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UIN SUNAN KALIJAGA - YOGYAKARTA



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IIUM - MALAYSIA

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**The Role of Zakah and
Islamic Financial Institution
into Poverty Alleviation and
Economics Security**



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3rd **AICIF** 2015 *ASEAN International Conference on Islamic Finance*

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FOREWORD

Assalamualaykum. Wr. Wb

As a steering committee of 3rd ASEAN INTERNATIONAL CONFERENCE ON ISLAMIC FINANCE (AICIF-2015), firstly I would like to say “Thank You Very Much” to all parties for their enormous effort toward the detailed arrangement for hosting this conference.

The 3rd AICIF is organized by Faculty of Economics - Sultan Agung Islamic University (UNISSULA), Faculty of Islamic Economics and Business - State Islamic University Sunan Kalijaga Yogyakarta (UIN Yogyakarta), and Institute of Islamic Banking and Finance – International Islamic University Malaysia.

The conference is aimed to discuss “Role of Zakah and Islamic Financial Institution into Poverty Alleviation and Economics Security”. Islamic financial institution, such as Islamic banking, Islamic unit trust, Islamic insurance, etc.. has growth very fast for last decade. They become important part relating to the efforts improving the quality of life of the society as well as relieving the society from the riba trap. In the context of recent economy, the Islamic financial institutions as economy pillar continues to challenge effort of poverty alleviation.

Conference aims to bring together researchers, scientists, and practitioners to share their experiences, new ideas and research results in all aspects of the main conference topics.

Furthermore, I would like to extend my gratitude to authors who submitted their papers to AICIF 2015 conference and also reviewers for their contribution and effort to excellent conference proceeding.

Finally, for all of you, welcome to AICIF 2015. I hope you will enjoy the conference and have a nice time during your stay in Semarang Indonesia.

Wassalamualaykum. Wr. Wb

Regards,
Olivia Fachrunnisa, PhD
3rd AICIF 2015 Steering Committee ,
Dean
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CUSTOMER INTERACTION MANAGEMENT, CAPABILITIES AND NEW PRODUCT PERFORMANCE: THE ROLE OF MARKET INTELLIGENCE QUALITY AND CUSTOMER-CENTRIC COMMITMENT

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Hendar**

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Abstract

This paper aims to investigate and examine Customer Interaction Management Capabilities (CIMA_C) as mediator in the relation of Market Intelligence Quality (MIQ) and Customer-Centric Commitment (CCC) with New Product Performance (NPP). The study chooses 184 Micro Retail Fashions and tests the relations of MIQ, CCC with CIMA_C and NPP. The findings show that only MIQ influence NPP, while CCC does not. However, CIMA_C genuinely mediate the relationship between MIQ and CCC with NPP. By investigating the literature of various market learning, CRM, NPD, and entrepreneurship, this study offers a unique analysis about the market intelligence quality, customer centric commitment and its impacts on the customer interaction management capability and the new product performance. Conceptual discussion and empiric result have extent the previous research about market orientation culture on micro business.

Keywords: Market Intelligence Quality, Customer Centric Commitment, Customer Interaction Management Capabilities, and New Product Performance.

A. Introduction

Some previous studies about the development of new products focus on the investigation of factors that determine the success. One of the decisive factors is the effective market information. Some researchers try to enclose their studies through Market Intelligence (MI) approach as a basis for searching market information dealing with the customer and competitor behavior (Jaworski and Kohli 1993; Bruce *et al*, 1994; Tan and Ahmed 1999; Carbonell and Escudero 2010; Haverila and Ashill 2011; J. Trainor *et al*, 2013; Jamil 2013; Li and Li 2013). Market information is function of an organization have been studied before, either in term of relevant facts about market or the way to acquire, distribute, interpret, and keep the information both formal and informal (Baker and Sinkula 1999; Hart *et al*, 1999). Market information collection and use during NPD process is positive relating to the success of new products (Hart *et al*, 1999). The ability to learn about market including the ability to learn about customer, competitor, and marketing process of R&D interface truly become the driving for the market performance improvement for new products and competitive advantage of new products (Dan and Cavusgil 1999). However, as well as the opinion of Hart *et al*, (1999), important gaps occur in the specific knowledge in its role in the success of new products. Therefore, this study aims to overcome the gaps.

MI continually becomes the main priority for many organizations and as its role is dominant in the development of business performance, this concept becomes important foundation in the competition of many organizations and has consistently attracted many academicians and practitioners to develop researches in this field (Ika *et al*, 2013). Some researchers find that MI with market-oriented approach, such as intelligence generation, intelligence dissemination and responsiveness to market, is the decisive factors of the company's performance (Meunier-FitzHugh and Lane 2009; Carbonell and Escudero 2010; Chen-Ho Chao and Spillan 2010; Haverila and Ashill 2011). It indicates that MI is able to support the business performance. Unfortunately, some dimensions of MI which is developed by Jaworski and Kohli (1993) and Carbonell and Escudero (2010) above does not always positively impacts on the performance of business or new products. Two dimensions of MI, such as intelligence generation and intelligence dissemination, have proved not giving positive incentive for the new product performance. Responsiveness is the only aspect that positively impacts on the performance of new product development

(Carbonell and Escudero 2010;Chao and Spillan 2010). Surprisingly, Rojas-Me´ndez and Rod (2013) find that business performance is only influenced by market intelligence dissemination, not by market intelligence generation or market intelligence responsiveness. The other research show that market intelligence is not a decisive factor of the company performance as growth rate, margin growth rate and profit growth rate do (Morgan *et al*, 2009).

