



“Market orientation and corporate performance of small and medium-sized enterprises in Saudi Arabia”

AUTHORS	Nabil Mohamed Abdo Alabsy  https://orcid.org/0000-0002-9443-1738
ARTICLE INFO	Nabil Mohamed Abdo Alabsy (2021). Market orientation and corporate performance of small and medium-sized enterprises in Saudi Arabia. <i>Innovative Marketing</i> , 17(1), 66-77. doi: 10.21511/im.17(1).2021.06
DOI	http://dx.doi.org/10.21511/im.17(1).2021.06
RELEASED ON	Tuesday, 23 February 2021
RECEIVED ON	Wednesday, 25 November 2020
ACCEPTED ON	Tuesday, 16 February 2021
LICENSE	 This work is licensed under a Creative Commons Attribution 4.0 International License
JOURNAL	"Innovative Marketing "
ISSN PRINT	1814-2427
ISSN ONLINE	1816-6326
PUBLISHER	LLC “Consulting Publishing Company “Business Perspectives”
FOUNDER	LLC “Consulting Publishing Company “Business Perspectives”



NUMBER OF REFERENCES

42



NUMBER OF FIGURES

0



NUMBER OF TABLES

11

© The author(s) 2021. This publication is an open access article.



BUSINESS PERSPECTIVES



LLC "CPC "Business Perspectives"
Hryhorii Skovoroda lane, 10,
Sumy, 40022, Ukraine
www.businessperspectives.org

Received on: 25th of November, 2020
Accepted on: 16th of February, 2021
Published on: 23rd of February, 2021

© Nabil Mohamed Abdo Alabsy, 2021

Nabil Mohamed Abdo Alabsy,
Assistant Professor, College of
Business, University of Bisha, KSA.
(Corresponding author)



This is an Open Access article,
distributed under the terms of the
[Creative Commons Attribution 4.0
International license](https://creativecommons.org/licenses/by/4.0/), which permits
unrestricted re-use, distribution, and
reproduction in any medium, provided
the original work is properly cited.

Conflict of interest statement:
Author(s) reported no conflict of interest

Nabil Mohamed Abdo Alabsy (KSA)

MARKET ORIENTATION AND CORPORATE PERFORMANCE OF SMALL AND MEDIUM-SIZED ENTERPRISES IN SAUDI ARABIA

Abstract

The goal of this paper is to examine the effect of business orientation on the success of small and medium-sized enterprises in Saudi Arabia. Corporate performance is a dependent variable, whereas business orientation, competitor orientation and inter-functional orientation are used as independent variables. This cross-section analysis was based on a quantitative survey design. The target population consisted of 72 SMEs (industrial, commercial and service) identified by the Saudi Chamber of Commerce in Riyadh. The companies were selected from Riyadh, Jeddah, Abha, Dammam and Bisha, which were founded before March 1, 2005 with less than 100 employees in Saudi Arabia. The findings showed that consumer orientation, competitor orientation and inter-functional cooperation had a substantial positive influence on the success of SMEs in Saudi Arabia during the study period. Market orientation dimensions, in particular, demonstrated a modest relationship to company efficiency. It was concluded that the greater the orientation of the business, the higher the output and the income of the enterprises. SME owners/managers are advised to understand the consumer orientation dimensions that have a positive effect on the success of their firms. Involved parties also need to establish more consistent business-oriented strategies that assess corporate success in order to boost the output of Saudi companies.

Keywords

market orientation, corporate performance, small and medium-sized enterprises, Saudi Arabia

JEL Classification

M31, M13

INTRODUCTION

Operating effectiveness and enhancing the company production efficiency, as well as controlling its relationship with the market and, more specifically, with its customers, have been recognized as a business orientation and a strategic technique. No empirical research has been conducted despite the significance of orientation in strategic planning and marketing literature and the importance of its expected relation to business performance. Narver and Slater (1990) did the first major empirical work in 1990 to analyze the measure of customer attention and its relation with business efficiency. "Small and medium-sized enterprises" (SMEs) are also seen in developed and developing countries as a driving force behind economic growth and job creation (Caniels & Romijn, 2005). Market-oriented businesses are trying to change the Marketing Strategy elements to meet business targets and maximize a company's benefits. The orientation of a company is one of the most commonly discussed approaches to product design. Sensitivity to the employee market was investigated in the 1990s (Tomaskova, 2009). A marketing relationship-oriented company (RMO) will improve its business performance.

