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Harnessing Innovation: Exploring the Impact of Market Orientation and Firm Resources on Performance in West Sumatra's Event and Party Services

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Abstract:

Marriage holds a sacred significance in Minangkabau culture, representing the pinnacle of the life cycle, where customs transcend mere entertainment to embody profound philosophical and cultural values. Despite the substantial opportunities for party service businesses in West Sumatra, the performance of firms in this sector often falls short of expectations. Observations reveal recurring issues, including vendor delays and dissatisfaction with service quality in areas such as decoration, photography, videography, and catering. These problems are primarily attributed to inadequate resource management and poor strategic decision-making. This study employs explanatory research with a quantitative approach, utilizing hypothesis testing to examine the relationships among market orientation, firm resources, innovation, and firm performance. The validity and reliability of the questionnaire instrument were confirmed to ensure accurate data analysis. The findings demonstrate that, within the context of party service businesses in West Sumatra, both market orientation and firm resources significantly impact innovation and firm performance directly; however, innovation does not serve as an effective mediator in this relationship.

Keywords: *Market Orientation, Firm Resources, Innovation, Firm Performance*

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1. Introduction

The Minangkabau, an ethnic group from West Sumatra, are known for their unique matrilineal family system, where lineage is traced through the mother. In Minangkabau culture, marriage, known as "baralek," holds significant importance as a sacred life event, ideally occurring only once in a lifetime. For many Indonesians, marriage is more than just a solemn occasion; it also represents the preservation of cultural traditions. In the Minangkabau tradition, baralek integrates both cultural customs and religious rituals, making it a deeply meaningful and multifaceted event.

The demand for party services in Indonesia is rising, with 1.7 million weddings recorded in 2022, highlighting a significant market for wedding-related services like

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decorations, entertainment, and catering. In West Sumatra, this growing trend presents a valuable opportunity for party service providers to expand their businesses and improve performance. However, despite the promising prospects, many wedding service businesses in West Sumatra are struggling to meet expectations. Based on researcher observations at weddings in the Padang City area, issues such as delays from vendors, subpar service quality, and unmet client expectations are common. Complaints from brides include late arrivals from photographers, caterers, and other vendors, leading to dissatisfaction and frustration. Furthermore, some vendors fail to deliver the expected quality in decorations, photography, and food, resulting in disappointment for both the couple and guests. This underperformance is linked to management's inability to effectively manage resources and make strategic decisions, often due to a lack of skills, experience, or business insight (Taouab & Issor, 2019).

Several factors contribute to a company's competitive advantage, including firm resources and innovation. To navigate intense market competition, businesses must develop and evaluate competitive strategies to ensure they offer an advantage. Innovation plays a key role in boosting overall performance, and it is influenced by both internal and external factors (Evangelistha Hermina Rompis & Mananeke, 2022). In the context of party service businesses in West Sumatra, market orientation and firm resources are crucial. However, many business owners show limited risk-taking ability, lack innovation in their offerings, and struggle to compete effectively. Additionally, they often fail to meet consumer expectations or agreed standards, which can damage the business's reputation and negatively impact its performance.

Despite extensive research on market orientation, firm resources, and innovation, there remain gaps in understanding their specific impacts on firm performance in niche industries like party services. Wahyuni (2020) highlights the need for further exploration of market orientation in regional industries, particularly in creative sectors. Ferdinand (2021) found that innovation plays a critical role in mediating firm resources and performance, yet its implementation is inconsistent in service-based industries. Tjahjono et al. (2021) suggest that many businesses fail to leverage firm resources effectively due to inadequate management strategies. Anderson and Covin (2020) point out that while market orientation is crucial, its role in driving innovation in small-scale enterprises is underexplored. Putra and Sulistyo (2021) emphasize the importance of risk-taking, yet businesses in West Sumatra exhibit low risk tolerance. Sari et al. (2020) found that inadequate strategic decision-making in service industries impedes innovation and growth. Hermanto (2022) stresses the role of external factors in fostering innovation, but how they interact with firm resources in party services remains unclear. Kusuma and Hidayat (2021) argue that local industries often lack the competitive edge due to a failure to adapt to changing consumer preferences. Saputra and Wijaya (2021) note that businesses in niche markets, like wedding services, frequently fall short in delivering the expected quality, affecting customer satisfaction. Rahmawati (2022) identified that customer dissatisfaction often stems from service inconsistencies, yet little research addresses how innovation can mitigate this. Santoso (2020) found that poor vendor coordination in wedding services contributes to performance issues, but strategies for improving this remain underexplored. Yusuf and Nur (2021) indicate that the role of technology in driving innovation in regional service industries is still in its infancy. Wardhani (2022) points out the lack of competitive strategies tailored to local markets, which could be critical for businesses in West Sumatra. Amaliah and Setiawan (2021) suggest that the integration of market orientation and innovation is crucial, yet the specific mechanisms in creative industries are still vague. Finally, Permana (2022) highlights that business performance evaluations are often overlooked in local industries, leading to missed opportunities for improvement.

