

Customer Orientation and Firm Performance among SMEs in Thailand

การกำหนดเป้าหมายของลูกค้าและประสิทธิภาพการดำเนินงานของ วิสาหกิจขนาดกลาง และขนาดย่อมในประเทศไทย

รัฐนันท์ พงศ์วิริทธิ์*¹ และรอนกรุต น้อยพันธุ์²
Ratthanon Pongwirithton^{*1} and Ronnakrith Noiphant²

¹ Faculty of Business Administration and Liberal Arts, Rajamangala University of Technology Lanna, Chiang Mai.

² Green Nano group Co, Ltd. Saphansung Bangkok.

ABSTRACT

This research aims at studying the relationship between customer orientation and firm performance among Thai SMEs. In addition, this research also investigates the moderating effect of marketing information system and managerial attitudes that influence the relationship between customer orientation and firm performance among Thai SMEs. Questionnaire was used to collect data. Sample of this research is two hundred and twenty two SMEs of the northeastern region of Thailand. Results show that customer orientation is positive significant relevant with firm performance among Thai SMEs. The researchers also found out that marketing information system and managerial attitude are related to each other in order to adopt the strategy to achieve competitive advantages of Thai SMEs in a turbulent business environment.

ARTICLE INFO

Article history:

Received 8 January 2013

Received in revised form

18 March 2013

Accepted 4 April 2013

Available online 16 June 2014

Keywords:

Customer orientation

(การกำหนดเป้าหมายของลูกค้า)

Marketing information system

(ระบบสารสนเทศทางการตลาด)

Firm performance

(ประสิทธิภาพการดำเนินงาน)

บทคัดย่อ

การวิจัยเรื่องนี้วัดถูกประสงค์เพื่อศึกษาความสัมพันธ์ระหว่างการกำหนดเป้าหมายของลูกค้าและประสิทธิภาพการดำเนินงานของวิสาหกิจขนาดกลาง และขนาดย่อมในประเทศไทย นอกจากนั้นการวิจัยยังศึกษาถึงผลผลกระทบของระบบสารสนเทศเพื่อการจัดการด้านการตลาดและทัศนคติด้านการบริหาร จัดการ ที่มีอิทธิพลต่อการกำหนดเป้าหมายของลูกค้าและประสิทธิภาพการดำเนินงานของวิสาหกิจขนาดกลางและขนาดย่อมในประเทศไทย โดยกลุ่มตัวอย่างได้แก่ วิสาหกิจขนาดกลางและขนาดย่อมในเขตภาคตะวันออกเฉียงเหนือของประเทศไทยจำนวน 222 บริษัท ผลการศึกษาพบว่าการกำหนดเป้าหมายของลูกค้ามีความสัมพันธ์ทั้งบวกอย่างมีนัยสำคัญกับประสิทธิภาพการดำเนินงานของวิสาหกิจขนาดกลางและขนาดย่อมในประเทศไทย ซึ่งระบบสารสนเทศทางการตลาดและทัศนคติด้านการบริหารจัดการมีความสัมพันธ์ทั้งบวกอย่างมีนัยสำคัญกับประสิทธิภาพการดำเนินงานของวิสาหกิจขนาดกลางและขนาดย่อมในประเทศไทย สำหรับความได้เปรียบในการแข่งขันจะเป็นประโยชน์ต่อวิสาหกิจขนาดกลางและขนาดย่อมในประเทศไทยกำลังพัฒนาในสภาวะแวดล้อมทางธุรกิจที่มีความแปรปรวน

Introduction

The Competitive environment is developing base on the most current technology revolution and increasing globalization. After the 1997 Asian economic crisis, Thai multinationals have focused more and more committed to the development of technological capabilities in the industry, as well as changes in their personal networks and relationships more transparent and formal

* Corresponding Author

E-mail address: dr_tok2029@hotmail.com

relationship (Panandon, 2007). In such this business environment that become filled with service and manufacturing company in search of a good practice in order to achieve competitive advantage to be seen from their customers by delivering superior value, which helps repeat support and sales growth (Hooley et al., 2005).

McKean (2002) defines marketing as “the task of creating, promoting and delivering goods and services to customers and business.” While Kotler (2004) defines it as “a societal process by which individuals and groups obtain what they need and want through creative offering and freely exchanging products and services of value with others.”

These marketing definitions pre-assume the summary of consumers or customers’ needs at every stage of the production process. Both McKean (2002) and Kotler (2001) place the desires and needs of the customers at the center of organization which can be any organization to achieve appreciable performance and must focus on the customers.

McEachern and Warnaby (2005) define customer orientation as a concentration of targeted customers’ need as the center of strategic focus. Kotler (2004) defines the requirement s for an organization to move from one level of studying customers and create the separate offer, service and message to each customer. Therefore, the firm might need to collect information about each customer’s previous transactions, psychographics, demographics, media and distribution options. The firm would also hope to acquire profitable growth via customers’ expenditures by creating high lifetime value. Moreover, the firm’s ability to deal with customer become constructive as result of improvement of factory customization, computer, and internet as well as database marketing software.

Nakata and Zhu (2006) argue that customer orientation also including the analysis of customers’ need as well as the responding of the firm to their customers’ need. However, some notable questions have been raised regarding whether customer orientation actually interprets to better performance (Ang and Buttle, 2006; Avnet and Higgins, 2006). For customer orientation to interpret into performance is obviously need for efficient marketing information system that keeps all customers’ track, their purchases, support, needs, complaints and so on (Kohli and Jaworski, 1990).

