THE COMPONENTS OF ENTREPRENEUR THAT INFLUENCE SMALL AND MEDIUM ENTERPRISES SERVICE SECTOR PERFORMANCE

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Abstract - The study on the components of entrepreneur influencing small and medium enterprises service sector performance is intended to find out factors and components that affect the performance of SMEs in the service sector. The results of literature review indicated that the variables influencing the performance of SMEs in the service sector are market orientation, learning orientation, and innovativeness. Market orientation consists of 3 key factors, namely, customer orientation, competitor orientation, and inter-functional coordination. Learning orientation consists of 4 essential factors, viz., commitment to learning, shared vision, open-mindedness, and intra-organizational knowledge sharing. Innovativeness consists of 3 main factors: openness to new ideas, product innovativeness, and process innovativeness. On the other hand, the performance of SMEs in the service sector comprises 3 crucial factors: growth in sales, profitability, and market share. Reviewing the literature in this academic paper helps develop the research concept that will be beneficial to business organizations.

Index Terms - Market Orientation, Learning Orientation, Innovativeness, SMEs in Service Sector, Performance.

I. INTRODUCTION

Service sector SMEs is an essential enterprise sector that drives Thailand. The ratio of its driving force is considered the greatest when compared to that of production sector SMEs and trade sector SMEs [1]. However, the present circumstances of business adaptation and competition have a significant impact on the survival of business organizations [2]. Celuch et al. [3] stated that business organizations that lay an emphasis on market orientation and learning orientation can create value for superior business organizations, and enhance performance in business organizations. Nevertheless, innovation is necessary if learning is to occur [4]. Nowadays, innovation has become a competitive game between different organizations in the 21st century [5]. Change and uncertainty are what stimulate organizations to create innovation as a part of their organizational strategies. According to the literature review, market orientation and learning orientation are closely associated with innovativeness. They are also the key factors that improve the efficiency of organizational performance [2], [5], [6], [7]. To that end, this researcher is interested in studying the components of entrepreneur that influence small and medium enterprises service sector performance. This researcher also believes that the research results will help develop the research concept that is beneficial to scholars, and help small and medium entrepreneurs in the service sector in improving their organizational performance in the future.

II. PURPOSE

The purpose of this research is to study the components of entrepreneur that influence small and medium enterprises service sector performance.

III. METHOD

The main method of this research is to study the 4 component variables - market orientation, learning orientation, innovativeness, and small and medium enterprises service sector performance – generated from the review of literature and synthesize the relationships of each pair of the 4 component variables in order to get the components of entrepreneur that influence small and medium enterprises service sector performance.

IV. DATA ANALYSIS

According to the academic paper, the literature review included the following:

A. Market orientation

An essential approach that helps an organization achieve its goals by focusing on the needs of customers, the needs of target market, and products that better satisfy consumers than its competitors. Market orientation has been widely accepted in the context of modern marketing strategies [8]. Narver and Slater [9] found that market orientation consists of 3 key factors, namely, customer orientation, competitor orientation, and inter-functional coordination [7], [9]. In contrast, Kohli and Jaworski [10] stated that consumer orientation is an essential component of market orientation, covering the consideration of external market factors that affect consumers' needs, and the consideration of both

present and future needs of consumers. They also found that market orientation comprises 3 crucial factors: market intelligence generation, market intelligence dissemination, and market responsiveness [10], [11], [12].

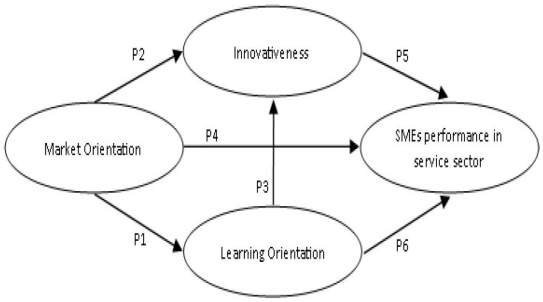


Figure.1 Conceptual framework of the components of entrepreneur that influence small and medium enterprises service sector performance

B. Learning orientation

Refers to a capability of solving knowledge transfer challenges of organizational structures, from traditional to the modern ones, in a way that fits with the strategic development of organizational competitive capabilities [13]. This also includes data collection, data assessment, intra-organizational data sharing, the use of technology to meet the needs of customers, and competitions and changes in markets [12], [14]. Learning orientation comprises 3 key factors: commitment to learning, shared vision/purpose, and open-mindedness [7], [15]. Mahmoud et al. [1] stated that learning orientation means the organization shows the will and awareness of developing mutual competencies in order to become the organization of learning. The organization must have a clear learning vision and goal, and encourage all employees to develop their own skills and abilities. Learning orientation consists of 4 essential factors, namely, commitment to learning, shared vision/purpose, open-mindedness, and intra-organizational data sharing [2], [16].

C. Innovativeness

According to the literature review, has been defined by different scholars in different connotations. Hurley and Hult [16] stated that innovativeness is an organization's direction towards innovation. It is openness to new ideas [17], [18]. According to Wang and Ahmed [19] and Onag et al. [20], innovativeness is classified into 5 areas, viz., product innovativeness, market innovativeness, process innovativeness, behavioral innovativeness, and strategic innovativeness.

D. SMEs performance in service sector

Refers to the return on investment that a business receives in different forms [21]. There are various factors that measure business performance, such as, return on capital, return on management, market return, and return on organizational efficiency [22]. In addition, organizational performance, according to the previous research, has been categorized into 3 aspects: growth in sales, profitability, market share [9], [18], [23].

According to the above-mentioned findings, the conceptual framework of the components that influence small and medium enterprises service sector performance is as Fig. 1.

The fig. 1 includes the hypothesis of the components of entrepreneur influencing small and medium enterprises service sector performance. The research findings of the literature review on influential aspects will be discussed as follows:

P1: Market orientation will have a positive impact on Learning orientation [2], [5], [7], [18], [24]

P2: Market orientation will have a positive impact on Innovativeness [2], [6], [7], [24], [25], [26], [27]

P3: Learning orientation will have a positive impact on Innovativeness [2], [5], [7], [14], [15], [16], [18], [20], [24], [25], [27]

P4 : Market orientation will have a positive impact on SMEs performance in service sector [5], [6], [11], [12], [13], [25], [28], [29]

P5: Learning orientation will have a positive impact on SMEs performance in service sector [12], [13], [25], [28], [30]

P6: Innovativeness will have a positive impact on SMEs performance in service sector [5], [6], [14], [18], [27]

CONCLUSION

Based on the findings of the literature review and the variable synthesis, the components that influence small and medium enterprises service sector performance are market orientation, learning orientation, and innovativeness. When extracting the components of entrepreneur influencing small and medium enterprises service sector performance, the findings revealed that (1) market orientation comprises 3 key factors: customer orientation, competitor orientation, and inter-functional coordination; (2) learning orientation consists of 4 essential factors, namely, commitment to learning, shared vision/purpose open-mindedness, and intra-organizational knowledge sharing; (3) innovativeness consists of 3 key factors, viz., openness to new ideas, product innovativeness, and process innovativeness; and (4) SMEs performance in service sector comprises 3 crucial factors: growth in sales, profitability, and market share.

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