CUSTOMER AND COMPETITOR ORIENTATION, INNOVATION AND PERFORMANCE IN SMALL AND MEDIUM SIZED ENTERPRISES

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This research examines product and process innovation, as they mediate customer and competitor orientation and firm performance in the context of U.S. small and medium sized enterprises (SMEs). The research model that is proposed dismembers large managerial orientations into proposed sub-dimensions in order to better explain the role each plays in contributing toward firm market and industry performance. In this unique approach customer orientation is found to be partially mediated by process innovation, which then contributes directly to market (customer) performance outcomes. Competitive orientation, meanwhile, is found to be fully mediated by product innovation, which then contributes directly to industry (competitor) performance outcomes. This research affirms the importance to SMEs of melding innovation with a focus on customers and competitors to achieve performance goals.

INTRODUCTION

Since the mid-20th century, marketing theory has built upon the marketing concept, developing toward a market orientation ethos, which have been heavily studied since the mid 1990's (Kumar, Jones, Venkatesan, & Leone, 2011). As a strategic orientation, firms that possess a market orientation are said to be highly responsive to information flowing from external-to-the-firm sources, such as supply chain members, customers and competitors. Concurrently, such responsiveness is aided by an internal-to-the-firm readiness to act on market information manifested in well-developed social and cultural inter-functional capabilities. As a result, the firm is able to produce internal outcomes through new-to-the-firm innovation, whereas external effects are manifested by new-to-the market innovation (Sandvik & Sandvik, 2003).

As a broad organizational philosophy, market orientation helps shape firm processes to be externally focused, while driving decision-making with market and industry intelligence. It is a heavily studied construct in its entirety, made up of customer orientation (or the ability to create value for the customer continuously), competitor orientation (where the seller understands the key strengths, weaknesses, strategies and capabilities of the competition), and inter-functional coordination (coordinated utilization of the companies' resources) (Narver & Slater, 1990). In addition, much thought has been put into the role market orientation plays in the context of small and medium enterprises (SMEs) and the effect it has on firm performance (Keskin, 2006; Raju, Lonial & Crum, 2011), including digital formats (Hair et al. 2017). SMEs possess specific challenges and unique advantages, as compared to large firms, insomuch as their size, limited organizational structure, and informal modes of operation allow them to be fast, in response to changes related to customers or competitors. Yet at the same time, they lack the resources of larger firms and are less able to take advantage of volume discounts, expansive supply chain partner networks and financial leveraging tactics. As a consequence, SMEs are encouraged to compete through product and process differentiation rather than a cost-based means of competitive positioning (Leitner & Güldenberg, 2010; Newton, Gilinsky Jr, & Jordan, 2015). In this paper, we take these differences into account and propose that the broader managerial orientation-related constructs are insufficiently nuanced tools, particularly in the study of SME's. Research suggests that subcomponents that make up these constructs (such as market orientation) are likely to have differing effects on a firm (Covin, 1991; Wolff & Pett 2006). As such, by

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concentrating on the composite construct we may lose information regarding the mechanics through which they impact a firm. We apply this idea to SME's and suggest that a more nuanced exploration of the subcomponents of such key constructs is warranted. This may be particularly pertinent, given the notable structural differences between SME and non-SME firms.

Firm size implies constraints in terms of operations, people and resources available. It follows, therefore, that small firm's internal constraints are likely to shape the effects of its various practices to some degree. Of the three market orientation constructs mentioned above, two (customer and competitor orientation) are outward-facing in nature, while inter-functional coordination, by its definition, is an internal construct affecting the internal workings of a firm. This current research considers the role customer and competitor orientations play on market and industry performance outcomes when mediated by product and process innovation. The model that is proposed and tested is done so in the context of small and medium sized enterprises (SMEs), which provide a unique setting that carries with them resource constraints and increased environmental turbulence. Though individually these businesses have limited impact on a large economy, they collectively account for a substantial portion of economic activity in both established and emerging economies. In some cases, they total upwards to 35% of total business transactions (Dubihela & Dhurup, 2015; Seilov, 2015), and 35-60% of emerging market exports (Knight, 2000).

To address this inquiry, background literature and prior research is explored, followed by the development of a formal hypothetical model, which explains the role market orientation and innovation have on market and industry performance in the context of small and medium sized enterprises. This is followed by a research study, its results and the discussion of the study's implications.

BACKGROUND

The foundation of a market-oriented firm is the *marketing concept*, which was originally described by Drucker (1954). In part, Drucker suggests that the firm's two most important jobs include engaging in marketing activities and innovation. Serving as a keystone to modern marketing, he suggests that as the outcome of business ends with a customer, a successful business should view itself through the lens of the customer, as well. As a result, the marketing concept embodies the active pursuit of identifying and satisfying customer needs, essentially fulfilling Drucker's call. Most notable in this evolution is the work associated with market orientation by contemporary authors (*e.g.,* Deshpandé, Farley, & Webster, 1993; Kohli & Jaworski, 1990; Narver & Slater, 1990; Slater & Narver, 1994; Slater & Narver, 1995) where it is described as a 'business culture that most effectively and efficiently creates value for customers' (Narver & Slater, 1990, p. 20). Thus, in this context, firms strive to achieve Drucker's first call for the customer engagement in order to better serve the markets in which they operate.

Yet, for all its good intentions, this orientation does not sufficiently provide for innovation as dictated by Drucker (1954). To complete Drucker's call to adopt a marketing concept, innovation must play a significant role among firm activities. An aggressive orientation frames the firm as an entity that can move or reposition itself in order to best serve current and future customers. As a result, two distinct managerial paradigms have emerged, each of which calls for the firm to devote resources toward marketing activities which effect market -oriented and innovation-oriented cultures.

Market and innovation orientations have been linked in past research. Yet, while these theoretical constructs contribute together toward similar performance outcomes, they have come to represent differing views of how firms should compete. While the linkage between market orientation and performance is established in the literature, a direct path between the two has been called into question (Guo, 2002; Han, Kim, & Srivastava, 1998). The path has since been intervened by numerous mediators, including learning and entrepreneur orientations, as well as moderators like environmental turbulence, industry uncertainty and dynamism, competitive intensity and hostility, technological change and market shifts (Gonzalez-Benito, Gonzalez-

Benito, & Munoz-Gallego, 2014). Relating to environmental turbulence, Ashrafi and Ravasan (2018) found that firms' responsiveness to market changes would serve as an appropriate antecedent of market performance and is accentuated when turbulence is present.

In abbreviated form the market oriented firm places emphasis on reacting to immediate customer and competitive pressure by developing coordinated information through inter-functional efforts following Narver and Slater (1990). The ability to do this results from the rapid assimilation and distribution of market -based information, following Kohli and Jaworski (1990, p. 6) who focus the role of market orientation on market intelligence gathering, dissemination and response. By coordinating internal practices based upon market information, the firm strives to anticipate future consumer needs and competitor reactions, in order to play a leadership role and in doing so, frame the market in which they will participate. To this extent recent research by Hashi and Stojcic (2013) found that as a firm's market orientation intensifies, the likelihood that they would decide to innovate also intensifies.