This research brings novelty by focusing specifically on the party service industry in West Sumatra, an area that has received limited academic attention despite its growing significance within the creative economy. Unlike previous studies that have broadly examined market orientation and innovation across various sectors, this study delves into the unique challenges and dynamics of wedding service providers, exploring how firm resources and market orientation influence performance through innovation. By identifying the specific barriers that hinder service providers in adapting to market demands, such as low risk-taking and inadequate strategic decision-making, this research contributes fresh insights into the operational practices and competitive strategies needed for success in this niche industry. Furthermore, it emphasizes the interplay between internal and external factors influencing innovation, offering a comprehensive framework that can inform both practitioners and policymakers in enhancing the performance of local businesses.

2. Theoretical Background

H1: Market orientation has a positive and significant effect on innovation:

Market orientation and innovation can mutually enhance one another, with the nature of a firm's market orientation—whether proactive or reactive—serving as a crucial foundation for its innovative endeavors (M. Fadhli Nursal et al., 2022). Implementing market orientation principles positively influences innovation by enabling firms to gain a deeper understanding of customer needs and preferences, which are essential for developing solutions that meet market demands and sustain competitive advantages. The pace of innovation is defined by a company's capacity to expedite the development of products or services, contributing to its competitive edge. Yaskun et al. (2023) affirm that market orientation significantly impacts innovation, underscoring the importance of aligning business strategies with customer insights.

Furthermore, a strong market orientation enables companies to identify emerging trends and shifts in consumer preferences, thereby facilitating timely and relevant innovation (Sari & Utami, 2021). This proactive approach not only enhances a firm's ability to innovate but also fosters a culture of continuous improvement and adaptability. By leveraging market intelligence, organizations can anticipate changes in the competitive landscape and respond effectively, ensuring they remain at the forefront of their industry. Sari and Utami (2021) emphasize that companies that prioritize market orientation are better positioned to generate innovative ideas that resonate with customers, leading to increased market share and profitability.

Additionally, the relationship between market orientation and innovation is reinforced through collaborative efforts with stakeholders, including customers, suppliers, and partners (Rahmadani et al., 2022). By engaging in collaborative innovation, firms can tap into diverse perspectives and expertise, enriching their understanding of market needs and enhancing the quality of their innovative outputs. This collaborative approach not only broadens the scope of innovation but also strengthens relationships within the value chain, creating a more resilient and competitive business model. Rahmadani et al. (2022) highlight that fostering collaboration through market-oriented practices can significantly enhance a firm's innovative capacity and overall performance in today's dynamic market environment.

H2: Firm resources have a positive and significant effect on innovation:

Organizations endowed with substantial financial resources are better positioned to seize new opportunities and effectively navigate external challenges. According to Demirkan (2018), firm resources positively influence innovation. Innovation serves as a critical driver of competitive advantage, achieved through a strategic combination of resources that fosters the development of essential capabilities. These capabilities may manifest as employee expertise, organizational infrastructure, and the ability of a company to effectively mobilize both tangible and intangible assets to execute tasks aimed at enhancing performance.

Moreover, the interplay between firm resources and innovation extends beyond financial capacity, encompassing human capital and organizational culture as pivotal elements (Zhang et al., 2020). A workforce equipped with the right skills and knowledge can significantly elevate a company's innovative potential, as skilled employees are more adept at generating creative solutions and implementing effective strategies. Additionally, a supportive organizational culture that encourages experimentation and values creativity can further enhance innovation efforts. Zhang et al. (2020) highlight that fostering such an environment is crucial for leveraging firm resources effectively to stimulate innovation and achieve long-term success.