The obvious limitation of this line is the presumption that to be customer-oriented, the firm must possess on marketing information system and administrator of the firm must be eager to adopt the culture (Martin and Bush, 2006). From this presumption, it is looks almost not possible for SMEs in such this economy like Thailand as the fact is that there is a need for clear marketing

competency to facilitate the culture of a firm to get positive performance (Hill and Jones, 2006).

Thai SMEs are known as part of impetus for country's socio-economic development. Thai SMEs are also the actual mechanism for the accomplishment of macro-economic objectives in relation to employment generation with low investment cost and enterprising competence development, primitive technology, rural-urban migration, usage of local resource and poverty mitigation. Having identified the relevance and catalytic role of the SMEs in fostering economic development, successive governments in Thailand have been formulating policies favorable to the development of the subsector since 1990 (OSMPE, 2010).

Office of Small and Medium Enterprise Promotion of Thailand, (OSMPE, 2010) reported that most small and medium scale businesses in Thailand mostly effected from political uncertainty in Thailand between 2006 and 2010. The reasons for this high failure is lack of use of market research to confirm demand and assess suitability of proposed offering as well as maintaining high level of customer patronage and insufficient of operation fund. The situation will worsen as amount of literature about how Thai SMEs survive by adopting the customer orientation in agitation economy. From this consideration, the research's purpose arise on how Thai SMEs firms could process customer orientation and marketing information system's beneficence, managerial attitudes and marketing competence in interpreting it to performance.

Literature Review and Hypotheses

This part discuss the results of previous studies on customer orientation and firm performance, managerial attitudes, marketing information systems, and marketing competencies which relating to hypotheses.

1. Customer Orientation and Firm performance

Day (1994) defines customer orientation as "Superior skills of understanding and satisfying customers. Transforms marketing into a potent competitive weapon, shifting organizational values, beliefs, assumptions, and premises towards a two-way relationship between customer and the firm." Narver and Slate (1990) explain customer orientation as "Sufficient understanding of one's target buyers to be able to create superior value for them continuously. Moreover, it also requires that a seller understands a buyer's entire value chain, not only as it is today, but also as it will evolve over time subject to internal and market dynamics."

Schneider et al., (2006) suggest that "Customer orientation requires a continuous positive disposition towards meeting customer's exigencies and therefore a high degree of concern for this

customer.” While Schneider and Bowen (1993) define that customer-oriented culture is “nurtured through regular supply of customer information about their needs so as to be able to design and deliver good products.”

McEachem and Warnaby (2005) define customer orientation as “a component of market orientation has its fundamental thrust in pursuit of putting customers at the center of strategic focus.” While Deshpande et al., (1993) explain that “a customer-oriented culture involves excellence in customer interaction, market and customer familiarity and emphasis on cooperation.” Nwankwo (1995), and Ang and Buttle (2006) present a framework for auditing of customer orientation profile, which acquires definition, sensibility, measurement and practice. Then, their definition is as “a process of putting customers at the heart of an organization that is, having the appropriate vision of customers and their needs; a phenomenon that makes the organization to see itself through the eyes of the customers. A customer-specific definition requires that the firm has:

- Clear concepts on customers and their needs.
- Characteristics information of customers to design product market portfolio.
- Definitive objectives of customer care which may alter and communicate both customer and management endeavor (Plakoyianniaki, 2005).
- Feedback systems that allow organizations to reach their customers and in reverse.
- Effective customer education/information system.
- Literal concern for market tourism such as customers should not be recognized as a monolithic group. There is a difference in perception of marketplace at a variety of customer segment and their need (Salavou, 2005).
- Good understanding of behavioral nature and consumption impact.
- Entire of organizational reserved definition of customers need by a “know-it-all stance.” about their customers’ need, the assumption is that the organization knows what customer knows, what customer wants and try to satisfy them (Chimhanzi, 2004).

Liu (1995) claims that the main customer problems exist outside management scope until a shock event happen to highlight the inadequacy of available approaches as a result and management features expose the extent to which the organization is able to scan and interpret the environmental signals. Lewis (1994), observes customer orientation as “being central to the origin of an effective customer focuses program.”

Nwankwo (1995), propose a two state scheme to categorize sensitivity levels such as proactive and reactive sensitivity. Proactive sensitivity caused by genuine desire to integrate the

interests of customer into the organization' decision mechanisms. The ways organization can demonstrate the level of customer concerns include:

- Focusing on customer expectations and arranging interaction program for meeting the expectations of each stakeholder's category. Lewis (1994) notes that "employee welfares may also be important in this light since an employee dissatisfied is unlikely to deliver a good customer program."
- Adaptive expectant and deterrent approach in formulating customer program (Salavou, 2005).
- Viewing all customers as marketing opportunity, not market opportunities.
- Developing customer strategy based on perceptive marketing research.
- Developing power descending, particularly to front-line staff who involved with customer at critical stage (Chimhanzi, 2004).
- Integrating members of the organization with energy, enthusiasm and attitude to deliver true excellent in customer care.

Reactive sensitivity associates with more mechanical approach to customer-orientation management and addresses the symptomatic factors rather than the fundamental problems. Reactive sensitivity is characterized by:

- Inactive, often confused or misled attention to customer orientation.
- Defensive attitudes to customer complaints responding.
- Coerced management attention: which is management usually only acts for the customer when forced to act under pressure.
- Management being guided by a "bandwagon effect" which is satisfactory to imitate what other organization are doing.