In isolation, both market and innovation orientations are thought of as potential strategic resources to be leveraged in order to gain a competitive market advantage over other firms. In concert though, these orientations provide interactive effects that increase firm performance outcomes (Han et al., 1998). Therefore, a natural extension of this theoretical body of knowledge is the inclusion of innovation and market orientations into a single model of competition. The co-existence of these two constructs has been proposed (*e.g.,* Conner, 1999; Jaworski, Kohli, & Sahay, 2000; Slater & Narver, 1998) and developed further, assuming a relationship of full mediation (Atuahene-Gima, 1996; Han et al., 1998; Hurley & Hult, 1998; Olavarrieta & Friedmann, 2008; Olavarrieta & Friedmann, 1999; Verhees & Meulenberg, 2004). In such models the positive relationship between market orientation and performance is shown to be mediated (positively) by innovation activities, as predicted. As we move forward, focus is narrowed upon the key relationships between the variables concerned. In doing so, we hope to establish a basic model that provides the maximum explanatory power with the least amount of complexity. By confirming the basic relationships, we hope to open the way for further exploration in future studies.

Market Orientation and SMEs

Market orientation reflects the extent to which an organization's analysis of the external marketing environment informs and influences the strategic planning process (Baker & Sinkula, 2002). Narver and Slater (1990, p. 21) state that it is an organizational culture that most effectively and efficiently generates the necessary behaviors for the creation of superior value for buyers, and thus continuous superior performance. Simultaneously, Kohli and Jaworski (1990, p. 6) define it as the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it.

A significant body of research has been devoted toward market orientation in small and medium sized enterprises (see the Appendix for a representative review). Like larger firms, having a market orientation is positively correlated to SME performance (Harris & Watkins, 1998; Pelham, 1997; Kara, Spillan, & DeShields, 2005). Baker and Sinkula (2009) found that market orientation is beneficial because it helps SMEs focus on superior value creation as they generate new products and services that better meet customer needs. For smaller firms, which are often characterized by ad hoc and short-term decision-making tactics, a market orientation can provide them with an organization-wide focus for formulating objectives, guiding decisions and directing actions. The nature of SMEs, which generally have fewer than 500 employees (Knight, 2000), suggests a limited range of products and customers, thus decreasing the need to develop formal procedures to gather and process customer or market information for decision making. In sum, having a relatively narrow scope of the product-market enhances the ability of smaller firms to manage from a market-oriented perspective (Pelham & Wilson, 1996).

While certain efficiencies are gained due to size and structural simplicity, executing a market orientation has been seen as a challenge for SMEs (Blankson, Motwani, & Levenburg, 2006; Blankson & Stokes, 2002; Harris & Watkins, 1998; Pelham & Wilson, 1996). Many SMEs are noted for their lack of long-range focus. As systematic decision making could be a critical determinant of performance (Sexton & Van Auken, 1982), this may restrict or prohibit SMEs from developing a robust market orientation. In a study of small hotel businesses, Harris and Watkins (1998) suggest that ignorance of the concept and its application, limited resources, perceived inappropriateness, contentment with status quo, 'short-termism' in their marketing planning, unclear views of the customer and, finally, a lack of competitive differentiation were constraints. In an effort to overcome resource constraints, SMEs have an advantage in that they can speedily respond to customers' wants and needs with their marketing planning processes (Li, Zhao, Tan, & Liu, 2008). A limited resource base, simple organizational structure and informal business processes facilitate speedy response (Baker & Sinkula, 2009; Blankson & Omar, 2002; McCarton-Quinn & Carson, 2003; Moriarty, Jones, Rowley, & Kupiec-Teahan, 2008).

Firm Innovation and SMEs

Baker and Sinkula (2009) define innovativeness as a willingness by firms to support creativity and experimentation in new product development, technology adoption, and internal processes and procedures (see also for example Dibrell, Craig, & Hansen, 2011; Knight, 1997; Lumpkin & Dess, 1996; Menguc & Auh, 2006). In broad terms, innovation is a means of organizational adaptation to its environment and is generally considered vital to survival and growth (Cooper, 1984; Manu, 1992). Adaptations to environmental pressures emerge from responses to information drawn from the firm's marketplace (Verhees & Meulenberg, 2004).

Critical to the employment of 'firm innovation' is the idea that firms strive to not just operate in concert with others, but rather operate in advance of others in an effort to gain market-based advantages as the industry leader. In doing so, innovation within the firm provides one method in which firms differentiate themselves from each other as competition increases and consumers become flush with product choice (Berthon, Hulbert, & Pitt, 1999).

Innovation orientation, therefore, prepares a firm to depart from existing technologies and extend beyond the current state of the art (Kimberly, 1981). It requires a complex knowledge structure that is grounded in common beliefs throughout all levels of an organization (Siguaw, Simpson, & Enz, 2006). Possessing an innovation orientation provides firms with the ability to take advantage of dynamic market movements. Firms that possess an innovation orientation tend to have elements such as: respect for creativity and innovation; lowered risk aversion; pride and enthusiasm for firm capability; a market-leader view of the firm; and an offensive versus defensive mentality (Siguaw et al., 2006). As a result, firms seek to maintain or capture markets, to outdistance competitors, and assure long-term growth and survival, especially in highly complex and turbulent environments (*e.g.,* Eisenhardt & Brown, 1999; Freeman, 1994; Lawless & Anderson, 1996).

In order to be closer to customers and to create the conditions that facilitate the exploitation of sources of innovation from external channels, market-oriented firms must be externally focused. This enables them to better identify the current and future needs of customers. From the perspective of SMEs, high levels of market orientation are associated with greater flexibility and responsiveness, given uncertain environmental conditions (Didonet, Simmons, Díaz-Villavicencio, & Palmer, 2012; Pelham & Wilson, 1996). One can surmise that market-oriented SMEs seek sources of innovation as a way to meet market demands, and from there, are motivated to create an intra-firm environment dedicated to exploiting these sources in achieving innovation success.

Orientation Integration

Research has shown that market orientation can support innovative attempts to generate superior value for customers, which in turn can generate superior firm performance (Kohli & Jaworski, 1990; Narver & Slater, 1990; Slater & Narver, 1994). Hashi and Stojcic (2013)

revealed that as a firm's market orientation increases, the likelihood that they would decide to innovate also increases. More specifically, Hurley and Hult (1998) suggest that market orientation is a source of new ideas and motivation in response to the environment that promotes receptivity toward innovation within the firm's culture.