The above description shows the existence of inconsistency of the findings dealing with MI and new product performance. Some researchers have included a mediation variable bridging the relationship between market intelligence and new product performance. For instance, Innovation Speed (Carbonell and Escudero 2010), New Product Capability (Trainor *et al*, 2013), and Organizational knowledge (Toften and Ottar Olsen 2003). However, research that use mediation variable of Customer Interaction Management Capability (CIMA_C) as the variable bridging the relationship between MI and new product performance seems have not been studied. Therefore, the variable is used to mediate the relation between MI quality and new product performance. The information quality acquired from MI activities is substantial resource for establishing customer interaction capability, and then customer interaction improvement has potential to develop new product performance. This is important to be examined since micro businesses have better intensity with customers than big companies (Zimmerer and Scarborough, 1998). In a very competitive market, such as in fashion industry, the quality of market information is needed to know the strategies of micro business entrepreneurs in interacting with customers effectively and efficiently.

The characteristic of micro business, such as has good relation with customers, gives opportunity to test the variable of Customer Centric Commitment (CCC) as the other antecedent of customer interaction capability and new product performance. The previous research has proven that customer centric or customer focus is an antecedent of company performance. For example, customer responsiveness impacts on ROA (Pehrsson 2013), customer focus positively impacts on the new product performance (Nwokah 2009;Sanuri Mohd Mokhtar 2013). Nevertheless, some other researches shows different result, that customer centric brings no positive impact on the company performance. for instance, organizational customer orientation gives no positive impact on salesperson performance (Cross *et al*, 2007), and customer orientation does not positively influence the company performance (Johnson *et al*, 2009). It shows that there is obscurity on the relationship between customer centric and company performance. As well as the relation study between MIQ and NPP, CIMA_C is considered as a bridge between CCC and NPP. Customer-oriented company is believed as having customer interaction ability, so it can develop the company performance, including the new product performance.

Obscurity occurs in the relationship of MIQ and CCC towards NPP stimulates the proposal of examination on the mediation role of CIMA_C as a process variable bridging the both relations. Therefore, the purposes of this study are (1) building new approach to develop NPP which based on MIQ and CCC, and (2) examining the mediation of CIMA_C in the relation of MIQ and CCC with NPP.

B. Conceptual Development of Customer Interaction Management Capabilities (CIMA_C)

CIMA_C is a concept derived from Resources Based View (RBV) and Customer Relationship Management (CRM) Approaches. According to Srivastava *et al*, (2001), a company is constituted from various resources and capabilities. Capability describes a set of ability needed to exploit the resources. Resource refers to tangible and intangible entities served for companies that enable them to generate efficiency and effectiveness of market offers which has value for some marketing segments (Hunt 1999).

Information and relational are two of intangible resources that are able to drive the superior business performance if are used cleverly and agile. The precious researchers such as Jaworski and Kohli (1993), Narver and Slater (1990), and Morgan *et al*, (2006) agree that information and knowledge about customers and competitors acquired from market intelligence activities is a precious resource for the business performance development. This resource becomes a basis of the improvement of CRM capabilities because the closeness of the company's relationship with consumers is only formed when the company has complete information about consumers and competitors. Lamb *et al*, (2010) explains that CRM is a business strategy of a company which is arranged to optimize profitability, income, and

customer satisfaction by focusing on the determination of proper customer organization. The main focus of CRM is on the information use about customers to create marketing strategy in developing and maintaining the long term customer relationship (Pride and Ferrell 2009). CRM has fundamental philosophy that a company can improve its profitability by developing good relationship with customers so they can be loyal to the company (Peppers and Rogers 2011; Levy *et al*, 2012). Thus, CRM is an interesting cross-organization process with customers (Lin *et al*, 2010; Wang and Feng 2012).

According to Lin *et al*, (2010), there are 5 activities of CRM that need resource capability of a company to apply. The five activities are information sharing, customer involvement, long term cooperation, problem solving, and technology use. The capability of CRM is then defined as ability, skill, and the accumulation of knowledge used for acquiring, sharing, and using the rational resource to achieve advanced performance (Day 1994;Morgan *et al*, 2009). One form of CRM capability is an ability to build interaction of a company with its customers. A strong interaction ability with customers is one of the most important marketing abilities that can help the company to achieve superior business performance and sustainable competitive advantage (Day 1994; Morgan *et al*, 2009).

The above explanation shows that interaction between customers and the company is a foundation of CRM system, because only by an effective interaction a company can learn about the customers' expectation, get and manage knowledge dealing with them, negotiate mutual satisfying commitment, and build long term relationship. Through an effective customer interaction management, the company will get the customer data as an osculating point for serving satisfying service. Osculating point here is a main basis of the company contact with the customers, such as customer registration for particular services, customer communication about product information, warranty management for products, or customer communication with the seller, and personnel delivery (Lamb *et al*, 2010). According to Lamb *et al*, (2010), a big deal of information can be acquired when a company have an organization interaction with its customers. Through interaction, the customers and the company do information sharing and develop learning connection. A customer usually defines interaction by stating its preference. A company responds by designing products and services about customer experience.

