

The Relationship Between Entrepreneurship and Market Orientation Among Small and Medium Entrepreneurs

J. Mexon¹, Geoffrey K. Mweshi², A. Ananda Kumar³

Abstract

The degree to which firms are inclined to carry out the marketing notion has been referred to as market orientation. As a result, firms that embrace market orientation concepts establish customer loyalty and satisfaction with the organisation's offerings, resulting in higher customer value and improved organisational success. The research study examines the relationship between market orientation and entrepreneurship among the small and medium business in Chibombo district. The research was a case study of Small Scale Medium (SMEs) operating in 10 miles of Chibombo districts the study assessed. The research design was a descriptive survey and the sample size was SME 118 respondents. The study shows the level of relationship between entrepreneurial orientation and market orientation. The research is also to find their business growth and survival level in the study area.

Keywords: Businesses, entrepreneurial orientation, entrepreneurship, market orientation

INTRODUCTION

The degree to which firms are inclined to carry out the marketing notion has been referred to as market orientation (Jaworski & Kohli, 1993) [1]. In their submission on market orientation, Homburg and Pflesser (2000) [2] presented the notion cultural and behavioural connotations. Market orientation is considered as a set of activities relating to a firm's ideology in areas such as broad generation of intelligence from the market, disseminating information across functional domains, and a firm's broad reaction to intelligence collected using a behavioural approach (Kohli & Jaworski, 1990) [3]. Mexon et al. (2020) [4], a number of

researchers who conducted studies on the MSME sector revealed a number of issues and opportunities that micro, medium, and small businesses face.

Explaining the cultural dimension of market orientation, the business is seen as the most efficient and successful in instilling the necessary behaviours for providing superior value for clients, resulting in superior performance. The cultural perspective on market orientation considers customer orientation, competitor orientation, and inter-functional orientation as strategic ways of

*Author for Correspondence

A. Ananda Kumar
E-mail: searchanandu@gmail.com

¹Assistant Professor, Department of Management Studies,
Kristu Jayanti College, Karnataka, India

²Dean-School of Social Sciences, ZCAS University, Lusaka,
Zambia

³Associate Professor, Department of Management and
Commerce, DMI-ST. Eugene University, Lusaka, Zambia

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discovering and meeting clients' requirements and wants more than competitors (Narver & Slater, 1990). Firms are being asked to have information on their customers' requirements and wants, as well as to critically study external aspects that persuade customers' demands and preferences, in order to coordinate and react effectively to their preferences based on the intelligence obtained.

According to a study by Kumar and Jones et al. (2011) [5], organisations with good market orientation outperform those with a lower level of market orientation. As a result, firms that embrace market orientation concepts establish customer loyalty and satisfaction with the organization's offerings, resulting in higher customer value and improved organizational success. Changes in organizational process and marketing innovation, according to Tuan and Nhan et al. (2016) [6] have a considerable positive impact on business performance. It's critical to emphasise that whatever drives firms to innovate, the goal is to ensure adaptive behaviour, improve long-term performance, or better serve present and potential customers (Damanpour, Walker, & Avellaneda, Bamfo & Kraa, Cogent Business & Management) (2019).[7] Small Scale Enterprises (SSEs) in Zambia have expanded to account for more than 95 percent of all enterprises and performance measures, according to Kumar et al. (2020) [8]. Small scale enterprises (SSEs) now account for more than 95 percent of all businesses in Zambia, and they play a critical role in job creation, poverty reduction, and economic development. Starting a new business, purchasing an existing firm, or inheriting a family business are all examples of being an entrepreneur. The types of entrepreneurial activity have changed throughout the last two decades. Brown and Guzman [9] found that the largest companies are those with the most proclivity to innovate, citing high technological intensity and market share as performance metrics.