While seemingly conclusive, the relationship between market and innovation orientations has been marked by contrasts where some view technological innovation as the driver of economic growth, while others view satisfying current customer needs as the dominant driver of economic growth (Berthon et al., 1999). In short, firms driven by an extreme innovation orientation could be viewed as providing markets with products they do not yet need, while market oriented firms produce and deliver what is desired now by the current majority of the market, and miss the potential contribution to innovation by outlier customers (Bethon et al., 1999). Moreover, at times there has been debate between the innovation and marketing orientation schools. Slater and Narver (1995) suggest that an innovation orientation is a subset of MO, contending that continuous innovation is implicit to the maintenance of its foundation (customer, competitive and inter-functional). Meanwhile, Atuahene-Gima (1996) and Hurley and Hult (1998) define these orientations as separate, yet intricately related. They suggest that the presence of a strong market orientation enhances the likelihood of innovation orientation activities and outcomes.

Researchers have identified market orientation as being important for supporting innovation that can positively contribute to SME performance (Dibrell, Craig & Hansen, 2011; Salavou, Baltas, & Lioukas, 2004). For SMEs, the presence of market orientation is viewed as an innovation input (Langerak, Hultink, & Robben, 2004) and found to have both a direct effect on a firm's profitability, and an indirect effect when mediated by innovation success (Baker & Sinkula 2009). Market-oriented SMEs are able to innovate successfully with the capacity to plan ahead (Salavou et al., 2004). SMEs that are customer-focused aim to produce different product characteristics, with respect to competitors' products, in order to obtain a superior product in terms of quality (Bigliardi, Colacino, & Dormio, 2011). As stated by Langerak et al. (2004, p. 83), 'the rationale for market orientation being positively related to new product performance is rooted in the belief that a market oriented culture embodies organizational values and beliefs that guide activities, including new product development activities.'

MODEL AND HYPOTHESIS DEVELOPMENT

Generally, market orientation has been shown to impact firm performance, especially in the long-term (Pelham & Wilson, 1996). It is found to enhance new product success, market share and overall greater market position, which in-turn produces stronger performance results. Though limited, some research has found an inconsistent relationship between market orientation and certain performance outcomes (Sin, Tse, Heung, & Yim, 2005). In turn, these results have prompted researchers to further define the boundary constraints as to where and how market orientation supports firm performance. For instance, Doyle and Armenakyan (2014) distinguish performance in terms of customer, market and financial outcomes. Homburg and Pflesser (2000) and Green, Inman, Brown, and Willis (2005) propose and successfully test the direct relationship between market orientation and both financial and marketing performance. Homburg and Pflesser (2000) use customer satisfaction and loyalty as market performance measures and return on assets for a measure of financial performance following tradition. In this research we propose that the broader construct of market orientation is insufficient in explaining nuanced forms of performance. Rather, the construct should appropriately be broken into its sub-components, then intervened by specific forms of innovation by product and process, which in-turn produces positive industry and market performance (See Figure 1).

Focusing first on competitive orientation, firms incorporate into its decision-making processes the behaviors of its competitors (Gatignon & Xuereb, 1997). Heavily concentrated industries that require high capital investments or have high exit barriers, and those noted for high

buyer power often force firms to compete directly by taking a cost-leadership or differentiation strategy (Day & Wensley, 1988; Porter, 1980, p. 49; Slater & Narver, 1994). In such cases, firms often tend to develop innovations that are cost competitive (Gatignon & Xuereb, 1997). To achieve this, the firm's focus is primarily on gathering competitor information and counteracting the actions of their rivals, in order to gain market advantages (Slater & Narver, 1994).

Perhaps the most accessible form of information for competitors is product information. Based on what is offered in the market, competitive firms can analyze another company's product, and then compete based on the specifications, cost of product, or both. Prompting product innovation is seen by Langerak et al. (2004) to require market orientation as a cross-functional commitment toward strategy design. Slater and Narver (1995) further describe product development as a primary reaction to competitive pressures. Thus, competitive advantage can be achieved through product differentiation, and this type of orientation allows for companies to focus on product innovation (Gatignon & Xeureb, 1997). Moreover, prior research has proposed and found support for the linkage between the regular monitoring of competitive metrics (competitors costs, margins, sales, market share, customer satisfaction, retention, etc.) and elevated industry performance. Therefore:

H_{1a}: Competitive orientation is positively related to product-related innovation.

H_{1b}: Competitive orientation is positively related to industry performance.

Customer orientation applies to firms that actively develop and strategically manage their processes based on market intelligence with regards to the customer (Kohli & Jaworski, 1990). The use of customer knowledge typically goes above and beyond traditional customer research. It involves looking at alternative market factors that could potentially have an effect on what customers need and want in the future (Kohli & Jaworksi, 1990). As we learn from Slater and Narver (1994, p. 48), 'Customer focus is a relative emphasis on collecting and processing customer-related information.' Firms that have this emphasis to the extent that it informs and drives decision-making, place an extreme importance on the methods used to gather information, how this information is utilized, and how the firm can provide better value to the customer. This statement supports the belief that having a customer orientation leads to greater process-oriented innovation within the firm. Firms that are customer-oriented look for opportunities to provide value through different specialized processes, instead of specific product offerings. With regard to innovativeness, customer-oriented firms are described by Gatignon and Xuereb (1997) as being able to identify, study, understand, and meet user needs. Han et al. (1998), found that customer orientation was related positively to the number of innovations implemented.

Slater and Narver (1994) suggest that greater advantages might be achieved from the utilization of customer-oriented information in high-growth markets, as opposed to competitor-oriented information. They also discuss markets with large numbers of competitors, and the importance of focusing on the buyers' needs and wants. Moreover, Matanda and Ndubisi (2009) find a strong association between customer orientation and market performance among SMEs in Zimbabwe. This leads us to believe that having a customer orientation is beneficial in regard to market performance. The nature of consumer markets makes constant focus on the customer necessary.

H_{2a}: Customer orientation is positively related to process-related innovation.

H_{2b}: Customer orientation is positively related to market performance.

The introduction of new products opens up previously cluttered markets, and the design of new processes re-defines the cost structure and efficiency model to which an industry may be accustomed. An important distinction may be drawn between product and process innovation. Firm growth is often seen as dependent on product innovation through the development of new products. New products are strongly associated with positive sales growth and market leadership (Wolff & Pett 2006), while process innovation is said to be a significant contributor to gains in performance efficiency (Covin 1991). This is especially important to firms that are resource-constrained, which may stretch organizational resources if efficiencies

are not found in their operational processes (Wolff & Pett, 2006).

Along with other benefits, innovative firms enjoy improved company image and reputation; the capability to continually reinvent themselves; enhanced brand or corporate image; and the ability to charge higher prices (Siguaw et al., 2006; Totterdell, Leach, Birdi, Clegg, & Wall, 2002). Gatignon and Xeureb (1997) state that such benefits could be due to the type of innovation they utilize. We agree that each type of innovation is positively related to both industry and market performance. This follows the idea that innovation partially mediates the relationship between market orientation and a broad variety of performance outcomes (Verhees & Meulenberg, 2004).