Payne (1988) and Nakata and Zhu (2006) comment that many organizations have well-developed planning process, anyway, the extent to which customer targets are included, implemented and monitored is incompetent. The duty of the organization as far as the customers are concerned must be well coherently; current performance level in the regard must be double checked.

Any space between the organizational desires and actual accomplishment must be plotted. Operational measures are seen to provoke the efforts of the organization to more focus and integrate, and support a benchmark for determining whether customer orientation strategies are working as determine.

Measurements can be done using formal and informal techniques. The formal techniques use customer-base quality performance measures to indicate true perception as well as subconscious factors that drive customer behavior while informal measurement develops where there is no set standard. In this case, the pragmatism is applied.

Many researchers have examined the link between customer orientation and performance. Even though many researches have supported the relationship between customer orientation and profitability, however most of these researches were conducted in US, Europe and Asia (Slater and Narver, 2002; Piercy et al., 2002; Liu et al., 2003). Traditionally, the literature associated with the marketing concept has assumed that the operation of customer orientation would lead to superior authoritative performance (Piercy et al., 2002).

Customer orientation is greatly important to make the firm's effort to understand the market place and develop appropriate product and service strategies to meet customer needs and demands (Liu et al, 2003), that interpret into performance. Bitner et al., (1990) and Ambler (1999) found out a relationship between market orientation and market performance. Kennedy et al., (2002) also suggested that the development and implementation of customer orientation is the driving force for organizational position in the market place. This position is supported by studies' array that confirms significant relationship between the customer orientation of a firm and its financial and market performance. Therefore, it is believed that a customer-oriented firm puts the customer at the center of the operation and sees the customer has their reason for being in business and as such goods and services to meet the needs of their customer. Customers are also likely to tend to support the product or service that is borne out of their needs interpreting into sales growth and performance of the firm, so it is hypothesized that:

H1: There is a positive and significant relationship between customer orientation and firm performance.

2. Marketing Competence

Marketing competence is determined as the assessment of how well or poorly firms perform specific marketing related activities when compared with their competitors. Davidson (1997) notices marketing competence as "a part of organizational capabilities that represent the consolidation of firm-wide technologies and skills into a coherent thirst that makes a business unique to the target market and also competitively superior. Distinctive marketing competencies become the thirst of an organization relative to both the target market and the competition."

Recent studies show that organizations can increase their competitiveness in the market only

by coordinating functional area competencies (Porter, 1990; Evans and Lindsay, 1996; Hill and Jones, 2006). Capon et al., (1990) refer that “corporate profitability is closely correlated to market development competence.” Leonidas et al., (2002) argue a direct relationship between “the determinants of market strategy and enterprise export competence.” Conant et al., (1990) and Hill (1994) argue that transaction process and after-sale service which meet requirement of customer have also been found to increase sales volume and to improved financial performance.

The literature relating to marketing and production also reveal that the key factor in corporate competence development is to understand the customer’s need and provide product superior to other competitors (Hill and Jones, 1989; Conant et al., 1990). The marketing strategy application and marketing competence development settles a powerful and profitable basis for developing competitive advantages. The companies which attempt these tend to have superior performance in terms of profit, return on investment, sales and market share (George and Spiros, 1997).

Hunger and Wheelen (2001) recommend that functional strategy is focus on developing competences and providing companies or organization with competitive advantage. Organization performance measurement has been explained in term of extent to which an organization’s economic and strategic objectives are achieved in the market place. Lei and Slocum (2005) present that since basically all firms usually set and refine strategic, such as market share and brand awareness, as well as economic ,such as profits, sales, return on investment, goals for their pursuits, high performance is likely to be a function of the degree to which the firm has achieved its goals.

Some general performance’s form must be used in order to considerably compare the performance of a variety of firms. Mostly, studies use economic measurements to determine the relative performance of the firm (Narver and Slate, 1990; Hartenian and Gudmundson, 2000). These measurement as sales, sales growth and profitability are easiest to achieve as well as compare across firms. The firms with superior marketing competencies when compared with competitor are likely to be more successful as they perform better (Day, 1994). Many aspects described as firms’ marketing competencies, include: product development skill, product quality, technical support, after sales services, product line extended, cost or price competitiveness and customer relationship skills. For example, Danneels (2002) finds that performance of some firm increase with the level of marketing support for distributors and the degree of product adaptation.

Day (1994) highlight that a firm’s ability and constraints have a significant influence on its selection and implementation of strategies to interpret marketing competencies into positive firm performance. The firm’s marketing competence is hence expected to increase the better delivery of

a firm's products and services which will in turn activate performance, it is hypothesized that:

H2: Marketing competence positively relates with firm performance.

3. Marketing Information System.

Kohli and Jaworski (1990), Akinova (2000), and Ellis (2006) comment that the key point is that marketing information system does not stop at getting customer opinions, but also involves careful analysis and consequent interpretation of forces that impose themselves on customer needs and preferences. The marketing information system must be created collectively by individuals and departments throughout a business enterprise then mechanisms must be put in place for the information created at one location to be distributed effectively to other parts of the organization.

Involved in the dissemination of information to communicate and transfer of information to all departments and individual within the organization through formal and informal channels. Staff in the marketing department should know and communicate with other staff in other departments and functional areas. Anyway, Anderson (1982) remarks that information also need to flow depending on where it is created, not just the marketing department. Market information's effective dissemination is important because it provides a shared basis for implementing actions by different departments.

