

RESEARCH ARTICLE

Acculturative Products Uniqueness Antecedence for Successful Marketing Performance

Gita Sugiyarti

Faculty of Economics and Business, University 17 August 1945 in Semarang, Indonesia
gitaayuaris@gmail.com

Augusty Tae Ferdinand

Faculty of Economics and Business, Diponegoro University in Semarang, Indonesia

Tatiek Nurchayati

Faculty of Economics Sultan Agung Islamic University in Semarang, Indonesia

Abstract: The purpose of this study is to mediate the influence of market sensing capabilities on the marketing performance by proposing acculturative products uniqueness that mediate the gap between market sensing capabilities and improvement of marketing performance. The sample data from 160 small and medium enterprises of batik, ceramics, and interior design in Indonesia were used to test the model consisting of four hypotheses. The statistical tests in our model used four variables: market sensing capabilities, product innovation, acculturative products uniqueness, and marketing performance. The results of the data show that acculturative products uniqueness has an important role in improving marketing performance.

Keyword: Product innovation, market sensing capabilities, acculturative products uniqueness, and marketing performance

JEL Classifications: L25, L26, M31

Small and medium enterprises (SMEs) have an important role in national economic development [Motilewa, Kurhasku, Aka, 2015]; [Pepurah, et.,al., 2016]. They are one of the main pillars of economic growth in developing countries [Morina, Kurhasku, Krasniqi, 2016], especially Indonesia [Dejardin M. 2000], and contribute significantly to the development by utilizing local resources [Mempel-

Śnieżyk, 2014]. The value of local resources [M. Browne, E. Rhodes and D. Haake, 2014] should be excavated, developed [Sjoerd van der Linde, Jimmy Mans, 2015], and analyzed in various aspects as growing creativity and innovation to build a national and global identity. Creative industries based on the enhancement of local resources become very strategic for the economy.

The creative industry is a reflection of SMEs contributing significantly to the regional economy [Wróblewski, 2014]; [Alia, 2014]. When employment is created, unemployment is reduced, and the economy grows. The SME's contribution to the national gross domestic product (GDP, 60 %) and employment for the public is significant (Bank Indonesia, 2015). The increasing contribution of SMEs to Indonesia's GDP represents the improvement of the performance of SMEs in the national economic arena. This, therefore, becomes a justification that the overall performance of the company becomes very strategic in supporting the economic growth.

One of the anchors of a company's performance is the marketing performance, meaning that good marketing performance will create a good company performance as well. However, the development of a highly dynamic and competitive market environment poses a challenge which is crucial to the execution of SMEs in building their performance. Efforts to deal with the dynamics of the market environment require the ability of SMEs in sensing the market, both domestically and internationally. This determining factor of industrial competition is a formidable weapon against competition that will increase the success of the new business performance.

The ability to sense the enterprise market [Osakwe, C. N., Chovancova, M., & Ogbonna, B. U., 2016] is the capacity of companies to collect and interpret market knowledge, especially customers, competitors, and technology—including the storage capacity of all accessible organizational memories [Lindblom, A., Olkkonen, R., Kajalo, S., Mitronen L., 2008]; [Kibera, 2015]. Market sensing is an important part of business success. If SMEs can sense the market environment well, they will be able to see the market needs, market trends, and changing business environment [Ardyan, 2016]. Stronger competition among companies creates a variety of ways for employers to improve marketing performance. Many studies suggest that market-sensing ability has a positive relationship to firm performance [Hulland, J., M. R. Wade, 2007]; [Hou, J.-J., & Chien, Y.-T. 2010]; [Morgan, N. A. 2009]. Companies that have a reasonable level of market sense will have a good performance as well. The statement is supported [Lindblom, A., Olkkonen, R., Kajalo, S., Mitronen L., 2008]; stating

that a company implementing good market sensing capability will obtain information about market, customers, competitors, and technology. With market information, companies can take strategic steps to meet the needs and wants of consumers, and read what strategies are being done by competitors, which ultimately improves the company's performance. Meanwhile, Olavarrieta and Friedmann (2008) and Ardyan (2016) found that the relationship between market sensitivity and SMEs performance has a negative and insignificant relationship. [Lindblom, A., Olkkonen, R., Kajalo, S., Mitronen L., 2008] suggested there is a weak correlation between the marketsensing capability and the growth of the firm and there is a negative correlation between the market sensing capability and profitability.

