THE RELATIONSHIP BETWEEN STRATEGIC ORIENTATION AND SME FIRM PERFORMANCE: DEVELOPING A CONCEPTUAL FRAMEWORK

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ABSTRACT

This paper develops a conceptual framework for an intended study which will examine the effect of strategic orientation (SO) on firm performance among SMEs. SO is best described as the strategic directions which are put into practice by a firm to produce continuous superior performance. Although it has been argued that SO has a positive effect on firm performance, the idea of direct relationship between SO and firm performance is universal and too simplistic. Previous studies have identified several components of SO but this paper aims to take an integrative perspective of market orientation, entrepreneurial orientation and interaction orientation and their relationship with firm performance.

Keywords: Strategic Orientation, Market Orientation, Entrepreneurial Orientation, Interaction Orientation, SMEs, Firm Performance.

INTRODUCTION

1.1 The importance of SMEs

The significant role of SMEs in a country’s economy is regularly discussed by researchers (Suprapto et al. 2009). For instance, researchers in marketing endeavour to develop strategies to support firms to achieve superior performance (Rodney Runyan 2008). They acknowledged that superior performance is important to SMEs and recognized the criteria for SMEs to achieve superior performance. Superior performance is vital to the survival and growth of firms. The success or otherwise of SMEs has huge implications for the growth and socio-economic wellbeing of a country (Asia-Pacific Economic Cooperation 2004). In 1995, the SME working group was established as an ad hoc policy group and later was granted a permanent status in 2000, showing the growing appreciation of the contribution of SMEs to the development of a country (Ahmad 2007). For Australian SMEs in particular, the Australian government had established consultative mechanisms linked to SMEs and all State and Federal Governments had Ministers of Small Business in 2000. SME statistics were also started to be produced by the Australian Bureau of Statistics (ABS). According to Australian Bureau of Statistics ABS (2002), 97% of all businesses in Australia were SMEs. Today, SMEs are considered as one of the major drivers of the Australian economy. In general, the significance of SMEs is linked with their role in stimulating the economic growth (Ahmad 2007). Abdullah and Beal (2003) have listed several contributions of SMEs. Firstly, SMEs are able to create job opportunities as they are labour intensive. Secondly, SMEs are able to boost regional growth and promote more equitable income distribution. Thirdly, SMEs can act as a complementary partner to larger firms when they rely to SMEs as their suppliers and distribution channel. Fourthly, SMEs are able to serve as a platform for training purposes for entrepreneurs and young workers to develop their business and interpersonal skills. These contributions are actually able to reduce the country’s vulnerability to financial crisis with their success and survival. This article will argue that firm performance among SMEs can be improved with the presence of market orientation (MO), entrepreneurial orientation (EO) and interaction orientation (IO). These three orientations are components of strategic orientation (SO). Strategic orientation is argued to be able to work interactively and contribute to the superior firm performance. Thus, this article will discuss the intended study of the effect of SO on firm performance among SMEs. The relationship between SO and firm performance is considered most important for SMEs in the competitive environment (Baker & Sinkula 2009; Grinstein 2008).
1.2 The definition of Strategic Orientation

The important relationship between strategic orientations and firm performance is outlined in the extant literature. Strategic Orientation (SO) is defined by Gatignon & Xuereb (1997, p.78) as “strategic directions implemented by a firm to create the proper behaviors for the continuous superior performance of the business” based on the work by Narver & Slater (1990). Previous studies had identified several aspects of SO such as market orientation, entrepreneurial orientation, customer orientation, cost orientation, innovation orientation, competitor orientation, learning orientation, employee orientation and interaction orientation (Grawe et al. 2009; Grinstein 2008). Although it has been argued that SO has a positive effect on firm performance, the idea of a direct relationship between SO and firm performance is universal and too simplistic (Escriba-Esteve et al. 2008). Recent studies on SO suggests the importance of considering the complexity (complementary, compensatory and contingency) of the relationship between SO and firm performance (Baker & Sinkula 2009; Grinstein 2008; Lumpkin, GT & Dess 1996; Shoham et al. 2005; Todorovic & Ma 2008). For instance, Grinstein (2008) suggest that research on SO should divert its focus from analysing the direct effect of SO on firm performance to analyse the effect of a combination of SO on firm performance. Other studies by Baker & Sinkula (2009) and Gonzalez-Benito et al., (2009) also conducted research on SO that supported the idea by Grinstein (2008). Since the complexity of the relationship between SO and firm performance is very important, this article attempts to address this issue. As mentioned above, SO consist of several aspects of orientation but this article will be attempting to analyse the relationship of certain SO such as entrepreneurial orientation (EO), market orientation (MO) and interaction orientation (IO) which are proposed to complement each other in driving the superior firm performance. The next section of this article will discuss each of the orientations individually before suggesting the development of a new theoretical framework that combining all of these three drivers.

