Marketing Resources and Firm Performance among SMEs

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The literature is replete with studies that identify associations between a firm's competitive and marketing strategies and its performance. Indeed, the measurement of both sides of the linkage—strategy and performance—has been an issue of great concern in recent years (Ketchen & Shook, 1996). Although the majority of studies around one key factor ostensibly related to performance—market orientation (MO)—have focused on large firms in the United States, small and medium sized enterprises (SMEs) comprise a majority of the businesses in the U.S. and throughout the world. Hence, there is a need to explore the role of marketing orientation in SMEs as a distinct group of organizations (O'Regan & Ghobadian, 2004).

Specifically, the relationship between organizational resources associated with market orientation and firm performance among SMEs is a topic deserving greater research attention. This paper seeks to fill this gap by examining the relationship between marketing orientation and performance among SMEs.

Review of the Literature

The marketing concept reflects a customer philosophy that identifies consumer needs and integrates marketing activities with all functional areas in the organization to attain corporate goals by satisfying those needs. The marketing concept is generally defined as a philosophy or approach that maneuver the allocation of resources and formulation of strategies for an organization. Market orientation can be viewed as the organization-wide generation of market intelligence pertaining to current and future customer needs, the dissemination of the intelligence across departments, and organization-wide responsiveness to that intelligence (Kholi & Jaworski, 1990); MO is an expression of actions concerned with the implementation of the marketing concept and has received considerable attention in the literature (Day & Wensley, 1988, Kohli & Jaworski, 1990; Ruekert, 1992; Wong & Saunders, 1993, Greenley, 1995). Derived from a widespread review of the literature on sustainable competitive advantage and marketing strategy, Narver and Slater (1990) put market orientation in measurable terms by identifying three cultural dimensions—customer orientation, competitor orientation, and inter-functional coordination.

Understanding the customer and keeping the rest of the organization informed about customer changes so that superior value can be delivered is a major function of the marketing as a management function. Businesses develop long-term commitments in order to maintain the relationship through quality, service, and innovation. As a result, market orientation has been assumed to be a precondition to success and profitability for most companies (Kohli & Jaworski 1990).

Market intelligence not only relates to examining customers' needs and preferences, but it also consists of an analysis of how consumers may well be influenced by environmental forces factors such as government regulation, technology, competitors. Environmental scanning activities are subsumed under market intelligence generation. As such, intelligence dissemination relates to the communication and transfer of intelligence information to all departments and individuals within an organization through both formal and informal channels. Responsiveness is the actual implementation of a strategy or tactic in response to the intelligence that is generated and disseminated. Without the response of an organization to information, it is impossible to make any progress in countering the competition (Kara, Spillan, & DeShields, 2004).

Strategy and Marketing Orientation

For four decades academics and practitioners have acknowledged marketing orientation as a successful business strategy (Horng and Chen, 1998). Market orientation is the characteristic of an organization's culture that encourages employees throughout the organization to put emphasis on profit creation and maintenance of superior customer value as major goals to accomplish. It creates norms for behavior about the organization-wide development of and responsiveness to information about customers and competitors both current and potential (Slater, 2001). Market oriented businesses possess a competitive advantage in both the speed and effectiveness of their responsiveness to opportunities and threats. A business culture is a basis for competitive advantage only when it is indispensable, and difficult to imitate (Barney, 1991 and Slater, 2001).

Market orientation refers to more than market segmentation. In effect, it involves more than the marketing department because it is an organization-wide concept. Moreover, it is an inter-functional concept that can promote the coordination and responsibility sharing between the marketing department and other departments in the firm (Kohli and Jaworski, 1990).

The inter-functional co-ordination aspect of market orientation pledges involvement of the firm's departments in the creation of value for the targeted market segments and the rapid response to the consumers' demands (Porter, 1985). Inter-functional co-ordination is an important component as it makes possible the transmission of experience and promotes organizational learning. Inter-functional coordination is also a channel to communicate the market expectations to the appropriate departments that can effectively develop products/service delivery in a timely manner. The strategic actions, which the firm presents to its markets, competitors and macro environment is a consequence of the inter-functional co-ordination, established from market intelligence. These actions focus on meeting the market needs in addition to the firms needs (Sinkula, 1994).

