



“Digital market orientation and organizational economic performance of service SMEs”

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DIGITAL MARKET ORIENTATION AND ORGANIZATIONAL ECONOMIC PERFORMANCE OF SERVICE SMES

Abstract

Market orientation is a high-impact factor for the success in the management of SMEs, especially in the digital business era, which is why companies are required to direct their management toward this segment. This study uses the deductive method to measure the relationship between orientation to the digital market and the organizational economic performance of service SMEs in a peripheral region of Colombia under a quantitative methodology. Likewise, the study is of a descriptive correlational type, and non-probability sampling is used for convenience. A sample includes 243 employees at the management level of 158 organizations in the region. The multidimensional MKTOR scale by Narver and Slater (1990) was adapted to measure the digital market orientation scale, while a scale designed and validated by the authors was used for economic performance. The hypothesized constructs were analyzed with the SEM approach using SPSS software and its AMOS complement. The results showed a positive and significant relationship between market orientation and the economic performance of SMEs (0.691, $p < 0.00$). Next, it was evidenced that SMEs have a low market orientation because they do not have technological tools designed to satisfy the needs of digital clients; they are unaware of the processes of the competition. Although they work in a coordinated manner at the cross-functional level, they show poor organizational performance.

Keywords

customer orientation, competitor orientation, cross-functional orientation, digital marketing, SMEs

JEL Classification

M10, M15, M31

INTRODUCTION

The digital market is a revolutionary phenomenon that companies have gradually assimilated to generate strategies that allow them to continue their existence; however, the situation of small businesses remains largely unexplored terrain. Its adoption and assimilation have been late in some sectors of the Colombian economy, a situation that is more noticeable in peripheral regions such as the south of the country. In this context, entrepreneurs and businessmen who intend to guide their market toward digital should consider it as the ability of firms that allows them to relate to their environment, as well as anticipate market needs by creating a long-term relationship with their customers, suppliers, and members of the distribution channel (Maatooft & Tajeddini, 2011).

The regular changes in the market driven by recurrent and disruptive innovations constitute a challenge for organizations' management capacities, especially in anticipating or adequately responding to market demands (Abbu & Gopalakrishna, 2021). Whether they are large or small, their ability to manage the market will determine both business success and survival (Govindarajan & Trimble, 2010).

SMEs in Colombia operate under organizational management and a scenario defined by market conditions; however, the result of sales indicates low levels of productivity, which are associated with products that do not generate value, little innovation, and weak marketing strategies (Montoya et al., 2010). This study is conducted in the southern region of Colombia. Its strategic geographical position makes it attractive for SMEs in the region. In 2022, it had about 400 SMEs (Cámara de Comercio de Neiva, 2022), which operate in a market of free competition.

Marketing is linked, measured, and based on traditional sales in the peripheral region. Preliminarily, it was possible to establish a high level of ignorance of the benefits of digital marketing as an enhancing element for business growth. However, at the regional level, productive commitments are associated with a development axis called “digital generation” to stimulate the adoption of digital practices in companies with incentives such as subsidies and income tax exemption. However, many programs are designed and oriented for large companies with the infrastructure and suitable personnel. At the same time, SMEs find more limited support, generally circumscribed to short training sessions and some basic market processes.

1. LITERATURE REVIEW AND HYPOTHESIS

Kohli and Jaworski (1990) proposed market orientation as an initiative of companies toward market intelligence and its internalization to subsequently take actions of answer. In other words, the market-oriented company will be managed within the framework of the concepts that focus on the buyer (client) and marketing coordination. Fuentes Jiménez (2010) defined it from various perspectives as the source of the marketing philosophy throughout the organization that transcends as a management approach so that companies establish and develop sustainable competitive advantages.

A company’s market orientation implies the combination of functional and strategic components; therefore, a market-oriented company must assume marketing within its management and entrench it within its organizational culture to guide its processes (Martín, 2003).

The concept of market orientation is considered one that focuses on the client and their needs to determine the source of company profitability. Therefore, market orientation is how the marketing concept has been implemented, that is, the implementation of marketing in the management of organizations (Fuentes Jiménez, 2010). It is an intangible resource that generates commitment and information necessary for developing the value offer capable of fully satisfying the needs and preferences of the target audience, allowing them to obtain competitive

advantages for more outstanding results in the organization. Therefore, market orientation commits the entire organization to the search, reception, and adoption of customers’ present and future needs to consolidate the companies’ value proposition (Fuentes Jiménez, 2010).