H_{3a-b}: Product innovation is positively related to industry performance (a) and market performance (b).

H_{4a-b}: Process innovation is positively related to industry performance (a) and market performance (b).

RESEARCH STUDY

Procedure

Data collection took place using a paper and pencil survey delivered by postal mail to businesses in rural areas in the Midwest United States. This setting was chosen because of the high percentage of SMEs that participate in local, small-town U.S. business groups, such as area *Chamber of Commerce*. In addition, names and addresses provided by groups of rural or sparsely populated regions would most likely be the business owner or principle agent charged with operating the member business (Figueroa-Armijos & Johnson, 2013).

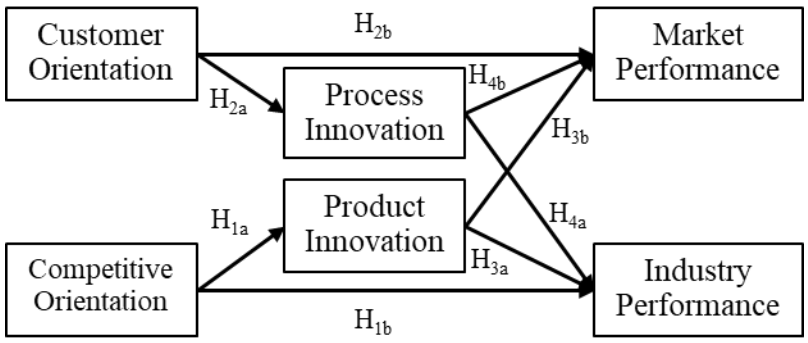
Once a sufficiently large number of businesses were identified, a survey was mailed to each, along with a cover letter and postage-paid return envelope. To encourage a timely response, a return deadline was imposed. For verification purposes, approximately 10% of the recipients were called to determine if 1) the survey was received, 2) the business information was correct, and 3) it was received by the senior-most person of authority in the business. If the mailing was returned due to improper addresses, a new address was sought and the survey was re-mailed to the updated address.

As with all survey-driven research, non-response bias is an artifact that may lead to lost statistical power and biased relationships (Schwab, 2007). This bias is addressed in two ways. First, a follow-up mailing was sent to non -respondents to increase participation levels (Truell, 2003). Second, a comparison of early and late respondents assessed potential response bias, yielding no differences at $p < .05$ (Armstrong & Overton, 1977).

Sample

The sample was drawn from small and medium businesses located in the Midwest, United States. A list of 610 businesses was obtained from several local and regional business

FIGURE 1:
Hypothesized Market-Innovation Orientation Performance Model



organizations. In addition, business names, addresses, along with their principle agents were obtained through public records search of business licenses from the same geographic region. After deleting respondents who were not reachable, the initial sample pool included 569 businesses. One hundred and fifty-six surveys were completed and returned, providing an initial response rate of 27.4 %. From this initial set of respondents, six were eliminated because they had more than 250 employees, thus falling outside our sample criteria for small and medium sized enterprises.

The firms in the sample are represented by over 20 industries, the most frequent being manufacturing and fabricating (20.7%), followed by utility services (12%), retail trade (10.7%), and health services (10.7%). Twenty seven percent of the respondents identified as managing partners or owners, 41.6 % are presidents or senior managers, while 18% are area managers. Men represent 65.8% of the sample and the sample's model age falls between 50 and 65 years of age. Consistent with our expectations of SMEs, 75.6% of the sample firms have fewer than 200 employees while 32.1% of the sample firms have fewer than 20 employees and 82% of the firms have gross revenue of less than $10 million per year.

Measures

Prior studies that have examined the link between organizational variables and business performance have often utilized two main approaches. The first is a subjective-competitive business performance approach, which is primarily concerned with performance of firms relative to that of their competitors (Chao & DeShields, 2010; Golden, 1992). The second method is an objective-concept approach, which is based on absolute measures of performance (Cronin & Page, 1988). Studies that have adopted both performance measures reported a strong association between objective measures and subjective responses (Robinson & Pearce, 1988). Jaworski and Kohli (1993) utilized both methods, while Slater and Narver (1994) adopt the subjective method by examining business performance over the previous three-year period. This current study also uses the subjective-concept approach.

Narver and Slater (1990) propose the design used in this research regarding the measurement of market orientation. Their scale work on customer and competitor orientations were adopted (Table 1).The scales in use were constructed for the purpose of this study, in order to better capture the nuances of the construct and the context. Since Narver and Slater (1990) other scale work has been published (see Sørensen 2009; Berthon, et al. 2004; Hajjat 2002, and Saxe & Weitz 1982). Firm innovation was measured using innovation orientation measures, which is appropriate given the strong research support suggesting that such an orientation may be a strategic goal, and that having such, generally leads to both internal process and external market innovations. Innovation was distinguished by product innovation and process innovation.

Finally, performance is measured using a series of eight semantic differential response questions, each relating to perceived performance relative to the market (customers) served, and industry (competitors), including firm standing in comparison to the industry, customer loyalty and financial performance among others. Business performance was measured by a series of self-response questions, where respondents (firm owners, presidents, and general managers) were asked to rate their firm in relation to their main competitors on a list of performance indicator, using a seven-point Likert-type scale. Items were phrased in similarity to like Reijonen et al. (2015), Zeng et al. (2015), and Pavlou and El Sawy (2010). This method follows the design of Gonzalez-Benito et al. (2014). Exploratory factor analysis (EFA) was performed to assess and modify the components of each latent construct, as needed. Convergent validity was established, as all items for each construct loaded significantly (t-values, 1.96, p (0.05)) with large pattern coefficients (Anderson & Gerbing, 1988). Factor loadings of .50 were accepted while no cross loading greater than .40 were allowed. In addition, EFA reliability was measured by Cronbach's alpha. In each case, this measure of internal consistency was above the benchmark of .70 for developmental research (Churchill, 1979). Once satisfied with an acceptable EFA, the measurement model was subjected to confirmatory factor analysis

(CFA) using Lisrel 8.8 (Jöreskog & Sörbom, 2006). The measurement model provided a modest fit with the Non-normed Fit Index (NNFI) = .91, the Comparative Fit index (CFI) = .93, and Incremental Fit Index (IFI) = .93. In addition, the model's RMSEA is .072 with a χ^2 value of 308.42 (174 *df*, p < .001), which provides an acceptable $\chi^2_{/df}$ ratio of 1.77, well below 5.0 (Fornell & Larcker, 1981). Given the modest RMSEA, we use caution in its interpretation, noting Rigdon (1996) who suggests that a weak RMSEA may be from a small sample size (n = 150) where RMSEA is generally more appropriate for large sample situations. Additionally, convergent validity is evident, as each item loads on its intended construct with sufficiently large path coefficients, as reported in Table 1, with no modifications to the model made. Average variance explained (AVE) for each construct is very close to, or over, the .50 benchmark, as is the Composite Reliabilities (CR) to the .70 benchmark.

