confirming that there is a positive and significant relationship to the influence of Tri Hita Karana (THK) organizational culture on the performance of SMI Denpasar City. The findings of this study are in line with the results of previous studies (Astini1 & Yadnyana, 2019; Sujana et al., 2022; Wahyuni et al., 2020; Wulantari et al., 2022; Yastini et al., 2022). When the organizational culture adopts local cultural values, it is immediately able to strengthen the performance of SMI. Thus it can be explained that the company's strategy is very dependent on the implementation of an organizational culture that is oriented to local values such as the THK culture. The results of this study succeeded in strengthening the opinion Robbins & Judge, (2015) which states that performance is shaped by organizational culture. This research also supports the opinion (Kotler and Keller, 2017) who say that a strong culture is often said to help business performance because it creates an extraordinary improvement in employees. Likewise, this research also supports the opinion (Hofstede, 2008) which states that a strong and distinctive culture greatly influences the success of an organization.

Discussion

The performance of SMEs in Denpasar City can be improved through the application or implementation of social responsibility, carrying out green product innovation strategies and adopting local cultural values into the spaces where companies operate. This proves that the implementation of CSR has an effect on improving the business performance of SMI by producing products that are in accordance with the local wisdom of the local community. Therefore, understanding is needed for SMI business actors to implement CSR even though it is in a simple concept and motivates SMI business actors to always be creative and innovate by developing environmentally friendly product innovations by creating environmentally friendly products to improve SMI business performance to compete in the global market. Another finding is that THK culture plays a role in improving the performance of SMEs. Denpasar City.

This research is not without limitations. The findings reported in this study are based on a sample of Denpasar City SMI companies and therefore cannot be easily generalized to other regions or cities in Indonesia or even abroad. Future developments can analyze whether the potential strength of a family company in realizing innovation with high social benefits based on strong CSR also applies to a sample of small and medium enterprises in Bali Province or even nationally. Nonetheless, more direct evidence would be desirable and could be the focus of future research as it could be an analysis comparing geographies, as there are indications that the effects of corporate social performance differ across regions.

Further research may also consider possible complementarities between different types of innovation, such as product and process innovation having a positive effect on productivity when combined with organizational innovation. Thus it seems relevant to examine complementarity through models that explain the combined effects of product, process, and organizational innovation. Other types of non-technological innovation (eg marketing, business models) may also be considered. Further analysis can be carried out with additional research on the complex relationship between CSR, innovation, and value creation that further examines the impact of different types of innovation. Moreover, in future studies on SMEs, it may be interesting to analyze whether contingency factors such as industry growth.

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