In the Saudi economy, SMEs play a significant role in the economic growth and job formation. In Saudi Arabia, as in all developed countries, a substantial proportion of SMEs in all industries and the number of these firms are expected to grow. This competitive intensity would simultaneously increase. Saudi businesses will have to adapt their marketing activities to economic and social problems by expanding consumers and seeking new business markets (Al saleh, 2016). The emphasis of the company is used as part of the corporate strategy of many companies. The theory of market knowledge as a strategic strategy allows business information to be gathered. The issue of marketing guidance has been debated by several developing countries over 25 years using a methodological and theoretical approach but not adequately addressed by the Gulf Cooperation Council (GCC) countries. Empirical evidence shows in this study that corporate advice is important to SMEs. Small businesses, however often rely on the revenue typical of sales rather than the marketing orientation companies. The results of the study can also be extended to a variety of related situations for example in other Gulf Cooperation Council (GCC) states.

As such, it is necessary and important to explore how SMEs can better meet the needs of their clients and strive to remain ahead of their rivals. As a result, this review examines the effect of market orientation (MO) on the performance of SMEs, as well as determinants for MO associations with performance between SMEs in Saudi Arabia (customer orientation, competitors' orientation, and inter-functional orientation). The results of this study are important as they can illustrate the generation of communication technologies and provide policy-makers, customers, users, shareholders, financial analysts and academics with useful information. Decision-makers in their businesses should take account of the market orientation aspect. Empirical evidence in this study indicates that customer attention is important for SMEs. However, research into SMEs mostly focuses on the revenue typical of distribution organizations and not on the marketing emphasis.

1. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Market orientation: Business orientation (MO) has been seen and known for a long time as a significant source of competitive advantage and a predictor of company success. Kohli and Jaworski (1990) reported that "Market orientation is an organization-wide generation of market intelligence through decision support systems, marketing information systems, marketing research efforts, communication of intelligence across corporate departments, and organizational responsiveness to environmental change". Narver and Slater (1990) defined market orientation as "customer orientation, competitor orientation and inter-functional coordination, which involves intelligence, dissemination and management action". Later, Narver et al. (1998) expanded this idea, indicating that business orientation is an organizational culture that produces the most productive and efficient behaviors required for the development of higher value. The emphasis on producing the behavior needed demonstrates the importance of understanding

the criteria necessary for the implementation of the marketing principle. This analysis recognizes that while all points of view are important for successful outcomes, the emphasis of this study is on the cultural viewpoint. This is because the cultural perspective outperforms the behavioral perspective in recognizing disparities in consumer success and therefore has a stronger correlation with company efficiency as the central focus is on providing value to clients and superior business.

Customer orientation: Day and Nedungadi (1994) described customer orientation as an ideology that transforms marketing into a powerful strategic instrument, changing organizational values, convictions, assumptions and premises towards a two-way customer-company relationship. Customer orientation helps sellers to interpret the customer value chain in such a way as to build superior value for the customer. Narver and Slater (1990) concluded that market emphasis is an operational strategy that generates the actions needed to provide superior value to customers most successfully and efficiently. This perspective focuses on corporate norms and principles that foster cooperative actions. Therefore, they suggested that there are

three elements of business orientation, namely user orientation, which include consumer understanding and the optimum use of the organization's expertise and resources to appeal to its consumers by generating superior value. Kohli and Jaworski (1993) described market guidelines as the generation of market research for current and emerging customer needs, the diffusion of information through departments and organizations. Market intelligence is not only a consumer awareness of their wishes and expectations based on consumer surveys, it is also a company's exogenous variable that influences customer requirements and perceptions, as well as current and potential customer requirements. The definition focuses on organizational practices related to intelligence growth, delivery and sensitivity. Pongwiritthon and Awirothanonon (2014) have established a positive and important link between customer orientation and good performance among Thai small and medium-sized enterprises. Therefore, they need to gather information about their clients, participate in exemplary customer support, brand awareness and customer familiarity in order for companies to be consumer-oriented.