In addition, the strategic allocation and management of resources are essential for driving innovation and maintaining a competitive edge (Sullivan & Sweeney, 2021). Companies must prioritize their resources and align them with innovation initiatives to maximize their potential impact. This alignment ensures that investments in research and development, technology, and employee training yield substantial returns in the form of innovative products and services. Sullivan and Sweeney (2021) argue that organizations that strategically manage their resources not only enhance their innovative capabilities but also improve overall firm performance, illustrating the interconnectedness of resource management and innovation in achieving sustainable competitive advantage.

H3: Innovation has a positive and significant effect on firm performance:

A company's advancement of technical abilities in order to create new processes and products is heavily reliant on innovation, which is what leads to positive performance for a company (Lee et al., 2019). In the attempt to meet performance targets, undertaking activities related to the management of innovation becomes quite important for organizations. Concerning the statement of Gupta et al. (2018), innovation is the engine that fuels growth and sustainability for a company. For instance, any improvement in the usability of an existing concept, product, or service, or any new concept, product, or service that results in new uses, is likely to increase a firm's profits immeasurably.

Additionally, the positive impact of innovativeness on firm performance, i.e., the adoption of innovations aimed at improving efficiency studies, means that it is critical to promote lifelong learning habits across institutions (Hatzikian, 2015). Foreign direct investment is referred to as moving economic resources from one country to another for investment in such a way that approximately an equal volume of economic resources will be earned back from that investment. When companies commit to innovative practices, they improve on their internal processes to give them a unique market positioning over their competitors. Hatzikian (2015) validates the assumption by stating that where innovation is concentrated in organizations, it is good for performance in the targeted markets and surrounds a commitment to strategic policies that drive success within the business.

Also, this innovation in strategic affairs is essential for long time sustainability and competitiveness (Khan et al., 2020). Companies that pursue innovation as part of their business strategies come up with effective ways to satisfy the markets and the evolving needs of consumers. This positive attitude to innovation not only brings about new products and services but also helps build up a strong structure of the organization that can deal with the outside environment. Khan et al. (2020) suggest that companies that consider innovation an important aspect of their strategy can improve their performance and maintain growth in a sustainable way, establishing a connection between managerial performance and organizational innovation.

H4: Market orientation has a positive and significant effect on firm performance:

Strong market orientation emerges as an important determinant of enhancing the firm performance. It simultaneously confirms the positive effects that are experienced on all performance-related metrics. According to Na et al. (2019), performance can be boosted when market orientation is practiced through customer satisfaction, improvement of service quality, and lowering of customers' switching costs. Therefore, this means that companies with a higher sense of market orientation are able to thrive even when there are market dynamics, leading to better performance. Tajeddini and Ratten (2020) also highlight that strong market orientation is associated with successful business performance and, thus, the overall goals of the organization since market orientation is the key to performance improvement.

Firms with strong market orientation are also better positioned to understand and even proactively address customers' wants, which, in return, helps better fit the products and services into the market (Kumar et al., 2021). This fitting in helps not only to deepen customer loyalty but also to expand the market share. Kumar et al. (2021) stipulate that market-oriented organizations perform better in relation to organizational performance owing to their ability to satisfy customers and surpass their expectations, leading to a firm competitive advantage.

Furthermore, the relationship between market orientation and strategic management is critical to enhancing firm performance (Li & Liu, 2022). Market-oriented organizations can utilize the information available to make strategies that are likely to lead to optimal resource deployment and creativity. Li and Liu (2022) point out that this puts firms in a vantage point to easily adapt to competition and changes in consumer purchasing, thereby performing better in the market. It becomes clear that by appropriating the concept of market orientation in the organizational strategies, organizations are likely to develop a sustainable competitive advantage in a way that is supportive of the core business objectives.

H5: Firm resources have a positive and significant effect on firm performance:

Resource-based theory posits that a company holds advantages that are beneficial toward particular activities, including performance enhancement (Freeman et al., 2021). It has been noticed that organizations that manage their resources properly tend to beat other companies that are unable to come up with the same resources or even use them. Lin and Wu (2014) support this statement, indicating that the resources of a company determine its performance by ensuring that its borders are not only well defined but the various competencies of staff, technology, and any other assets that confer a competitive advantage are effectively utilized.