Because marketing is an adaptive, boundary-spanning business function, market orientation can be considered an offensive strategy that can be used to capture market share and expand a firm's position in the marketplace. By its own definition, MO supports activities and the coordination of various functional areas in an organization to satisfy customer's needs and oversee competitive actions focused at gaining market share and advancing a firm's level of performance (Tse, Sin, Yau, Lee & Chow, 2004). The relationship between competitive and marketing strategies and performance has been studied for several decades (Dess and Davis, 1984, Fiegenbaum et al., 1988, Hambrick, 1983, Hatten and Schendel, 1977, Hatten et al., 1978, Hergert, 1983, Newman, 1973, Porter, 1973, Porter, 1980 and Porter, 1981).

Strategy and Performance

Links between strategy and performance have been substantiated at firm and functional levels, although there is often overlap between the two. At the business level, strategy typologies—also referred to as gestalts, frameworks, and archetypes—identified several generic strategic approaches and were developed and utilized as a theoretical basis for identifying strategic groups in industries. Porter's (1985) generic strategy typology also infers competitive and marketing dimensions and has been widely tested. According to Porter, a business can maximize performance either by striving to be the *low cost* producer in an industry or by *differentiating* its line of products or services from those of other businesses; either of these two approaches can be accompanied by a *focus* of organizational efforts on a given segment of the market. Presumably, differentiated businesses should emphasize marketing as a means of distinguishing their products and services from those of their rivals. Likewise, Porter's focus orientation is consistent with the marketing themes of product positioning and target marketing.

Desiring a greater emphasis on the individual firm, many business and marketing strategy researchers began to focus more intently on idiosyncratic firm resources as the foundation for firm strategy (Barney, 1986, Barney, 1991, Camerer and Vepsalainen, 1988, Collis, 1991, Grant, 1991 and Hatch and Dyer, 2004). The resulting paradigm, the resource-based view (RBV), drew from the earlier work of Penrose, 1959 and Wernerfelt, 1984 and emphasizes unique firm capabilities, competencies, and resources in strategy formulation, implementation, and performance (Dutta, Narasimhan, & Rajiv, 2005; Kor & Mahoney, 2005; Mahoney & Pandian, 1992). A growing body of empirical literature supports links between firm-specific resources and firm performance (Ray, Barney, & Muhanna, 2004).

The RBV framework has a broad selection of strategically relevant resources that can affect the success or failure of a firm. Human resources, for example, consist of the experience, capabilities, knowledge, skills and judgment of all the company's employees. Organizational resources include the company's systems and processes and encompass its marketing and other functional strategies, its structure, and its culture. Physical resources consist of plants and equipment, geographical locations, access to raw materials, distribution networks, and technology (Martin & Martin, 2005). The RBV framework focuses on unique assets, such as patents and reputations as assets which are much more important than others. Unique assets are difficult for competitors to replicate and thus serve to differentiate their possessors (Barney, 1991). The notion here is not that market orientation constitutes a unique resource independently. In concert with other assets such as entrepreneurship, organizational learning and innovation, market orientation can contribute to the creation of a unique resource (Day, 1994).

Following the RBV, the present study assesses the relationship between seven variables associated with the marketing function and firm performance. Each variable is inexorably linked to a firm resource. One philosophical variable, one structural variable, one capability, four activity variables and a performance measure were selected for inclusion in the study. The philosophical variable, customer orientation philosophy, seeks to measure the extent to which decisions and activities in the organization were customer-based. The structural variable, coordination, seeks to measure the extent to which divisions and departments within the organization are able to work together effectively and facilitate responses to customer needs. The capability variable, speed capability, seeks to measure the extent to which the organization can respond to customer needs in a rapid manner. The four activity variables reflect the extent to which the organization exhibits certain actions, including customer interaction, systematic analysis of customer data, customer orientation in action[1], and quick responsiveness. Performance is based on criteria such as the extent to which profit and sales goals have been achieved, product quality, customer retention rate, and the like.

Hypotheses

Eight factors associated with MO have been identified, all of which relate directly to the three major components of the market orientation components—intelligence generation, intelligence dissemination, and responsiveness. Factors such as customer interaction, customer orientation in action and customer orientation philosophy are fundamental to the generation of customer intelligence. Other factors like systematic analysis, coordination directly related to the intelligence dissemination component of the MO concept. Finally, the factors of speed capability, quick responsiveness and performance are related to the responsiveness construct of market orientation. Within this context we believe two major hypotheses frame the focus of this research. These hypotheses are developed below.