Competitor orientation: Competition orientation means that sellers consider the short-term strengths and weaknesses and the long-term talents and strategies of both their existing and future rivals (Narver & Slater, 1990; Asomaning & Abdulai, 2015). This then serves as a foundation for building value, loyalty to consumers and improved profitability. A positive correlation between the orientation of the rivals and the Nigerian Small Business Enterprises' firm performance has been identified by Dauda and Akingbade (2010). Narver and Slater (1996) found that the orientation of the competitors had a positive effect on the performance of the business. Similarly, Asomaning and Abdulai (2015) found a strong positive and significant correlation between the attention of competitors and market performance in their small business analysis in Ghana.

Inter-functional coordination: Inter-functional collaboration demonstrates how an organization uses their resources to generate higher value for its target customers (Asomaning & Abdulai, 2015). Interoperable collaboration promotes cooperation between functional areas that lead to creating

market conditions that eventually generate superior consumer value and benefit both domestic and external customers. Lin (2007) has established a positive link between inter-functional coordination and the financial performance of small businesses in Australia, while Asomaning and Abdulai (2015) have also found a strong positive and substantial connection between inter-functional coordination and the market performance of small businesses in Ghana.

Business performance: To validate its function, it needs to evaluate the company's size (service, development, financial, commercial or otherwise to compare its role or bottom line, to communicate its position (communicate progress internally and with its stakeholders), to confirm objectives (performance management, cost and governance, emphasis on expenditure, etc.) (Amaratunga & Baldry, 2000). Many previous business orientation studies described management performance as a dependent variable and were presented in a broad range of separate assessment items. With regard to organizational productivity, service profitability, product performance and customer performance, Kirca et al. (2006) set out the company course of success.

Kohli and Jaworski (1990) argued that the higher the employees' customer orientation, the higher the employees' customer orientation, the more knowledge output, delivery, and response would be addressed in the industry. In their opinion, the company output was guided by four moderators: market volatility, technological turbulence, competitive strength and productivity, often with possible effects of a domestic economy. The pace of changes in consumer configuration and preferences, as well as technological changes that create a competitive economic environment and continually stimulate the market, is business and technological instability (Kotler & Armstrong, 2011). Competitive intensity is "a generally accepted measure of market concentration" that reflects to what extent businesses exert pressure on each other and limit the profit potential of rivals for profit and market share (Vieira, 2010). Im and Workman (2004) have identified that each type of corporate orientation is a cause-and-effect relationship and that information development and distribution af-

fect trust by the information sharing between companies and corporate responses. As a result, a reactioning approach to market change would improve the business orientation of the company's market success and has been shown to have a positive impact on its product development capability, product market share, revenue and profits.

Market orientation and business performance: The purpose of this segment is to illustrate the potential importance of customer orientation and to show its connection to business performance. Market orientation focuses on the creation of market awareness and response through sources such as customers and competitors so that the improved market orientation of the company, increased consumer loyalty and competitive customer satisfaction have an effect on growth and profitability (Vorhies et al., 1999). The success of an organization with a sustainable competitive edge will continue to expand with time as the business applies the marketing mix more agile than its rivals. Thus, the company's sales efficiency can be improved by reacting to market shifts (Kumar et al., 2011). Roomi et al. (2009) suggested that the entire explanation for the orientation towards the customer is that this principle will at least connect favorably with some measure of market performance. This traditional view (Chakravarthy, 1986) suggests that if it is not done by an undertaking, market orientation has no position but to ensure business management performance, an understanding of the essence of corporate success is necessary. In the small and medium-sized business sector, Oakey (1991) claimed that the marketing activities of small businesses were mostly to be carried out during sales processes. Works by Hooley et al. (1990) and Preston et al. (1993) showed that marketing guidance stems from an evolutionary mechanism, which leads the business to complete acceptance because of its evolving environment from the complete misunderstanding of definition. Stokes and Fitchew (1997) argued that in their original growth period small businesses tend to have no marketing priority given to their other organizational roles. Messaging changes, however, in the same way that the business has to adjust to reflect customer ownership and needs (Carson, 1985).

Morgan et al. (2009) analyzed the influence of brand guidance and promotion on consumer outcomes. They conclude that the focus on advertising and marketing has a direct effect on both investment return and the sense of success of the consumer. Inoguchi (2011) said that since the early 1990s work on user orientation has been accumulating exponentially. The direction of business was often conceptualized from two points of view by researchers. This is behavior and the other is cultural. Mahmoud (2011) argued that over the last two decades, the impact of 'business orientation' on the performance of the company has been thoroughly studied. According to this study in this field, companies must focus more closely on consumers, track competitive dynamics and react to market intelligence to meet their financial, technical and other constraints. The shift in the orientation of business in the area focuses more on the opinions of owners and managers and more importantly, the continued influence of market leadership by small and medium-sized enterprises in Ghana is being overlooked. Indeed, the company's orientation leads to superior performance under constant competitive conditions.