Customer interaction process starts from marketing information collection which will be used as database of CRM. Based on the database, a company can apply interaction with the consumer through management campaign, loyal customer retention program, cross-selling products and other services, marketing communication design, strengthening costumer purchasing decision, boosting product selling to new customers, effectiveness development of marketing distribution channel, and customer service improvement (Lamb *et al*, 2010). Therefore, CIMaC is a central point in establishing good relationship with customers and improving long term company performance. This research that specifically highlights on CIMaC, remembers identifying ability, gets and retains the profitable customers is a fundamental factor for improving the new products performance of small and medium enterprises. CIMaC then can be defined as an ability of a company to build intensive interaction with customers through some steps of customer identification, customer acquisition, and retaining profitable customers.

C. The Relationship among Variables

1. Market Intelligence Quality (MIQ) and Customer Interaction Management Capabilities (CIMaC)

Study about MIQ can refer to the perceptions of Jaworski and Kohli (1993), and Morgan *et al*, (2006) about market-oriented business culture. Jaworski and Kohli (1993) define MI as one part of market orientations. Market-oriented business culture is needed to support the company performance development. A continual information collection about the customer needs and competitor wealth will help the company to recognize the customer needs. The company intelligence about customers is substantial to create superior customer value time to time (Narver and Slater 1990;Garcia and Calantone 2002;Gellynck *et al*, 2012). The customer knowledge means he most common level, special level, highly specialized level (Aspara *et al*, 2011). The most common knowledge can be knowledge about the industry, environment, and social trend. In the more special level, knowledge needed is knowledge about customer in certain market segment, particular behavior of the costumer in certain market segment, and

the particular needs and wills of the customer in certain market segment. The most specialized level can be knowledge about costumers individually or the individual customers behavior in the other companies, their decision-making process, their wills and needs, as well as information about their contacts (Aspara *et al*, 2011).

According to Jaworski and Kohli (1993), MI is built from three dimensions of market orientation, such as intelligence generation, intelligence dissemination and responsiveness to market. Intelligence generation covers activities of market information collection, competitive environment, and interpreting the information into strategic aims and definition. Intelligence dissemination includes information sharing activities to all functional fields of the company through horizontal communication in order to gain understanding and integration among different departments. Through intelligence dissemination, information is formally and informally discussed and distributed among relevant users within an organization (Moorman 1995; Carbonell and Escudero 2010). Sharing information openly to all parties involved in the new products development process can increase better understanding about the capabilities and limitations of each party (Moorman 1995).

Responsiveness to market is an evaluation of the effectiveness of action directed to customer needs fulfillment, such as market target determination, product offers, goods distribution, and promotion (Jaworski and Kohli 1993). Slater and Narver (1995) state that the ability to collect information from customers and competitors benefits the company in obtaining advantage of the velocity and effectiveness of their responds towards opportunities and threats. Thus, responsiveness to market is a company perspective about external phenomena. Dealing with this statement, responsiveness to market is claimed as an ability to modify the organization strategy in order to align the environmental threats with the opportunities. Responsiveness to market allows the company to reconfigure their processes in fulfilling the new market needs, taking advantage from information processing system, and adopting new products and processes to win the competition (Dong *et al*, 2013). Therefore, it is not surprising that responsiveness to market is a key of the improvement of competition success. Companies which are better able to understand the customers' needs and desires will be able to respond to information about the needs and desires in order to generate more value for customers. Companies that are more active in collecting the customers' information will also be more responsive to the customers' needs and be more alert about the competitors' movement (Dong *et al*, 2013).

Completing the opinion of Jaworski and Kohli (1993), Morgan *et al*, (2006) state that the capabilities of MI is a company power towards its business resources to learn about the market and use the market knowledge to improve the company performance. MI involves some activities such as gathering information about customers and competitors, analyzing the market information, and using it to develop the marketing program (Morgan *et al*, 2006). That information is very important for helping the decision making on strategic marketing for the organization which oriented on market development. The abilities of MI are assets for the organization that facilitates the development of distinctive capabilities (Bruce *et al*, 1994). Therefore, MIQ describes the quality of the company in analyzing and distributing information to the interested parties and using such information to assist the decision making process of strategic marketing.

MI is the most important skill needed for achieving the success of new product development. Important, accurate, and reliable information about the change of the customers' needs and desires or potential customers acquired from market intelligence will be a strong foothold in the new product development process. The information obtained from market intelligence also allows a reduction on the NPD cost, accelerate new product development process, and give significant contribution to the profitability of the company (Haverila and Ashill 2011). In general, successful companies use more of it for the information collection and sharing, conducting market research and being involved in the acquisition of intelligence and learning (Garcia and Calantone 2002). In the process of new product development, information collection provides an opportunity for the team of new product development to learn, so by the information obtained they can act faster in decision making (Carbonell and Escudero, 2010).

Knowing that MI is part of the market orientation (customers and competitors), it can be said that MI can strengthen the CRM ability of a company, so it can improve the company performance. CRM capabilities includes the ability to interact with customers such as ability in identifying, gaining and retain profitable customers. Therefore, MIQ will enable the company to enhance CIMaC. Thus, the hypothesis proposed is as follow:

H1: MIQ has good relationship with CIMaC.