LITERATURE REVIEW

2.1 Entrepreneurial Orientation

According to Lumpkin & Dess (1996) and Wiklund (2003) EO is the strategy-making processes that enable the entrepreneur to act and run the organization accordingly. The most cited definition of EO is by Lumpkin & Dess (1996) which refers to “the processes, practices, and decision making activities that lead to new entry”. The development of EO theory is contributed by Covin & Slevin (1989) and Naman & Slevin (1993). Both researchers produced measurement scales of EO which are widely used by current studies. Pinchot (1985) argued that entrepreneurial firms are likely to increase the new product development, facilitate new business creation and reenergize existing operation. Continuous studies on EO has confirmed the findings and highlights the importance of EO on firm performance as it reflected the propensity of a firm to take risk, to innovate and to be proactive, (Covin, Jefferry G. et al. 2006; Lumpkin, GT & Dess 1996). EO also has been linked to firm performance and key organizational outcomes such as innovativeness and strategic flexibility, (Miller, D 1983; Wiklund, J 1999). Basically, there are five dimensions of EO, but three dimensions of EO by Miller (1983) like proactiveness, innovativeness and risk taking are mostly used in the literature. The other two dimensions, autonomy and competitive aggressiveness were suggested by Lumpkin & Dess (1996). However, there are different views on EO constructs. Covin & Slevin (1989) suggests that EO dimensions work in combination rather than single dimension individually while Lumpkin and Dess (1996) suggests that EO dimensions are based on firm characteristics that may vary independently of each other, depends on the internal and external influences that the firm experienced.

2.1.1 Dimensions of Entrepreneurial Orientation

Proactiveness, Ventrakraman (1989, p. 949) argued that proactiveness is the process of anticipating and acting on future needs by “seeking new opportunities which may or may not be related to the present line of operations, introduction of new products and brands ahead of competition, strategically eliminating operations which are mature or declining stage of the life cycle”. On the other hand, market proactiveness refers to the extent to which a firm anticipates and acts on future needs, (Lumpkin, GT & Dess 1996; Miller, D, Friesen, P. 1978). Proactive firms are often pioneer firms that first to enter the new markets. Innovativeness, Innovativeness as defined by Lumpkin and Dess (1996)
id the propensity of a firm to engage in and support novelty, new ideas, creative processes and experimentation which lead to new products, services or technological processes. Lumpkin and Dess (1996) conceived the idea of innovativeness from the entrepreneurship scholar, Schumpeter (1942) which emphasized the role of innovation in the entrepreneurial process. However, innovative also can be viewed as “creative destruction”. Certo (2009) argues that innovative entry may disrupted the existing market conditions and stimulates new demand, enacting Schumperter’s process of “creative destruction”. It is further argued that innovative firms are better performing than their competitor, (Certo, ST, Todd W. Moss, Jeremy C. Short 2009). Risk-taking. Miller (1983) defined risk taking as the tendency to engage in high-risk project and managerial preferences for bold versus cautious actions in order to achieve the objective. Risk has various meanings, depending on the context in which it is applied, (Lumpkin, GT & Dess 1996). Risk taking according to Baird (1985) is heavy borrowing, committing a large portion of one’s assets to a course of action or uncertainty. For instance, In 2008, Jeroen van der Veer, CEO of Royal Dutch Shell PCL, took the thrust into risky deals in Russia’s Far East where there is an abundant of natural gas and crude oil reserves, (Certo, ST, Connelly, B.,Tihanyi, L. 2008). The action taken by Jeroen van der Veer is considered extremely risky as it is too early to know if the move would be successful. Press (2008) reported that Shell might incurred a big loss or stands to post a hefty profit from its 27.5% stake in the venture depending on Russian political scenario and challenges in pipeline construction. Autonomy, autonomy is the independent action by a team or individual to bring forth a vision or idea and then see it through to completion, (Lumpkin, GT & Dess 1996). Certo (2009) believed that autonomy is consistent with the view of entrepreneurial independence required to bring a new idea to completion, unfettered by the shackles of corporate bureaucracy. Autonomy is the additional dimensions of EO identified by Covin and Slevin (1989). Autonomy from EO perspective refers primarily to strategic autonomy (Lumpkin, GT, Claudia C. Cogliser, Dawn R. Schneider 2009). The author further argued that in order for a firm to achieve a high level of EO, autonomy should exist at the strategic level. Competitive aggressiveness, Lumpkin and Dess (1996) defined competitive aggressiveness as a firm’s tendency to intensely and directly challenge its competitors in order to outperform rivals in the marketplace. Competitive aggressiveness also refers to the degree of enthusiasm of a firm to be one step further from their competitor. For instance, (Cooper 1986) refers competitive aggressiveness as adopting unconventional tactics to challenge the industry leaders. It has been argued also that excessive aggressiveness can be risky to smaller firms which attempt to confront established rivals (Lumpkin, GT & Dess 2001).