Kohli and Joworski (1990), Akinova (2000), Agarwal and Chekitan (2000), and Gebhardht et al., (2006) notice that focus on information harmonizes current acknowledgement of the important role of horizontal communication in service organizations: the sideways flow that occurs both within and between units serve to coordinate people and departments so as to facilitate the achievement of the overall goals of the organization. One form of information dissemination within an organization is market information's horizontal communication.

Kohli and Jaworski (1990) and Gebhardht et al., (2006) remark that receptiveness to market information; which is the action taken in response to information that is created and disseminated is very important. Receptiveness may take the form of choosing target markets, designing and offering products or services that provide for their impassioned and predictable needs, and producing, distributing and promoting the products in a way that evokes favorable customer responsiveness, which link into performance for the organization. Effective marketing information system may provide important direction for required competence's development which will aid in providing better products and services that interpret in improved organizational performance. Then it is hypothesized that:

H3: Marketing information system positively moderates the relationship between

customer orientation and marketing competence.

H4: Marketing information system positively moderates the relationship between marketing competence and firm performance.

4. Managerial Attitudes

Crosby and Johnson (2006) suggest that the role of leadership is important in implementation of strategy. Without a devoted and effective leadership, formulation and implementation of customer-driven strategies is likely to retrogressive to nothing more than ritual. Some research examinations have recognized that managers have important impact on the performance and activities of other staff within the system (Dubinsky et al., 1995; Shoemaker, 1999). DeCarlo and Agarwal (1999) found that the strategic behavior and attitudes which the manager used every day around the world are increasingly the result of the overall direction of the business enterprise.

The managers are more likely to know customer decision process, identify the value-added opportunities, provide competitive intelligence, and are consequently authorized to set the widespread culture in an organization (Sengupta et al., 1997). As a result, understanding the managerial attitudes' moderating effect on the customer orientation-performance relationship is very important. Many academic researchers believed that effective managerial attitudes will improve the overall marketing competence of the firm because it facilitates customer orientation. Then it is hypothesized that:

H5: Managerial attitude will positively moderate the relationship between customer orientation and marketing competence.

Research Structure

This part discusses operationalization of this research constructs, data collection, item purification, measurement model, research constructs' reliability and the overall model fit.

1. Operationalization of Research constructs

From the previous part; this research structure involves five major multi-item constructs which are customer orientation, managerial attitudes, marketing information system, marketing competence and firm performance.

Customer orientation is measured by using the Narver and Slate (1990) scale with has two components which are customer analysis and customer responsiveness. These are represented by eleven indicator variable as shown in the appendix. These variable were measured on a 0-5 range (0 = "not at all", 1 = "strongly disagree", 3 = "fairly agree", and 5 = "strongly agree").

From marketing and psychology literature (Shoemaker, 1999; Crosby and Johnson, 1996), the authors operationalized managerial attitude into nine major indicator variables. The variable evaluates the degree of involvement of the management in achieving and encouraging customer oriented culture. Each indicator variables were measure on a 0-5 range (0 = “not at all”, 1 = “very weak”, 3 = “strong”, and 5 = “intense”). Conant et al., (1990) and Prasad et al., (2001) suggest that marketing competences were operationalized drawing on some of the variables. The tool explores to evaluate the extent to which a firm compares with its competitors on product quality, product variety, market support, customer service and product technology.

Each of the six indicators was measured on a 0-5 range (0 = “bad performance”, 1 = “well below average”, 3 = “average”, and 5 = “well above average”). According to Darley and Johnson (2005), “undecided” option would have created difficult research meaning then in this research the respondent was no given the option of “undecided”.

Firm performance has been measured via the strategic and economic goals of the firm. From Hartenian and Gudmundson (2000) work, strategic thrust includes market share, return on investment, and incremental turnover while economic thrusts includes sales growth, gaining new technology experts, and profitability. Both the strategic and economic outcomes were used in this research.

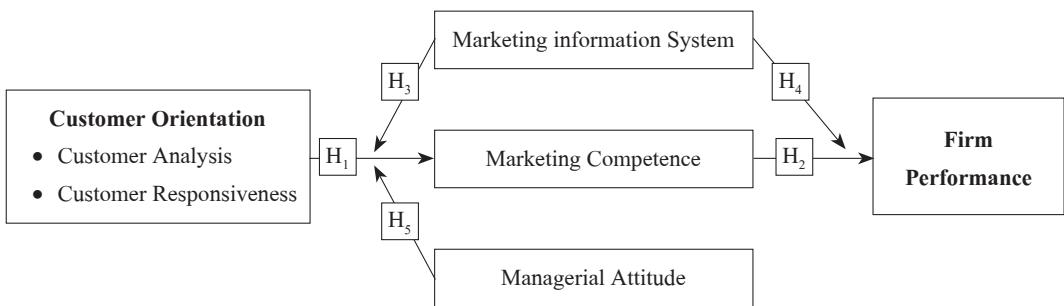


Figure 1: Conceptual Model

2. Data Collection

This research was supported by SME bank of Thailand, an organization that support, promote government policies and financial services to Thai SMEs. Data were collected from questionnaire completed by SMEs entrepreneurs of the northeastern region of Thailand. Thai SMEs were defined by the value of fix asset that less than 50 million baht for small enterprises and between 51 to less than 200 million baht for medium enterprises.

The research instrument was designed based on the theory that grounded operationalization of the various constructs. The instrument was subjected to comprehensive pre-testing among academic scholars who are experts in the area of marketing. The research instrument was pre-tested with marketing and small and medium scale consultant and operators.