Shehu and Mahmood (2014) analyzed the relationship between Nigeria's consumer awareness and market efficiency. Although the interest of their associations was significant, little research was carried out among "small and medium-sized" Nigerian companies. The results of the study demonstrate that market sensitivity, corporate culture and organizational performance are clearly related. Cheben et al. (2015) assessed and calculated the degree to which food distributions are aimed at benefiting and promoting their companies in the Slovak Republic. The study used a behavioral viewpoint that concentrated on marker scales to determine marketing orientation. The study findings confirm that "businesses with a higher degree of marketing orientation" rely more on market results by selecting business performance indicators to boost policy, economic and market results. These results will enable businesses to define key marketing guidelines to boost their business performance and position on the market.

In short, numerous studies have established a clear positive correlation between market orien-

tation and business performance, and have suggested that market orientation be implemented as a critical component of business practice. Table 1 presents the results of those scientists who have investigated the relationship between customer orientation and success in different countries.

Table 1. The results of some empirical studies that investigated the association between market orientation and business performance

Authors	Results
Slater and Narver (2000)	Positive
Rose and Shoham (2002)	Positive
Pelham and Wilson (1995)	Positive
Agrawal et al. (2003)	Positive
Lings and Greenly (2009)	Positive
Keelson (2012)	Positive
Jaiyeoba (2014)	Positive
Au and Tse (1995)	Negative
Demirbag, Koh, Tatoglu, and Zaim (2006)	Positive impact through TQM*
De luca et al. (2010)	Mixed result

Note: *Total Quality Management.

In today’s economic climate, intense competition, diversification, sales and market share have driven business firms to follow strategy strategies such as market orientation (MO). Several scholars say that customer emphasis is a vital approach to corporate success and small and medium-sized businesses. Although this study shows that MO is a key driver of corporate success, several works have failed to recognize benefits for companies. Thus, the main goals of this paper are to examine the link between marketing orientation and performance in SMEs in Saudi Arabia.

The following hypotheses were developed based on the literature review to investigate the effect of MO dimensions on the efficiency of SMEs:

- H1: *Customer orientation has a positive influence on the performance of small and medium-sized Saudi firms.*
- H2: *Competitor orientation has a positive influence on the performance of small and medium-sized Saudi firms.*

- H3: *Inter-functional coordination has a positive impact on the performance of small and medium-sized Saudi firms.*

2. METHODS

This study focuses on the premise that SMEs in Saudi Arabia would introduce marketing standards for business operations. The data was obtained from Riyadh, Jeddah, Abha, Dammam and Bisha. The sample was chosen from the list of the Saudi Chamber of Commerce. 72 (industrial, commercial, and service) businesses have been post-screened using organizations founded before March 1, 2005 with less than 100 employees. The survey consisted of 72 firms chosen on the basis of a random sampling methodology.

On this basis, the multiple linear regression equation for the study of this model is as follows:

$$P = 1.7 + 0.156CO + 0.190COM + 0.217IFC, \tag{1}$$

where P – performance of small and medium sized Saudi companies, CO – customer orientation, COM – competitor orientation, IFC – inter-functional coordination.

The multiple linear regression equation is used to predict the influence of the dependent variable (Performance of small and medium sized Saudi companies) on the independent variables (Customer orientation, Competitor orientation, and Inter-functional coordination).

3. RESULTS

3.1. Company’s frequency distribution based on its location

Table 2 shows that the commercial industries had the highest percentage of 37.5% and a total of 27 respondents. These demographic indicators are shown as frequency distribution, while 34.7% and 25 respondents are for the industrial businesses. The final group included 20 participants from the service sector, which amounted to 27.8% of the total number of respondents.