Market orientation is a process of strategic actions that generate value for customers. Ospina Infante and Riveros Castañeda (2015) consider that it has been transformed into the cornerstone of the actions of those responsible for marketing in companies. Varela González and Clavo-Silvosa (1998) affirm that marketing strategies are the product of market orientation. Therefore, market-oriented companies emphasize the external since the processes are carried out from the outside in, reiterating the need to understand the markets and strengthen relationships with consumers and distribution channels (Day, 1994). It is also considered a rare, scarce, asymmetrically distributed, imperfectly mobile intangible resource with a distinctive capacity (Fuentes Jiménez, 2010).

In general, a market-oriented organization assumes the need to proactively orient itself abroad, using the resources and capabilities available in the environment, to continuously generate value for its target audience and ensure its long-term survival (Fuentes Jiménez, 2010).

Market orientation has three components (Grinstein, 2008), following the perspective of Narver and Slater (1990): customer orientation, competitor orientation,

and cross-functional coordination. All three provide a holistic view of the ability of companies to collect and use market information effectively. Cauzo Bottala and Cossío Silva (2012) consider it a multidimensional construct comprising three equally critical behavioral components and add two additional decision criteria: the long-term focus and benefits orientation.

In that order, customer orientation increases customer interaction, competitor orientation mitigates the launch of line extensions and new products, and cross-functional coordination increases the extensive entry of product lines, which complement the customer, the competition, and the coordination of the different areas of a company (Küster & Vila, 2010).

Customer orientation is considered one of the most relevant components of market orientation. For Kuster and Vila (2010), customer orientation is seen from a behavioral level, which “focuses attention on the processes by which the sales force and other customer contact personnel interact with buyers” (Humphreys & Williams, 1996). Market orientation is a capacity of the business strategy that promotes the delivery of superior value to the customer and meets the attributes of value, scarcity, difficult imitation, and substitution together with business orientation and innovation capacity (Gómez Villanueva et al., 2008). For Barney (1986), the dominance of a strong culture and a linked business strategy are challenging to copy, which leads to being sources of sustainable competitive advantages.

Customer orientation is linked to the organizational culture toward creating value through market intelligence capabilities and customer relations that impact superior organizational performance, gaining a competitive advantage (Day, 1994). Therefore, the position regarding the client and its orientation is part of the company’s culture, which must be focused on knowing and predicting the needs of a consumer through strategies that allow the organization to increase and potentiate its value proposition (Gómez Villanueva et al., 2008).

Competitor orientation starts from recognizing the importance of the competition as a determining factor when selecting the company’s strategies since its knowledge and follow-up can generate value if a

firm builds its orientation (Grinstein, 2008; Lukas & Ferrell, 2000). Competition-oriented companies, which continuously monitor progress against their rivals, obtain opportunities due to the creation of differentiated products or marketing programs against the competition (Im & Workman, 2004). Thus, it is relevant for companies to know the competition and, from there, generate new collaborative relationships and constant action with customers and suppliers (Dertouzos et al., 1989; Llonch, 1993).

Cross-functional coordination represents the ability of a company to achieve the cooperation of different units or dependencies in the generation of value to the market, which implies disclosing, disseminating, or making information known to make shared decisions (Narver & Slater, 1990; Rivera-Camino & Ayala, 2010; Song & Montoya-Weiss, 2001). In other words, cross-functional coordination is oriented exclusively toward the internal functioning of a company (Im & Workman, 2004), allowing there to be satisfied and efficient employees (Harris, 2000), facilitating the joint work of functional areas (Kahn, 1996), and allowing the development of complex tasks (Akgun et al., 2005). Likewise, this dimension allows the integration of different skills to obtain quick responses from the organization. For Tassarolo (2007), business communication must be connected in all its areas, which allows them to be informed, work as a team and know the business mission to consolidate an organizational response capacity to generate greater value, competitiveness, and business performance.

Besides, the digital market is a process, the result of the combination of a tool used in the exchange of goods and services, defined as a portal or platform on the Internet, which allows the user and the company to propose a supply relationship – demand asynchronously through digital channels.

According to Kannan and Hongshuang (2017), it is a process that adapts and is enabled by technology, allowing companies to collaborate with customers and partners to establish, inform, give, and sustain joint value in stakeholders. Thus, this type of market creates value for customers through digital technologies, enabling new customer experiences. Consequently, consumer behavior is changing because of access to various online technologies and devices such as mobiles (Moya et al., 2015).

The new perspective of the digital purchase process facilitates access to information and the wide variety of interactive social networks, which can expand the purchase options for customers, as well as influence other potential buyers through online reviews and social networks before, during, and after the purchase (Court et al., 2009; Kannan & Hongshuang, 2017).