2. Market Intelligence Quality (MIQ) and New Product Performance (NPP)

According to Hart et al, (1999), the effective use of market information during the process of new product development (NPD) may increases the success rate of new products. Empirical studies support the positive relation between the market information use and new product performance (Akgun et al, 2007). The high level of information use will improve the effectiveness of decision making and the implementation on its turn will generate a greater new product performance (Moorman 1995; Liu and Tsai 2013). Furthermore, Liu and Tsai (2013) show that the knowledge management capability and information sharing mechanisms affect the performance of new product development. Cooper and Kleinschmidt (2000) and Moorman (1995) also show that the MI generation has a positive impact on the new product performance. Luca and Atuahene-Gima (2007) find a positive relationship between information acquisition and new product performance. Jaworski et al, (2000) show that the market orientation positively influences on the company performance. It means that MI really becomes an important supporter for the company performance development (Chao and Spillan 2010), including the performance of new products (Carbonell and Escudero, 2010). The new product performance here means a measurement of the successful of new products development, such as (1) the suitability of new products generated with the expected volume, (2) suitable or exceed the acceptance or expected result selling, (3) suitable or exceed the expected profit rate, (4) suitable or exceed the expected rate of return of investment (ROI), (5) suitable or exceed the expectations of the owner or management (Cooper 1996; Akgun et al, 2007). Thus the second hypothesis proposed is:

H2: MIQ has a positive relationship with NPP

3. Customer Centric Commitment (CCC) and Customer Interaction Management Capabilities (CIMaC)

According to Kim et al, (2012), the success of CRM implementation depends on the strategy applied, the people involved, processes run and technologies used. The people involvement such as owners, managers, and employees becomes the most important factor as it determines the successful of implementation of the strategies, processes and technology use in CRM. Their commitment is needed to guarantee that the company remains focus on customer-centric implementation by continuing the interactive communication with customers (Kaur and Sharma, 2009; Kim et al, 2012). Interactive communication can be done by determining policies of the company that encourages customers to regularly interact, having face to face dialogue with customers, stimulating customers to provide information about the service requirement changes, encouraging customers to lodge complaints or make suggestions, encouraging the front line employees to interact directly with customers and learn how to serve them better, and conducting regular surveys or interviews with customers to update information on customer service requirements (Kaur and Sharma, 2009).

Commitment is an important factor in the success of relationship marketing as it becomes determinant of corporate behavior, efficiency improvement, and productivity of people within the company, especially employees (Morgan and Hunt 1994; Eisenberger *et al*, 2010; Lub *et al*, 2012; Fu *et al*, 2014). Psychological literature has identified three types of commitment in an organization, such as sustainable, normative and affective commitment (Bansal *et al*, 2004; Meyer and Allen 2004; Kuo 2013). Affective commitment deals with the strength of the attachment of emotional, identification and

involvement of people with particular organizations. Sustainable commitment deals with the extent of the people commitment to remain in the organization when they consider leaving the organization. Normative commitment deals with the feelings of the people about the remaining obligations within an organization (Anari 2012;Chen *et al*, 2012;Joo *et al*, 2012). Among those three commitments, the affective commitment is regarded as one of the most important and beneficial commitment because it can affect other components in the long term (Meyer and Allen 2004;Joo *et al*, 2012). Employees with a strong affective commitment can continue the work with the organization and tend to make more effort for the organization (Joo *et al*, 2012). Fu *et al*, (2014) explains that a person who has affective commitment can be seen from their characteristics, such as: (1) consider the company's problems as their own problems, (2) the company is very meaningful for them, (3) discussing the company's problems with other people is important, (4) have a strong affection with the company, and (5) feel like part of the company. This is similar with the perspective of Seijaaka and Kaawaase (2014) which state that organizational commitment is a tendency to remain stay in the organization and identify themselves with the organization; involvement in the organization work roles; willingness to assemble efforts; and willingness to remain stay in the organization. Crow *et al*, (2012) also state that organizational commitment is a psychological condition of individual towards an organization that can be seen from the loyalty level to the organization, internalization of organizational goals, and dedication to the organizational goals.

CCC is a synthesis of organizational commitment concept and customer centric. Thus, CCC is strength of the emotional attachment, identification and involvement of people within an organization to implement programs in order to satisfy the customers' needs and desires that guarantee the achievement of the efficiency and effectiveness of marketing activities. Niininen *et al*, (2007) describes that customer-centric management is an activity of capturing and using customer insight to improve the effectiveness of marketing and serve them in the best way. Customer-centric management (CCM) consists of three processes: (1) collecting and organizing information and individual customer data; (2) using such information to be more effective in achieving the target fulfillment for the existing customers; and (3) allowing customers to customize and personalize services to meet their own needs and preferences. Thus, in order to achieve success in the implementation of the CCM, each person within an organization needs to have a strong commitment to implement the above three processes. From the perspective of Crow *et al*, (2012), Seijaaka and Kaawaase (2014), and Fu *et al*, (2014), the quality of CCC is presented from what extent do people in the organization, (1) have a tendency to remain in the organization and identify themselves with the organization to support customer service programs that are effective and efficient; (2) directly involve in the operational activities for increasing customer satisfaction; (3) willingness to exert efforts in fulfilling the consumer needs and desires; (4) consider the problem of consumer focus as their own problem; and (5) constantly discuss about customer service issues with other people because it is so important and urgent.