The diversified places of instrument development and testing resulted in a significant degree of refinement and restructuring of the survey instrument in addition to the implementing the initial content validity (Nunnally, 2004). The questionnaire was distributed randomly to a sample of executives from 398 SMEs listed in the northeastern customer's database of SME bank of Thailand. Only 222 questionnaires, from 129 small and 93 medium scale businesses, were reasonably and adequately complete and returned which resulting in a 60.32% response rate. Regarding to the work of Jaworski and Kohli, 1993; Han et al., 1998; Prasad et al., 2001, this response rate is considered satisfactory and is comparable to research on similar topics in marketing.

3. Item Purification and Measurement Model

Primarily, the set of items corresponding to each of the theoretical construct was subjected to an analysis of item-to-total correlation and an exploratory factor analysis which some of the items were deleted (Churcill, 2006). See table 1.

Table 1. Item Purification

S/n		Number of Initial Items	Number of Final Items
1	Customer Orientation	7	6
2	Managerial attitude	10	9
3	Marketing Information System	26	25
4	Marketing Competences	7	6
5	Firm Performance	8	6

After the initial analysis, all set of items was subjected to a confirmatory factor analysis to verify unidimensionality. Particularly, a measurement model was estimated in which every item was restricted to load on its a priori specified factors and was allowed to correlate (Deng and Hu, 2008).

Table 2 shows the results of the measurement model for all constructs. The evaluation criteria can be summarized as follows:

- a) The goodness-of-fit index (GFI) and comparative fit index (CFI) must be equal to or greater than 0.9;
- b) The Tucker-Lewis index (TLI) must be equal to or greater than 0.9;
- c) The root mean square residual (RMSR) and root mean square error of approximation (RMSEA) must be equal to or less than 0.08;
- d) The X2 (Chi-Square) must be as small as possible; and
- e) The P value for the X2 (chi-Square) must be equal or less than 0.05.

Table 2. Measurement Result of Constructs

Measurement Model	Range of Standardized Factor Heading	Range of t-value
Customer Orientation	0.70 – 0.84	17.94 – 21.11
Managerial Attitude	0.73 – 0.76	20.77 – 23.26
Marketing Information System	0.61 – 0.75	19.00 – 20.7
Marketing Competences	0.72 – 0.85	21.52 – 23.60
Firm Performance	0.67 – 0.83	20.97 – 24.67

As indicated in table 2, all parameters met the five conditions stated above. Entirely, the overall measurement model provided satisfactory evidence of multidimensionality for the measure.

Reliability of Research Constructs

The final step in the measurement validation involved computing alpha coefficients for each set of measures to test reliability. The reliability of the data were determined by measuring the internal consistency of the indicator items representing each construct using Cronbach's alpha which has been widely cited in many literatures. Cronbach's alpha is most often used for each set of measure to test reliability of a multi-item scale. Hair et al., (1992) note that the value of 0.60 was recommended to be acceptable in preliminary research. As the entire alpha values were range between 0.60 - 0.85, then the constructs in the model were very reliable. It can be said that the evidence shows that the scale's measurement properties were adequate.

Overall Model Fit

Analysis of covariance using Amos 18.0 to evaluate the factor structure of the items of customer orientation, managerial attitudes, marketing information systems, marketing competence,

and firm performance that constructs in a confirmatory factor analysis model.

Amos 18.0 minimizes a fit function between the actual covariance matrix and a covariance matrix implied by the estimated parameters from a series of structural equation for the confirmatory factor analysis model.

These accumulative fit indices compare the proposed model with a baseline or null model. From the comparative fit index (CFI) of Bentler (1990) and the Tucker-Lewis index of Hair et al., (1992) recommended that the overall comparative model fit is excellent with a CFI of 0.98 and Tucker-Lewis index of 0.96.

Following Steenkamp's protocol, the researchers evaluated the GFI statistics (0.97), the RMSEA (0.049) and the SRMR (0.042). Each of these indicators shown that a good model had been identified as shown in table 2. The leadings of noticeable indicators on their respective hidden constructs all exceeded Steenkamp's criteria of 0.4 for factor loadings. The entire of coefficients in the confirmatory factor analysis model were statistically significant at $P < 0.05$.

Result of the Study

The result of the study is explained in this part.

Table 3. Descriptive Statistics of Study Constructs

Constructs/Indicators	Mean (deviation)	Median
● Customer analysis	4.570 (0.8619)	4.600
● Customer responsiveness	4.820(0.8367)	4.875
Managerial Attitudes	4.011 (1.4675)	4.212
Marketing Information System	2.517 (1.1051)	2.625
Marketing Competence	2.268(0.7250)	2.479
Firm Performance	2.427 (0.842)	2.665

N = 222

The enterprise show high values on the two dimensions of the customer orientation (4.570 and 4.820), which is measured on a 0-5 scale and appears to be facilitated by high managerial attitudes of 4.011 average. At the same time, marketing information system is much lower with 2.517 average, similar to marketing competence and firm performance of 2.268 and 2.427 respectively (as shown in table 3). The dissemination of values for all the research constructs, except firm performance, are distorted. The distortion is most pronounced in the case of the two components of customer orientation and managerial attitudes.

Table 4. Results of regression analysis for the variables

Independent Variable	Standardized coefficients	T-Test	Significance
Customer orientation	0.314	3.526	0.003
Marketing competence	0.476	4.814	0.0001
Marketing information system	0.465	4.672	0.0029
Managerial attitude	0.564	5.620	0.028

Table 4 shows the regression analysis of customer orientation, marketing competence, marketing information system and managerial attitude, association with firm performance. The result reveals that they all positively and significantly associated with the performance of the small and medium enterprises ($P < 0.05$) and ($\text{Beta} = 0.314, 0.476, 0.465$ and 0.564) respectively.