Table 2. Company’s frequency distribution based on its location

Percent	Frequency	Industry	Location				
			Dammam	Abha	Bisha	Jeddah	Riyadh
Commercial	27	37.5%	4	3	5	6	9
Industrial	25	34.7%	2	2	1	9	11
Services	20	27.8%	4	2	2	4	8
Total	72	100.0%	10	7	8	19	28

3.2. Characteristics of the investigated companies’ type frequency

The frequency distribution results in Table 3 indicate that the highest number (33) of participants and 45.8% were less than 30. The frequency distribution for sales indicates that the lowest respondents (62.5%) had < 1.5 million SAR and a total number of 45 respondents. The age frequency shows that most people (29) and 40.3% were > 10 years.

3.3. Reliability

Table 4 indicates the reliability of the data – the selection process and the “credibility of the answers, the importance of the Cronbach alpha coefficient”; for data, the accuracy of collection is 90.4% and the credibility of the Alpha1/2 responses is 95.1%, which means that the questionnaire responses were extremely credible.

3.4. Descriptive statistics

3.4.1. Customer orientation

Customer orientation was measured by seven items. Table 5 indicates that the item (CO4) (Easy

to get new customers for us) has achieved the highest mean (4.18) and standard deviation (0.454) with the highest percentage (83.6%). The item (CO2) (Our customers are satisfied with the quality of our products/services) ranked second, with a mean of 4.13 and standard deviation of 0.413 and 82.60%. The overall mean was 4.04 and standard deviation was 0.329 and 80.8%.

3.4.2. Competitor orientation

The orientation of the competitor was measured by five items. The descriptive statistics of the competitor orientation in Table 6 show that item COM2 (Top Management of our company addresses the strengths and the weaknesses of rivals regularly) ranked first with the mean of 4.07 and standard deviation of 0.513 and 81.4%. The item COM1 (Our sales force shares competitor information) was last classified with the mean of 3.6 and standard deviation of 0.763 and 72%.

3.4.3. Inter-functional coordination

Inter-functional teamwork was measured by six items. The descriptive statistics in Table 7 on the inter-functional collaboration show that the item

Table 3. Characteristics of the type of companies investigated by the number of employees

Number of employees	N	%	Sales	N	%	Age	N	%
50 – 100	12	16.70	>3 million SAR	11	15.30	>20 years	17	23.60
30 – 50	27	37.50	1.5 to 3 million SAR	16	22.20	15-19 years	26	36.10
Less than 30	33	45.80	<1.5 million SAR	45	62.50	>10 years	29	40.30
Total	72	100	Total	72	100	Total	72	100

Table 4. Reliability

Number of items	Variable	Cronbach alpha	Credibility of Alpha ^{1/2}
7	Customer orientation	75.40%	86.80%
5	Competitor orientation	79.50%	89.20%
6	Inter-functional coordination	71.80%	84.70%
5	Business performance	89.20%	94.40%
23	All items	90.40%	95.10%

Table 5. Descriptive statistics of customer orientation

Rank	N	Items	Mean	Std. deviation	Percent
1	CO ₄	It is easy for us to gain new customers.	4.18	0.454	83.60%
2	CO ₂	Our customers are satisfied with the pricing of our products.	4.13	0.413	82.60%
3	CO ₁	Our customers are satisfied with the quality of our products/services.	4.08	0.524	81.60%
4	CO ₃	Our company rarely receives complaints from our customers.	4.03	0.769	80.60%
5	CO ₅	Our company serves a lot of previous customers.	4	0.692	80.00%
6	CO ₆	Our customers often return to us.	3.97	0.581	79.40%
7	CO ₇	Our company has more regular customers than competitors.”	3.9	0.585	78.00%
Customer orientation			4.04	0.329	80.80%

Table 6. Descriptive statistics of competitor orientation

Rank	N	Items	Mean	Std. deviation	Percent
1	COM2	In our company, top management regularly discusses competitors' strengths and weaknesses.	4.07	0.513	81.40%
2	COM3	Our company regularly analyzes competitive strategies for our main competitors.	4.04	0.426	80.80%
3	COM4	Our company targets customers and customer groups where we have, or can develop a competitive advantage.	3.94	0.528	78.80%
4	COM5	Our company carries out benchmarking towards main competitors.	3.94	0.554	78.80%
5	COM1	Our sales force shares competitor information.	3.6	0.763	72.00%
Customer orientation			3.92	0.316	78.40%