Customer-centric is a company orientation emphasizing on the understanding of profitable customer needs and desires in order to guarantee the efficiency and effectiveness of marketing activities (Kaur and Sharma 2009). Wang and Feng (2012) describe the customer-centric organization system as a determinant of CRM capabilities, including the capability of customer interaction. Knowing that the customer-centric implementation depends on the people who play a role in the organization, the commitment of a strong customer-centric will enable the company to interact with customers. Therefore, the third hypothesis proposed is:

H3: CCC positively impacts on CIMaC

4. Customer Centric Commitment (CCC) and New Product Performance (NPP)

Some previous studies have shown the relationship of people loyalty on the organizations with organizational outcomes such as absence, tardiness, organizational performance, engagement, productivity, satisfaction, customer loyalty and turnover. This kind of person are not only become member of the organization, but also have willingness to exert their power for the organization. People who have strong commitment can better contribute to the organization performance improvement since

they consider that the achievement of organizational goals is substantial. Conversely, people with low organizational commitment will have low attention of the achievement of organizational goals and tend to obstruct the organizational performance. Commitment is important for companies to improve the competitiveness of the organization and maintain the market position (Suliman and Kathairi 2013). At least, Kuo (2013) demonstrates in his research that organizational commitments (sustainable commitment, affective commitment and normative commitment) is the main driver of organizational performance.

In a customer-oriented company (customer-centric), new product success depends on the commitment of the stakeholders. Customer-centric management requires top management support and organizational commitment to implement CRM. The top management support and organizational commitment are the key factors of the success of CRM implementation in organizational performance enhancement (Chen and Popovich 2003). Some previous studies also showed that the consumer-oriented company is able to improve the company's performance, including the performance of new products (Appiah-Adu and Singh 1998; Zhang and Duan 2010; Pehrsson 2013). This shows that CCC from people involved in the process of the organization will determine the organization's performance, including the performance of new products in it. Therefore, the fourth hypothesis proposed is:

H4: CCC positively impacts on NPP

5. Customer Interaction Management Capabilities (CIMaC) and New Product Performance (NPP)

Based on the RBV approach which focus on the role of resource capabilities in improving business performance and competitive advantage (Barney 1991; Peteraf 1993), the company capabilities in the field of CRM is also able to produce superior performance, including marketing and financial performance (Coltman et al, 2011). Wang and Feng (2012) and Coltman et al, (2011) have proved that CRM capabilities positively influence the company performance. These studies show that companies with good CRM will be able to improve its performance. Knowing that customer interaction is the basis of CRM, the intensive customer interaction capabilities will be a key driver of new product performance enhancement. Gruner and Homburg (2000) show that customer interaction during particular stages of new product development processes positively impact on the success of new products. Collaboration with customers provides information about the characteristic of customers and is very useful for leaders in improving the success of new products. Good interaction ability with consumers will enable the company in producing new products that suitable with customer needs. In the development of new products, the better CIMaC will determine the success of new products, as every new product which enters the market should be introduced, promoted and brought closer intensively. Therefore, the fourth hypothesis proposed is:

H5: CIMaC positively impacts on NPP

6. The Impact of Customer Interaction Management Capabilities (CIMaC) Mediation on the Relation of Market Intelligence Quality (MIQ) and Customer Centric Capabilities (CCC) with New Product Performance (NPP)

This study states that MIQ and CCC relationship with the NPP is likely to be mediated by CIMaC. MI is the most important skill needed to reach the success of new product development. As well-known, MI positively influences on corporate performance (Jaworski and Kohli 1993), including the performance of new products (Moorman 1995; Cooper and Kleinschmidt 2000; Carbonell and Escudero, 2010). In the process of new product development, information gathering provides an opportunity for new product development team to learn, so by the information obtained their decision-making ability will increases (Carbonell and Escudero, 2010), including strategic decisions in the development of customer interaction (Wang and Feng 2012). Thus, MIQ will enable the company to develop CIMaC, and through CIMaC the company can increase the NPP.

Meanwhile, some previous studies have shown that the consumer-oriented company is a company that is able to improve the company's performance, including the new products performance (Appiah-Adu and Singh 1998; Zhang and Duan 2010; Pehrsson 2013). Therefore, the management of customer-centric requires the support of all stakeholders, especially the top management and organizational commitment to implement the CRM. The stakeholder commitment is needed to guarantee that the company remains focus on customer-centric implementation by continuing the interactive communication with customers (Kaur and Sharma, 2009; Kim et al, 2012). Wang and Feng (2012) describe customer-centric organization system as an important determinant of CRM capabilities, including the customer interaction capability. This shows that the CCC of the people involved in the organization will determine the performance of the organization, including the NPP in it. As CIMaC is part of CRM capabilities, and these capabilities affect the company performance (Coltman et al, 2011; Wang and Feng 2012), it can be said that a better CIMaC will positively impact on the company performance development. This is consistent with the Gruner and Homburg (2000) findings about the positive effects of customer interaction during the particular stages of new product development process towards the success of new products.

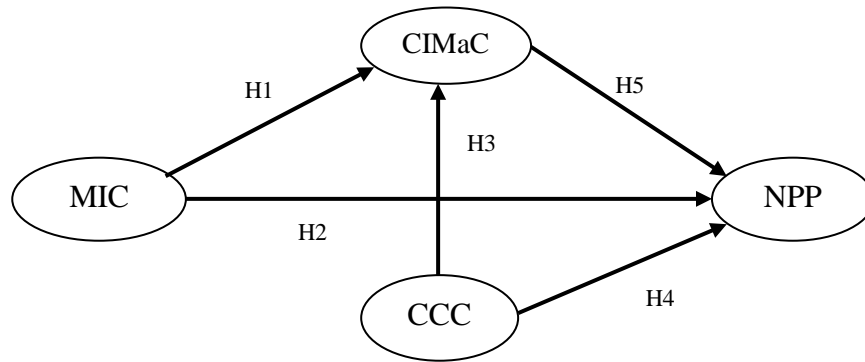
The above explanation basically illustrates that CIMaC has potential as a mediation of the relationship between MIQ and CCC with the NPP. Besides of having potential to directly improve the NPP, MIQ and CCC also have potential to improve the CIMaC which will be able to strengthen the NPP. Therefore, the hypothesis 6 and 7 is proposed as follows:

H6: CIMaC mediate the relationship between MIQ and NPP

H7: CIMaC mediate the relationship between CCC and NPP

The empirical research design is explained as follows:

Figure 1: The Empirical Research Design



Note: MIC (Market Intelligence Quality), CIMaC (Customer Interaction Management Capabilities), CCC (Customer Centric Commitment), NPP (New Product Performance)

D. Method

1. Research Design

Structural Equation Model (SEM) is used to test the empirical research design, using the data retrieved from micro-retail owners in Central Java, Indonesia. Confirmatory Factor Model is used to test the multidimensionality of a theoretical construct (construct validity test). In addition, SEM is also used as a comprehensive test tool for full structural model. The analysis follows some processes recommended by Joseph F. Hair et al, (2010). First, a model of the causality relation track diagram between the constructs as well as its indicators is made. Second, un-dimensionality of each construct with confirmatory factor analysis is tested. Third, the equation of full structural model for indicators that have

passed the confirmatory test is estimated. Fourth, the convergence and discriminant validity before moving to the substantive analysis is discussed. The SEM analysis is performed by using software version Amos 22:00.

2. Sample and Procedure

The data is obtained from questionnaires distributed to 300 owners of micro retail fashion. The research focuses on the fashion industry because this industry shows that the level of innovation activity is higher than other creative industries in Indonesia (Department of Trade, Tourism and Creative Industries Indonesia, 2014). Companies with employee ownership less than 20 people are selected based on the criteria of small enterprises in Indonesia with employee ownership less than 20 people (CBS, 2014). The questionnaire is accompanied with a signed cover letter which is delivered by workers trained by the owners of micro business fashion retail or by trusted people in managing small enterprises. From the 300 questionnaires distributed, only 250 respondents who gave their consents to participate in this survey (83.33%). The final evaluation of the questionnaire received indicates 184 questionnaires (61.33%) were appropriate for data analysis. Selected respondents consisting of 65% male and 35% female, which most of them are married (64.17%), 29.95% unmarried, and 5.88% divorced. Their education is high school or earlier 52.41%, 29.95% Diploma, and 17.65% Bachelor, and they already have a fashion retail business for at least 2 years.

3. Variable and Indicator

MIQ is modified from the first view of Jaworski et al, (2000), such as the quality of MI generation, MI dissemination and MI responsiveness which are obtained from market sense activity. From the three concepts, five items of questionnaires dealing with the quality of consumer information, competitor information quality, dissemination information quality, market information sharing quality, responsiveness and quality of market information to measure MIQ are developed.

CCC is strength of the emotional attachment, identification and people involvement within an organization to implement programs for the needs and desires of customer satisfaction that guarantee the achievement of the efficiency and effectiveness of marketing activities. Four items of the questionnaire includes the willingness to support customer service programs which are effective and efficient; exert maximum effort in satisfying the customer needs, consumer focus and regularly discuss about the customer service issues applied to measure the CCC.

CIMaC was adopted from the early perception of Zhang and Feng (2012) which had been adjusted, which is the company's ability to build an intensive interaction with the customers through customer identification stages, customer acquisition and retaining the profitable customers. Four items of the questionnaires was applied to measure the CIMaC, such as the ability to acquire loyal customers, communicating with customers, serving the customers and retaining the loyal customers.

NPP was adopted from Cooper (1996) and Account et al, (2007) perspectives which was adjusted, measurement figure of the success of new products development employee. Six items of questions was applied to measure this construct, such as the compliance with the expected volume, expected sale result, the level of expected profit, expected ROI, the owner expectations, and the new product contribution to the company development.

4. Analysis Techniques

This research reports the results of confirmatory factor analysis (CFA) for the complete sample. This study observed 19 indicators (5 indicators of MIQ, 4 indicators of CCC, 4 indicators of CIMaC and 6 indicator of NPP) to obtain 19 value of loading factor (λ_1 - λ_{19}) that is relevant. In accordance with the existing provisions in AMOS, loading factor for all latent variables observed has a good validity if it has a value above 0.5. Furthermore, all of the latent constructions are allowed to correlate so that the relationship between them can be evaluated. This research reports the good results of Goodness-of-Fit index testing because it produces the criteria recommended by SEM (χ^2 165.218, p-value 0.132, 0.905 GFI, AGF 0876, 0837 TLI and RMSEA 0.027). Unless AGF and TLI index lower than recommended (<0.90), the other is in conformity with the criteria recommended χ^2 165.218 yield 0.132 p -value not

significant at α 0.05, GFI > 0.9 and RMSEA less than 0.05 are the criteria recommended in the SEM. This indicates that the model recommended is fit or have the eligibility to examine the relationship among variables. To prove the CIMaC mediation, Sobel Test is used.

5. Discriminant validity test

High construct reliability demonstrates the internal consistencies, which mean that the indicator consistently represents the same latent constructs (Joseph F. Hair et al, 2010). This research used the Construct Reliability (CR) and the Average Variance Extracted (AVE) to measure the internal consistency of the indicators used. The CR value is bigger than 0.7 for CCC, MIQ and CIMaC, and it almost reaches 0.7 for the NPP, then the AVE value that is bigger than the value of inter-correlation showed that each construct has good discriminant validity. Un-dimensional was assessed by examining standardized of maximum likelihood estimation estimates loading factor, which exceeds 0.5 or better than 0.6 (Joseph F. Hair et al, 2010).