REVIEW OF LITERATURE

Many academics and scholars have contributed to many aspects of business as to how market orientation might be utilised as a result of the development of the notion. Najafi-Tavani, Sharifi, & Najafi-Tavani, Najafi-Tavani, Najafi-Tavani, Najafi-Tavani, Najafi-Tavani, Najafi-Tavani, Najafi-Tavani, Najafi-T (2016) [10]. Market orientation has a substantial impact on a variety of corporate activities (Narver & Slater, 1990) [11]. The impact of market orientation and interrelationships on small business performance has been studied for decades (Ladipo, Rahim, Oguntoyibo, & Okikiola, 2016) [12]. Market orientation, according to the researchers, is a business strategy that emphasises obtaining information from consumers and competitors and utilising the synergy of joint efforts to generate value for customers and the company as a whole (Julian, Mohamad, Ahmed, & Sefnedi, 2014) [13].

The dynamic nature of the corporate environment has necessitated a degree of market orientation toward customers and competitors, as well as the extent of synergy among business units [14]. It is consequently critical to recognise that if a company's business activities do not reflect a market-oriented culture, it is unlikely to thrive. Narver and Slater define market orientation as a culture that focuses on successfully and efficiently creating superior value for customers through customer orientation, competitor orientation, and inter-functional coordination (1990) [15]. Customer orientation prioritises the customer's demands and necessitates a thorough grasp of those needs in order to design superior products or services; competitor orientation prioritises the interests of competitors. Collected knowledge about competitors aids the firm in repositioning its product in order to plan for the entity's future survival, and inter functional indicates that all departments in the entity are involved.

STATEMENT OF THE PROBLEM

According to Mwaanga and Chewe(2013), the Zambian government has implemented a variety of policies to help entrepreneurs flourish after identifying a number of obstacles. SME growth and survival have been hampered by the hurdles they confront, particularly in rural areas of Zambia, particularly in their first five years of operation. Cash flow management, personnel hiring, time management, work delegation, marketing strategy, and rising competition are just a few of the issues that businesses face.

As Miller D. (1993) [16] put it, a firm is considered to be entrepreneurial if it's innovative, proactive and risk taking, considering a distinguishing between three (3) dimensions (innovativeness, proactiveness, risk taking) and related them to performance of separate functions within the firm that is Research and Development, Production and Marketing and Sales. The growth of SMEs in Zambia has been highly affected by various challenges that SMEs face.

Market orientation is referred to an organisation that has a valued close relationship with its customers that relies on the market information to guide the firm's strategic decision. Kohli and Jawarski, 1990 states that market-oriented business generate intelligence about the competitors' capabilities and strategies, share that intelligence throughout the organisation and take coordinated action to create value, Narver and Slater (1990) [11]. Several research findings have established a positive relationship between the degree of the firm's market orientation and its performance. It has also been established by research that the positive relationship between marketing orientation and firm's performance holds true regardless of the environmental conditions in which a firm competes.

This research will therefore, seek to establish the relationship between market orientation and entrepreneurial orientation on the performance of SMEs to enhance their growth and survival in the first five years of their inception in Chibombo District of Zambia. A case study of 10 miles business center.

OBJECTIVES OF THE STUDY

Overall Objective

- To examine the relationship between market orientation and entrepreneurship orientation among the small and medium businesses in Chibombo district.

Specific Objectives

- To find out if entrepreneurship orientation (EO) positively relates to marketing capabilities to enhance firm performance.
- To ascertain how innovation would mediate the relationship between market orientation and performance.
- To draw conclusions and make policy recommendations according to the research findings.

RESEARCH QUESTIONS

1. Does market orientation affect the performance and survival of the SMEs in Chibombo district?
2. Is there a significant relationship between entrepreneurial orientation and market orientation in the survival of the SMEs?

SCOPE OF STUDY

This study focuses on the extent to which the marketing orientation affects the performance of the SMEs in 10 miles of Chibombo district located on the northern part of Lusaka and establish the relationship between entrepreneurship orientation and innovation and marketing orientation in the performance and survival of SMEs in their first five years of inception. The population is estimated to over 10000 SMEs (CSO, 2017) of which 118 was drawn as sample for the study. The research was completed within 3 months. The study explored the entrepreneurial orientation, marketing orientation and the relationship between entrepreneurial orientation and innovation.

Fayolle A. ed., [17, 18] describes innovation as the process of entrepreneurship invariably involves an individual or individuals investing effort into something they had not previously done before. Drucker [19] argues that innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. It is capable of being presented as a discipline, capable of being learned, capable of being practiced. Entrepreneurs need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation. And they need to know and to apply the principles of successful innovation.