The usefulness of information and communication technologies (ICT) and electronic commerce benefits companies in reducing transaction costs and enhancing the efficiency of processes (speed) and organizational operations since they facilitate communication and interaction with customers, partners, and suppliers. Therefore, the digital environment differs from traditional marketing due to the ease with which customers can expand and read the opinions of few and many inside and outside a network, as well as the receipt of information, which influences the purchase decision. In this context, companies must have quality information that facilitates decision-making to face new challenges of the market (Jones et al., 2016).

From a normative perspective, Lichtenthal and Wilson (1992), Deshpandé et al. (1993), and Avlonitis and Gounaris (1997) argue that the needs of clients and the market drive the company. In this way, they propose suggestions to build a company with an ideal market orientation, where this approach acts as an organizational culture and pattern for establishing values and beliefs (Fuentes Jiménez, 2010).

The organizational philosophy of market orientation has been defined as a culture where the organization's stakeholders give a customer a fundamental role in business activities and participate in actions aimed at satisfying customer needs and creating value (Valenzuela-Fernández et al., 2017). The organizational culture comes before the performance of its areas and, in turn, has a positive effect on sales (Boyce et al., 2015). In effect, the relationship between culture and business performance is associated with a culture of innovation (Mazur & Zaborek, 2016), which is why an organizational culture that promotes innovation is required (Robayo Acuña, 2016).

The current market where different organizations operate requires and recognizes companies that deploy the grouping of attitudes and values to facil-

itate a greater degree of adaptability in the shortest possible time to the demands, circumstances, and constant innovations for which the orientation to the market is established as the appropriate method to create competitive advantage in organizations (Bierwirth Hoofs, 2013).

Market orientation is considered a strategic option that influences employees' commitment through their performance with organizational success (Dauda & Akingbade, 2010). However, the success of organizations is determined in the same way by the demand for goods and services in a globalized and highly competitive market that forces companies to plan and execute methods and strategies in search of the quality of their products in order to attract more customers (Pinzón Castro et al., 2013).

For SMEs, the effect of the competitive strategy is representative of the organization's resources and capabilities, influencing organizational performance under the implementation of prospecting and analyzing strategies, oriented to the market, technology, and innovation, capable of generating value with economic benefits for companies (Ynzunza Cortés & Izar Landeta, 2013). Regarding market share, profitability, and productivity, SMEs generate higher returns due to the influence of culture, dynamic and entrepreneurial characteristics, individual initiative, innovation, and commitment to continuous change framed in the market environment (Salas-Arbeláez et al., 2017).

For Rojas-Mendez et al. (2006), there is some agreement in the literature on the positive influence of market orientation on business performance. Specifically, there are consequences on aspects such as sales, market share, and profitability (van Raaij & Stoelhorst, 2008).

Li et al. (2008) attribute this link to the fact that the market orientation supplies the organization with privileged and updated information about the competition and customers. Indeed, Jaiyeoba (2014) considers that the constant flow of information from the environment to the organization makes it more prone to quickly detect and respond to environmental challenges that include changes in technologies, tastes, and preferences, thus building an advantage. The competition will be easier for companies with this orientation. However, the impact of market ori-

entation may have a broader spectrum. For Dauda and Akingbade (2010), there is sufficient empirical evidence of its positive impact on customer perceptions, such as service quality, satisfaction, and loyalty. Obviously, special attention should be paid to this process.

On the other hand, Ellis (2005), Farrell (2000), and Langerak (2001) consider that the matter is not as simple as it is believed. The relationship has moderating variables, with differences in this link according to the country of study and the characteristics of the local economies.

Kara et al. (2005) found evidence of a significant link between market orientation and business performance in SMEs in China, while Jaiyeoba (2014) found evidence of such a relationship in SMEs in Botswana (Africa). However, they used the MARKOR model that analyzes the company's market orientation from the perspective of organizational behavior.

Likewise, there are studies in the service sector in which the influence of market orientation on organizational performance was assessed. Carbonell et al. (2012) verified that the involvement of customers in developing new products shortens the introduction and commercialization times, improving the company's performance in the market, while Zaman et al. (2012) found a strong relationship between market orientation and bank profits in Pakistan.

For the case in question, Borodako et al. (2022) established a strong relationship between market orientation and organizational performance mediated by information and telecommunications technologies, which can ultimately be linked to digital marketing practices carried out by companies.

Therefore, this study aims to evaluate the relationship between orientation to the digital market and the economic performance of service SMEs in a peripheral region of Colombia.

Consequently, based on the literature review, this study proposes the following hypothesis:

H1: There is a positive and significant relationship between orientation to the digital market and the economic performance of service SMEs in the peripheral region of Colombia.