Moreover, resource management in an organization, especially in improving performance, is an important aspect (Barney, 2020). Companies that emphasize ensuring that resources are directed towards strategic goals started realizing clear win-win situations to the upscaling of the basic resources and consequently improved performance. Barney (2020) holds that well-managed resources enable firms to address the threats posed by competition and exploitation of available chances to enhance performance. The integrated strategies not only enhance performance through the economy of operation but also increase the speed at which firms detach themselves from such disadvantages in the course of the competition.

Moreover, the adaptation and acquisition of firm-specific resources is indispensable if the company wishes to improve its performance over the long run (Miller & Shamsie, 2022). Companies that allocate resources to raise employee capabilities through computer-based training, technologies, and improvements in infrastructure are usually rewarded with better performance. Resource investment will enhance the competitiveness of an organization but also encourage innovation and change (Miller & Shamsie, 2022). Instead of being shaken by economic changes, firms will expand their performance and build competitive advantages in the resource market by enhancing their resource base.

H6: Market orientation affects firm performance through innovation as a mediating variable :

Karaev and Mercan's analysis, whose publication occurred in 2023, shows that businesses treat innovation as a lever of weight. It is essential for growing revenues, and the greater the strength of innovation within the organization, the more favorable the market orientation that will improve the firm's profitability over time." The findings of this research paper have shown that there is a positive relationship between market orientation and performance, with market orientation and innovation playing the mediating role. This is particularly relevant, as it places innovation in a central position in reaping the benefits of a firm's market orientation.

Further, how companies are aware of market changes and maintain their customers' orientation also impacts the structure of innovative capabilities and performance of the companies (Intan et al., 2016). It was found in their research on garment firms in Denpasar City that practices of innovation resulted in positive organizational performance. This is supported by the fact that firms that are aggressive in implementing market-based competition strategies are likely to engender innovations that enhance the firm's performance. By understanding the needs of their customer or market and following the trends in the market, they should also use innovation as one of the strategies for customer performance improvements.

Furthermore, the effect of market orientation innovation capability and performance is even deepened in the research made by Zehir et al. (2015), who makes it clear that innovation is very important in the improvement of the strategies oriented to the market, especially with their exports. The ability for market-oriented innovation not only enables the firms to attain competitive advantages but also prepares them for competitiveness across different market environments. Depending on the level of innovation in the market orientation of the companies, organizations can not only improve performance but also enhance their resilience, increasing possibilities for sustainable development in a constantly changing market environment.

H7: Firm resources affect firm performance with innovation as a mediating variable :

The study conducted by Zehir et al (2015) investigated the data of 328 high-tech companies based in China and showed that Intellectual Capital 'IC' leads to innovation and as a result, enhances organizational performance and financial returns. The study considers two management important aspects of innovations: speed and quality, showing that speed and quality are positively affected by different components' of IC. This means that the proper management and use of intangible assets can positively influence innovation processes and thereby enhance corporate performance.

A further investigation of the relationship was done by Aboramadan et al. (2020), in which the authors sought to explain marketing innovation as a mediator of the relationship between organizational culture and performance: Marketing innovation was found to be an intermediate factor that impacts performance and organizational processes. This study affirms the need for the development of a good organizational culture that encourages the development of marketing innovations for better outcomes. Therefore, it would be prudent for organizations to adopt marketing innovations so as to efficiently manage their resources for value creation, which would, in turn, enhance performance. This clearly illustrates the relationship between A firm's resources and innovation, where many companies are in search of competitive advantage within a fast-changing market environment.

Also, it is important to perceive the firm resources–innovation linkage as management of resources to achieve more performance gains (Meyer & Stulz, 2021). Firms that actively seek to improve their resources, e.g., invest in employee training and upgrade technology or processes, can augment their innovative capacity. That is, Meyer and Stulz (2021) particularly claim future performance will be more advantageous for companies that appropriately manage their resources and accompany the process of innovation with that resource management. This integration not only promotes an innovative climate within organizations but also increases the ability of the firms to manage risks and capitalize on opportunities in their markets.