Table 1.
Descriptive all=184. Inter-correlation, CR and AVE

| Path | CR | Inter-correlation (C) | | | |
|-------|-------|--|--------------|--------------|--------------|
| | | Average Variance Extracted (AVE) in bold | | | |
| | | CCC | MIQ | CIMaC | NPP |
| CCC | 0.863 | 0.930 | | | |
| MIQ | 0.862 | 0.826 | 0.928 | | |
| CIMaC | 0.881 | 0.849 | 0.855 | 0.939 | |
| NPP | 0.652 | 0.793 | 0.906 | 0.872 | 0.958 |

CCC = Customer Centric Commitment; MIQ = Market Intelligence Quality
CIMaC = Customer Interaction Management Capability; NPP = New Product Performance

Table 2.
Parameter estimates for the path: direct effects

| | | | Estimate | S.E. | C.R. | p |
|-------|-------|-------|----------|-------|--------|--------|
| MIQ | ----> | CIMaC | 0.483 | 0.126 | 3.643 | *** |
| CCC | ----> | CIMaC | 0.45 | 0.116 | 3.527 | *** |
| MIQ | ----> | NPP | 0.61 | 0.139 | 4.025 | *** |
| CIMaC | ----> | NPP | 0.377 | 0.142 | 2.543 | 0.011* |
| CCC | ----> | NPP | -0.031 | 0.111 | -0.244 | 0.807 |

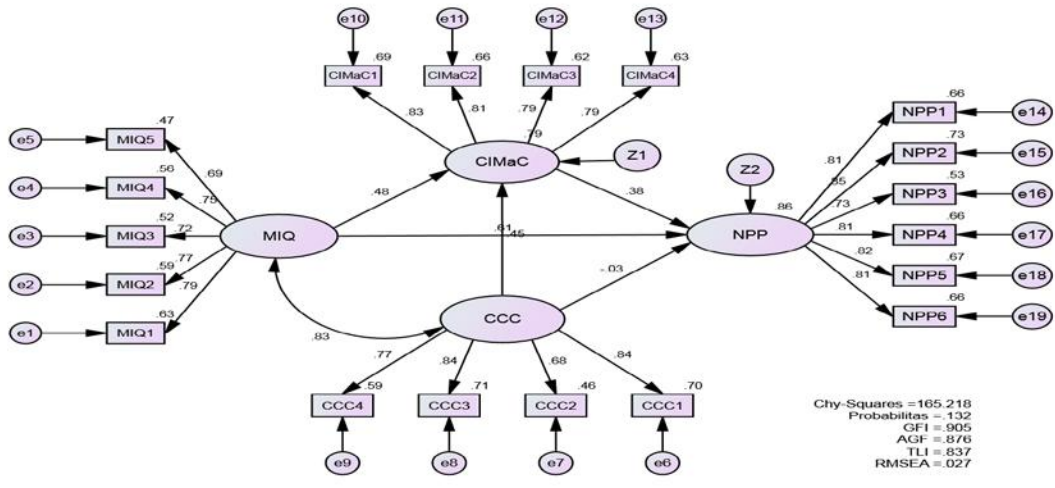
Note: * p < 0.05; ***p < 0.01

Table 3.
Parameter estimates for the path: indirect effects (Sobel Test)

| | | Path | | Beta | S.E. | C.R. | p | |
|-----|-------|-------|-------|------|-------|-------|-------|--------|
| MIQ | ----> | CIMaC | ----> | NPP | 0.182 | 0.083 | 2.183 | 0.029* |
| CCC | ----> | CIMaC | ----> | NPP | 0.170 | 0.077 | 2.183 | 0.028* |

Note: * p < 0.05; ***p < 0.01

Figure 2: The empirical design testing result



The direct effect result shows that there is a significant positive effect of MIQ towards CIMaC (Beta = 0.483, t-value = 3.643, $p < 0.01$), CCC towards CIMaC (Beta = 0.45, t-value = 3.527, $p < 0.01$), MIQ towards NPP (Beta = 0.61, t-value = 4.025, $p < 0.01$) and CIMaC towards NPP (Beta = 0.377, t-value = 2.543, $p < 0.05$). On the other hand, CIMaC does not influence the NPP (Beta = -0.031, t-value = 0.111, $p > 0.05$). This shows that Hypotheses H1, H2, H3, and H4 are accepted, while H5 is rejected.

This research aims to examine if CIMaC plays mediation role in the relations between MIQ and CCC with NPP. Dealing with H6 and H7, through Sobel Test, both antecedents influence the NPP through CIMaC. Moreover, CIMaC roles as maximum mediation in the relationship between MIQ and NPP (indirect effect: Beta = 0.182, t-value = 2.183, $p < 0,05$). Besides, CIMaC also mediated the relation between CCC and NPP (indirect effect: Beta = 0.170, t-value = 2.183, $p < 0,05$). Therefore, H6 and H7 are accepted.