2. METHODS

The study was approached from the quantitative research paradigm using the deductive method for understanding and measuring the phenomenon of digital market orientation of SMEs and its relationship with economic performance. On the other hand, the paper was of a descriptive correlational type to the extent that the phenomenon's characteristics were established by collecting related information, and the relationship between the variables was established (Hernández et al., 1996).

The study used a non-probability sampling for convenience (Taherdoost, 2016). Collaborators of service SMEs in a peripheral region of Colombia constituted the sample. According to the organization that agglomerates them, in 2022, there were around 400 service SMEs (Cámara de Comercio de Neiva, 2022). People with managerial positions in organizations who previously gave their consent were selected.

The study contemplates an independent variable corresponding to market orientation and another dependent variable in the organizational economic result. For data collection, a questionnaire was built based on Narver and Slater's (1990) MKTOR scale, one of the most famous scales in the world, which allowed for measuring the degree of market orientation of micro and medium service companies. The scale consisted of 30 Likert-type questions with a response option of seven (7) points ranging from 1, which means "Totally disagree," to 7, which means "Totally agree."

On the other hand, the dependent variable (organizational economic performance) was conceived as a unidimensional variable and was measured with a questionnaire elaborated and validated by the authors. The questionnaire contains five (5) Likert-type questions with a response option of seven (7) points ranging from 1, which means "Totally disagree," to 7, which means "Totally agree."

The questionnaire was distributed physically among employees who wished to participate voluntarily. The information was collected between November 2022 and January 2023. In to-

tal, 243 surveys were conducted in 158 organizations in the region.

The hypothesized market orientation construct was analyzed with the SEM approach. For Memon et al. (2020), multivariate analysis techniques, such as SEM, must have a sample of more than 160 valid surveys. Likewise, the reliability and validity of the instrument were evaluated. Confirmatory factor analyses were performed through multiple correspondence analyses; the data were processed using the R software, using the FactoMiner library (Husson et al., 2023). The ggplot library

(Wickham, 2016) considers all the variables measured simultaneously and their organization in several blocks: characteristics of the organization, digital market, market orientation, competition orientation, and interfunctional coordination.

Table 1 shows the operationalization of the two study variables. First is the market orientation variable and its dimensions of digital market, customer orientation, competition orientation, and cross-functional orientation. Subsequently, the questions of the organizational economic performance variable are established.

Table 1. Operationalization of the market orientation variable

Source: Own elaboration.

Dimension	Question	Code
Digital market	The use of digital tools simplifies and speeds up procedures and administrative processes of the company	DM1
	The company has an informative and interactive website	DM2
	The company has digital tools to satisfy the market	DM3
	The digital market allows access to greater purchasing options	DM3
	The digital market allows managers to reduce marketing costs	DM4
	The digital market allows the expansion of the brand	DM4
	The digital market improves the image of companies in the service sector	DM5
	The digital market is fast and safe	DM6
Customer orientation	The company offers after-sales service to serve its customers	CO1
	The company systematically analyzes information on the degree of customer satisfaction, preference, and loyalty	CO2
	The company cares about responding to the demands of customers	CO3
	The actions of the company are aimed at ensuring that the client obtains greater value	CO4
	The company has a customer loyalty plan	CO5
	The company considers the suggestions that its customers make regarding the products or services delivered	CO6
	The company frequently communicates with its customers	CO7
	The company constantly obtains information regarding the tastes or preferences of consumers	CO8
	The company is concerned with analyzing customer perception of the brand	CO9
	The company builds long-term relationships with its customers	CO10
Orientation to the competition	The company carries out periodic analyses of the strategies of the competition	Cp01
	The company constantly updates the information of the competition	Cp02
	The company makes decisions in quick response to the actions of the competition	Cp03
	The company carries out market studies to analyze its competitive situation in the sector	Cp04
	The company obtains information regarding the products, prices, and services of the competition	Cp05
	The company sees market opportunities as competitive advantages	Cp06
Cross-functional orientation	There is constant communication between the different departments of the company	Cf01
	The different departments of the company have direct contact with the clients	Cf02
	There are flows of information shared between the different departments of the company	Cf03
	The company frequently carries out articulated investigations to understand the characteristics of the market	Cf04
	All departments make their contribution to generating greater customer value	Cf05
	The different departments participate in making important decisions for the company	Cf06
Economic performance	The market orientation of the company contributes to the increase in its sales	OEP1
	The market orientation of the company contributes to the increase of its participation – market share	OEP2
	The market orientation of the company contributes to the increase in its productivity	OEP3
	The market orientation of the company contributes to the increase in its profitability	OEP4
	The market orientation of the company contributes to the reduction in its costs	OEP5

3. RESULTS

The reliability and internal consistency of the instrument and its questions were measured with the statistical indicator of Cronbach's Alpha, which yielded an overall result of 0.91. For George and Mallery (2003), an excellent result must be above 0.90, so the reliability of this scale is considered excellent. Table 2 shows the reliability indicators broken down by variables and dimensions.