Table 5. Result of Product-Moment correlations between customer orientation, marketing competence and firm performance

Variables	r	f	Sig.	Hypothesis
Customer orientation and market competence	0.71*	34.10	0.002	H1 Supported
Marketing competence and firm performance	0.822*	36.65	0.007	H2 Supported

The Pearson's product moment correlation coefficient of 0.71 and 0.82 show a positive and strong relationship between customer orientation and marketing competence in one point of view. While marketing competence and firm performance on the other point of view. These two relationships are significant at 0.05 level of significance and the results were supported H1 and H2 as shown in table 5.

Table 6. Results of moderating effects of marketing information system and managerial attitude

Constructs/variables	Pearson correlation	Partial correlation	f	Sig.	Hypothesis
Marketing info system					
H3	0.755*	0.655*	20.452	0.001	Supported
H4	0.410*	0.305*	25.511	0.009	Supported
Managerial attitude					
H5	0.569*	0.457*	28.906	0.007	Supported

($P < .05$)

Marketing information system is found to balance both the relationship between customer orientation and marketing competence, as well as firm performance. ($r = 0.735, 0.410$) significant at 0.05 level of significant, so H3 and H4 are supported (as seen in Table 6). This result certifies the result of the regression analysis in Table 4.

Furthermore, managerial attitude also balances the relationship between customers orientation and marketing competence ($r = 0.569$) at ($P < 0.05$), this also supports H5 as shown in table 6. The partial correlation results show a contribution of 30.5% to 65.5% moderation of customer orientation towards firm performance by marketing information system and managerial attitude.

Discussion and Research Implications

Results of this research indicated that there was a positive and significant relationship between customer orientation and firm performance among Thai SMEs, and that managerial attitude and marketing information systems possessed by these firms balanced this relationship. Many studies have identified that customer orientation is the primary strategy for creating superior value for the customer gradually (Narver and Slate, 1990; Schneider et al., 2005).

Customer orientation is noticed to provide a firm with a better understanding of environment and customers which eventually lead to better performance. The result of this research approves with this. Slater and Narver (1994) and Kirca et al., (2005) suggest that the logic for expecting a strong link between a customer orientation and performance is based on the concept of a sustainable competitive advantage.

Particularly, firms attempt to satisfy the customers better as an advantage over others which is reinforced by managers' positive attitudes and efficient marketing information system. Anyway, the record of SMEs bank of Thailand and OSMEP confirmed that 80% of SMEs in Thailand have to close down their business within five years.

The results make numbers of scholars to think that firms in Thailand should adopt customer orientation as a survival strategy. As well as the marketing information system can affords the firms to keep track with the customers to ensure performance in terms of sales growth, increase in market share and so on.

This outcome according with the assertion of Kohli et al., (1993) that the need to provide measure for customer orientation programs must be seen not only in symbolic terms but also in the light of what the seek to accomplish. The result further shows that the practice of customer

orientation is not limited by size as it is shown that both small and medium enterprises are involved. This means providing the framework for performance of customer orientation is not beyond small and medium enterprises.

Accordingly, the positive relationship between customer orientation and marketing competence shown the wellness or poorness of firms to performs the marketing related functions were depend on how much firms see their customers and the concomitant positive relationship of the marketing competence of firm with performance revealed that market competitiveness is only accomplished by effective coordination of functional competencies in which the customer is the center. All this is supporting the works of other researchers like Capon et al., (1990), and Leonidas et al., (2002).

1. Managerial and Public Policy Implications

The major purpose for the composition or presence of business is the customer. Therefore, all the organizational framework of the business should be harmonized to facilitate this purpose. This research shows that effective marketing information system is a requirement if this must be achieved, as it has been revealed to be a pure moderator of customer orientation, making competence and enterprise performance.

Additionally, the requirement for management to give the relevant support and provide the enabling environment for the performance is revealed by the moderating effect of managerial attitudes on relationship between customer orientation and marketing competence. The result of this research also suggest that customer orientation moderated by marketing information system and managerial attitude is an efficient strategy of providing and sustaining customer advantage for SMEs in an ever changing business environment. Particularly, therefore;

- The results suggested that managers of small and medium scale businesses should allow their businesses to search out of a customers' need.
- Managers should keep a good record of those needs as they change and efforts should be made to continue to satisfy them in the light of positioning their market offering at the heart of the customers.
- Managers should ensure that the communication and transfer of information to all departments and individuals through formal and informal channels.
- Managers should continue to ensure prompt response to market information if performance will be improved.

- Managers must let employees know that it is the responsibility of each and every person in the business enterprise to continually align their marketing competencies to creating superior value for customers.
- Managers should know that the customer advantage afforded by customer orientation is resident in effective marketing information system as it provides the impetus to produce better performance. Then, managers must provide the hard and soft ware that would facilitate this as well as expose employees to training and development programs that can sharpen their skills and enhance their knowledge and thus enhance their marketing competencies.

Conclusion

This research makes a useful contribution to knowledge by suggesting the adoption of customer orientation, effective marketing information system as well as good managerial attitudes as the antidotes for reducing small and medium enterprises' failure in Thailand.

This research also suggests that government needs to provide an enabling environment that would support the performance of these business strategies. One of the major limitations of this research is the methodological approach, which involves the use of firm-level analysis for measuring major constructs.