Our study aims to develop and test a conceptual model of how to manage market sensing capabilities by incorporating the mediating factor of unique acculturative products as a mediation to improve marketing performance. We used product innovation to strengthen the uniqueness of acculturative products and marketing performance.

Literature Review

Market Sensing Capabilities

Market sensing capability is a company's ability to learn about the market environment and use that knowledge to guide marketing actions. [Lindblom, A., Olkkonen, R., Kajalo, S., Mitronen L., 2008; Ardyan, 2016; Sugiyarti, & Ardyan, 2017]. Market sensing capabilities are used to gain market knowledge through formal and informal mechanisms from various private and public sources [Foley & Fahy, 2009; Osakwe 2016]. [Cao, Deivasigamani 2012] and Olavarrieta and Friedmann (2008) suggested that market sensing contributes greatly to market knowledge by providing ways to test assumptions about customers, competitors, and company resources—including defining markets, monitoring of competition, customer value, and get customer feedback. A company's market sensing capabilities aim at monitoring the market continuously, finding accurate market opportunities, as well as understanding about markets and threats [Fang S.R., Chang E., O.C. Chueh, Chou C. H. 2014]. SMEs that have market-sensing capabilities can communicate, interpret, and analyze

various information and behaviors in anticipation of better environmental changes than ever before [Foley & Fahy, 2009]. The ability to market sense is an important part of the learning process of consumers, competitors, technology, and others in the business environment [Olavarrieta & Friedmann, 2008; Lindblom, A., Olkkonen, R., Kajalo, S., Mitronen L., 2008].

Three elements of market sensing capabilities include sensing, sense-making, and responding. Sensing refers to the acquisition of information about consumers [Ardayan, 2016], competitors, and channel members. Sense-making refers to the interpretation of information collected in past experiences and knowledge. Responses refer to the use of the collected and interpreted information in decision making [Lindblom, A., Olkkonen, R., Kajalo, S., Mitronen L., 2008].

Product Innovation

Innovation (Ndesaulwa, 2016) is part of a framework that connects aspects of corporate culture with the ability to innovate and improve company performance through costumers' buying decisions [Noble C.H., Sinha R.K., Kumar A. 2002]. A company's product innovation is expected to improve the buying decision. It is also supported by Tamamudin (2012) who explained that the higher the product innovation made by the company is, the better the company's performance, through increased buying decision, will be. In global competition [Xiao-Dong, 2015; Ch. Akram M., Faheem M., A, Khyzer B.D., Abdullah I. 2011] a company must be able to modify its products to add value to the product (Bronnmann & Asche, 2016) it produces and must meet the needs and tastes of consumers. The added value of the resulting product can be the design/model of the product produced and the service of the product being sold. [Sousa, Pellissier 2012] suggested that innovation systems depend on a number of variables other than creativity, such as autonomy, available information, reward systems, education or training, authority system, participation in decision making, or team cohesiveness. Product innovation [Xiao-Dong, L. 2015; Ghannajeh et.,al. 2015] is the company's ability to process technical design, research and development, manufacturing,

management, and commercial activities involved in new marketing to improve product quality. There are three measurements in product innovation: innovation of technology, market breakthrough, and new market [Kumar P., Kumar V., Mishra J.M 2015].