Table 2. Reliability of the constructs

Source: Own elaboration.

Dimensions	Cronbach's Alpha
Digital market	0.89
Customer orientation	0.87
Competitor orientation	0.91
Cross-functional orientation	0.90
Market orientation	0.90
Organizational economic performance	0.92

In a complementary way, the Confirmatory Factor Analysis (CFA) of the market orientation variable was carried out because it is a multidimensional variable composed of four dimensions. Table 3 shows the values of the goodness of fit indices for the market orientation variable. In this regard, for the variable analyzed, the chi-square was significant ($\chi^2 [1245, N = 243] = 786.421$; $p < 0.00$), the other fit indices, such as GFI, AGFI, and CFI, reached high values in the model, while RMSEA error index showed reduced values. For the organizational economic performance variable, it is not necessary to carry out the CFA because, from the theoretical point of view, it was conceived as a one-dimensional variable.

Table 3. Adjustment indices – Market orientation

Source: Own elaboration.

Index	Estimated model	Acceptance level
Chi-squared	786.421	$P < 0.00$
Df	354	
CMIN/DF	2.867	< 3.00
CFI	.869	$> .90$
TLI	.901	$> .90$
IFI	.912	$> .90$
RFI	.889	$> .90$
NFI	.910	$> .90$
GFI	.893	$> .90$
AGFI	.802	$> .80$
RMSEA	.078	$\leq .08$

The results infer a positive and significant relationship (0.691; $p < 0.00$) between orientation to the digital market and the organizational economic performance of service SMEs in a peripheral region of Colombia (see Table 4). This means that the greater the digital market orientation of the companies studied, the greater their economic performance or vice versa.

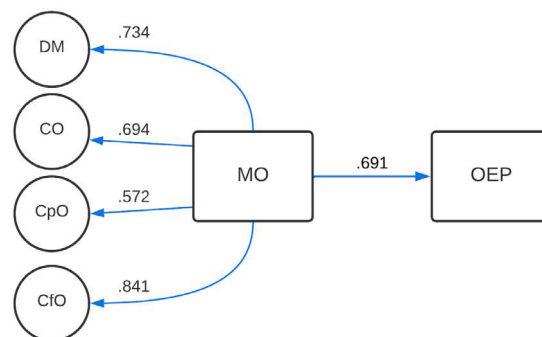
Table 4. Means, standard deviations, and correlations of variables

Source: Own elaboration.

Variable	A	SD	1	2
1. Orientation to the digital market	4.38	0.96	(0.90)	
2. Organizational economic performance	5.24	0.72	0.691**	(0.92)

Note: Reliability indices (Cronbach's Alpha) are reported on the diagonal ** Significant correlation at 0.01 (bilateral).

Likewise, the correlations of the market orientation variable are: digital market (0.734; $p < 0.00$),



Note: MO – market orientation, DM – digital market, CO – customer orientation, CpO – competitor orientation, CfO – cross-function orientation, OEP – organization economic performance.

Figure 1. Structural equation

customer orientation (0.694; $p < 0.00$), competitor orientation (0.572; $p < 0.00$), and cross-functional orientation (0.841; $p < 0.00$) (see Figure 1).

The study found that SMEs are between 1 and 5 years old. They are micro and medium-sized companies in the service sector with between 1 and 4 employees with a degree of education between primary and secondary. Professional employees are in new SMEs in the market.

Table 5 shows the results obtained for variables and dimensions. The scores in the dimensions associated with market orientation were the following: digital market (3.71), customer orientation (4.12), competitor orientation (3.69), and cross-functional orientation (4.96). On the other hand, the qualification of the organizational economic performance variable (5.24) was obtained.

Table 5. Descriptive analysis of market orientation and economic performance

Source: Own elaboration.

Measures	Variable		Dimensions			Variable
	MO	DM	CO	CpO	CfO	OEP
Average	4.38	3.71	4.12	3.69	4.96	5.24
Median	4.26	3.44	3.94	3.37	4.65	4.84
Standard Deviation	0.253	0.557	0.524	0.468	0.493	0.347
Variance	0.295	0.316	0.276	0.346	0.344	0.227

Note: MO – market orientation, DM – digital market, CO – customer orientation, CpO – competitor orientation, CfO – cross-function orientation, OEP – organization economic performance.

