

CUSTOMER ORIENTATION AND FIRM PERFORMANCE AMONG THAI SMES

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Abstract: *This study aims to investigate the relationship between customer orientation and firm performance among Thai SMEs. It also investigates the moderating effect of marketing information system and managerial attitudes those influence the relationship between customer orientation and firm performance among Thai SMEs. Questionnaire is used to collect data and the sample size is 220 SMEs of the North-eastern region of Thailand. The results show that customer orientation is positive significant relevant to firm performance among Thai SMEs. This study also finds 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.*

Keywords: *Customer orientation, Firm performance, Marketing information system*

INTRODUCTION

The Competitive environment is developing base on the most current technology revolution and increasing globalisation. After the 1997 Asian economic crisis, Thai multi-nationals have focused more on the development of technological capabilities in the industry as well as changed their personal networks and relationships more transparent and formal relationship (Pananond, 2007). In such this business environment that become filled with service and manufacturing companies in search of a good practice and 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 products/ services to customers and businesses, 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/ services of value with others. These marketing definitions pre-assume the summary of customers' needs at every stage of production process. Both McKean (2002) and Kotler (2004) place the desires and needs of customers at the centre of firm which any firm could achieve appreciable performance and must focus on customers.

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McEachern and Warranty (2005) define customer orientation as a concentration of targeted customers' need as the centre of strategic focus. Kotler (2004) also defines the requirements for firms to move from one level of studying customers and create separate offers, services and messages to each customer. Firms, therefore, need to collect information about customers' previous transactions, psychographics, demographics, media, and distribution options. Firms also hope to acquire profitable growth via customers' expenditures by creating high lifetime value. Moreover, firms' ability to deal with customers becomes constructive as result of improvement of factory customisation, computer, and internet as well as database marketing software. Nakata and Zhu (2006) also argue that customer orientation is the analysis of customers' need as well as the responding of firms to their customers' need. Some notable questions, however, have been raised regarding whether customer orientation actually interprets to better performance (Ang & Buttle, 2006; Avnet & Higgins, 2006). Customer orientation could also interpret as the efficient marketing information system (MKIS) that keeps all customers' track, their purchases, supports, needs, complaints (Kohli & Jaworski, 1990).

The obvious limitation is the presumption that to be customer-oriented, firms must possess on MKIS and administrator of firms must be eager to adopt the culture (Martin & Bush, 2006). From this presumption, it 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 & Jones, 2006).

Thai SMEs are known as part of impetus for socio-economic development. They 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 resources, and poverty mitigation. Having identified the relevance and catalytic role of SMEs in fostering economic development, successive Thai government has been formulating policies favourable to the development of subsector since 1990. Office of Small and Medium Enterprise Promotion of Thailand (OSMEP) reports that most SMEs are mostly effected from political uncertainty 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 purpose of this study arise on how Thai SMEs firms could process customer orientation and MKIS's beneficence, managerial attitudes, and marketing competence in interpreting it to performance.

LITERATURE REVIEW AND HYPOTHESES

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 organisational values, beliefs, assumptions, and premises towards a two-way relationship between customer and firm." Narver and Slate (1990) also explain customer orientation as "Sufficient understanding of one's target buyers to be able to create superior value for them continuously. Moreover, it 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) further suggest that "Customer orientation requires a continuous positive disposition towards meeting customer's exigencies and therefore a high degree of concern for this customer." In addition, 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." McEachern and Warranty (2005) also define customer orientation as "a component of market orientation has its fundamental thrust in pursuit of putting customers at the centre of strategic focus." Furthermore, 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) further 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 firm that is, having the appropriate vision of customers and their needs; a phenomenon that makes firms 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 as well as good understanding of behavioural nature and consumption impact with effective customer education/information system.
- Characteristics information of customers to design product market portfolio and feedback systems that allow firms to reach their customers and in reverse.
- Definitive objectives of customer care which may alter and communicate both customer and management endeavour (Plakoyiannaki, 2005).
- Literal concern for market tourism such as customers should not be recognised as a monolithic group. There is a difference in perception of marketplace at a variety of customer segment and their need (Salavou, 2005).
- Entire of organisational reserved definition of customers need by a "know-it-all stance" about their customers' need, the assumption is that firms