Marketing Performance

Marketing performance is a construct used to measure the impact of enterprise strategy implementation [Ateke & Iruka, 2015; Kartawinata & Wardhana 2015]. Multidimensional marketing performance consists of various goals and types of organizations. Therefore, performance should be measured by various measurement criteria [Muangkhot, S. 2015]. Pelham and Wilson (1996) described three marketing performance indicators: company effectiveness, sale growth, and relative profit growth. [Voss, G.B., Voss, Z.G. 2000], [Mone S.D., Pop M.D., Paina N.D.R., 2013]; [Darmanto, Runing S. H. S., Harsono M., Haryono T 2014] divided marketing performance into three indicators, namely, sales growth, sales volume, and customer growth.

Acculturative Products Uniqueness

Product competitive advantage [Gupta, 2015; Hakkak & Ghodsi 2015] is superiority or differentiator compared to competitors' offer. Elements of product excellence are the uniqueness, value, and benefits offered by a company when viewed from the perspective of the customer, based on the understanding of their needs and desires. [Hakkak and Ghodsi 2015; Chi and Sun 2015; Veerendrakumar, Narasalagi, Shivashankar 2015] stated that product superiority is an absolute characteristic that must be maintained by a company. Product uniqueness of a company and the level of product efficiency are the keys to success of new products in improving marketing performance [Bellis E.d., Sprott. D.E., Herrmann A., Bierhoff H.W., Rohmann E. 2016]. Uniqueness gives its own advantages because the product cannot be compared directly with the product of its competitors. This uniqueness will be difficult to imitate by competitors because competitors cannot gain access to the source of that knowledge. According to [Valencia, A., Mugge R., Schoormans J.P.L., Schifferstein H.N.J. 2015], (the uniqueness of

the product is a supplier that produces highly specific products) for the company to have a higher bargaining position compared to other companies. The uniqueness of the product is the added value of making the product different from competitors [Cooper & Kleinschmidt, 2000]. The uniqueness of the product is derived from the management of consumer knowledge, which is an important attribute in addition to promotional programs in marketing products that have advantages and involve innovation and (technology high). The uniqueness of acculturative products is an attribute of its superiority compared to other company's products. Therefore, the competitiveness of the company against its competitors increases

Relationship Between Variables

The influence of market sensing capability on the uniqueness of acculturative products.

A company's market sensing capability is critical to achieve superior performance [Odhiambo O.J, Kibera F, Musyoka R. 2015]. A superior ability to sense the market and absorb incoming information is critical to a company's success, given the market and technology developments, the explosion of data availability, and the importance of anticipation [Arduyan, 2016; Sugiyarti & Arduyan, 2017]. Companies understand their customers well if they can meet the needs and wants of customers [Andra I.D; Anamaria; Catalina R., 2015]. They need to understand market conditions to know what information the customers need. From the existing information, a company can take advantage of opportunities so that it can establish a policy to fulfill customers' needs and desires.

Uniqueness in marketing activities is one of the aspects that create a product's attractiveness. Unique products can create attributes to the product; therefore, it can be a unique characteristic in the brand of a product. The unique characteristic of such a product will ultimately be able to distinguish it from other brands of competing products [Gürlek M., Tuna M. 2018].

Based on the study of theory and the results of previous research, the proposed first hypothesis is: Market sensing ability has a positive effect on the uniqueness of acculturative products.

The effect of product innovation on the uniqueness of acculturative products.

Product innovation is a composite of various processes that affect each other [Ghannajeh et.,al 2015]. Innovation is not the concept of a new idea, a new invention, or a development of a new market. It is a picture of all processes. [Charles et.,al., 2002] stated that innovation is part of a framework that connects aspects of corporate culture with the ability to innovate and improve a company's performance through consumers' buying decisions. The product innovation conducted by the company is expected to influence the uniqueness of acculturative products.

[Gürlek M., Tuna M. 2018], study found a theoretical model of product innovation correlation, design strategy, and the product design observed. Within the company, product innovation skills will affect product attributes, and, at the same time, product innovation skills will affect product attributes through design strategies.

Based on the study of theory and results of previous research, we propose the second hypothesis, that is: Product innovation has a positive effect on the uniqueness of acculturative products.