Finally, common method bias may exist due to the fact that all the measures of the constructs were collected from the same source (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). This potential problem was checked with the Harman one-factor test (Podsakoff & Organ, 1986). A factor analysis of focal variables resulted in the six factors with Eigen values greater than 1, which accounted for 67.5 percent of the total variance. When a single factor is loaded, only 22.9 percent of the variance is accounted for. Because a single factor does not naturally emerge and when forced it does not account for more variance, common method bias is unlikely to be a concern with the data. Moreover, other tests of the sample include Bartlett's test of sphericity, which returned a χ^2 value of 1401.8 (253 *df*, p < .001) suggesting sufficiently equal variance across the sampling population (Snedecor & Cochran, 1989), along with a modest Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (.78).

RESULTS

Results indicate significant relationships between most proposed constructs and an acceptable (though modest) overall model fit (see Figure 2 and Table 2). To test the proposed relationships, structural equation modeling was performed using LISREL 8.8. The specified structural model demonstrates an acceptable fit as evidenced by traditional indices. As per the results, Non-normed Fit Index (NNFI) = .89, the Comparative Fit index (CFI) = .91, and Incremental Fit Index (IFI) = .91. In addition, the model's RMSEA was .079 with a χ^2 value of 345.87 (180 *df*, p < .001), and the acceptable $\chi^2_{/df}$ ratio of 1.92. The latter is well below 5.0 (Fornell & Larcker, 1981). Again however, a relatively high RMSEA, beyond the suggested level of 0.05 or less, indicates a less than desirable fit to which we surmise is due to a small sample size (n = 150) (Rigdon, 1996).

Hypotheses 1a-b propose that competitive orientation is positively related to product-related innovation and industry performance. We find that competitor orientation is significantly associated with product innovation activities, lending support for our expectation that as firms focus on gathering competitor information, they analyze their products and then compete based on the specifications, cost of product, or both. Yet, in a surprise finding, having a competitor orientation is not directly associated with industry performance. While this was unexpected, it suggested that the product innovation construct fully mediates the relationship between competitor orientation and industry performance outcomes. It also affirms the idea that simply focusing on competition is not enough to directly alter industry performance. The firm must couple their focus with innovative practices that will mediate their position among competitors.

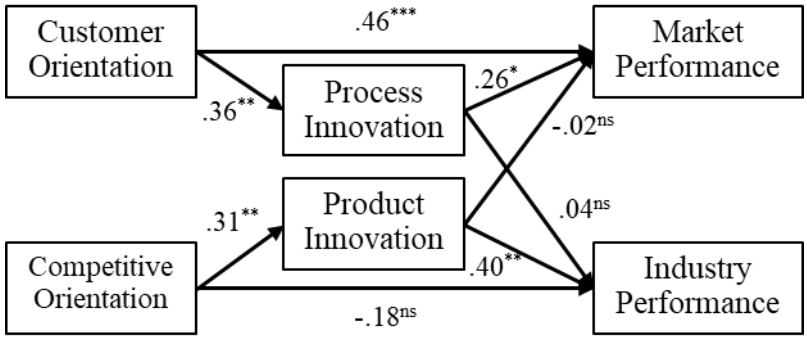
Hypotheses 2a-b posit that customer orientation is positively related to process-related innovation and market performance. We find support for both relationships. Customer orientation is significantly associated with process innovation activities, lending support for the idea that firms provide value through different specialized processes, instead of specific product offerings. There also appears to be a significant direct impact on market performance as firms hold a customer-focused decision-making orientation.

TABLE 1:
Scale Items: Sources and Path Coefficients

Factor and Item	EFA Factor Loadings (α)*	CFA Path Coefficients (AVE)/CR*
Customer Orientation	(0.737)	(0.43)/0.68
1. We have routine or regular measures of customer service	0.80	0.41
2. We are more customer focused than our competitors.	0.72	0.72
3. We have a good sense of what our customers value in our products and services.	0.68	0.78
Competitive Orientation	(0.738)	(0.47)/0.78
1. New and existing competitors are seen as a threat to our firm.	0.78	0.65
2. We respond rapidly to our competitors' actions.	0.77	0.61
3. Our top managers spend significant time discussing our competitors.	0.75	0.77
4. We respond to competitors actions by changing our prices or products, in order to be more competitive.	0.61	0.71
Product Innovation	(0.730)	(0.54)/0.77
1. When wanting to expand we look for new products to sell before we look for new customers to sell to.	0.91	0.55
2. If given a choice, our firm would invest in a new product project rather than re-investing in an existing product.	0.75	0.76
3. We devote many resources, including money and manpower,to developing new products.	0.52	0.86
Process Innovation	(0.753)	(0.50)/0.74
1. Our business practices (or processes) are new and unlike what our competitors are doing.	0.91	0.71
2. We devote many resources, including money and manpower, to developing new business processes.	0.77	0.51
3. Our business practices (or processes) are often ahead of current trends in our industry.	0.61	0.85
Market Performance	(0.847)	(0.63)/0.87
Our customers are (less/more) loyal than other firms' customers in our industry.	0.91	0.79
2. Our products or services are viewed as -(less/more) popular than other firms' products and services.	0.83	0.74
3. Our products or services meet customer needs (worse/better) than other firm's products or services.	0.75	0.81
4. Our customers are (less/more) satisfied than other firms' customers in our industry.	0.75	0.84
Industry Performance	(0.794)	(0.48)/0.78
Compared to other firms in our industry our market share is smaller/larger.	0.88	0.88
2. Compared to other firms in our industry we are smaller/larger	0.85	0.73
3. Our company is growing slower/faster than other firms in our industry.	0.63	0.61
4. Our profits are lower/higher than other firms in our industry.	0.63	0.51

* α = Cronbach's alpha, AVE = average variance extracted, CR = composite reliability

FIGURE 2:
Estimated Market-Innovation Orientation Performance Model



*p < .05, **p < .01, ***p < .001, ns = not significant

TABLE 2:
Path Coefficients and Hypothesis Test Results

Hypothesis	Coefficient	t-statistic	p-value	Conclusion
H_{1a}: Competitive Orientation à Product Innovation	0.31	2.86	.004	Support
H_{1b}: Competitive Orientation à Industry Performance	-0.18	1.69	.093	Fail to Support
H_{2a}: Customer Orientation à Process Innovation	0.36	3.03	.002	Support
H_{2b}: Customer Orientation à Market Performance	0.46	4.42	.000	Support
H_{3a}: Product Innovation à Industry Performance	0.40	3.30	.001	Support
H_{3b}: Product Innovation à Market Performance	0.04	0.42	.675	Fail to Support
H_{4a}: Process Innovation à Industry Performance	-0.02	0.17	.865	Fail to Support
H_{4b}: Process Innovation à Market Performance	0.26	2.50	.013	Support

Finally, hypotheses 3a-b and 4a-b each associate innovation sub-dimensions (product (H_3) and process (H_4)) to performance outcomes (industry (a) and market (b)). Unexpectedly the data suggest that hypothesis 3_a (Product Innovation à Industry Performance) and hypothesis 4_b (Process Innovation à Market Performance) are supported yet, hypotheses 3_b and 4_a are not.