The results shown in Figure 2 are presented in the most frequent mode to facilitate its interpretation, allowing the visualization of the distribution of the responses graphically, using the facets tool in ggplot (Wickham, 2016) that allows the reproduction of the same graph at different levels of the factor.

According to the results, it was found that microentrepreneurs agree that using digital tools simplifies and streamlines the company’s administrative processes and procedures (DM1). Regarding the existence of an informative and interactive website (DM2), 62.5% disagree. The same happens with digital tools to satisfy the market (DM3) with 62.5% disagreeing. On the other hand, 73% consider that the digital market allows for reducing marketing costs (DM5) (see Figure 2).

Regarding the benefits of the digital market, 43.06% strongly agreed that the digital market allows the expansion of the brand (DM6), improves the image of companies in the service sector (DM7), is fast and safe (DM8), and allows access to greater purchase options (DM4).

Figure 3 shows the results in the customer orientation dimension. The data shows that 88.89% of SMEs do not offer post-sales services to serve their customers (CO1). Likewise, all the companies do not systematically analyze the level of customer satisfaction, preference, and loyalty (CO2). On the other hand, 86.14% of companies are concerned with responding to customer demands (CO3).

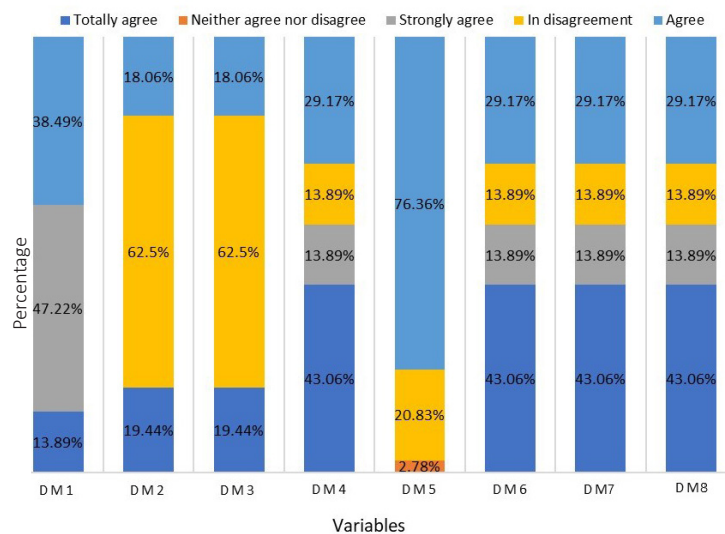


Figure 2. Digital market bar chart

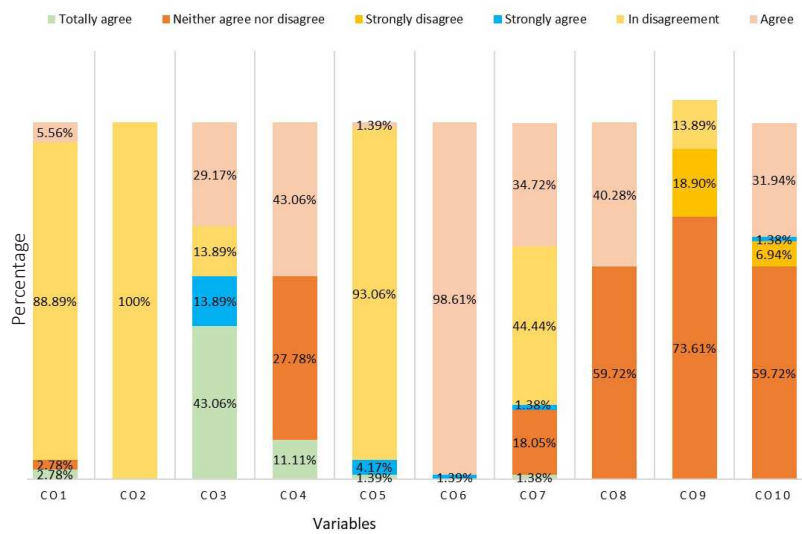


Figure 3. Customer orientation bar chart

On the other hand, 54.17% of the companies consider that their actions aim to ensure that the customer obtains greater value (CO4), while 93.6% do not have a customer loyalty plan (CO5). 100% of companies consider their customers' suggestions regarding the products or services delivered (CO6). Similarly, 44.44% of SMEs do not have frequent communication with their customers (CO7), while 40.28% consider that they constantly manage information on the tastes and preferences of their consumers (CO8).

For their part, 73.61% of the companies are neutral when analyzing the customer's perception of the brand (CO9), and 98.6% seek to generate long-term relationships with their customers (CO10).