The influence of uniqueness of acculturative products on marketing performance.

Good products are products that can attract consumers to make purchases, improve performance, reduce costs, and adjust the value to desired target markets [Gupta, 2015; Hakkak & Ghodsi, 2015]. Attributes to a product can be a hallmark of a product's brand. Distinctive features of a product will differentiate it from other brands of competing products [Gürlek M., Tuna M. 2017]. Distinctive features of a product cannot imitated perfectly by similar competitors; these distinctive and different products add value to the product and make consumers willing to pay at relatively higher prices to get added value from the product [Valencia, A., Mugge R., Schoormans J.P.L., Schifferstein H.N.J. 2015]. Through the product, the profits earned by the company will increase through the efficiency of marketing costs derived from unique, special, and different products from the others. Good products can improve marketing performance, such as simplify product marketing operations, improve product quality and durability, and enhance product performance. Based on the study of theory and results

of previous research, we propose the third hypothesis, that is: Uniqueness of acculturative products has a positive influence on marketing performance.

The effect of product innovation on marketing performance.

Product innovation is a process of bringing new technology to be captured by a company [Serra & García, 2013]. Product innovation encompasses product expansion, that is the addition of familiar products to business organizations but new to markets [Ghannajeh et.,al., 2015] product imitation [Zhang, 2015], that is, a new product for business organizations but familiar in the marketplace; and new products, that is, new products for organizations and markets. Product innovation will become an aspect of the superiority of competition [Hana, 2013] on marketing performance. Innovation is a company’s mechanism to adapt to a dynamic environment so as to create customer satisfaction. Based on the study of theory and results of previous research, we propose the fourth hypothesis to be: Product innovation has a positive effect on marketing performance.

From the above description, an empirical model is created, as shown in Figure 1.

Research Method

Population and Sampling Techniques

This research was conducted in Indonesia. The participants were the small and medium batik, ceramics, and interior design business owners in Semarang, Cirebon, and Banyuwangi.

Purposive sampling method was used. The participants were recruited based on several criteria. The respondents of this study had a business experience of at least five years, hired at least five employees, and had a minimum business capital of US\$2. After normalizing the data, 160 samples were considered valid. The total number of participants were 61 batik SME owners, 50 ceramic owners, and 49 interior design business owners.

Table 1 shows the demographic data of the participants. The majority of the participants were women (66.88%). Their ages ranged between 40–50 years (44.36%). In terms of the educational background, 75.63 % of those participants finished elementary and junior high school while the rest had higher education. Regarding the position in the company, 70% of the participants were owners and managers of SMEs. The remaining were owners (12.50%) and managers (17.50%).

Method of Collecting Data

The data for this study were collected using questionnaires. In the questionnaires, there were open and closed questions having several options so that the participants can choose only one of the provided options [Tabachnick & Fidell 2013]. Respondents were asked to fill out the options by checking (√) their most correct assessment of the statements in the questionnaire. The measurement scale in the questionnaire used scores ranging from 1 to 7. This scale is the most commonly used one in Indonesia.