The marketing concept is a business philosophy that centers on the importance of having a deep appreciation for the customer so that the marketer can match or exceed the needs of the intended market better than the competition and as a result provide the firm with a continued competitive advantage in the market place (Moloney *et al*., 2005). The implementation of the marketing concept is expressed as market orientation, and one common perspective is that MO is based on the cultural nature of the firm (Day, 1994 and Deshpande *et al.*, 1993). This view dates back to Hooley and associates' (1990) assessment of the various perceptions regarding the role of marketing within a firm in order to reveal the other system of beliefs and attitudes, which might be retained by market and non-market, oriented companies. This perspective emphasizes a structure of organizational beliefs and values directed at the creation of superior customer value at a profit yet not overlooking the concerns of other important stakeholders and the determining of a firm's internal surroundings and conditions in order to increase the firm's responsiveness to market information (Kohli, Jaworski, & Kumar, 1993; Slater & Narver, 1994; Wren, Souder, & Berkowitz, 2000). More recently, Gounaris et al., 2004 and Gounaris and Avlonitis, 2001 have made use of the cultural view to compare differences in market orientation development between consumer and industrial producers.

A number of researchers regard customer orientation as the most fundamental attribute of a corporate culture (Deshpande *et al.*, 1993 and Lauton and Parasuraman, 1980). The justification for the importance of customer stems from the marketing concept, which encourages positioning the interests of the customer first. Consequently, the customer orientation concept assigns the primary focus on continuously discovering new ways to provide superior customer value, an increased commitment to customer orientation. This approach should expand the frontiers of its activities beyond the *status quo* (Pierce and Delbecq, 1977 and Han et al., 1998). Because customer orientation advocates promote a continuous, proactive approach towards meeting customers' needs, a concentration on total customer satisfaction is crucial to meeting marketing goals (Han and Kim, 1998), we posit that:

H1: Firms exhibiting a higher degree of market orientation, place more emphasis on developing a MO culture that will serve the specific needs of their customers and thus place more emphasis on building a focus towards customer orientation.

Inter-functional coordination is at the core market orientation components (Felton, 1959 and Narver and Slater, 1990). Many years after the introduction of the marketing concept practitioners are still acknowledging the responsibility of a market orientation as an approach that extends beyond the scope of the marketing department alone. Zaltman, Duncan and Holbek (1973) contend that as functions are integrated across departments in a firm, the problem solving capabilities are improved because employees begin to work towards common goals. In order for the corporate philosophy to become market oriented, an internal focus to integrate functions through inter-functional collaboration is critically important (Kahn, 1998). We expect inter-functional coordination to support the implementation of the MO responsiveness by allaying mistrust while building confidence among disparate functions. Inter-functional coordination appears to be more significant in the case of marketing managers when compared to the significance of customer orientation. As such, we posit that:

H2: Firms exhibiting a higher degree of market orientation are likely to pursue more emphasis on inter-functional coordination as a critical component of its marketing efforts.

Methods

This study was conducted using marketing orientation scale items adopted from Kohli, Jaworski & Kumar (1993). The survey instrument consisted of three sections. Section 1 asked the respondents to answer 32 marketing oriented questions to measure their organization's marketing orientation, 25 of which were germane to this study (see Table 1 for scale items). These questions were structured in a Likert scale model (1 to 5) with "strongly disagree," "disagree," "neither agree nor disagree," "agree," and "strongly agree" as the choices. Following Kohli and associates (1993), the survey also included questions about performance such as current and past three-year sales in dollars, revenue growth, and market share, ROI in the last three years that managers evaluated the performance of their organizations.

Table 1.

Characteristics of SMEs in the Sample

Characteristics	**Frequency**	**%**
Business Areas		

Characteristics	Frequency	%
Trade	54	35.3
Financial Services	30	19.6
Arts & Crafts	16	10.5
Repair & Maintenance	2	1.3
Publishing	31	20.3
Small parts	4	2.6
Raw materials	8	5.2
Not reported	8	5.2
Total # of Employees		
Under 10	38	24.8
10–49	55	35.9
50–99	17	11.1
100–499	23	15.0
500–999	2	1.3
1000 +	13	8.5
Missing	5	3.3
Gender of the manager		
Male	117	765
Female	32	20.9
Missing	4	2.6
Education level of the manager		
high school degree or less	21	13.7
some college	37	24.2
college graduate (bachelor degree)	6	3.9

Characteristics	Frequency	%
graduate degree (master or higher degree)	69	45.1
Missing	20	13.1
Income of the manager		
less than $20,000	6	3.9
$20,001–40,000	26	17.0
$40,001–50,000	12	7.8
$50,001–60,000	13	8.5
$60,001–70,000	8	5.2
$70,001–80,000	5	3.3
$80,001–90,000	8	5.2
$90,001–100,000	8	5.2
More than $100,000	20	13.1
Missing	47	30.7