DISCUSSION AND IMPLICATIONS

Guo (2002) contends the direct link between market orientation and performance is a dangerous leap, given so much that must happen between the two. In short, both mediating and moderating variables go unaccounted and depict an incomplete picture of their complex relationship. Given this study's results, innovation's role as both a full and partial mediator between market orientation and performance is now better explained. Many researchers believe that innovation orientation acts to mediate the relationship between market orientation and performance (Han et al., 1998; Kirca, Jayachandran, & Bearden, 2005), while others have proposed innovation orientation as a moderator (Zhang, & Duan, 2010). The results in this research suggest that independent processes are at play between market orientation sub-dimensions (customer and competitive orientation) and cannot be

discerned without independent path analysis. Therefore, it may be said that the process which produces *market* outcomes (and is associated with the customer) is independent of the process that leads to *industry* performance propagated by a competitive orientation. Importantly, this study suggests that a direct path between customer orientation and market performance can be established, while competitive orientation and industry performance is fully mediated by product-related innovation. Such a finding affirms the complexity of these sub-construct relationships. As a summative statement, firm managers that focus on having a customer orientation can directly impact market performance and indirectly influence it through process-oriented innovation activities, as previously suggested by Laforet (2008). Simultaneously, holding a competitive orientation is beneficial only if coupled with innovation efforts. Thus, having a competitive focus is not enough to directly impact any form of performance measured in this study.

In practice, firms find it impossible to hold equally balanced customer or competitive orientations. Generally, a firm will settle on a blend of each, though they will favor one over the other. This unequal balancing may be dependent on the industry and the environment that the firm operates in or (in this case) the size of the firm. Such a focused strategy on either customers or competitors allows the appropriate marshaling of scarce resources to meet market and industry performance goals, given the specific context in which the firm operates. In situations of resource scarcity, decomposing the broader construct of market orientation in order to focus on narrower sub-constructs is a practical solution that would allow targeted applications of both money and effort. Given the characteristics of typical SMEs, the suggestion that they should use a focused orientation supports a realistic managerial approach where they are thought to be more nimble than their larger counterparts.

SMEs' increased concerns about risk aversion and perceived uncertainty can limit their ability to take advantage of new market opportunities or competitor mistakes, yet such firms are known as market innovators. Firms that obtain an effective market orientation paired with innovative practices are capable of creating superior customer products and services (Atuahene-Gima, 1996), which is thought to be especially significant for SMEs as they must also adapt to turbulent business environments (Grinstein, 2008). In addition to potentially constrained resources, the SME is also faced with significant uncertainty in the ability to compete over a long period from a lack of access to long-term supplier relationships, distributor networks and technology investment. Moreover, they often compete in fluid product-markets that endure constant change or they bring discontinuous practices and products to a mature product-market. In such a situation, they create change which further produces a turbulent business environment, including technological disturbances because of some rapidly changing condition, and is predicted to influence the market orientation – performance relationship (Houston, 1986). Such rapidly changing environmental conditions gives credence to the SME's short-term planning horizon, demanding them to innovate their business practices in order to accommodate new realities that exist in the broader business environment. Examples beyond this current study suggest a multitude of research environments, whereby market orientation, innovation orientation, and performance have been examined, including China, Russia, Sub-Saharan Africa, South Africa, Taiwan, India, and so forth. Therefore, environmental turbulence is found to significantly moderate the relationship between market orientation and performance, which is especially important to SMEs that are more vulnerable due to weaker resources when compared to larger firms. (Gonzalez-Benito et al., 2014). While, this current study does not use an emerging market sample, it does illustrate that the effectiveness of both customer and competitor orientations even when institutional voids don't exist, as in a developed, stable economy. This research draws from a U.S. sample, which is rare in international SME research and it represents a moderately stable economic environment where turbulence is likely minimal when compared to other international economies. SMEs that employ a market orientation coupled with their natural tendency toward innovation is critical for their long-term success in the absence of many resources.

Additionally, the implications of non-significant paths coefficients between product innovation and market performance (H_{3b}) and between process innovation and industry performance (H_{4a}) suggest a possibility that market performance (associated with the customer) is independent of the process that leads to industry performance. The lack of a relationship between the two paths might be due to the perceptual nature of the measures being utilized. While market outcomes are comparatively straightforward for study respondents to assess (via tangible details like sales information and direct feedback), industry comparisons may be influenced by more subjective assessment. Moreover, in the case of SMEs, industry and competitor information may not be as readily available as in the case of larger entities, and accurate assessments may be difficult. Nonetheless, the two innovation sub-dimensions (process and product innovation) have distinct and significant relationships with different aspects of performance (market and industry). The lack of significant cross relationships between the innovation and performance dimensions indicate singular direct effects that do not include all hypothesized expectations.

This study focuses on the main relationships between the subcomponents of major firm orientation constructs and how they affect firm outcomes. In doing so, we aim to develop a parsimonious model to establish the proposed mediated relationships. While the literature on the topic has argued the presence of many different moderators and mediators that affect said relationships, we have not sought to test them at this stage. Once the base model has been established, it will open the way for further elaborations on the relationships in future research.

CONCLUSION, LIMITATIONS, AND FUTURE RESEARCH

Prior research views market orientation as a tool to clarify and focus management thinking, while providing direction in establishing priorities and improving the quality of marketing knowledge (for example, Analoui & Karami, 2003). While it seems that having a market orientation is generally positive, it does not produce enhanced performance results by itself. This research affirms Drucker (1954) and others that have developed complex models which incorporate both external (competitor and market-facing) and internal (operation and process) *modus operandi*. Given the need for a multi-oriented managerial approach, a host of additional questions emerge. For small and medium enterprises, under what resource constraints does a specific managerial orientation best serve the firm? How should managerial orientation change over time? How does managerial orientation change as a firm matures? How should it change, given external turbulence and competitive change? Likewise, how should it change, given external market changes?

Given the nature of survey data, a number of limitations exist as a result of the sample and process that impact the voracity of the data. The study uses several scales constructed for the purpose, with the intent of better capturing the desired variables. While using pre-published scales would have been ideal in terms of validity and legitimacy, our aim was to try to capture the constructs as closely as possible, while doing justice to the context. Upon measurement assessment, it is clear that composite reliabilities and average variance extracted (during the CFA) are slightly less than desirable. These measure issues impede the overall fit of the hypothesized model, yet do not seem to impede the general findings of the study. In addition, it would be ideal to have a larger sample. While we are confident that the sample is appropriate for the research study, a greater sample from a broader geographic footprint would be desirable. Finally, regarding the sample, it is noted that some of the firms are locally owned, while others are regional locations for national brands. It is assumed that local managers have the autonomy to make local managerial decisions, however influence from a larger, national organizational structures cannot be ignored. This may be problematic because while working at a local-level, they may still take advantage of resource-rich parent affiliation.

