

THE IMPACT OF MARKET ORIENTATION ON FIRM PERFORMANCE FOR
SME COMPANY IN MALAYSIA

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DECLARATION OF ORIGINAL WORK

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DEDICATION

I would like to dedicate the appreciation to my beloved father who Encik Abd Rahim Bin Othman and my mother Puan Hamidah Binti Hashim was supported me from spiritually and financially. A special thanks to my supervisor and panel who guided me throughout this research and even thanks to my friends that helped and assisted me through the journey of research.

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ABSTRACT

Market orientation may be a central creed of promoting, its activities and behaviours are associated with a proactive hunt for marketplace opportunities downside resolution, and future positioning. For many decades until now, market orientation has been the central plan of the many revealed works within the promoting and strategic management literature. Market orientation has been known as a crucial theoretical construct in promoting and its stirred abundant abstract, empirical and government attention. The thought of market orientation has been an issue of analysis since it absolutely was introduced within the 1990 and it's been known as a crucial theoretical construct. The target of this study was on the method of market orientation and to by trial and error take a look at the impact of the business surroundings on the connection between market orientation and performance. Quantitative research is used to conduct this research. Therefore, questionnaires would be distributed to the all workers or top management of SME Company that have in peninsular Malaysia randomly. Statistical Package for the Social Science (SPSS) is the software used to analyse the data gathering from respondents. The result of analysis shown that Market Orientation has a significant positive impact to Firm Performance. In addition, the impact of Market Orientation positively for the relationship Firm Performance. Therefore, this research is expected to provide deep understanding regarding Market Orientation and Firm Performance for the SME Company in Malaysia and acts as reference to future researchers.

Keywords: Market Orientation, Firm Performance, SME Company, Malaysia, SPSS

ABSTRAK

Orientasi pasaran mungkin kepercayaan utama untuk mempromosikan, aktiviti dan tingkah laku mereka dikaitkan dengan memburu proaktif untuk peluang pasaran peluang penyelesaian, dan kedudukan masa depan. Selama beberapa dekad sehingga sekarang, orientasi pasaran telah menjadi pelan utama banyak karya yang diturunkan dalam kesusasteraan pengurusan yang menggalakkan dan strategik. Orientasi pasaran telah dikenalpasti sebagai teori teoritis penting dalam mempromosikan dan menarik perhatian abstrak, empirikal dan kerajaan yang banyak. Pemikiran orientasi pasaran telah menjadi isu analisis sejak ia diperkenalkan sepenuhnya dalam tahun 1990 dan ia dikenali sebagai pembentukan teoretis penting. Sasaran kajian ini adalah mengenai kaedah orientasi pasaran dan oleh percubaan dan kesilapan melihat kesan persekitaran perniagaan mengenai hubungan antara orientasi pasaran dan prestasi. Kajian kuantitatif digunakan untuk menjalankan kajian ini. Oleh itu, soal selidik akan diedarkan kepada semua pekerja atau pengurusan atasan Syarikat IKS yang secara rawak di Semenanjung Malaysia. Pakej Statistik untuk Sains Sosial (SPSS) adalah perisian yang digunakan untuk menganalisis perhimpunan data daripada responden. Hasil analisis menunjukkan bahawa Orientasi Pasaran mempunyai kesan positif yang signifikan kepada Prestasi Firma. Di samping itu, kesan Orientasi Pasaran secara positif untuk Hubungan Firma Prestasi. Oleh itu, kajian ini dijangka memberikan pemahaman yang mendalam mengenai Orientasi Pasaran dan Prestasi Firma bagi Syarikat IKS di Malaysia dan bertindak sebagai rujukan kepada penyelidik masa depan.

Kata kunci: Orientasi Pasaran, Prestasi Firma, Syarikat IKS, Malaysia, SPSS

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LIST OF ABBREVIATIONS

MO	=	Market Orientation
CUO	=	Customer Orientation
COO	=	Competitor Orientation
IFC	=	Inter Functional Coordination
FP	=	Firm Performance
SPSS	=	Statistical Package for the Social Science

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CHAPTER 1

INTRODUCTION

1.1 BACKGROUND

SMEs in Malaysia has developed to become key provider and specialist organization to huge partnership, comprehensive of worldwide and transnational enterprise. The majority of these SMEs are in the administration area, especially in retail, café and discount organizations. SMEs effectively contributed 56 percent of work creation and 19 percent for national fare (National SME Development Council, 2010). Simultaneously, there are wide acknowledgments in the writing about the difficulties and obstructions confronting Malaysian SMEs to confront emerging obstacles from globalization, advancement and broad hierarchical, institutional and mechanical changes (Hall, 2002); (Moha, 1999); (Wang, 2003). One of the most testing issues for SMEs to stand up to in any enterprises is monetary disturbance. Downturn, rising fuel costs and other crude material are a portion of the central point affecting SMEs organizations (Star, 2008).