Figure 4 shows the results of the competitor orientation dimension of service SMEs. 37.50% of the companies reported conducting periodic analyses of the competition strategies (CPO1). Likewise, 41.67% do not frequently update information related to the competition (CPO2).

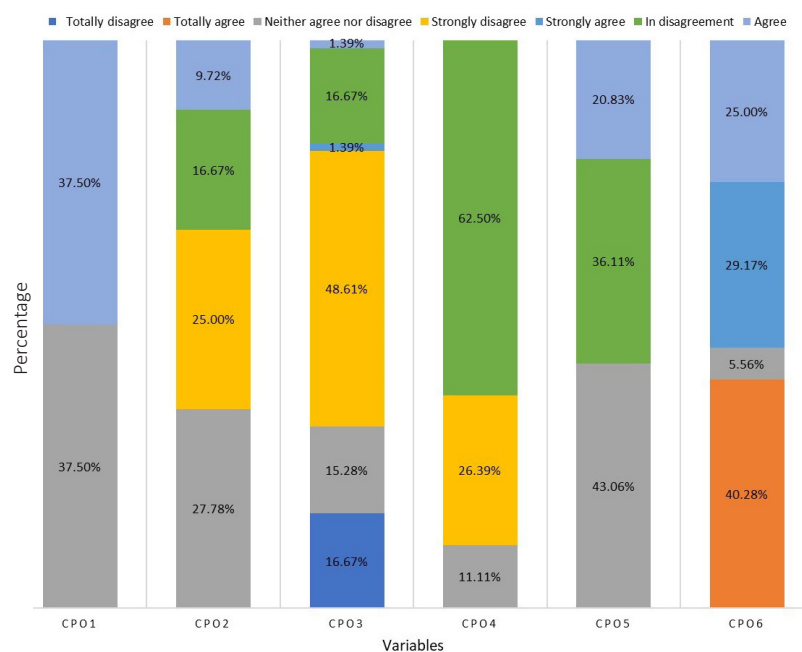


Figure 4. Competitor orientation bar chart

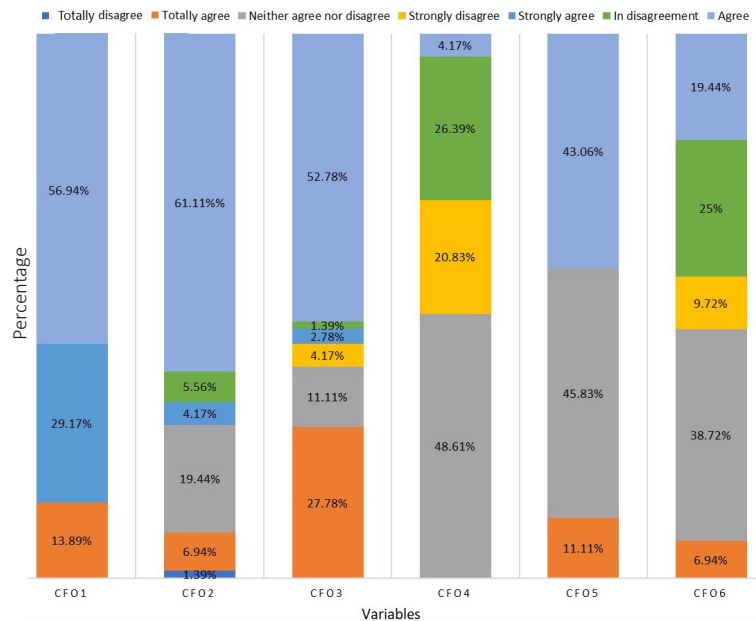


Figure 5. Cross-functional orientation bar chart

On the other hand, 81.95% of the companies do not make quick response decisions to the actions of the competition (CPO3). In comparison, 100% do not conduct market studies to analyze their competitive situation (CPO4). Similarly, 69.17% do not seek information on their competition's products, prices, and services (CPO5), and 100% consider market opportunities as competitive advantages (CPO6).

Figure 5 describes the results obtained in the cross-functional orientation dimension of service SMEs. The results showed that 100% of the companies maintain constant communication between departments (CFO1). In comparison, 72.22% indicate that their different departments have direct contact with customers (CFO2). On the other hand, 83.34% consider a flow of information shared between different departments (CFO3). And 47.22% of the companies do not frequently conduct articulated research to understand the characteristics of the market (CFO4).

Finally, 43.06% consider that departments contribute to generating greater customer value (CFO5), and 26.38% consider that the company's departments make essential decisions (CFO6).