know 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 firm 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) also proposes a two state scheme to categorise sensitivity levels such as pro-active and reactive sensitivity. Proactive sensitivity caused by genuine desire to integrate the interests of customer into firms' decision mechanism. The ways firm 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) and viewing all customers as marketing opportunity, not market opportunities. Integrating firms' staffs with energy, enthusiasm, and attitude further deliver true excellent in customer care.
- Developing customer strategy based on perceptive marketing research and developing power descending, particularly to front-line staff who involved with customer at critical stage (Chimhanzi, 2004).

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

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

Payne (1988) and Nakata and Zhu (2006) comment that many firms have well-developed planning process, anyway, the extent to which customer targets are included, implemented, and monitored is incompetent. The duty of firms as far as customers are concerned must be well coherently; current performance level in the regard must be double checked. Any space between the organisational desires and actual accomplishment must be plotted. Operational measures are seen to provoke the efforts of firms to more focus and integrate, and support a benchmark for determining whether customer orientation strategies are working as determine.

Measurements could be utilised by using two techniques. Firstly, the formal techniques use customer-base quality performance measures to indicate true perception as well as subconscious factors that drive customer behaviour, while informal techniques develop where there is no set standard; in this case, the pragmatism is applied.

Many studies have examined the link between customer orientation and performance. Even though many studies have supported the relationship between customer orientation and profitability, however most are conducted in the US, Europe, and Asia (Slater & Narver, 2000; 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 firms effort to understand the market place and develop appropriate products/services strategies to meet customer needs and demands (Liu *et al.*, 2003), that interpret into performance. Bitner *et al.* (1990) find out a relationship between market orientation and market performance. Kennedy *et al.* (2002) also suggest that the development and implementation of customer orientation is the driving force for organisational position in the market place. This position is supported by studies' array that confirms significant relationship between the customer orientation of firm and its financial and market performance. Therefore, it is believed that a customer-oriented firm puts customers at the centre of operation and sees customers has their reason for being in business and as such products/services to meet the needs of their customers. Customers also likely tend to support the products/services that are borne out of their needs interpreting into sales growth and performance of the firm; therefore, it could be hypothesised as:

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

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) defines that marketing competence as "a part of organisational 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 and firm relative to both the target market and the competition." Recent studies show that firms can increase their competitiveness in the market only by coordinating functional area competencies (Porter, 1990; Evans & Lindsay, 1996; Hill & Jones, 2006). Capon *et al.* (1990) refer that "corporate profitability is closely correlated to market development competence." Leonidou *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 customers' need and provide products superior to other competitors (Conant *et al.*, 1990; Hill & Jones, 2006). The marketing strategy application and marketing competence development settles a powerful and profitable basis for developing competitive advantages. The attempted firms tend to have superior performance in terms of profit, return on investment, sales and market share (Avlonitis & Gounaris, 1997). Hunger and Wheelen (2001) also recommend that functional strategy is focus on developing competences and providing firms with competitive advantage.

Measurement of firm performance has been explained in term of extent to which firms' 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. General performance forms are used in order to considerably compare the performance of a variety of firms. Most studies use economic measurements to determine the relative performance of firms (Narver & Slate, 1990; Hartenian & Gudmundson, 2000). These are sales, sales growth, and profitability, which are easiest to achieve and 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 describe as firms' marketing competencies, including 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 firms increase with the level of marketing support for distributors and the degree of product adaptation. Day (1994) also highlights 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/ services which will in turn activate performance; therefore, it could be hypothesised as:

H₂: Marketing competence positively relates with firm performance.