RELEVANCE AND IMPORTANCE OF THE RESEARCH

This research will be conducted in 10 miles of Chibombo which is characterised by SMEs which are a major contribution to creation of jobs in the area. The research will seek to establish if market orientation has an effect on the performance of the SMEs in relation to entrepreneurship orientation and innovation therefore, bring out the link between the market orientation and the entrepreneurship orientation in the performance and survival of the SMEs in the first five years. The research will seek to establish the extent to which market orientation has on the performance of the SMEs and entrepreneurial orientation and innovation have on their survival in the first five years. A lot of studies have shown how marketing orientation impacts the performance of SMEs; however, there is need to explore the link between market orientation and entrepreneurial orientation and innovation.

RESEARCH METHODOLOGY

Research methodology is the specific procedures/techniques used to identify, select, process and analyse information about a topic. In this research paper, the methodology section allows the reader to critically evaluate a study's overall validity and reliability. Deniz, M., Kesici, Ş. and Sümer, A.S., (2008) [20].

Research Design

The research design is referred to as the procedure or plan that a researcher under takes to make a formulated inquiry in order to obtain answers to the research questions. The research design or research methodology include the frame work of the entire research process i.e., stating the statement of problem, stating the objectives, developing the hypothesis, developing the research questions developing data collection tools and the analysis of the primary data collected.

Research Type

The study will use the descriptive research design approach. The nature of research was both qualitative and quantitative and used these research traditions to find out the relationship

between market orientation and entrepreneurial orientation on the performance of SMEs to enhance their growth and survival in their first five years of their inception in Chibombo District of Zambia.

Population of Study

The subject of the study consisted of 4000 SMEs in the Central business center of Chibombo. The Ministry defines SMEs by business sector and within each sector by the number of employees (200 or less employees) or value of fixed assets (excluding land). The three business sectors are manufacturing sectors with employees not exceeding 50 people, retail sector where employees do not exceed 15 people, and service sector with less than 50 people. A sample size of 10% of the target population is considered appropriate if population of interest is not homogeneous as possible, otherwise a sample of 30% was considered.

Sample Size

The sample size refers to the number of items to be selected from the universe to constitute the sample. The larger the sample size the more reliable the results of the study. Hence the sample of 118 SMEs was selected from the total population of 4,000 SMEs in the area.

Sampling Area

The area covered was 10 miles on the northern part of Lusaka about 16 km from Lusaka business centre. The area was of interest as it has seen a lot of SMEs coming up in the last 10 years. This is as a result of many settlers that have migrated to the area preferring bigger settlement areas and quite lives away from the busy and noise suburbs of Lusaka town. The area covered was around 10 miles of Chibombo business centre.

Sampling Procedure

The sampling procedure used was selected to ensure that only the respondents were required, that is those in manufacturing, service and retail businesses were selected hence the use of convenience and purposive sampling techniques.

Methods/Tools of Data Collection

Questionnaires on a 7-point Likert scale ranging from very strongly disagree (1) to very strongly agree (7) to the statements were used to collect data from owner and business managers. Secondary data were collected through books, internet and journals.

Tools for Data Analysis

The study used Statistical Package for Social Science (SPSS) and Stata (version 13) in conducting the analysis. Confirmatory Factor Analysis (CFA) was done after which problematic indicators that loaded poorly were removed. To measure the reliability of instrument Cronbach alpha is calculated using SPSS 16. If the alpha value is more than 0.5, it is presumed that the instrument is reliable. Initially, alpha value was calculated from the data collected. This survey has been conducted not only for testing reliability of instruments, but also for making required changes in the questionnaire in order to elicit necessary information from respondents.

Independent and Dependant Variable for the Study

The study used market orientation scale measurement from Narver and Slater (1990) construct to measure market orientation. MKTOR by Narver and Slater (1990) measured

market orientation through customer orientation, competitor's orientation and inter-functional orientation. Performance of SMEs was measured by objective performance. Objective performance variables include net profit, market share, revenue growth and accounts receivables. These measures were also used by Agarwal et al. (2003) [21] in their study. Innovativeness of the business was measured by how actively SMEs seeks ways of doing new things.