Even if the approach provides a useful macro-view of the relationships, there may be a distortion because of the averaging effect. This effect however, may not be substantial. Also, the research makes use of cross-sectional data analysis, which does not enable one to make any causal inferences or to identify any possible time-lag of the research constructs.

Other studies in this area may consider using longitudinal data analyses so as to capture the thrust of this research better, and may also investigate the customer orientation and performance relationship of dying or failed small and medium scale businesses to ascertain if their situation could be linked to their adopted strategies.

References

Agarwal, S., Erramilli, M., & Chekitan, S. (2003). Market orientation and performance in service firms: role innovation. *Journal of Service Marketing* 17(1): 68-75.

Akinova, I. (2000). Development of market orientation and competitiveness of Ukrainian firms. *European Journal of Marketing* 34(9/10): 1128-1148.

Anderson, P. (1982). Marketing, strategic planning, and the theory of the firm. **Journal of Marketing** **46**(3): 15-26.

Ang, L., & Buttle, F. (2006). Managing for successful customer acquisition: An exploration. **Journal of Marketing Management** **22**(2): 295-317.

Avnet, T., & Higgins, E. (2006). How regulatory fit affects value in consumer choices and opinions. **Journal of Marketing Research** **43**(1): 1-10.

Bentler, P.M. (1990). Comparative fit indexes in structural models. **Psychological Bulletin** **107**:238-46.

Bitner, M., Booms, B., Stanfield, B., and Tetreault, M. 1990. The service encounter: diagnosing favourable and unfavourable incidents. **Journal of Marketing** **54**, 71-84.

Capon, N., Farley, J. U., & Hoenig, S. M. (1990). A meta-analysis of financial performance. **Management Science** **16**, 1143-59.

Chimhanzi, J. 2004. The impact of integration mechanism on marketing/human resource dynamics. **Journal of Marketing Management** **20**(7/8): 713-740.

Churchill, G. (2006). **Marketing research: Methodological foundations.** (4th ed.). Hinsdale, IL: The Dryden Press, (Chapter 3).

Conant, J. S., Mokwa, M. P., and Varadarajan. (1990). Strategic types, distinctive marketing competencies and organizational performance: A multiple measure-based study. **Strategic Management Journal** **11**, 365-383.

Crosby, L., & Johnson, S. 2006. Customer-centric innovation. **Marketing Management** **15**(2): 12-23.

Danneels, E. 2002. The dynamics of product innovation and firm competencies. **Strategic Management Journal** **23**, 1095-1121.

Darley, W. K., and Johnson, D.M. 2005. Cross-national comparison of consumer attitudes toward consumerism in four developing countries. **Journal of Consumer Affairs** **27**(1): 37-54.

Davidson, H. 1997. **Offensive marketing how to make your competitors followers.** (2nd ed.). London: Penguin (Chapter 5).

Day, G. S. (1994). The capabilities of market-driven organizations. **Journal of Marketing** **58**, October, 35-52.

DeCarlo, T. E., and Agarwal, S. (1999). Influences of managerial behaviors and job autonomy on job satisfaction of industrial salespersons. **Industrial Marketing Management** **28**(1): 51-61.

Deng, L., and Hu, Y. (2008). Developing and validating a multidimensional scale for non-profit market orientation. **International Seminar on Business and Information Management** **1**: 436-440.

Deshpande, R. Farley, J.U., and Webster, F.E. (1993). Corporate culture, customer orientation, and innovativeness in Japanese firms: a quadrat analysis. **Journal of Marketing** **57**, January, 23-27.

Dubinsky, A.J., Yammarino, F.J., Jolso, M.A., and Spangler,W.D. (1995). Transformational leadership: An initial investigation in sales management. **Journal of Personal Selling & Sales Management** **28**(1): 7-17.

Ellis, P. (2006). Market orientation and performance: A meta- analysis and cross national comparisons. **Journal of Management Studies** **43**(5): 1089-1107.

Evans, J. R., & Lindsay, W. M. (1996). **The management and control of quality.** (3rd ed.). St. Paul, MN: West Publishing Co. (Chapter 4).

Gebhardt, G., Carpenter, G., & Sherry Jr, J. (2006). Creating a market orientation: A longitudinal, multi-firm, and grounded analysis of cultural transformation. **Journal of Marketing** 70(4): 37-55.

George J. Avlonitis & Spiros P. Gounaris. (1997). Marketing orientation and company performance: Industrial vs. consumer goods companies. **Industrial Marketing Management** 26, 385-402.

Hair, J.F. Jr., Anderson, R. E., and Tatham, R.L. (1992). Multivariate data analysis. (2nd ed.). New York, NY: Macmillan, (Chapter 3).

Han, J., Namwoon, K., & Srivastava, R. (1998). Market orientation and organizational performance: Is innovation a missing link? **Journal of Marketing** 62(1): 15-29.

Hartenian, L.S & Gudmundson, D.E. (2000). Cultural diversity in small business: implication for firm performance. **Journal of Development Entrepreneurship** 5(3): 209-219.

Hill, C.W.L., and Jones, G.R. (2006). **Strategic management theory-An integrated approach.** (5th ed.). MA: Houghton Mifflin, (Chapter 6).

Hill, T. (1994). **Manufacturing strategy.** (2nd ed.). Burr Ridge, IL: Irwin Professional, (Chapter 5).

Hooley, G., Greenley, G., Cadogan, J., & Fahy, J. (2005). The performance impact of marketing resources **Journal of Business Research** 58, 18-27.