Marketing Information System (MKIS)

Kohli and Jaworski (1990), Akinova (2000), and Ellis (2006) comment that the key point is that MKIS does not stop at getting customer opinions, but involves careful analysis and consequent interpretation of forces that impose themselves

on customer needs and preferences. The MKIS must be created collectively by individuals and departments throughout firms, then mechanisms must be put in place for the information created at one location to be distributed effectively to other parts of firm through formal and informal channels. Staffs in the marketing department should know and communicate with other staffs in other departments and functional areas. Anderson (1982) also remarks that information 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. In addition, Kohli and Joworski (1990), Akinova (2000), Agarwal et al. (2003), and Gebhardht et al. (2006) note that a focus on information harmonises current acknowledgement of the important role of horizontal communication in service firms: the sideways flow that occurs both within and between units serve to coordinate staffs and departments as to facilitate the achievement of the overall goals. One form of information dissemination within firms is market information's horizontal communication.

Kohli and Jaworski (1990) and Gebhardht et al. (2006) remark that receptiveness to market information, which the action is 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/services that provide for their impassioned and predictable needs, and producing, distributing and promoting the products in a way that evokes favourable customer responsiveness, which link into performance for firms. Effective MKIS may provide important direction for required competence's development which will aid in providing better products/services that interpret in improved organisational performance; therefore, it could be hypothesised as:

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.

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 are likely to retrogressive to nothing more than ritual. Some studies have recognised that managers have important impact on the performance and activities of other staffs (Dubinsky *et al.*, 1995; Shoemaker, 1999). DeCarlo and Agarwal (1999) find that the strategic behaviour and attitudes which managers use every day around the world are increasingly the result of the overall direction of firms. The managers are more likely to know customer decision process, identify the value-added

opportunities, provide competitive intelligence, and are consequently authorised to set the widespread culture in firms (Sengupta *et al.*, 1997). As a result, understanding the managerial attitudes' moderating effect on the customer orientation-performance relationship is very important. Many studies believe that effective managerial attitudes will improve the overall marketing competence of the firm because it facilitates customer orientation; therefore, it could be hypothesised as:

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

RESEARCH METHOD

Variables Construct

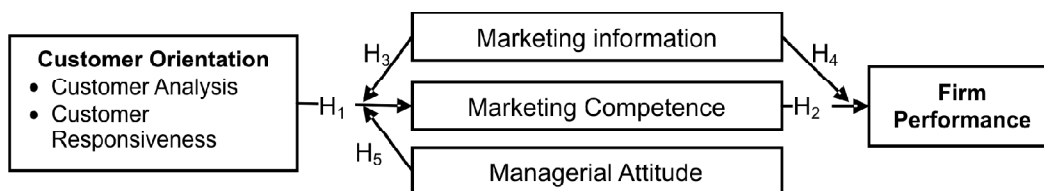
From the previous part, the method of this study involves five major multi-items as following:

Customer orientation is measured by using the Narver and Slate's (1990) scale with two components which are customer analysis and customer responsiveness. These are represented by eleven indicators, which are 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, 2006), it operationalises managerial attitude into nine major variables. The variable evaluates the degree of involvement of the management in achieving and encouraging customer oriented culture. Each variables is 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 are operationalised 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 indicators is measured on a 0-5 range (0 = "bad performance", 1 = "well below average", 3 = "average", and 5 = "well above average").

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.

Figure 1: Conceptual Model



Data Collection

Data of this study is collected from questionnaire completed by SMEs entrepreneurs of the North-eastern region of Thailand. Thai SMEs are defined by the value of fix assets, where its value is less than 50 million Baht for small enterprises and between 51 and 200 million Baht for medium enterprises. The questionnaire is designed based on the theory that grounded operationalization of the various constructs. This is subjected to comprehensive pre-testing among academia who is expert in the marketing area. The questionnaire is also pre-tested with marketing consultants and SMEs operators. The development and testing result in a significant degree of refinement and restructuring in addition to the implementing the initial content validity (Nunnally, 2004). The questionnaire is distributed randomly to a sample of executives from 398 SMEs listed in the North-eastern customer database of SME bank. Only 222 questionnaires, from 129 small and 93 medium scale firms, are reasonably and adequately complete and returned, resulting in a 60.32% response rate. Regarding to the works of Jaworski and Kohli (1993), Han et al. (1998), and Prasad *et al.* (2001), this response rate is considered satisfactory and comparable to research.