The respondents in this study were small and medium size business owners and managers from 153 enterprises located in Maryland, New York, and Pennsylvania (see Table 1). The respondents were recruited randomly on the basis of convenience and participated voluntarily. Data were collected through personal interviews by contacting each organization and seeking permission to collect data. The survey process consisted of two or more visits to the business. In almost all cases, the first visit consisted of leaving the survey with the owner/manager for them to complete. In the second or follow-up visit, questions were answered and the completed survey was collected (Stover & Stone 1978; Imperia, O'Guinn, & MacAdams 1985). Generally, data were collected during business operations, however, sometimes it was necessary to collect the completed surveys while the business was closed or at a convenient time that met the business owner/manager's schedule.

The items in the survey were factor analyzed along eight factors, as depicted in Table 2. Factor loadings ranged from .520 to .813, with coefficient alphas ranging from .477 to .764. Although two of the scales—quick responsiveness and customer orientation philosophy—generated alphas below .60, both scales contained only three items, all of which produced loadings in excess of .600. Hence, the modest alpha is likely associated with a low number of items and does not necessarily suggest invalid measures. Hence, factor scores utilizing the regression method were calculated to serve as measures of each of the factors in subsequent analyses.

Table 2.

Factor Analyses

Item	**Loading**
Customer Interaction (alpha = .608)	
1. In our business unit we meet with customers at least once a year to find out what products or services they will need in the future.	.740
2. Individuals from our service department interact directly with customers to learn how to serve their needs better.	.755
3. We survey end users at least once a year to assess the quality of our product and service offerings.	.770
Speed Capability (alpha = .688)	
1. We are slow to detect changes in our customers’ product/service preferences. ®	.772
2. We are generally slow to detect fundamental shifts and trends in our industry such as competition, technology, regulation. ®	.813
3. It takes us a long time to decide how to respond to our competitors’ price changes. ®	.615
4. Even if we came up with a great marketing plan we probably would not be able to implement it in a timely fashion. ®	.668
Systematic Analysis (alpha = .670)	
1. We periodically review the likely effect of changes in our business environment such as regulations and technology on customers.	.598
2. We periodically review our product/service development efforts to ensure that they are in line with what customers want.	.593
3. Several departments in our firm get together periodically to plan a response to changes taking place in our business environment.	.626
Customer Orientation in Action (alpha = .757)	

Item	Loading
1. We have interdepartmental meetings at least once a quarter to discuss market trends and developments.	.566
2. Marketing personnel in our business unit spend time discussing customers' future needs with other functional departments.	.807
3. Our business unit periodically circulates documents (e.g., reports, newsletters) that provide information on our customers.	.768
4. When something important happens to a major customer market, the whole business unit knows about it within a short period of time.	.731
5. Data on customer satisfaction and/or dissatisfaction are disseminated at all levels in this unit on a regular basis.	.675
Coordination (alpha = .674)	
1. There is minimal communication between marketing and service development departments in our company concerning marketing developments. ®	.636
2. When one department finds out something important about our competitors, it is slow to alert other departments. ®	.799
3. The activities of the different departments in this business unit are well coordinated.	.740
4. When we discover that customers would like us to modify a product or service, the departments involved make concerted efforts to do so.	.740
Customer Orientation Philosophy (alpha = .538)	
1. In our business unit, principles of market needs drive new product development efforts.	.610
2. For one reason or another we tend to ignore changes in our customers' product or service needs. ®	.781
3. Customer complaints fall on deaf ears in this business unit. ®	.767
Quick Responsiveness (alpha = .477)	
1. If a major competitor were to launch an intensive promotional campaign targeted at our customers, we would implement a response immediately.	.695
2. We are quick to respond to significant changes in our competitors' pricing	.768

Item	**Loading**
structures.	
3. When we find out that customers are unhappy with the quality of the service they get, we take corrective action immediately.	.632
Performance (alpha = .764)	
1. Profit goals have been achieved.	.548
2. Sales goals have been achieved.	.520
3. ROI goals have been achieved.	.559
4. Our product(s) have a higher quality than those of our competitors.	.626
5. We have a higher customer retention rate than our competitors.	.709
6. We have a better reputation among major customer segments than our competitors.	.757
7. We have a lower employee turnover rate than that of our competitors.	.583
8. We have been more effective in new product development than our competitors.	.640

A regression model was initiated with performance as the dependent variable and the other variables included as potential independent variables. Following a stepwise algorithm, only the structural and philosophical independent variables—coordination and customer orientation philosophy—were included in the final model, as depicted in Table 3. The four action variables were excluded. Significance levels for the two included variables were .004 and .011, and the R-square was calculated to be .244.