Table 7. Descriptive statistics of inter-functional coordination

Rank	N	Items	Mean	Std. deviation	Percent
1	IFC4	It is obvious that employees like our company.	4.08	0.402	81.60%
2	IFC2	In general, employees are proud of working in our company.	4.04	0.488	80.80%
3	IFC3	Employees work beyond their duties to ensure the prosperity of the company.	4	0.504	80.00%
4	IFC1	The relations between the company and its employees are strong.	3.97	0.474	79.40%
5	IFC5	People in our company are worried about needs and problems of their colleagues.	3.9	0.417	78.00%
6	IFC6	Working for this company is like being a large family	3.85	0.465	77.00%
Inter-functional coordination			3.97	0.307	79.40%

IFC4 (It is obvious that employees like our company) was first, with the mean of 4.08 and standard deviation of 0.402 and 81.6%. The item IFC6 (Working for this company is like being a large family) came last with the mean of 3, 85 and standard deviation of 0,465 and 77%. The overall average of the variable was 3.97 and the standard deviation was 0.307 and 79.4%.

3.4.4. Business performance

Five items were used to measure the performance of the business variable. The descriptive statistics in Table 8 on the business performance show that item BP2 (In the last three years, the revenues of our business unit have risen) hit the first spot with a mean of 4, 03 and standard deviation of 0,374 (80.6% of

Table 8. Descriptive statistics of business performance

Rank	N	Items	Mean	Std. deviation	Percent
1	BP2	Sales of our business unit have increased in the last three years.	4.03	0.374	80.60%
2	BP4	Return on investment (ROI) has increased in the last three years.	4.00	0.444	80.00%
3	BP5	Return on assets (ROA) has increased in last three years.	3.96	0.659	79.20%
4	BP3	The profit of our business unit has increased in the last three years.	3.93	0.422	78.60%
5	BP1	Market share of our business unit has increased in the last three years.	3.78	0.676	75.60%
Business performance			3.94	0.253	78.80%

respondents). Item BP1 (Our business unit’s market share has grown over the last three years) was last with a mean of 3.78 and standard deviation of 0.676 and 75.6%. The overall mean of this indicator was 3.94 and the standard deviation was 0.253 and 78.8%.

3.5. Correlation analysis

Table 9 shows the rules of thumb to be used when evaluating the *R*-value from the correlation study.

Table 9. R-value interpretation for associations

Source: Johnson and Nelson (1986).

Association	R-value relationship
Very strong relationship	Above 0.70
Strong relationship	0.50 – 0.69
Moderate relationship	0.30 – 0.49
Low relationship	0.10 – 0.29
Very low relationship	0.01 – 0.09

Table 10 shows the association between the dependent factor and the independent factors. The findings of the study indicate that customer orientation and market efficiency are moderately related ($r = 0.297, P = 0.013$) to p -value $< p = 0.05$ level (2-tailed). There is a mild association between the orientation of the rival and the results of the organization ($r = 0.326, P = 0.005$) and p -value $< p = 0.005$ (2-tailed). Inter-functional communication and business efficiency was moderately linked ($r = 0.367, P = 0.002$) to p -value $< p = 0.05$ level (2-tailed).

Table 10. Analysis of correlation between market orientation and corporate performance

Correlations	Firm performance	
	R	P-value
Customer orientation	0.297	0.013
Competitor orientation	0.326	0.005
Inter-functional coordination	0.367	0.002

3.6. Multiple regression analysis

Table 11 shows that *R* Square = 0.265, meaning that “customer orientation, competitor orientation, and inter-functional coordination” account for 51.5% of small and mid-sized Saudi companies results, which is a Pallant (2016) agreed value. Table 11 reveals that *F* check = 8.166; at Sig. = 0.000, which demonstrates the major influence of customer orientation, competitor orientation and inter-functional coordination as independent measures on the productivity of Saudi small and mid-sized enterprises as a dependent proxy.

Table 11. Multiple regression analysis

Variable	B	Std. Error	Beta	T	Sig
(Constant)	1.700	0.454	–	3.746	0.000
Customer orientation	0.156	0.070	0.234	2.226	0.029
Competitor orientation	0.190	0.074	0.270	2.571	0.012
Inter-functional coordination	0.217	0.078	0.295	2.781	0.007
<i>R</i> Square			0.265		
Adjusted <i>R</i> Square			0.232		
<i>F</i> -statistic			8.166		
Prob (<i>F</i> -statistic)			0.000		

The findings indicate the following:

- The customer orientation (P -value = 0.029) variable significantly affects the dependent variable (Performance of small and mid-sized Saudi companies), where the predictive power, p -values are < 0.05 , which assumes that hypothesis *H1* is accepted.
- The competitor orientation (P -value = 0.012) variable significantly influences the depend-

ent factor (Performance of small and mid-sized Saudi companies), where statistical power, p -values are < 0.05 , which assumes that hypothesis $H2$ is accepted.