Testing the study hypothesis, the results obtained show the existence of a positive and significant relationship (0.691 ; $p < 0.00$) between orientation to the digital market and the economic performance

of service SMEs. Therefore, a digital market orientation strategy for SMEs that implies the articulation between the design of initiatives in the digital market, competent human talent, the technological equipment necessary for their implementation, monitoring of the environment and coordination of areas functional, can affect the economic performance of companies.

4. DISCUSSION

Sampled SMEs are characterized by having between 1 and 5 years of seniority. These companies in the service sector mostly have between 1 and 4 employees, followed by companies with between 5 and 10 employees. Employees have a degree of education between primary and secondary, with the presence of professionals, especially in new SMEs on the market. The most outstanding characteristics of these companies are inadequate facilities, low number of employees, ignorance of the digital market, low academic level of human talent, shortage of marketing tools, lack of brand communication, and shortage of loyalty programs. The nature of family businesses makes them traditional in their management practices, and business people do not assume their value offer as a strength. Indeed, according to Martín (2003), SMEs need not only to adopt functional market-oriented practices but also to have a strategic architecture

oriented toward the market, which is why it is evident that they cannot focus on customer management in digital markets (Fuentes Jiménez, 2010).

The findings stated that the insertion into the digital market of the analyzed SMEs is in the construction stage. Therefore, they present an improvement panorama regarding the benefits of having a clear and dynamic digital market that allows them to develop different commercial strategies to increase value to current and potential customers, position the brand, and ensure its survival. In line with what was proposed by Kannan and Hongshuang (2017), they are in the early stage of building their technological process of close collaboration with customers and suppliers.

This study showed that the market orientation of companies is linked to the economic performance of companies in the peripheral region; however, because the level of orientation displayed by service SMEs is low, their economic performance is also low. In other words, the low insertion in the digital market and the orientation toward competition generate a low economic performance in service companies. The set of business capabilities determines an orientation to the digital market with basic resources and outdated technologies to face the development of its economic activity. Thus, according to Fuentes Jiménez (2010), the restrictions on resources and capabilities of service SMEs prevent them from monitoring the environment and detecting opportunities and threats for the company. However, the resources and capabilities must ensure better and more regular interaction with customers and suppliers.

As highlighted by Gómez Villanueva et al. (2008), the interaction with the client must allow adding value to the products within the framework of the relationship. However, the capabilities and resources of SMEs from the orientation to the digital market are limited in most companies to informative and interactive websites and some digital tools; this

prevents having a more attractive service. Thus, in service SMEs, market intelligence and customer relations practices are scarce due to phenomena very typical of companies in the region, such as the scarcity of marketing tools, the lack of brand communication, and the scarcity of marketing loyalty programs, among other aspects.

Regarding the orientation to the competition, SMEs do not collect market information related to the competition, impacting the effectiveness of their responses in the market against the threats of new products or services, resulting in ignorance of the actions of rivals (Im & Workman, 2004). In general, fear and ignorance of the opportunities the digital market offers blind some companies to knowledge and innovation from data analysis supplied by different technological tools. Therefore, the gap between traditional and digital tools becomes challenging for those entrepreneurs who want to be competitive and generate future customers.

Finally, compared to cross-functional coordination, the best qualified dimension, possibly the size of SMEs – with few collaborators and employees – benefits the rapid flow of information and agile decision-making (Rivera-Camino & Ayala, 2010). As Tessarolo (2007) states, this fast information flow can allow them some advantages in their market management dynamics.

The results generally show low orientation to the digital market and low performance. However, SMEs have continued to survive in these conditions for several years, so it is necessary for a better understanding of the phenomenon to analyze other variables linked to cultural elements and organizations, such as the practices of leaders to enrich the discussion. Similarly, it is necessary to expand the studies to large and medium-sized organizations and organizations from other less traditional sectors in the region.

CONCLUSION

The objective of this study was to evaluate the relationship between the digital market orientation exhibited by service SMEs and their economic performance. The results established a positive and significant relationship between the variables analyzed, which means that the greater the digital market orientation of SMEs, the greater their economic performance and vice versa. In this case, the results showed a low

level of insertion in the digital market and few practices oriented to the digital market. Therefore, there is a low economic performance of local companies.

Indeed, customer orientation is scarce due to the absence of marketing strategies and loyalty programs. Competitor orientation is restricted due to the resources and capacities arranged by the companies, outdated technologies, timidity in the relations with suppliers, and non-existence of analysis of the competition. Cross-functional orientation has a dynamic of the rapid flow of information and agile decision-making that benefits the reduced number of employees and collaborators. In general, the above translates into a poor economic performance that, in the best of cases, ensures the survival of organizations.

AUTHOR CONTRIBUTION

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