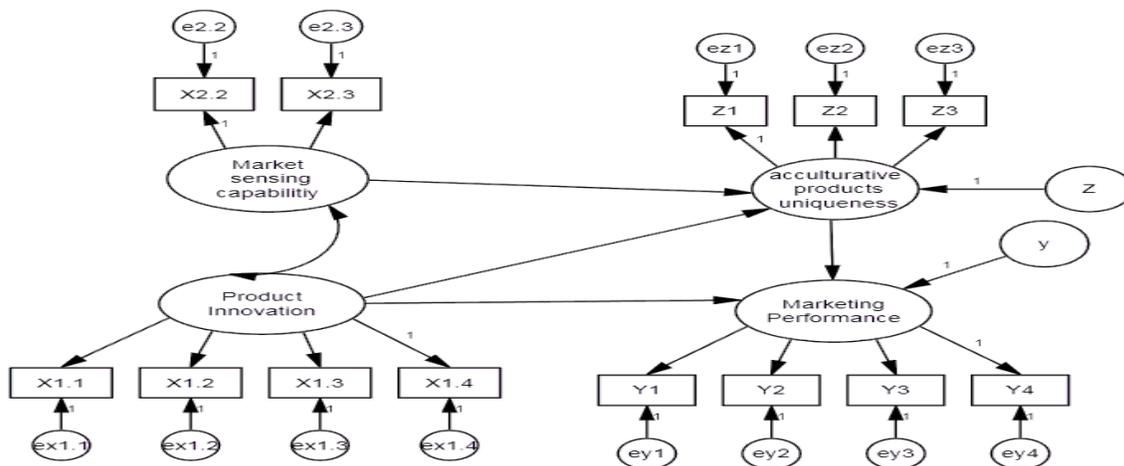


Figure 1. Empirical model

Table 1. Characteristics of Respondents

Description	Frequency	Percentage
Gender		
Female	107	66.88
Male	53	33.12
The total number	160	100.00
Respondents Age		
<25 years	10	6.30
25–40 of the year	64	40.00
–55 years old	71	44.36
> 55 years	15	9.34
The total number	160	100.00
Education		
Elementary and junior high school	121	75.63
Senior high school	25	15.62
Graduated	10	6.25
Other	4	2.50
The total number	160	100.00
Position in company		
Company Owner	20	12.50
Manager	28	17.50
Owner and manager	112	70.00
The total number	160	100.00

Measurement of Variables

Measurement of variables can be seen in Table 2.

Table 2. Operational Variables

Variable	Core Meaning	Operational Measures	Source
Market Sensing Capabilities	The ability of companies to see, feel, hear about the market, either customers, technology, and competitors	Looking at the market trends Listening to customers' complaints	Ardyan, 2016; Olavarrieta and Friedmann, 2008
Product Innovation	The process of developing creative ideas and turning them into useful products	New product lines Development and revision of the existing products New products for customers Special designs	Ghannajeh et.,al 2015
Uniqueness of Acculturative Product	Unique products as a result of the combination of two or more cultures	Unique combination of region-based motifs Unique combination of history-based motifs Unique combination of order-based motifs	Bellis E.d. et.,al (2016).
Marketing Performance	A concept measuring the marketing achievement of a company	Sale growth Sale volume growth Keeping old customers Widening marketing territory	Mone S.D., Pop M.D., Paina N.D.R., (2013)

Table 3. *Test Reliability and Validity*

Variable	Variance Extract	Composite Reliability	Cronbach Alpha
Market sensing capabilities	0.75	0.62	0.602
Product innovation	0.72	0.61	0.601
Acculturative	0.81	0.62	0.605
Product Uniqueness			
Marketing Performance	0.78	0.61	0.618

Testing Reliability and Extract Variance

Medium validity test was employed to test the validity and the reliability of the research instruments. Cronbach alpha was used to test reliability in which the minimal value latent variable was 0.60 [Ghozali 2013]. To test the validity of the instruments, average variance extracted was used, which was acceptable with at least 0.50 [Ghozali 2013]. The results of data processing, composite reliability, variants and Cronbach alpha are depicted in Table 3.

The test results showed that values of average variance extracted were above 0.50. Its composite reliability was also more than 0.60. Cronbach alpha values were greater than 0.60.

Results

In social research, theoretically, data are difficult to be distributed normally [Hair & Sarstedt, 2011]. When this situation exists, special procedures must be performed to obtain normal data. According to [Tabachnick & Fidell, 2012] data with positive skewness direction should be changed with $1/X$. Data based on $1/X$ formula produced serial data with normal distribution pattern. Based on this normalized data, further analysis was performed. Indicators such as obtaining strategic information about competitors, activities utilizing market information, analysis of customer satisfaction with company products, and a completely new product must be removed from the model because the default loading value on the indicator had a value smaller than 0.6. Thus, the item/indicator was omitted from the analysis.