Hunger, J.D., & Wheelen, T.L. (2001). **Essentials of strategic management.** (2nd ed.), Englewood Cliffs, NJ: Prentice-Hall, (Chapter 5).

Jaworski, B., & Kohli, A. 1993. Market orientation: Antecedents and consequences. **Journal of Marketing** 57 (3): 53-70.

Kennedy, K.N., Lassk, F.G., and Goolsby, J.R. 2002. Customer mind-set of employees throughout the organization. **Journal of the Academy of Marketing Science** 30, Spring, 159-171.

Kirca, A. Jayachanda, S., & Bearden, W. (2005). Market orientation: A meta-Analytic review and assessment and impact on performance. **Journal of Marketing** 69(2): 24-41.

Kohli, A., Jaworski, B., & Kumar, A. (1993). MARKOR: A measure of market orientation. **Journal of Marketing Research** 30, 467-77.

Kohli, Ajay K., & Bernard J. Jaworski. (1990). Market orientation: The construct, research propositions, and managerial, implications. **Journal of Marketing** 54(4): 1-18.

Kotler P. (2004). **Marketing management: Analysis, planning and control.** (12th ed.).Englewood Cliffs, NJ: Prentice-Hall Inc. (Chapter 11).

Lei, D., & Slocum Jr., J. (2005). Strategic and organizational requirements for competitive advantage. **Academy of Management Executive** 19(1): 31-45.

Leonidas C., Leonidou, Constantine S., and Katsikeas and Saeed Samiee. (2002). Marketing strategy determinants of export performance: A meta-analysis. **Journal of Business Research** 55, 51-67.

Lewis, F. (1994). Driven By Customer Care. **Management Today** 3: 32-34.

Liu, H. (1995). Market orientation and firm size: An empirical examination in UK Firms. **European Journal of Marketing** 29, 57-71.

Liu, S.S., Luo, X., & Shi Y. (2003). Market-oriented organizations in an emerging economy: A study of missing links. **Journal of Business Research** **56**, 481-491.

Martin, C.A., & Bush, A.J. (2006). Psychological climate, empowerment, leadership style, and customer-oriented selling: An analysis of the sales manager-salesperson dyad. **Journal of the Academy of Marketing Science** **34**(3), 419-438.

Mc Eachern, M., & Warranty G. (2005). Improving customer orientation within the fresh meat supply Chain. **Journal of Marketing Management** **21**(1/2): 89-115.

McKean, J. (2002). **Customers are people: The human touch.** (2nd ed.). New York: John Wiley. (Chapter 3).

Nakata, C. & Zhu, Z. (2006). Information technology and customer orientation: A study of direct, mediated, and interactive linkages. **Journal of Marketing Management** **22**(3/4): 319- 354.

Narver, J., & Slater, S. (1990). The effect of a market orientation on business performance. **Journal of Marketing** **5**(3), 20-35.

Nunnally, J. (2004). **Psychometric theory.** (6th ed.). New York: McGraw Hill. (Chapter 4).

Nwankwo, S. (1995). **Developing a consumer orientation.** (2nd ed.). New York: Oxford University Press. (Chapter 2).

Pananond, P. (2007). The changing dynamics of Thai multinationals after the Asian economic crisis. **Journal of International Management** **13**(2007): 356-375.

Payne, A. (1988). Developing marketing oriented organization. **Business Horizons** **3**, 46-53.

Piercy, N. Harris, L., & Lane, N. (2002). Market orientation and retail operatives expectations. **Journal of Business Research** **55**, 261-273.

Plakoyiannaki E. (2005). How do organizational members perceive CRM?. **Journal of Marketing Management** **21**(3/4): 363-392.

Porter, M. E. (1990). **The competitive advantage of nations.** (2nd ed.). New York: The Free Press. (Chapter 5).

Prasad, K. Ramamurthy, K., & Naidi, G. 2001. The influence of internet - marketing integration on marketing competencies and export performance. **Journal of International Marketing** **9**(4): 82-110.

Salavou, H. (2005). Do customer and technology orientations influence product innovativeness in SME's? Some new evidence from Greece. **Journal of Marketing** **21**(3/ 4): 307-388.

Schneider,B., and D.E. Bowen. (1993). **The service organization.** Organizational Dynamics (Autumn): 39-52.

Schneider, B., Ehrhart, M., Mayer, D., Saltz, J., & Niles-Jolly, K. (2006). Understanding organization-customer links in service settings. **Academy of Management Journal** **48**(6): 1017-1032.

Sengupta. S., Krapfel, R.E., and Pusateri, M.A. 1997. The strategic sales force. **Marketing Management** **6**(2): 28-34.

Shoemaker, M.E. 1999. Leadership practices in sales managers associated with self-efficacy, role clarity, and job satisfaction of individual industrial salespeople. **Journal of Personal Selling & Sales Management** **19**(4): 1-19.

Slater, S., & Narver, J. 1994. Does competitive environment moderate the market orientation–performance relationship? **Journal of Marketing** **58**, 46-55.

Slater, S., & Narver, J. 2000. The positive effect of market orientation on business profitability: A balanced replication. **Journal of Business Research** **48**(1): 69-73.

สำนักงานส่งเสริมวิสาหกิจขนาดกลางและขนาดย่อม (OSMEP: Office of Small and Medium Sized Enterprises Promotion). (2553). ธนาคารวิสาหกิจขนาดกลางและขนาดย่อม. [ออนไลน์]. ได้จาก: <http://www.smebank.co.th>