E. Discussion

This study aims to investigate the relationship of MIQ and CCC with CIMaC and NPP, as well as the mediation role of MIQ in the relations of CIMaC and CCC with NPP. This study has proved how important the role of CIMaC for companies in the fashion industry with the characteristics: short life cycle, unstable demand, low predictability and the high level of impulse purchasing (Christopher et al, 2004). CIMaC has become a convincing mediator in the relationship of MIQ and CCC with the NPP. At least, this study has given a new reference for giving a solution to the controversy over the relationship between market intelligence and customer centric with the new product performance. The result of this research has confirmed the role of external and internal factors in strengthening CIMaC. The external factors derived from the quality of the information obtained from the competitors and customers, such as market information quality, while the internal factors derived from the commitment of the owners, leaders, and employees to focus on the customer satisfaction. As an external driver of CIMaC, of market information quality occurs when a company has a strong market orientation culture. Meanwhile, as an internal driver of CIMaC, CCC arises in the form of company's orientation commitment on the understanding the needs and desires of the profitable customers, so the efficiency and effectiveness of marketing activities are guaranteed (Kaur and Sharma, 2009).

Result of this study is in accordance with the perspective of Narver and Slater (1990), Garcia and Calantone (2002) and Gellynck et al, (2012) that market information collection will continuously help the

companies in identifying the customer wills, and this knowledge will positively impact on company performance. According to Zimmerer and Scarborough (1998), the secret of success in marketing is to recognize who the customers of the company are, what they need, how big their demand is, and what they desire, before the competitors come to meet their needs, demands and desires. Rich customer knowledge becomes an important resource for building the interaction capabilities with customers. In another definition, the quality of market information will allow the company to interact with customers. Therefore, it is not surprising that the market intelligence quality becomes an important driver for the formation of customer interaction capabilities and the improvement of new product performance.

In fact, micro-enterprises are more effective than large companies in marketing relationship that is the process of developing and maintaining long-term relationship with customers, so that they can re-shop (Zimmerer and Scarborough, 1998). Micro-enterprises can serve a narrow target market effectively and efficiently and achieve an excellence in market. The special advantages can be a close relationship with the customer, personal attention, focus on service, and flexibility on management and organizations (Scarborough Zimmerer, 1998). The main customer focus means engaging customer-centric management which is more serious, so it will continually deliver superior value for selected customers. Knowing that the customer-centric implementation depends on the people who play a role in the organization, the commitment of a strong customer-centric will enable the company to interact with customers.

Slightly different from the research of Zhang and Feng (2012) which shows that the CRM capabilities affect the company performance, this study analyzes more specifically on the CRM capabilities, the customer interaction capabilities, and its relation with the company performance. Through effective management of customer interactions, enterprises will obtain customer data as a main contact for service satisfaction (Lamb et al, 2010). The enhancement of customer interaction capabilities will impact on the company performance (Day 1994; Morgan et al, 2009; Wang and Feng 2012).

One thing that is different from other studies, this research found that the CCC does not directly affect the new product performance. This may occur when the stakeholders willing to effectively and efficiently support the programs of consumer services; directly involved in the operational activities of customer satisfaction development, willing to exert maximum effort in satisfying customer needs, and a willing to regularly discuss about customer service issues, not sensitive to the new product performance. In a very dynamic fashion industry, each entrepreneur needs continual intensive interaction to ensure the customers in following the new mode. Without the interaction ability, it is very difficult for micro-entrepreneurs to improve their business performance. Therefore, a company with a strong commitment to customer-centric and is able to boost the capability of customer interaction, has potential to improve the new product performance.

According to the overall analysis of the structural model, MIQ directly impacts on CIMaC and NPP. While CCC only directly impacts on CIMaC but has no effect on NPP. CCC does not directly affect the new product performance through CIMaC. Particularly, the market intelligence quality contributes to customer interaction capabilities, which in turn can improve the new product performance. Consistent with the research of Wang and Feng (2012), this study further confirms the mediating role of CIMaC in the relationship between the market intelligence quality and business performance, which were ignored in the study of Toften and Ottar Olsen (2003), Chao and Spillan (2010), Haverila and Ashill (2011), Trainor et al, (2013), and Sanuri Mohd Mokhtar (2013).

F. Limitations and Research Agenda

Some previous researches have put the capabilities of CRM as a variable mediating the orientation customer relations, customer centric organizational system, and CRM technology with the company performance. This research more specifically puts the market intelligence as part of a market orientation, customer centric commitment as part of a customer centric organizational system, customer interaction capabilities as part of CRM capabilities, and new product performance as part of the company performance. Meanwhile, in-depth research on other dimensions of the research of Wang and Feng (2012)

such as CRM technology, customer relationship upgrading capabilities and customer win-back capabilities in relation with the company performance still need to be done. In the future, testing on the other mediation variables from the relationship of market intelligence and customer centric commitment with NPP, such as customer relationship upgrading capabilities and customer win-back capabilities (Wang and Feng, 2012), the innovation speed (Carbonel 2010), new product development capability (Trainor and Krush), or organizational knowledge (Toften and Olsen), is still necessary in the marketing management knowledge development.

Some previous studies have put a variable in the internal context which moderates the market intelligence relationship to the new product performance, such as the innovation speed (Carbonel 2010), product excellence (Langerak et al, 2004), the innovation performance (Bodlaj 2010), and competitive advantage (Porter 1985; Zhou et al, 2009). Meanwhile, the placement of variables such external context, such as the market and sustainable competence, the intensity of competition and market growth, playing a moderator role in the relationship between market intelligence (in the context of market orientation) and business performance. The conclusions of the previous studies are inconsistent. External variables can be used to add the model of this research and examine its impact on the relationship between MIQ and NPP. In addition, the types of business strategies also affect the impact of market orientation relations on business performance. Therefore, future studies can enter the type of business strategy in the model of this research to examine the relationship between MIC and CCC towards the NPP.

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