Table 3.

Results of Regression Analysis

Coefficients (a)						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		

Coefficients (a)						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.024	.086		.284	.777
	Coordination	.407	.081	.442	5.023	.000
2	(Constant)	.022	.084		.266	.791
	Coordination	.276	.094	.299	2.935	.004
	Customer Orientation Philosophy	.267	.103	.263	2.583	.011

Dependent Variable: Performance (a)

Excluded Variables (c)				
Model		Beta In	t	Sig.
1	Customer Interaction	.038(a)	.413	.680
	Speed Capability	.078(a)	.721	.473
	Systematic Analysis	.100(a)	.995	.322
	Customer Orientation in Action	.124(a)	1.212	.228
	Customer Orientation Philosophy	.263(a)	2.583	.011
	Quick Responsiveness	.140(a)	1.415	.160
2	Customer Interaction	−.025(b)	−.268	.789
	Speed Capability	−.018(b)	−.160	.873
	Systematic Analysis	.006(b)	.060	.952

Coefficients (a)							
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
	Customer Orientation in Action	.067(b)	.648	.518		
	Quick Responsiveness	.079(b)	.784	.435		

(a) Predictors in the Model: (Constant), Coordination.

(b) Predictors in the Model: (Constant), Coordination, Customer Orientation Philosophy.

(c) Dependent Variable: Performance.

Findings & Discussion

The key objective of this study is to examine the key variables that are critical to the implementation of the MO construct. To this end, two basic findings emerged from this study. First, the results show that a greater emphasis on MO philosophy and culture and customer orientation is a significant part of the SMEs marketing efforts. This finding seems to be consistent with the literature that indicates that marketers using MO strategy must have a good understanding of the marketing concept/philosophy. *The analysis confirms H1*, which states firms exhibiting a higher degree of market orientation, place more emphasis on developing a MO culture that will serve the specific needs of their customers and thus place more emphasis on building a focus towards customer orientation. Smaller firms constantly deal with limited resources. They are constantly grappling the issue of having insufficient resources to be competitive. Having a culture and philosophy that is market oriented can be an exceptionally important resource for SMEs.

Second, while customer orientation is the major focus of the MO philosophy, our findings reveal that a greater emphasis on inter-functional coordination is a major part of the market orientation approach of the SMEs in our study. *The analysis confirms H2*, which states that firms exhibiting a higher degree of market orientation are likely to pursue more emphasis on inter-functional coordination as a critical component of its marketing efforts.

Broadly speaking, the leaders of the firms in our study appear to understand and incorporate the market orientation construct into their businesses. The fact that two major components of the MO approach registered significant in our analysis suggests that the SMEs in our sample are using the MO strategy as a marketing approach in their daily business. The inter-functional activities are critical. Kohli and Jaworski (1990) intelligence/information dissemination is critical to the success of the MO strategy. One explanation for this variable to be significant is that because the firms in the study are small and because of their small size it is easy to develop a culture and philosophy regarding market orientation. These firms are able to develop inter-functional emphasis quite easily. The less bureaucracy and obstacles to inter-coordination among departments and people is much easier and thus the market intelligence that is generated can be disseminated without major barriers. With the absence of the barriers and the existence of integration or inter-functional coordination it is much easier to be responsive to the customers – a major pillar of the MO concept. Such coordination is a critical aspect of the implementation part of the MO strategy.

To be successful, a market orientation strategy requires collective goals, teamwork, a consistent vision, mutual understanding, and shared information. If the corporate philosophy encompasses a market orientation, an internal focus on efforts to integrate functions via inter-functional collaboration is critical (Kahn, 1998). As such, SMEs should direct more effort towards making sure that customers are satisfied and inter-functional activities are maximized.

Customer orientation is a distinct form of business culture. Maintaining and improving a level of customer orientation is not a simple task. It demands the commitment of considerable human, financial and other organizational resources. Thus, even if environmental variables influence customer orientation (Slater and Narver, 1994), it is critical to determine if the external circumstances are sufficient for a firm to adjust its level of customer orientation to match them. SMEs adopting a future orientation tend to have greater opportunities to implement an effective MO strategy (Appiah-Adu and Satyendra, 1998).