- The inter-functional coordination (P -value = 0.007) variable significantly influences the dependent indicator (Performance of small and mid-sized Saudi companies), where predictive capacity, p -values are < 0.05 , which assumes hypothesis $H3$ is also accepted.

Component correlation coefficients provide additional details about the model, compared to Table 11. The creation of Component Correlation coefficients shows the involvement of factors in the total R square. This indicates how much the overall variation in the dependent indicator is clarified differently by an independent factor. Non-standardized parameters B were used to create the regression equation according to Pallant (2016).

4. DISCUSSION

The objective of this paper is to analyze the effect of market dynamics on the performance of Saudi Arabian SMEs. The questionnaires were sent by e-mail to 72 companies. This analysis is final, descriptive and is based on a single template

in a cross-section. To obtain quantitative data, a research method (questionnaire) was used. The success of Saudi firms depends on the customer orientation, the orientation of rivals and the inter-functioning teamwork. Quantitative analysis of results, matrix association and regression were used. The predictor of customer orientation (P -value = 0,029) has a significant influence on a dependent variable (Performance of SMEs) with a predictive potential $< 0,05$, when hypothesis $H1$ is recognized. The competition orientation variable (P -value = 0.012) strongly affects the dependent factor (Performance of small and medium-sized Saudi enterprises), where p -values < 0.05 accept hypothesis $H2$. The inter-functional co-operation factor (P -value = 0.007) significantly influences the dependent indicator (Performance of small and medium-sized Saudi enterprises). The study has shown that during the study period, market orientation, competition and inter-functional cooperation had an important positive impact on the growth of Saudi small and medium-sized firms. The relationship between the OM viewpoints and the Saudi SME results was also mild. This finding indicates that the level of customer orientation at an enterprise affects superior organizational performance. The findings of Slater and Narver (2000), Rose and Shoham (2002), Pelham and Wilson (1995) and others are consistent with the results of this study.

CONCLUSION

The aim of this paper is to investigate the impact of market orientation on the performance of small and medium-sized enterprises in Saudi Arabia. The findings of the study demonstrate that customer orientation, competitor orientation, and inter-functional coordination during the study period have a significant positive influence on the success of small and mid-sized Saudi companies. This indicates that superior company performance depends on the level of market orientation of the organization, and the higher the market orientation of SMEs, the higher the productivity and the higher the profits. The findings also showed a slight association between the MO's views and SMC success in Saudi Arabia. This result indicates that the greater the business orientation, the higher the company's output and profits. SME owners/managers are encouraged to recognize the customer orientation aspects that have a positive effect on their companies' performance. Stakeholders will need to develop more reliable, market-oriented strategies that assess corporate success in order to increase Saudi corporate productivity. In addition, it is important to consider other variables or factors that are not included in this study in order to establish a relationship between the MO performance of different companies in the future.

The findings of this study provide important insights for policymakers, shareholders, investors, customers, and academicians. These findings highlight the market orientation that explains the corporate performance of Saudi SMEs. Therefore, the interested parties need to formulate more consistent policies

with market orientation determinants of corporate performance to increase the performance of Saudi firms. This study aims to fill a serious firm performance gap by identifying the market orientation determinants that affect the corporate performance of Saudi firms.

AUTHOR CONTRIBUTIONS

Conceptualization: Nabil Mohamed Abdo Alabsy
 Data curation: Nabil Mohamed Abdo Alabsy
 Formal analysis: Nabil Mohamed Abdo Alabsy
 Funding acquisition: Nabil Mohamed Abdo Alabsy
 Investigation: Nabil Mohamed Abdo Alabsy
 Methodology: Nabil Mohamed Abdo Alabsy
 Project administration: Nabil Mohamed Abdo Alabsy
 Resources: Nabil Mohamed Abdo Alabsy
 Software: Nabil Mohamed Abdo Alabsy
 Supervision: Nabil Mohamed Abdo Alabsy
 Validation: Nabil Mohamed Abdo Alabsy
 Visualization: Nabil Mohamed Abdo Alabsy
 Writing – original draft: Nabil Mohamed Abdo Alabsy
 Writing – review & editing: Nabil Mohamed Abdo Alabsy