2.1.2 Perspectives of Entrepreneurial Orientation Construct

The different perspectives of EO constructs has evolved since the original conceptualization by Miller (1983). The original construct of EO consists of; innovativeness, risk taking and proactiveness. These three dimensions were later labelled as “a basic, one-dimensional strategic orientation” by Covin and Slevin (1989). The author also further argued that EO dimensions work in a combination rather than in a single construct. According to Covin and Slevin (1989), if firms able to demonstrate an excellent performance in these three dimensions, then they can be regarded as entrepreneurial firms or high performing firms. However, Lumpkin and Dess (1996) observed that EO can be best described by several dimensions in various combinations. The supposition by Lumpkin and Dess (1996) is supported by previous studies (Cooper 1986; Schollhammer 1982). Schollhammer (1982) illustrated five different types of entrepreneurship like acquisitive, administrative, opportunistic, incubative and imitative. These five dimensions are very essential to firms and applied according to the specific situation faced by the firms. For instance, firm operator that possessed an acquisitive behaviour may accomplish into a new business venture by purchasing the existing firms. Therefore, firm operator or entrepreneur that possessed an acquisitive behaviour may not need to be innovative or risk taker when venture into a new business. The other study by Cooper (1986) recommended that there are a number of paths to business ownership which comprise a different degree of entrepreneurship. For instance, to start a new business, it requires creativity, initiative, and personal risk taking, but for business owner who gained the position by promotion or inheritance, they may not need to be too innovative or too anxious about business failure (Lumpkin, GT & Dess 1996). The additional dimensions of EO; competitive aggressiveness and autonomy is suggested by Lumpkin and Dess (1996) and further argued that EO construct work in various ways and according to specific situation that faced by the firm. Recently, a new perspective of EO construct focus on hierarchical relationship between the three original dimensions of EO; proactiveness, innovativeness and risk-taking. The study by Zhi Tang (2009) conceptualized the EO process as three unique dimensions which might be antecedents or consequences of each other depending on the internal and external context of the firm. In general, the findings by Zhi Tang (2009) suggested that a hierarchical relationship exists between EO construct and...
argued that proactiveness is the most important element in entrepreneurial process which will encourage firms (SMEs) to pursue more opportunities and to utilize innovate and risk taking behaviour in gaining these opportunities.

2.2 Market Orientation

Marketing concept is one of the main concepts in marketing literature beside production concept, product concept, selling concept, and social marketing concept, (Kotler 2005). The marketing concept concludes that competitive advantage can be achieved by ultimate understanding of the customer’s needs and wants (Zhang 2008). It has been argued that outside-in perspective is getting more prominent than inside-out perspective which is the start and focus is on the firm (e.g. production concept, product concept and selling concept). Outside-in perspective (e.g. marketing concept) starts with and focuses on the customer’s needs and wants and to manipulate that input to achieve superior firm performance. Marketing literature acknowledged that the marketing concept was initially introduced in the 1950’s by Borch (1957) but not until 1980’s when MO came to prominence (Webster 1988). According to a study by Zhang (2008) the theory and construct of MO by Narver and Slater (1990) and Kohli and Jaworski (1990) has been widely accepted as the starting point of MO construct and organized investigations. It is recognized that both authors offer a different perspective of MO; cultural perspective and behavioural perspective. According to Baker and Sinkula (2009), MO is the degree of a firm commitment to adopt the marketing concept, corresponded with the definition of marketing concept by Jaworski and Kohli (1993) who refer marketing concept as “the philosophical foundation of a market orientation”. The Marketing Science Institute has recognized the significant of MO for a long time ago and it explained why it still becomes a research priority until today (Cano et al. 2004). MO is significantly contributing to the development of marketing knowledge, Kohli and Jaworski (1990) and business outcomes (Pulendran 2003). According to Pulendran (2003), most researches that are conducted is continuously supporting the proposition that market-oriented firms are doing better than less market-oriented firms.