Despite the fact that exploration on SMEs in Malaysia has pulled in an expansion in consideration because of the significance of SMEs in adding to the economy, it has been contended that reviews on SME in Malaysia are as yet restricted in scope and divided in nature (Hashim, M. K., and Ahmad, S. A., 2005). The attention is fundamentally on announcing and depicting the general profile of SMEs, for example, proprietors' qualities, issues and the help gave by the legislature to the SMEs. Research on SMEs has ignored the pertinence of present day the board hypothesis to SMEs This is most likely because of the contention that little undertakings are increasingly hard to consider since there is an absence of an unmistakable structure and methods recorded; thus, offering a wide zone of points to explore (Curran, J., and Blackburn, R. A., 2001). Accordingly, it is suggested that future research on SMEs ought to consider different administration teaches as 'there have been restricted endeavors to

ponder SMEs from this point of view in the Malaysian setting (Hashim, M. K., and Ahmad, S. A., 2005).

Market direction has been viewed as a wellspring of upper hand and can be a significant determinant of firm execution. Unrivaled hierarchical execution can be accomplished as a market arranged firm can fulfill clients through following and reacting to client needs and inclinations (Jaworski, B. also, Kohli, A., 1993).

Further, a market situated association performs better in the market since the firm builds up an authoritative culture in conveying better an incentive than clients (Narver J.C and Slater S.F, 1990). Market direction additionally significant for associations in contending with each other in the overall worldwide market. It is required in both advertising just as the board. Aside from advertise direction, associations these days can't flee from administration quality that requires improvement every once in a while to keep up existing business sector or to catch new business.

Firm execution has been a subject important to scholastics, administrators and speculators. The immediate connection between showcase direction and firm execution is settled (Kirca, A.H., Jayachandran, S. also, Bearden, W.O., 2005); (Lio, S., Chang, W., Wu, C., and Katrichis, J. M., 2010). Firm execution is includes monetary or advertise based estimates, for example, limit use, gainfulness and piece of the pie. The other is the critical exhibition, which includes client and representative based estimates, for example, administration quality, consumer loyalty, and worker fulfillment. As indicated by certain researchers, the primary objective of market direction organizations ought to be the creation and maintenance of fulfilled client (Day, 1994). Prior creators had expressed that the relationship had not been convincing (Greenley, 1995); (Han, J.K., Kim, N. furthermore, Srivastava, K., 1998). They express that market direction influences execution in various manners, either by giving a client situated concentration or reshaping an association's way of life for creating prevalent incentive for clients. (Van Raaij, E. M. what's more, Stoelhorst, J. W., 2008) Argue that business forms is the focal worry of being market situated. That market direction is viewed as the capacity of a firm to produce information about business sectors and utilize the information in its business forms for production of predominant client esteem. This point of view is in accordance with thinks about that have demonstrated procedures of advancement and new item improvement to intervene the

connection between showcase direction and execution (Han, J.K., Kim, N. what's more, Srivastava, K., 1998); (Langerak, F., Hultink, E.J. what's more, Robben, H.S.J., 2004).

Agreeing (Jaworski, B. furthermore, Kohli, A., 1993), recommend that the connection between a market direction and execution seems to hold over an assortment of settings, and that it might bolster execution paying little respect to the association's outer conditions. In their examination (Slater, S. furthermore, Narver, J.C., 1994) additionally discovered little help for the impact of aggressive condition and propose that a market arranged firm ought to be set up to accomplish and support upper hand in any ecological circumstance.

Nowadays, with the assistance from the Malaysian government, SMEs have grown monstrously, joining various activities. Instead of focusing on collecting and cultivating works out, the endeavours are in like manner comprehensively drew in with organization practices and have exhibited to be solid in the changing business condition (National SME Development Council, 2010).

States	Percentage (%)
Melaka	3.5
Johor	10.8
Negeri Sembilan	3.6
Wilayah Persekutuan	15.0
Pahang	4.1
Terengganu	3.2
Kelantan	5.1
Perak	8.3
Kedah	5.4
Perlis	0.8
Selangor	19.8
Sarawak	6.7
Sabah	6.4
Pulau Pinang	7.4

**Total SME: 907,065 establishments in 2016*

Table 1.1: Economic Census 2016, Department of Statistics Malaysia (DOSM)