Hypothesis testing was done by using Sem-Amos software tool in Full Structural Model, with the adoption of a two-step process of hypothesis testing as follows. In the first step, we tested the goodness of fit from the model using basic criteria in SEM such as chi-square, TLI, CFI, and RMSEA significance level with result $\chi^2 = 86.634$, significance level = 0.011;

CFI = 0.960; TLI = 0.948; and RMSEA = 0.054. It can be concluded that our model was fit. The second step was hypothesis testing for a causal relationship between variables using CR criteria critical ratios equal to or greater than 2.0 [Arbuckle, 2012]. Observing the critical ratio of ≥ 2.0 , it can be concluded that all hypotheses were supported.

The data analysis showed a positive relationship between product innovation, market sensing capability and acculturative products uniqueness. In addition, product innovation positively affects acculturative products uniqueness and marketing performance. The coefficient of causality and t at the regression value is shown in Table 4.

It is evident from Table 4 that there is a positive correlation between product innovation and acculturative products uniqueness. The result shows that the parameter estimate is 0.069; the value of CR = 2,143 or C.R> 2.00 with a significance level of 0.05 (5%), and a probability value <0.05. Thus, the first hypothesis is acceptable.

Table 4 also shows a positive correlation between market sensing capability and acculturative products uniqueness. This is indicated by the parameter estimation value of 0.070; value of CR = 2.343 or CR> 2.00; level of significance 0.05, probability value <0.05; therefore, the second hypothesis is accepted.

The third hypothesis, shows a positive relationship between product innovation and marketing performance. Shown parameter value is 0.072; with value of CR = 2.134 or CR> 2.00; and a significance level of 0.05, the probability value <0.05. Thus, the third hypothesis is accepted.

For the fourth hypothesis, there is a positive relationship between acculturative products uniqueness with marketing performance. The result shows the parameter estimate 0.068; the value of CR = 2.244 or CR> 2.00 with significance of 0.05 (5%), and the probability value <0.05, so the fourth hypothesis is acceptable.

Table 4. *Hypothesis Testing*

Hypothesis	Path; (t-value/p-level)	Result
H1 : Product innovation Acculturative Products Uniqueness →	Par.est 0.069 ; CR = 2.143 atau CR > 2.00 ; sig, 0.05	Accepted
H2 : Market sensing capability Acculturative Products Uniqueness →	Par.est 0.070 ; CR = 2.343 atau CR > 2.00 ; sig, 0.05	Accepted
H3 : Product innovation Marketing performance →	Par.est 0.072 ; CR = 2.134 atau CR > 2.00 ; sig, 0.05	Accepted
H4 : Acculturative Products Uniqueness Marketing performance →	Par.est 0.068 ; CR = 2.244 atau CR > 2.00 ; sig, 0.05	Accepted

Test of Mediating Effect

Our proposed model of unique acculturative products is a concept that mediates the influence of market sensing capabilities on marketing performance with the online statistical Sobel test at <http://www.danielsoper.com>. From the results of the processing, the concept of uniqueness of acculturative products is able to mediate market sensing capabilities in marketing performance because the value of the Sobel test was greater than 1.96, that is, 2.65012702, with the magnitude of one test probability smaller than 0.05 of 0.00402308 and two test probabilities of 0.00804615.

Discussion

The ability of a company to sense the market has a direct significant effect on the uniqueness of acculturative products, meaning that the higher the degree of market sensing capability, the higher the uniqueness of the acculturative product will be. The results of this study provide positive confirmation of the results of previous studies and an indication of the importance of market sensing capabilities to encourage the company's uniqueness of acculturative products. The results of this study support previous research in which the ability to sense the market reflects active participation of the owners of SMEs to develop their business [Ashforth & Kreiner, 2012]. Owners who are fully engaged in their business will be able to participate actively. If owners of SMEs can sense the market environment well, they will be able to understand the market needs, market trends, and the changing business environment.