2.2.1 Perspectives of Market Orientation Construct

2.2.1.1 The Cultural Perspective

The cultural perspective by Narver and Slater (1990) indicates that MO is a type of organizational culture in which all employees are devoted to the continuous creation of superior value for customers. The cultural perspective concludes that MO comprised of three behavioural components such as customer orientation; competitor orientation and inter-functional coordination. Customer orientation is concerning on the understanding of the firm’s consumer and a devotion to endlessly creating superior value for them. A seller can create value for buyer by increasing its benefits to buyer in relation to the buyer’s costs and by decreasing the buyer’s cost in relation to the buyer’s benefit. Narver and Slater’s (1990) discussion on customer orientation is corresponding with Day (1988) discussion on customer orientation which point out that customer orientation is about a seller comprehend a buyer’s entire value chain constantly. Other behavioural component of the cultural perspective’s construct is competitor orientation. Competitor orientation refers to the seller’s understanding of the short-term strengths & weaknesses and long-term capabilities and strategies of both of the key current and key potential competitors (Narver & Slater 1990). It also has been argued by Day (1988) that competitor orientation enables firms to facilitate and measure themselves against the target competitors. The third component of the three behavioural components is inter-functional coordination. Inter-functional coordination is the coordinated utilization of company resources in creating superior value for target consumers. It is suggested that the coordinate integration is directly related to both customer and competitor orientation. Thus, when there is no practice of inter-functional coordination in a business, the tendency of isolation among the business function is relatively high. For this reason, to achieve the effective inter-functional coordination, it requires an alliance and mutual aid from other business functions in the firm. This includes perceptions and needs of all other departments in the business. Therefore, firms with strong inter-functional coordination would have a greater ability to improve competitive performance (Lopez 2004). At the same time, it will create, retain and transfer knowledge which is believe to has a positive effect on firm’s performance (Argote 2003).

2.2.1.2 The Behavioural Perspective

Kohli and Jaworski (1990) offer the formal definition of MO as the organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments and organization wide response to it. Market intelligence is the beginning of market orientation and is perceived that market itself is broader than just customers. Market should be
comprised the end user (consumers), distributors, and other exogenous factors that achieve customer wants and needs. The first component of behavioural perspective is intelligence generation. Intelligence generation is a broader concept than customer. It is merely a process-driven model that consider the stages of generating, disseminating and responding to market intelligence as the essence of market orientation, Kohli and Jaworski (1990). Zhang (2008) suggests intelligence generation should involve all functional departments of the firms rather than involving the marketing department alone. The responsibility of intelligence generation should spread across the functional departments in order for a firm to be a market oriented firms. The second component of behavioural perspective is intelligence dissemination. As Kohli and Jaworski (1990) discovered in their study, in order to respond effectively to a market, it required full involvement of all departments in a firm. For instance, to come out with a new product, R&D department has the responsibility to design and develop the product, the manufacturing department is responsible for the production of the product and the marketing department is responsible in introducing and marketing the product with the help from sales department. It is important to acknowledge that the information flow does not necessary to come from the marketing department but maybe from other departments as well. For instance, technology-savvy departments may be the first to notice the changes in the market or engineering department who might suggest a new product based on the new technologies (Zhang 2008). Responsiveness to intelligence is the reaction toward the market intelligence. It is important to maintain the responsiveness level to market intelligent as it will ensure the success of the firm. Kohli and Jaworski (1990, p.6) suggests that responsiveness to market intelligence can take in many forms including “selecting target markets, designing and offering products or services that cater to their current and anticipated needs, and producing, distributing and promoting the products in a way that elicits favourable end-customer response”. In addition, Deshpande and Farley (1998) defined MO as “the set of cross-functional processes and activities directed at creating and satisfying customers through continuous needs-assessment”. It is supported by Narver and Slater (1990) adding that the continuous creation of superior value for customer is at the heart of marketing and MO.