Reliability Test

Reliability means the ability of a measuring instrument to give accurate and consistent results. The question of reliability arises only for the questions used to measure perception which cannot be accurately measured. In this research, statements are used to measure the relationship between market orientation and entrepreneurship among the small and medium business in Chibombo district. For all the statements seven to seven-point scales is used.

To measure the reliability of instrument Cronbach alpha is calculated using SPSS 16. If the alpha value is more than 0.5, it is presumed that the instrument is reliable. Initially, alpha value was calculated from the data collected. The measured reliability values in different stages are shown in Table 1.

Table 1. Reliability statistics.

Cronbach's Alpha	No. of Items
0.773	76

The standard condition of Cronbach's alpha values is more than 0.5. The above table shows that Cronbach's alpha values for data collected from 118 respondents after making changes are more than 0.773 which means the items or statements employed to assess the dimensions or variables are reliable. This implies that no change is required to be affected in the research instrument and there is no early response bias. [Table 1]

Ethical Consideration

Respondent confidentiality was observed ensuring that all information collected remain private. Anonymity of the respondents was taken into account. As much as possible, research assistants were advised to avoid discussing issues that may cause fear, discontent or embarrassment to the respondents. At best, the study acquired informed consent from respondents and professional conduct by assistants. The respondents in the study participated voluntarily and no one was forced to participate. The respondents were notified that they are free to withdraw from the study at any time if they felt to do so. The respondents were also assured that their personal information and business information provided during the study would not be transferred to a third party without their prior concert. All the information between the respondents and the researcher were strictly confidential. According to Bell et al. (2018) [22], plagiarism is defined as using someone's thoughts and work as own work and take credit for the same. Care was taken to ensure that borrowed thoughts and work of other scholars are acknowledged and cited accordingly.

DATA ANALYSIS AND INTERPRETATION OF RESULTS

Analysis of Mean and Standard Deviation

From the analysis, the researcher finds to find mean and standard deviation. From the mean the highest value mean by "service quality by 6.1102". The second highest mean "we have

higher customer satisfaction by 6.0763". The third highest value mean by "we have the better service quality by 6.0593". Hence, the respondents have a good opinion towards the above statements. The researcher's findings of the mean and standard deviation are the least value mean by 'encourage workers to make their own decisions' by 4.194. The second least mean value by 'supports the efforts of individuals and/or teams that work autonomously', by 4.4407. The third least value mean "in our organisation, we indulge in competitor response modelling and war gaming exercises" by 4.495. Hence the respondents are given the negative opinion towards the above statements mentioned.

Chi-Square Analysis

Chi-Square Analysis between Annual Turnover and Customer Satisfaction

Hypothesis Frame

H₀: There is no association between turn over and customer satisfaction towards entrepreneurship orientation

H₁: There is an association between annual turnover and customer satisfaction towards entrepreneurship orientation

Table 2. Chi-Square test.

Statement	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	27.252 ^a	18	0.074
Likelihood Ratio	25.181	18	0.120
Linear-by-Linear Association	8.919	1	0.003
No. of Valid Cases	118		

From the Table 2, the significant value of chi-square is 0.074. Hence the significance value is more than 0.05. Here our null hypothesis is rejected and alternative hypothesis are accepted. So, the researcher findings are that there is an association between annual turnover and customer satisfaction towards entrepreneurship orientation.

Chi-Square Analysis between Nature of Organisation and Profitability in the Industry

Hypothesis frame

H₀: There is no association between nature of the organisation and profitability in the industry

H₁: There is an association between nature of the organisation and profitability in the industry

Table 3. Chi-Square test.

Statement	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.419 ^a	10	0.493
Likelihood Ratio	10.526	10	0.396
Linear-by-Linear Association	0.025	1	0.873
N of Valid Cases	118		

From the Table 3, the significant value of chi-square is 0.493. Hence the significance value is greater than 0.05. Here our null hypothesis is rejected and the alternative hypotheses are accepted. Hence the research findings are that there is an association between the natures of the business to profitability in the industry towards entrepreneurial orientation.