As this research moves forward, additional work is needed to understand the managerial implications of dueling orientations. While it is assumed that both market and innovation orientations support each other, is it possible for a firm to continue with one at the expense of the other? How do these orientations fit other

management theory models, organizational structure and from a market perspective, models of competition? Moreover, a significant amount of research has been devoted to managerial orientation among SMEs, yet continued research among micro firms and entrepreneurs, along with non-profit SMEs, is needed. Further, we see the potential look at more nontraditional fields, such as firms operating in the digital sphere and through social media. There are interesting possibilities in their study, given that these firms offer unique products and processes that can lead to novel challenges and opportunities.

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APPENDIX:
Representative Literature of Strategic Orientations and Performance in the Context of SMEs

Citation (Context, Sample)	Model	Key Measures	Method	Key Finding
Amin, Thurasamy, Aldakhil, & Kaswuri (2016) (Malaysia); 117 manufacturing firms	Entrepreneurial Orientation --> Performance while mediated by Market Orientation	Entrepreneurial Orientation (Knight, 1997, Lumpkin & Dess, 1996; Merlo & Auh, 2009); Market Orientation- (Narver & Slater 1990); Performance (Knight, 1997; Lin, Peng, & Kao, 2008; Merlo & Auh, 2009, and Wiklund & Shepherd, 2005).	Structural Equation Modeling	Strong significance was found for each relationship tested.
Appiah-Adu & Singh (1998) (United Kingdom); 101 Marketing Executives in UK manufacturing and service firms.	Customer Orientation --> Performance with Innovation Orientation affects. Market Dynamism --> Customer Orientation; Competitive Intensity --> Customer Orientation.	Customer Orientation (Deshpandé, Farley, & Webster (1993); Innovation Orientation and Market Dynamism (Pelham & Wilson, 1996; Jaworski & Kohli (1993); Competitive Intensity (Pelham & Wilson, 1996; Jaworski & Kohli, 1993); New Product Success Sales Growth and ROI used objective methods.	Multiple Regression	Customer Orientation is found to be significantly related to new product success ($p<.01$), sales growth ($p<.05$), and ROI ($p<.01$). Innovation orientation and customer orientation are related ($p<.05$); however market dynamism and competitive intensity are not significantly associated with customer orientation.
Aziz & Omar (2013) (Malaysia); 101 manufacturing SME managers	Market Orientation / Learning Orientation / Internet Marketing Orientation --> Innovation Capabilities --> Performance	Market Orientation and Performance (adapted, Narver & Slater 1990); Learning Orientation and Innovation Capabilities (adapted, Calantone, Cavusgil, & Zhao (2002); Internet Marketing Orientation (Prasad, Ramamurthy & Naidu, 2001); Performance is measured using a subjective approach.	Multiple Regression	Both market orientation constructs fail to significantly explain business performance; moreover, innovation capabilities (as a mediator) is only partially supported. Shared Knowledge & Vision appear to be significant within the model.
Celuch, Walz, Saxby, & Ehlen (2011) (United States; 139 SMEs 'top managers' (under 1500 employees)	Market orientation --> positive usefulness of using the internet for managing supplier information; Market orientation --> the internet is not useful for communicating with suppliers.	MARKOR (Kohli, Jaworski, & Kumar 1993); Learning orientation; Behavioral norms; Perceived usefulness; Perceived ease of use; Behavioral intention, intent to increase its use of the Internet within the next 12 months.	Multiple Regression	Market orientation did not a have direct effect on usefulness, but some evidence was found for an indirect effect of market orientation working through behavioral norm to impact usefulness perceptions.
Chao & Spillan (2010) (United States and Taiwan); 138 SME managers (U.S.); 151 SME managers (Taiwan)	Market Orientation --> Performance	MARKOR Kohli, Jaworski, & Kumar (1993); and subjective competitive business performance.	Structural Equation Modeling	A significantly positive link between responsiveness and performance was found, but not with intelligence generation or intelligence dissemination.

Citation (Context, Sample)	Model	Key Measures	Method	Key Finding
Kara, Spillan, & DeShields (2004) (United States); 148 Not-for profit organizations (86% were SMEs)	Market Orientation --> Performance measured by funding support	MARKOR Kohli, Jaworski, & Kumar (1993)	Structural Equation Modeling	The model was confirmed and a strong association between market orientation and funding performance was found.
Dubihlela & Dhurup (2015) (South Africa); 273 SME owners	Market Orientation --> Business Performance	MARKOR Kohli & Jaworski (1993)	Structural Equation Modeling	Positive MO--> Performance confirmed is positively associated (.65, significant at .001); Barriers found to negatively impact market orientation (-.22 significant at .05).
Gaur, Vasudevan, & Gaur (2011) (India); 315 firms, CEOs at Indian SMEs	market orientation --> manufacturing performance with turbulence moderators in an emerging economy	Narver & Slater (1990) for market orientation components; Jaworski & Kohli (1993) for competitive intensity; Miller & Freisen (1982) and Gatignon & Xuereb (1997) for firm resources; and Cua, KcKone, & Schroeder (2001) for manufacturing performance.	Hierarchical Regression Analysis	A positive link is found between market orientation subdimensions; customer orientation and inter-functional coordination, and manufacturing performance. Competitive intensity (turbulence) acts as a moderator.
Gellynck, Banterlek Kuhn, Carraresi, & Stranieri (2012) (United Kingdom); 118 food producers	Market Orientation --> Performance, Product and distribution Innovation. MARKOR Kohli and Jaworski (1993)	Measures were developed during the study based on Narver & Slater (1990) for market orientation components. Distribution Innovation following Knight (2000); Laforet (2008)	K-means Cluster Analysis	Four firm clusters are identified ranging from those that hold a market orientation (n=49) to that that do not (n=10). Generally, firms in clusters that demonstrate greater market orientation possess stronger managerial skills and practices.
Ghanavati (2014) (Iran); 392 industrial SME executives (n=56 small firms; n=336 medium firms)	Market Orientation and Culture --> Customer and Financial Performance	Narver & Slater (1990) for market orientation components; Organizational Culture Index- Wallach (1983); Customer performance is conceptualized as performance which can be enhanced through continuous relationship between a customer and an enterprise; Financial performance- financial ratios related to sales growth, profit, market share, and return on investment (ROI).	Structural Equation Modeling	Market Orientation was significantly related to customer performance (.76), but not financial performance (.12). Corporate culture and market orientation were significantly related (.51). Customer performance fully mediated the relationship between Market Orientation/ Corporate Culture and financial performance.
Kara, Spillan, & DeShields (2005) (United States); 153 SME managers	Market Orientation --> Performance measured by profit, sales, and ROI achievement	MARKOR Kohli, Jaworski, & Kumar (1993); and self-reported performance.	Structural Equation Modeling	The model was confirmed and a strong association between market orientation and performance, including profit, sales and ROI.