2.2.3 Convergence of Both Perspectives

The study by Zhang (2008) suggested that both studies by Kohli and Jaworski (1990) and Narver and Slater (1990) lie in their dimensionality which dissects the same phenomenon from the different angles. Empirical data shows that the cultural perspective and behavioural perspective is generally supported and often converge as the underlying construct is the alike (Cano et al. 2004; Kirca, Ahmet H et al. 2005). Previous study by Deshpande (1998) and Matsuno et al. (2000) perceived that both studies by Narver and Slater (1990) and Kohli and Jaworski (1990) are actually representing the same MO underlying concept. Zhang (2008) summarised the similarity of both studies as below;

"The generation of market intelligence is all about generating intelligence on customer and competitors; the responsiveness to market intelligence includes responsive to customers and competitors; a customer orientation encompasses the generation and dissemination of and responsiveness to, intelligence about customers; inter-functional coordination facilitates effective generation, dissemination and responding to market intelligence (Zhang 2008, p. 17)"

However, other views on dissimilarity of MO constructs lie on the degree of internalization and implementation (Gainer 2005; Kirca, Ahmet H 2007). Some studies like Deshpande (1998) and Matsuno et al. (2000) argued that both perspectives differ in their set of MO and ascertain that Narver and Slater (1990) measurement scale is better than Kohli and Jaworski (1990) measurement scale.

2.3 Interaction Orientation

Interaction orientation is a relatively new concept developed by Ramani & Kumar (2008) based on the idea that interactive market environments are important for the survival and success of the firm. According to Ramani & Kumar (2008) IO is the capability of a firm to communicate with its individual customers and to manipulate the information obtained from them through successive communications in order to achieve profitable customer relationships. The preliminary findings by Ramani & Kumar (2008) were supported by previous studies for instance, Srinivasan et al., (2002) which argued that interactions with customers are able to give certain direction to firms in terms of refining their knowledge about customer tastes and preferences. In addition, Rayport & Jaworski (2005) argued that IO is believed to contribute to the sources of competitive advantage.
2.3.1 Antecedents and Consequences

Ramani and Kumar (2008) categorized the antecedents of IO into three categories namely management level, firm level and industry-level. For management level, reward system by Jaworski and Kohli (1993) which has been used to measure MO is argued to have the same effect on IO. According to Webster (1988, p.38) “the key to developing a market driven, customer-oriented business lies in how managers are evaluated and rewarded”. The study further argued that if managers are concerned on short-term profitability and sales, they are likely to overlook the market factors such as customer satisfaction which will assure long-term profitability and health of the firm. It is expected that managers which stressed on customer satisfaction and market-oriented behaviour based on reward system will encouraged IO. Another antecedents from management level is marketing strategy comprehensiveness (Atuahene-Gima & Murray 2004). Marketing strategy comprehensiveness is likely to affect the firm interaction orientation with customers. According to Andrew (1996) the capability to interact with customers among managers are one of the key antecedents to marketing strategy creativity. It is further argued that marketing strategy comprehensiveness or marketing strategy creativity will lead to superior performance.

For firm-level, firm characteristics have been examined in contingency model in order to measure its effect on competitive strategy and competitive positional advantage (Bharadwaj 1993; Varadarajan 2002). It is important to have expertise in outsourcing which will influence the firm interaction orientation with their customers.

The consequences of IO is examined in terms of customer-centric measures since recently, more researcher have begun to examine the impact of marketing efforts in terms of customer-centric measures, e.g (Jayachandran. 2005). Ramani and Kumar (2008) examines the consequences of customer interaction orientation in two dimensions of customer-centric measures, 1) customer-based relational performance and 2) customer-based profit performance. Customer-based relational performance is to measure performance on attitudinal parameters while customer-based profit performance is to measure performance on behavioural parameters.
The Development of a Conceptual Framework

H11: Three way relationship between EO, MO, IO and Innovation Success

H12: Three way relationship between EO, MO, IO and Firm Performance

3.1 The Contribution of the Intended Study
The contribution of the intended study is identified by the new relationship among variables and moderators in the conceptual framework. The new relationships signify the constructs, mediator and moderators that the intended study attempts to measure and validate. The triangles are also an attempt to measure the three way interaction between MO, EO and IO. As previous studies support the suggestion that MO, EO and IO have a positive impact on firm performance, the intended study attempts to combine all of these orientations and suggests that SMEs can achieve superior performance with the presence of these three drivers, mediator and moderators which are argued to be able to work interactively with each other. The next section, will discuss on the importance of mediator and moderators to the development of the above framework.