Cluster Analysis

Table 4 contains the mean value scores of five factors related to examining the relationship between market orientation and entrepreneurship among the small and medium business and the ranks are specified in the bracket. Table shows that around 31% belong to cluster three category (neutral degree of customer satisfaction), 7% are in cluster 1 category (low degree of customer satisfaction) and 62% belong to cluster two category (high degree of customer satisfaction). This reveals that the of respondents participated in cluster two category (high degree of customer satisfaction). The mean average values of these three clusters are 6.19 for cluster two, 3.976 for cluster one and 5.17 for cluster three.

Table 4. Final cluster centers.

S. No.	Factor	Cluster		
		1	2	3
1	We are more profitable	3.00 (III)	6.11 (I)	4.97 (II)
2	We have better service quality	5.00 (III)	6.41 (I)	5.59 (II)
3	We have better product quality	3.38 (III)	6.14 (I)	6.05 (II)
4	Return on investment	4.25 (III)	6.32 (I)	4.19 (II)
5	My firm invests heavily in new product development	4.25 (III)	5.97 (I)	5.05 (II)
	No. of cases in each Cluster	8	73	37
	Percentage	7%	62%	31%

Cluster ANOVA Analysis

The ANOVA table (Table 5) indicates that there exists significant difference among the three clusters. The significant value for all the five factors is in different values. This means that all the five factors have significant contribution into the segments based on examining the relationship between market orientation and entrepreneurship among the small and medium business. Significant factors namely: 'We are more profitable', 'We have better product quality', 'We have better product quality', 'Return on investment', 'My firm invests heavily in new product development'.

Table 5. Cluster ANOVA analysis.

Statement	Cluster		Error		F	Sig.
	Mean Square	df	Mean Square	df		
We are more profitable	43.596	2	1.079	115	40.400	0.000
We have better service quality	12.997	2	0.405	115	32.082	0.000
We have better product quality	27.958	2	0.751	115	37.214	0.000
Return on investment	62.281	2	0.686	115	90.744	0.000
My firm invests heavily in new product development	17.810	2	1.020	115	17.456	0.000

RECOMMENDATION

The retail industry must improve in their service to customers and also maintain customer satisfaction to enhance the market orientation for their business growth and survival in the area. The retail is key in the growing population in 10 miles but the growth rate is below 30%. The SMEs in 10 miles should incorporate the marketing orientation in the management of their businesses with entrepreneurial orientation as it has been found that in order for the business

to have a good performance there is a relationship between market orientation and entrepreneurial orientation. More females should be encouraged to start up small business in the area in order to have many female's participation so as to avoid gender bias.

CONCLUSION

The data suggest that there is a link between entrepreneurship and market orientation. This may be seen in the research findings, which reveal a link between annual turnover and customer satisfaction in terms of entrepreneurship and market orientation. This is due to excellent client satisfaction, which resulted in strong sales, which led to a high annual turnover. According to the findings of the study, there is a link between the nature of the business and profitability in the industry's entrepreneurial and market orientation. This was evidenced by the highest nature of business, service, which was more profitable than the other industries, such as retail and manufacturing.

Furthermore, it was discovered that there is a link between organisational age and higher customer satisfaction in terms of entrepreneurship and market orientation, with older organisations having a higher market orientation than much younger businesses. There is also a link between primary occupation and the provision of better services toward entrepreneurial and market orientation, as people who worked in enterprises as a primary occupation provided better services. Furthermore, there is a link between an organisation's age and its market share in terms of entrepreneurial and market orientation, as older organisations have a larger market share than younger businesses.

In addition, there is a link between annual turnover and customer satisfaction when it comes to entrepreneurship and market orientation. The findings also revealed that there is a link between educational qualifications and returns on investments in the direction of entrepreneurship and market orientation. It has also been discovered that primary occupation is linked to product quality in terms of entrepreneurship and market orientation. There is an association between organisational age and employee turnover toward entrepreneurship and market orientation, according to research findings, with further research findings indicating that there is an association between organisational age and employee turnover toward entrepreneurship and market orientation. There is a link between the number of employees and employee satisfaction with regard to entrepreneurship and market orientation. It is correct to conclude that the number of employees has an impact on employee satisfaction. There is also a link between education and success, according to research.

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