In this context, Pelham and Wilson (1996) found that in smaller firms the effect of the organization’s strategy and structure had a smaller amount of influence on performance than did having a market-oriented culture. While larger organizations have a wider and larger source of resources to access such as financial, human, technological, smaller firms regularly must depend on limited resources to be competitive. This indicates that a market-oriented culture can be an especially critical resource for the small organization. Hence, there is increasing support for the relationship between market orientation and business performance. There is also a commonly acknowledged conclusion that within certain limits, more market orientation is superior to less market orientation (Martin & Martin, 2005).

A lack of market focus and market orientation can have extraordinary consequences. Market orientation identifies the critical value of customers and competitors in strategy design and execution. A firm’s collective vision regarding the market and how dynamic it can become is an important dimension of the business strategy formulation process (Cravens *et al.*, 1998). Market orientation concentrates on forming interaction among and between various functions that exist in the organization. This means that firms can obtain reciprocal advantage by forming collaborative relationships that leverage the talents and capabilities of its members. In addition, effective internal functions can improve individual work by teaming up to direct the processes that are important for customer management, new product development and other market oriented activities (Cravens *et al.*, 1998).

The essential drivers of strategic partnering are opportunities for enhancing the competencies of the individual firm by the sharing of risks among the internal team members who are responsible for other internal functions. It represents accruing the advantages of collaboration. Market driven strategies often necessitate the restructuring or re-engineering of the organization's structure or processes. Teamwork across functions has great strategic potential when the associated benefits surpass the costs and customers receive an improved value in services and products that the firm offers (Appiah-Adu and Satyendra, 1998, Cravens *et al.*, 1998 and Martin and Martin, 2005).

Fashioning a collective vision regarding markets necessitates the participation of the whole organization, not just the firm's top executives. In addition, firms that create a market-driven culture and initiate effective processes for collecting, sharing, interpreting information, and decision-making tend to be more effective in judging the market and crafting a strategic vision regarding the market and competitive environment that exists. Firms attaining superior performance through vigorous market-based strategies present attributes of continuous improvement, learning and innovation. These efforts regularly sharpen the market judgment capabilities and the future vision of the firm (Cravens *et al.*, 1998).

Conclusions & Future Research

The regression model developed herein provides a perspective on the content of the resource-based MO factors and their relationship to the performance. While only two of the factors were included in the final model, these represent the core issues of concern: a market orientation philosophy and a structure conducive to putting it into action.

This study is exploratory, however. Two key shortcomings should be recognized and can serve as an impetus for future research. First, inasmuch as the present study is exploratory in nature, the scales presented in the present study were only preliminary. Further refinement and development of these scales, as well as the incorporation of scales that measure other factors associated with performance, is appropriate.

Second, measuring strategy and performance is a complex concern. Researchers have traditionally measured or inferred strategic direction by examining factors such as accounting data and top executive perceptions (Chattopadhyay et al., 1999, Dess and Davis, 1984, Hillman and Klein, 2001 and Spanos and Lioukas, 2001). The present study examined self-reported top executive perceptions but did not assess financial data. Studies that utilize accounting data or seek to integrate multiple measures would be germane.

These shortcomings notwithstanding, this study suggests that it is necessary to analyze all components of the construct for one to understand the market orientation of small and medium sized enterprises. The market orientation culture and the existence of inter-functional activities appear to be at the core of any successful market strategy. A business is market-oriented only when the entire organization supports and integrates the values inherent in the concept. This essentially focuses on all business processes to be directed towards superior customer value (Slater, 2001). We have demonstrated from our analysis that the philosophy and the coordination function are significant parts of SMEs.

Market driven strategies are created when a firm becomes market-oriented and finds superior customer value opportunities, positioning the value offer with distinctive capabilities, creating strategic relationships, and employing necessary organizational change. Successfully combining various dimensions of strategy into an integrated process of strategic analysis and action can plan the path to market leadership. Implementing a market-oriented strategy requires building a culture and developing processes for learning about the changes that are affecting the organization's environment.

The market-oriented processes involve all business functions. A firm's shared vision about the market and how it may change in the future is a crucial aspect of business strategy formulation. Building a shared vision about the market and the consumer requires the involvement of the entire organization. A company that constructs a market driven culture and effectively processes the collecting, sharing, interpreting information, and decision making can be more successful in market sensing and creating a future vision about the market and competitive space (Cravens, Greenley, Piercy, & Slate, 1998).

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