3.2 Mediator and Moderators

In reality, most marketing practices are determined by innovation but there is little research on innovative marketing in the context of SMEs (O'Dwyer et al. 2009). There are two perspectives of innovation in marketing literature (Hult & Ketchen 2001; Hurley & Hult 1998). Verhees & Meulenberg (2004) defined innovation as innovativeness of a firm’s openness to new ideas. On the other hand, (Baker & Sinkula 2009) refers to innovation as the output of the process of innovation known as innovation success (IS). The intended study will examine the innovation as described by Baker & Sinkula (2009) as the mediator between SO and firm’s performance. IS also is recognized in the literature as a great influence to firm performance (Gatingnon & Xuereb 1997; Li et al. 2009; Low et al. 2007; Renko et al. 2009). Kirca et al., (2005) summarised the three most investigated moderators for SO are market/environmental turbulence, competitive intensity and technological turbulence. Prior researchers by Harris (2001) and Slater & Narver (1994) also confirmed that these three elements moderate the strength of the relationship between SO and firm performance. Kohli et al., (1993) suggest that competitive intensity will improved the impact of SO on firm performance due to the evolving mix of customers and aggressive competitors. In addition, according to Bowman & Narayandas (2001) customer-initiated contacts which concerned on extending information about customer needs and requirements enable the firms to have direct interaction with the customer without incurring further expenses. Therefore it is predicted that firms with high level of customer-initiated contacts is likely to experience significantly improved customer-based profit performance. Since the previous study by Kirca et al., (2005) verified that technological turbulence is likely to weaken the impact of SO on firm performance due to fast changing technology, the selected moderators for the intended study are environmental turbulence, competitive intensity and customer initiated contacts. This study also attempts to measure government incentives as the potential moderator for firm performance. According to Saleh & Ndubisi (2006) the incentives provided can be part of the encouragement for SMEs to generate more profit and to perform better.

SUMMARY AND CONCLUSION

According to previous study on the above literature, it is suggests that SO components like EO, MO and IO are able to contribute to superior performance. Again, this article will summarise the components of SO which are argued to be able to contribute to superior firm performance. EO is very important for firms to achieve superior firm performance and has been linked to key organizational outcomes such as innovativeness and strategic flexibility (Miller, D 1983; Wiklund, J 1999). More recently, a study by Baker & Sinkula (2009) argued that when EO and MO are modeled together, the direct effect of EO disappeared. This occurrence make the researchers assumed that EO is an antecedent of MO. The intended study also attempts to clarify the previous claim that EO is the antecedent of MO and attempts to measure whether EO is also the antecedent of IO. According to Doyle & Wong (1998), MO is the second most important driver after differential advantage of firm performance. Meta-analyses on MO by Cano et al., (2004) and Kirca et al., (2005) illustrated that MO studies have been conducted in five continents involving more than 200 publications which generally support the finding that MO has a significant influence on firm performance. A recent meta-analysis report on MO by Grinstein (2008) suggest that firms which have a set of strategic orientation is likely to perform better than firms adopting only market orientation. Grinstein (2008) also suggest that research on MO should shift its focus, moving from the study of direct effect of MO to a various combination of SO on firm performance. It has been argued that IO is capable of increasing customer satisfaction levels which will lead to identification of profitable customers and increase firm performance. The appropriate rationalization for selecting IO as one of the constructs is because the foundation of IO is based on the customer concept. According to Hoekstra et al., (1999) customer concept is the new marketing concept. Customer concept is concerned with the realization of superior
customer value starting with the individual customer. It is suggested that the customer values a product or services more than a combination of price and quality (Treacy & Wiersema 1993). Hockstra et al., (1999) also argued that the adoption of customer concept will lead to superior performance and growth while marketing concepts is no longer relevant to marketing fundamental. However, the intended study proposes that customer concept (e.g. IO) is as important as marketing concept (e.g. MO) and the employment of both concepts are expected to lead to superior firm performance. This article concludes that previous studies in the literature support the proposition that each of the orientation constructs contribute to superior firm performance. The next step is to test the model in order to find out the intended results before a generalization can be made.

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