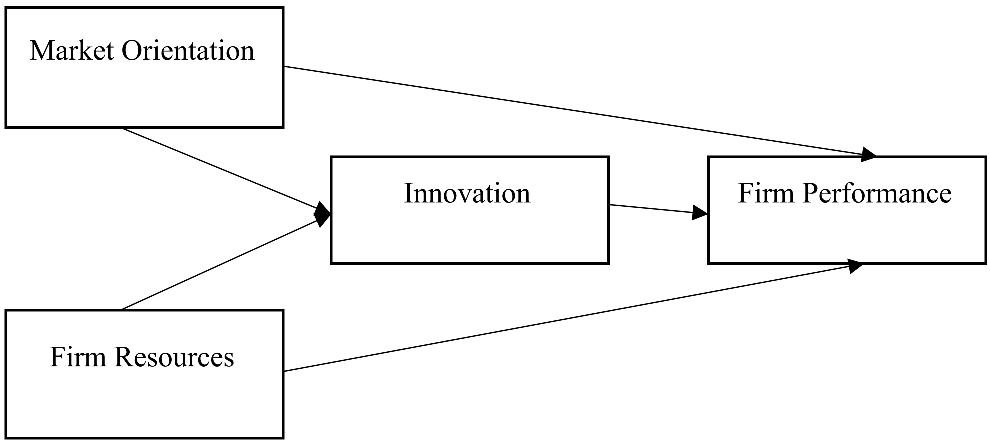

Figure 1: Framework

3. Methodology

This research employs an explanatory research design aimed at analyzing the relationships between variables, specifically focusing on how market orientation and firm resources influence firm performance, with innovation serving as a mediating variable. Utilizing a quantitative approach, the study implements an explanatory survey method. The primary data collected for this analysis comes directly from wedding party service providers in West Sumatra through questionnaires distributed by the researchers. To ensure the quality of the data, the questionnaire instrument is rigorously tested for validity and reliability; a valid instrument accurately measures the intended constructs, while a reliable instrument consistently yields the same results upon repeated use. This methodology facilitates a comprehensive understanding of the interdependence among the variables under investigation.

4. Empirical Findings/Result

Instrument Test
Validity test
In this study, data testing was conducted using the SmartPLS 3.0 program, employing the Structural Equation Modeling (SEM) method, which included validity testing, reliability testing, structural model evaluation, and hypothesis testing. The validity of the instruments was assessed through convergent validity and discriminant validity, with convergent validity determined by an outer loading value greater than 0.7 and an Average Variance Extracted (AVE) exceeding 0.5 (Ghozali & Latan, 2021). Initial results indicated that six indicators had outer loading values below the acceptable threshold of 0.7, necessitating their removal. After eliminating these invalid indicators, the subsequent SEM-PLS model calculation showed that all remaining indicators met the required outer loading value criteria, confirming their validity and allowing for further testing. The findings demonstrate that all indicators across each variable achieved high validity, as reflected in the revised outer loading results.

The data analysis in this study included evaluations of AVE and discriminant validity to confirm the constructs' validity. The AVE results demonstrated that Firm Performance (0.671), Firm Resources (0.712), Innovation (0.825), and Market Orientation (0.640) all exceeded the threshold of 0.5, indicating good convergent validity and that these constructs explain more than half of the variance of their indicators. Furthermore, the discriminant validity assessment, based on cross-loading values, revealed that each construct's correlation with its respective indicators was greater than with other constructs, confirming adequate discriminant validity. The results were further supported by the square root of the AVE values, which were higher than the correlations between constructs, affirming that all latent constructs possess high validity and are appropriate for this research.

Reliability Test
The reliability test conducted in this study utilized Composite Reliability to assess the trustworthiness of the measuring instruments for each variable. The results, as shown in Table 6, indicated that all variables—Firm Performance (0.924), Firm Resources (0.908), Innovation (0.950), and Market Orientation (0.934)—exceeded the acceptable threshold of 0.6, confirming their reliability. Notably, the Innovation variable demonstrated the highest composite reliability value of 0.950, suggesting an excellent level of reliability. Overall, these findings indicate that the measurement instruments employed in this research are dependable and effective for evaluating the respective constructs.

Table 1. Reliability Test Results

Variable	Reliability Value	Standard	Information
Firm Performance	0.924	0,6	Reliable
Firm Resources	0.908		Reliable
Innovation	0.950		Reliable
Market Orientation	0.934		Reliable

Source: Data processing from SmartPLS 3.0 (2024)