Item Purification and Measurement Model

Primarily, the set of items corresponding to each of the theoretical construct is subjected to an analysis of item-to-total correlation and an exploratory factor analysis which some of the items were deleted (Churchill, 2006), as shown in Table 1. For the initial analysis, all set of items are subjected to a confirmatory factor analysis to verify unidimensionality. Particularly, a measurement model is estimated in which every item is restricted to load on its a priori specified factors and allowed to correlate (Deng & Hu, 2008). The evaluation criteria can be summarised as follows:

- (a) The goodness-of-fit index (GFI), comparative fit index (CFI), and Tucker-Lewis index (TLI) must be equal to or greater than 0.9;
- (b) The root mean square residual (RMSR) and root mean square error of approximation (RMSEA) must be equal to or less than 0.08; and
- (c) The χ^2 value must be as small as possible and its p-value must be less or equal than 0.05.

As indicated in Table 2, which shows the results of the measurement model, all parameters meet the five conditions stated above. Entirely, the overall measurement model provided satisfactory evidence of multidimensionality for the measure.

Reliability of Questionnaire

The final step of the measurement validation involves computing alpha coefficients for each set of measures to test reliability. The reliability of the data

are determined by measuring the internal consistency of the indicator items representing each construct using Cronbach's (1951) alpha, which is most used for each set of a multi-item scale. Hair et al. (1992) note that the value of 0.60 is recommended to be acceptable in preliminary research. As the entire alpha values is between 0.60 and 0.85; therefore, the constructs in the model are very reliable and adequate.

Table 1
Item Purification

<i>Items</i>	<i>Number of initial items</i>	<i>Number of final items</i>
Customer Orientation	7	6
Managerial attitude	10	9
Marketing Information System	26	25
Marketing Competences	7	6
Firm Performance	8	6

Table 2
Measurement Results

<i>Measurement model</i>	<i>Range of standardised factor</i>	<i>Range of t-value</i>
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

Overall Model Fit

Analysis of covariance is utilised for evaluating the factor structure of the items of customer orientation, managerial attitudes, MKIS, marketing competence, and firm performance that constructs in a confirmatory factor analysis model. It minimises 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) recommend 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, this study evaluates the GFI statistics (0.97), the RMSEA (0.049) and the RMSR (0.042). Each of these indicators shows that a good model had been identified, as shown in Table 2. The loadings 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.

Results of the Study

The enterprises 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, MKIS 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, 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 shows the regression analysis of customer orientation, marketing competence, MKIS 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 (Beta = 0.314, 0.476, 0.465, and 0.564) respectively.

Table 3
Descriptive Statistics

<i>Indicators</i>	<i>Mean (Deviation)</i>	<i>Median</i>
• 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 (0.8420)	2.665

Table 4
Regression Analysis

<i>Independent variable</i>	<i>Standardised coefficients</i>	<i>t-test</i>	<i>p-value</i>
Customer orientation	0.314	3.526	0.003
Marketing competence	0.476	4.814	0.000
Marketing information system	0.465	4.672	0.003
Managerial attitude	0.564	5.620	0.028

The Pearson's product moment correlation coefficients 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 relationships are significant; therefore, both H_1 and H_2 are supported, as shown in Table 5. MKIS is also found to balance both the relationship between customer orientation and marketing competence as well as firm performance. Pearson correlations in Table 6 ($r = 0.755$ and 0.410) are statistically significant at 0.05 level; therefore, both H_3 and H_4 are supported. This result certifies the result of the regression analysis in Table 4.