The ability of SMEs to sense the market will improve their performance [Fang S.R., Chang E., O.C. Chueh, Chou C. H. 2014]; [Lindblom, A., Olkkonen, R., Kajalo, S., Mitronen L., 2008]. This study did not have the same results as previous studies done by Ardyan (2016), [Lindblom, A., Olkkonen, R., Kajalo, S., Mitronen L., 2008]; [Olavarrieta and Friedmann 2008]; [Sugiyarti and Ardyan 2017], which explained market sensing capabilities as having no significant effect on performance.

Product innovation had a positive influence on the uniqueness of acculturative products, meaning that the higher the degree of product innovation ability is, the higher the uniqueness of acculturative products will be. The findings of this study support Reguia (2014), who found that product innovation had a significant effect on competitive advantage. This means that building a brand will improve product innovation capabilities. Product excellence means that success in management makes product innovation acceptable to consumers. The relative superiority of the product has also made consumers accept innovative products from the company. This shows that the competitive advantage of the product is strongly influenced by the product innovation. Gupta, (2015); Hakkak and Ghodsi (2015) explained that the uniqueness of the product is basically derived from the management of consumer knowledge, which is an important attribute in marketing the product [Chi & Sun 2015; Veerendrakumar, Narasalagi, Shivashankar 2015]. Companies that create product innovation will improve product excellence by making a unique acculturative product. SMEs have limited capital, therefore, owners of SMEs need to create a unique product [Serra & García, 2013]. Product

innovation or new product development will enhance the unique value of acculturative products. [Lages, L. F. and D. B. Montgomery 2005] suggested that a company's ability to do product innovation will result in high-quality products leading to an excellent position that drives the final demand.

Some reasons to improve marketing performance are: (a) there must be mediation variables. This research suggests that the best mediation is the uniqueness of acculturative product variable. The results showed that the ability to innovate a product affects the uniqueness of acculturative products, then the uniqueness of acculturative products will affect the marketing performance significantly; (b) a company's ability to understand the market brings benefits to the company. In addition to be able to provide satisfaction to customers, the company is also able to recognize the movements of its competitors so that the company becomes "market drive firm," meaning that the company always puts customer orientation and competitors in harmony; (c) Generally, SMEs owners in sensing the market, do not see and feel what the customers want. They originally make batik products according to the owner's tastes. Therefore, it is necessary to have the uniqueness of acculturative products as a mediation to boost marketing performance.

Research Implications

Managerial Implication

The results of the study provide two alternatives to managers and owners of small and medium batik, ceramics, and interior design enterprises in Indonesia. First, product innovation can be improved by developing the superiority of the product. There are two ways to do this—improving and revising the existing products and creating new products for consumers. These can create high marketing performance. Practically, batik, ceramics, and interior design SMEs always experience the cycle of fashion. Batik, ceramics, and interior design enterprises should be able to keep up with the trend and manage the tastes of customers, actively sense the product competitors, do new ways of marketing by utilizing the Internet, and setting up an online shop to improve their marketing performance.

Research Limitation

There are some limitations in our research. First, this study focuses on some SME. Respondents in this research are batik, ceramics, and interior design SMEs. For future research, we recommend that researchers replicate the model of research in which the model should be tested individually on more SMEs. Research needs to compare two or more SMEs on one model and see if it gives the same result. If the result is the same, then our model is generally biased. Secondly, by looking at the product category and the company being studied, we found that product innovation does not affect the marketing performance directly. Therefore, future researchers should not research on batik, ceramics, and interior design SMEs only but also SMEs engaged in services or those SMEs related to creative industries.

Another limitation of this research is related to the products and SMEs being studied. The empirical model constructed from this research was only tested on one product category—batik, ceramics, and design product. This, therefore, limits the generalization of research findings.

Future Research Agenda

Future research agenda should modify the research sample. This study used 160 respondents as research sample. To improve the generalization of research results, future research should have more respondents. In addition, future studies should use samples considered to be more representative of the study population to improve the generalization of the results of the study.

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