Hypothesis Testing Results

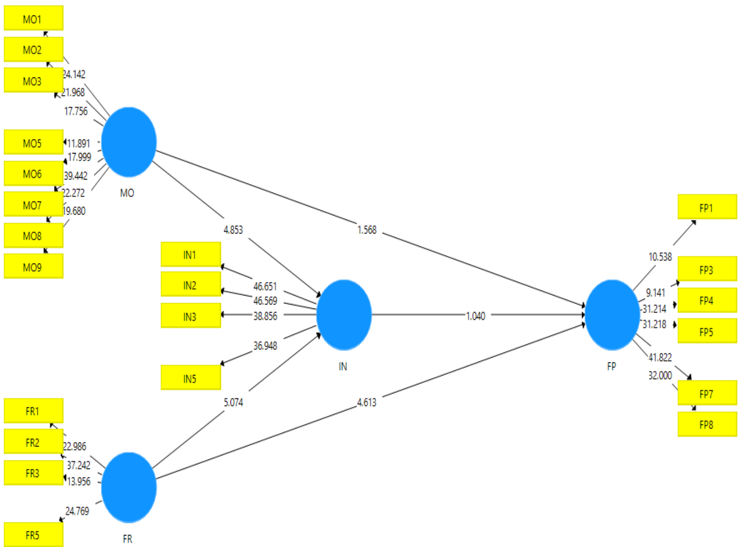

Figure 2. Bootsrapping

Direct Effect

Table 2. Direct effect

Hypothesis	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Market Orientation -> Innovation	0.395	0.385	0.090	4.411	0.000
Firm Resources -> Innovation	0.379	0.390	0.087	4.370	0.000
Innovation -> Firm Performance	0.080	0.069	0.078	1.021	0.309
Market Orientation -> Firm Performance	0.207	0.208	0.132	1.568	0.119
Firm Resources -> Firm Performance	0.499	0.505	0.110	4.557	0.000

From the analysis of the information set out in Table 2, two hypotheses were rejected: H3, which states incorporating Innovation will positively affect firm performance, and H4, which states that all marketing orientations will positively affect firm performance. Both of these hypotheses were researched, and it was noted that these bore P values were above the confidence limit of 0.05, and their T stat values remained less than the T tables interval value of 1.65. There was no substantive data to support these correlates.

As for H1, which claims that market orientation in any firm has a positive impact on its performance, it was evident that the claims were true. The value of T statistics was 4.411, which is well above 1.65, unlike in other studies where it was below that threshold. The original sample showed a positive relationship with the value of 0.395. Again, it brought the P value to 0.000 less than the cutoff point of 0.05, implying acceptance of H1.

In a like manner, the outcomes for H2 that was postulated that the firm resources will positively impact Innovation were accepted. The Table value of T statistic which was measured as 4.370 proved Parsons T threshold of 1.65. The original sample results showed a positive relationship of 0.379. That H2 was accepted since at P of 0.000 this relationship was found to be significant statistically.

On the contrary, H3, which suggested the positive influence of Innovation on firm performance, was not supported. The T stat calculated was 1.021 which is less than 1.65 and also the T stat of the original sample drawn 0.080. The P value in this study was 0.309 whereas the significance level was placed at 0.05, so there was no support for the hypothesis. Hence it was determined that Innovation does not bring about any productive capability improvement of the firms in this case.

Last but not least, H5, which stated that firm resources are positively related to firm performance, has been supported. The T-statistic value of 4.557 falls within the range of critical values of 1.65 with the original sample having a sample positive enough of about 0.499. Discussion of firm resources especially regarding empirical studies showed that the p- value obtained from resources was-0.000, which is below the 0.05 regarded as the cut-off point which led to the acceptance of H5, referring to firm resources as factors garnering improved performance.

Indirect Effect

Table 2. Indirect Effect

Hypothesis	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Market Orientation -> Innovation -> Firm Performance	0.026	0.031	1.017	0.311	0.026
Firm Resources -> Innovation-> Firm Performance	0.028	0.033	0.924	0.357	0.028

The analysis presented in Table 3 indicates that the hypothesis H6, which proposes that market orientation positively affects firm performance through innovation as a mediating variable, is rejected. This conclusion is drawn from the t-statistic value of 1.017, which is below the critical threshold of 1.96, and a p-value of 0.311, exceeding the 0.05 significance level. Similarly, H7, which posits that firm resources positively impact firm performance through innovation as a mediating variable, is also rejected, as evidenced by a t-statistic value of 0.924, which is less than 1.96, and a p-value of 0.357, greater than 0.05.