Citation (Context, Sample)	Model	Key Measures	Method	Key Finding
Keskin (2006) (Turkey); 157 SME managers	Market orientation, firm innovativeness, and firm learning orientation --> firm performance; Market Orientation --> innovation while mediated by firm innovativeness; Mark orientation -->learning orientation	Market orientation is measured by both MARKOR (Kohli & Jaworski 1993) and Narver & Slater (1990) scales.; Learning-orientation, firm performance and innovativeness scales were adapted from Calantone et al., (2002)	Structural Equation Modeling	Market orientation is significantly associated with learning orientation but not innovativeness or performance suggesting full mediation. Learning orientation is significantly associated with innovativeness which the leads to performance as predicted.
LaForet (2008) (United Kingdom); 60 manufacturing SMEs CEOs	Strategy Orientation andmarket orientation--> Innovation Orientation cross-tabbed by Miles and Snow typology (Defenders/Prospectors)	Strategic Orientation by O'Regan & Ghobadians (2005); market orientation is measured by author's original scale; Innovation Orientation by product, process and organizational culture	Between group analysis	Findings not conclusive or fully reported.
Low, Chapman, & Sloan (2007) (Australia); 73 Manufacturing Managers	Competitive Environment --> Innovativeness; Competitive Environment --> Market Orientation; Market Orientation --> Innovation; Innovation --> Performance; Market orientation --> Performance.	Market Orientation by Slater & Narver (1994); Innovation- the innovativeness subscale by Covin & Slevin (1989); Financial Performance- profit and loss, and self-reported statements, balance sheets (ROI, new product success, gross margin, asset turnover, inventory turnover)	Correlation Analysis	Significant negative correlation between firm innovativeness and ROI. Innovation and Market Orientation each have a positive correlation with firm performance.
Matanda & Ndubisi (2009) (Zimbabwe); 244 produce suppliers.	Customer and Competitor Orientation, and Inter-functional Coordination --> perceived value creation --> marketing and financial performance.	Market Orientation (Narver & Slater 1990); perceived value creation items were self-created via manager interviews. Performance was based on self-reported data.	Structural Equation Modeling	Customer orientation enhances perceived value creation. Competitor orientation, and inter-functional coordination are negatively associated with perceived value creation.
Mokhtar, Yusoff, & Ahmad (2014) (Malaysia); 140 SME CEOs and marketing managers	Customer focus, market intelligence, market dissemination, and responsiveness each --> organizational performance.	MARKOR Kohli & Jaworski (1993); adapted Gray, Matear, Boshoff, & Matheson (1998) and Narver & Slater (1990) for customer focus; performance measures were developed during the study.	Multiple Regression	Market intelligence and responsiveness were not found to be significant indicators of firm performance, while customer focus and market dissemination were.
Nwokaw (2008) (Nigeria); No Data is collected	Market orientation (using customer focus, competitor focus, and interfunctional coordination --> sales growth, profitability, and market share. Mediation and moderation is anticipated from government policy and industry context.	No Data is collected	Theory	Fails to theorize a significant relationship between market orientation and business performance without moderation.

Citation (Context, Sample)	Model	Key Measures	Method	Key Finding
Reijonen & Komppula (2010) (Finland); 215 firms for a survey and 8 in-depth interviews in the tourism, plastics and metals, and information and communication industry.	No specified model. RQs include how market orientation is adopted among SMEs; how market orientation relates to success of SMEs and which capabilities are required for such success.	50 self-designed items were used to measure the importance of specific business practices	ANOVA across industries.	Customer orientation, human resources, and market intelligence were important indicators of success in each industry. SMEs tend to emphasize customer orientation.
Renko, Carsrun, Brannback, & Jalkanen (2005) (Finland); 118 between three data collections of biotechnology (pharmaceutical) firms.	Industry (push) versus market (pull) influence on the innovation<-->Market Orientation relationship	Measures were developed during the study.	Thematic Interviews; Descriptive statistics	The findings are generally associated with practices that are common among small firms which need to innovate more to obtain a market orientation within a unique highly specialized set of high-tech SMEs.
Rhee, Park, & Lee (2010) (South Korea); 354 CEO/Senior Managers of SME firms	Market and Entrepreneurial Orientations --> Learning Orientation--> Innovativeness --> Performance	Market Orientation (Slater & Narver 1990); Entrepreneurial Orientation (Hult, Hurley, & Knight, 2004); Learning Orientation (Slater & Narver 1995); Innovativeness (Hurley & Hult 1998); Performance-relative performance of profitability, sales growth, and market share.	Structural Equation Modeling	Model is generally supported with strong findings for key relationships. Firm and size are weakly associated with learning organization. In non-hypothesized finding both market and entrepreneurial orientations are found to be significantly associated with Innovativeness.
Seilov (2015) (Kazakhstan); 318 SME entrepreneurs	Customer and Competitor Orientations lead to Entrepreneurship Orientation	Competitive orientation and Customer orientation: Miller (1983), Covin & Slevin (1989)	Multiple Regression	Customer Orientation--> Entrepreneur Orientation is confirmed, .603, sig. .05; Competitor Orientation --> Entrepreneur Orientation is confirmed, .597, sig. .05.
Serna, Guzman, & Castro (2013) (Mexico); 286 Manufacturing Managers	Customer Orientation, Competence Orientation and Inter-functional Coordination --> Innovation	Narver & Slater (1990) for market orientation components; Pinzón (2009) management innovation; the Oslo Manual (OECD 2005) for product and process innovation.	Structural Equation Modeling	Significant relationships are found for market orientation components (customer, competence, and inter-functional coordination) and Innovation Orientation.
Siddique (2013) (United Arab Emirates); 120 SMEs	Negative impact of limited resource infrastructure, undifferentiated competition, short-term planning, contentment with status quo, legal environment, size, and age.	MARKOR Kohli & Jaworski (1993); independent variable measures were developed during the study.	Qualitative case followed by survey work. Bivariate correlation then multiple regression is used to assess variable relationships.	Significant negative association is found with each independent variable and market orientation while company size and age fail to be significant.
Verhees & Meulenberg (2004) (The Netherlands); 491 Dutch rose growers	Innovativeness --> Market Intelligence --> Product Assortment Attractiveness and Product Price with Innovativeness --> Product Price effect	Variations of both Narver & Slater (1990) customer market intelligence and Jaworski & Kohli (1993) information generation.	Multiple Regression; Seemingly Unrelated Regression	General support for all hypotheses.

SUPPLEMENTAL APPENDIX REFERENCES

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