Furthermore, managerial attitude balances the relationship between customers orientation and marketing competence ($r = 0.569$, which is statically significant), this supports H_5 , as shown in Table 6. Partial correlation results a contribution of 30.5% to 65.5% moderation of customer orientation towards firm performance by MKIS and managerial attitude.

Table 5
Pearson Correlations

<i>Variables</i>	<i>r</i>	<i>F-test</i>	<i>p-value</i>	<i>Hypothesis</i>
Customer orientation and market competence	0.710	34.10	0.002	H_1 Supported
Marketing competence and firm performance	0.822	36.65	0.007	H_2 Supported

Table 6
Moderating Effects of Marketing Information System and Managerial Attitude

<i>Variables</i>	<i>Pearson correlation</i>	<i>Partial correlation</i>	<i>F-test</i>	<i>p-value</i>	<i>Hypothesis</i>
Marketing information system					
H_3	0.755	0.655	20.452	0.001	Supported
H_4	0.410	0.305	25.511	0.009	Supported
Managerial attitude	0.569	0.457	28.906	0.007	Supported
H_5					

DISCUSSION AND RESEARCH IMPLICATIONS

Results of this study indicate that there is a positive and significant relationship between customer orientation and firm performance among Thai SMEs, and that managerial attitude and MKIS possess 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 & Slater, 1990; Schneider *et al.*, 2006). 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 study 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 MKIS. Anyway, the record of SMEs bank of Thailand and OSMEP have confirmed that 80% of SMEs in Thailand have to close down their business within five years.

The results make several studies to think that Thai SMEs should adopt customer orientation as a survival strategy as well as the MKIS can affords the firms to keep track with customers to ensure performance in terms of sales growth and an increase

in market share. This outcome is similar to 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 they seek to accomplish. The result further shows that the practice of customer orientation is not limited by size as it is shown that SMEs are involved. This means providing the framework for performance of customer orientation is not beyond SMEs.

Accordingly, the positive relationship between customer orientation and marketing competence shows the wellness or poorness of firms to perform the marketing related functions are depend on how much firms see their customers and the concomitant positive relationship of the marketing competence with performance revealed that market competitiveness is only accomplished by effective coordination of functional competencies in which the customer is the centre. All these are supporting the works of other studies like Capon *et al.* (1990) and Leonidou *et al.* (2002).

The major purpose for the composition is customers; therefore, all organisational frameworks should be harmonised to facilitate this purpose. This study shows that effective MKIS 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 results also suggest that customer orientation moderated by MKIS and managerial attitude is an efficient strategy of providing and sustaining customer advantage for SMEs in an ever changing business environment.

The results suggest that SMEs managers should search out of a customers' need. They should also keep a good record of customers' needs and the efforts should be made to continue to satisfy in the light of positioning market offering at the heart of customers. Additionally, SMEs managers should ensure that the communication and transfer of information to all departments through formal and informal channels. They must let their staffs know that it is the responsibility to continually align their marketing competencies to creating superior value for their customers. Managers should also continue to ensure prompt response to market information if performance will be improved. SMEs managers should know that the customer advantage afforded by customer orientation is resident in effective MKIS as it provides the impetus to produce better performance. They must further provide equipment that would facilitate this as well as expose staffs to training and development programs that could sharpen their skills and enhance their knowledge and thus enhance their marketing competencies.

CONCLUSION

This study makes a useful contribution to knowledge by suggesting the adoption of customer orientation, effective MKIS as well as good managerial attitudes as the antidotes for reducing small and medium enterprises' failure in Thailand. It also suggests that government needs to provide an enabling environment that would support the performance of these strategies. One of the major limitations of this study 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, it may be a distortion because of the averaging effect. This effect may not thus be substantial. This study also 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 thus may consider using longitudinal data analyses as to capture the thrust of this study better, and may investigate the customer orientation and performance relationship of dying or failed SMEs to ascertain if their situation could be linked to their adopted strategies.

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