5. Discussion

The analysis of statistical tests explains how different variables affect innovation as well as the firm’s performance, commencing with market orientation as the first variable. The results reveal that market orientation has a positive and significant impact on innovation, compelling the respondents to agree with the statement, "Innovation/new things are always welcomed in our business." This implies that such service businesses as the party service ones in West Sumatra are more favorable to positive innovations because they focus on the market needs and trends. Incorporating modern-day consumer needs into the design of businesses, such as wedding businesses, with simple but attractive traditional designs will especially target modern brides. Thus, the research supports other studies; for instance, the study of Uzmez et al. (2019) supports and confirms the findings that market orientation improves the level of innovation in manufacturing enterprises.

Also, it is noted that there are positive and significant test results when it comes to the influence of firm resources on innovation. The respondents of the study appreciated the moving of the needle in sourcing new ideas from the target market, which implies that resources are vital for innovation in the party service industry. Being able to respond to the shifting tastes and fashions of the customers places the business above its competitors. This is in agreement with the study carried out by Demirkan (2018), which concludes that the more resources are available to a firm, the more innovative ideas it is able to develop and carry out, giving it an edge over competitors in a constantly changing environment. Hence, the party service companies that utilize available resources optimally are, indeed, better positioned in the competitive environment.

On the other hand, the findings reveal that the impact of innovation on firm performance is of negligible magnitude since the respondents expressed difficulties in the attribution of the benefits of new proposals. This puts into perspective that although there is virtue in innovation when it comes to its effects on performance, not every new product development will be for the best, especially if they are executed poorly or does not meet customer satisfaction. Changes in culture are also liable to restrain new ideas from being embraced within the West Sumatra context, where customs are dominant, making it difficult to immolate modern concepts. The implications of these findings are consistent with the earlier findings, which state that the positive relationship between innovation strategy and firm performance is not absolute and calls for a critical approach in the adoption of such strategies.

Further, analysis of the linkage between market orientation and firm performance reveals that firm resources have great implications on performance. Respondents appreciated the contribution of competent human resources to the performance of the companies, especially in meeting the West Sumatra party service industry's complex consumer needs. The taking of time to train the staff in ways of improving customer care skills as well as event management is likely to bear fruits in enhanced performance. This corroborates the resource-based view theory, which explains that firms with strong marketing capabilities are likely to have more benefits than other firms, which has been supported by Roostika (2019) and Huang and others (2006).

Also reinforcing this view, the report firmly asserts that firm resources enhance sales performance. Cultural expectations and dichotomous needs pose a great threat, and skilled employees are recognized as a necessity in this instance. With this ability, businesses are able to develop new service offerings and remain competitive by respecting the culture of the area and getting more customers. Therefore, the proper utilization of human resources and appropriate deployment of technological resources play a major role in performance enhancement which is also in line with Lin & Wu (2014).

The study further investigates whether innovation acts as a mediator in the relationship between market orientation and firm performance and whether market orientation influences performance through innovation. It also finds that innovation is an ineffective twining mediator. This, in a way, implies that the innovations plaguing the wedding service businesses might not be appropriate for the prevailing sociocultural dynamics, hence their failure to improve business performance. The failure to reallocate funds to technology and training of employees may force organizational failure to commercialize and harvest innovative ideas successfully. Further insight can be obtained in this context from Yadav et al. (2019) – the phenomenon of innovativeness mediation being ineffective is widespread among market-oriented small and medium enterprises due to a shortage of skills and lack of resources.

Finally, the assessment of the mediating effect of innovation on firm resources and firm performance brings about similar findings, too: innovation does not significantly moderate this relationship. A number of elements contribute to this finding, such as the insufficient management systems and the absence of appropriate personnel to help get the innovations through. This finding concurs with the studies by Aboramadan et al. (2020) and Aljuboori et al. (2022), which investigated the barriers to achieving the anticipated level of business performance through innovation. In an overall view, this thorough examination illustrated why there is a need for performance through innovation in the instance of party service business in West Sumatra in its market and cultural context.

6. Conclusions

The research concludes that while market orientation and firm resources positively influence innovation within the party service industry in West Sumatra, innovation itself does not significantly enhance firm performance, either directly or as a mediating variable. This suggests that for innovations to be effective, they must align closely with local cultural expectations and consumer preferences. Furthermore, the ability to adapt and implement innovative ideas is hindered by factors such as inadequate staff skills and insufficient investment in technology. Therefore, party service businesses must prioritize the effective management of resources and consider the cultural context to successfully leverage innovation for improved performance.

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