REFERENCES

1. Agarwal, S., Erramilli, M., & Dev, C. S. (2003). Market orientation and performance in service firms: role of innovation. *Journal of Services Marketing*, 17(1), 68-82. <https://doi.org/10.1108/08876040310461282>
2. Al Saleh, A. Y. (2016). *Developing a model to predict the performance of small and medium-sized enterprises: the case of the kingdom of Saudi Arabia* (Doctoral dissertation, Manchester Metropolitan University). Retrieved from <https://e-space.mmu.ac.uk/id/eprint/257>
3. Amaratunga, D., & Baldry, D. (2000). Theory building in facilities management research: case study methodology. *Proceedings of the Bizarre Fruit Postgraduate Conference*. Salford: University of Salford. Retrieved from <http://eprints.hud.ac.uk/id/eprint/30820/>
4. Asomaning, R., & Abdulai, A. (2015). An empirical evidence of the market orientation – market performance relationship in Ghanaian small businesses. *Educational Research International*, 4(2), 69-86. Retrieved from www.eprint.savap.org.pk
5. Au, A., & Tse, A. (1995). The effect of marketing orientation on company performance in the service sector: A comparative study of the hotel industry in Hong Kong and New Zealand. *Journal of International Consumer Marketing*, 8(2), 77-87. https://doi.org/10.1300/J046v08n02_06
6. Caniels, & Romijn (2005). What works, and why, in business services provision for SME: insights from evolutionary theory. *Managing Service Quality*, 15(6), 591-608, <https://doi.org/10.1108/09604520510634041>
7. Carson (1985). The evolution of marketing in small firms. *European Journal of Marketing*, 19(5), 7-16. <https://doi.org/10.1108/EUM0000000004739>
8. Chakravarthy, B.S. (1986). Measuring strategic performance. *Strategic Management Journal*, 7, 437-458. <https://doi.org/10.1002/smj.4250070505>
9. Cheben, J., Lancaric, D., Savov, R., Toth, M., & Tluchor, J. (2015). Towards Sustainable Marketing: Strategy in Slovak Companies. *Amfiteatru Economic*, 17(40), 855-87. Retrieved from <http://hdl.handle.net/10419/168953>
10. Dauda, A.Y., & Akingbade, A.W. (2010). Employee's Market Orientation and Business Performance in Nigeria: Analysis of Small Business Enterprises in Lagos State. *International Journal of Marketing Studies*, 2(2), 134-143. Retrieved from <http://www.ccsenet.org/journal/index.php/ijms/article/view/8119>
11. Day, G., & Nedungadi, P. (1994). Managerial representation of competitive advantage. *Journal of Marketing*, 58(2), 31-44. <https://doi.org/10.1177/002224299405800203>
12. De Luca, L. M., Verona, G., & Vicari, S. (2010). Market orientation and R&D effectiveness in High-Technology firms: An empirical investigation in the biotechnology industry. *Journal of Product Innovation Management*, 27(3), 299-320. Retrieved from <https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1540-5885.2010.00718.x>
13. Demirbag, M., Koh, S. C., Tatoglu, E., & Zaim, S. (2006). TQM and

- market orientation's impact on SMEs' performance. *Industrial Management & Data System*, 106(8), 1206-1228. <https://doi.org/10.1108/02635570610710836>
14. Hooley, Lynch, & Shepherd (1990). The marketing concept: putting the theory into practice. *European Journal of Marketing*, 24(9), 7-23. <https://doi.org/10.1108/03090569010001637>
 15. Im, S., & Workman Jr, J. P. (2004). Market orientation, creativity, and new product performance in high-technology firms. *Journal of Marketing*, 68(2), 114-132. <https://doi.org/10.1509/jmkg.68.2.114.27788>
 16. Inoguchi, T. (2011). Japanese Ideas of Asian Regionalism. *Japanese Journal of Political Science*, 12(2), 233-249. <https://doi.org/10.1017/S1468109911000053>
 17. Jaiyeoba, O. O. (2014). Performance outcome of market orientation behaviours among Botswana's small service firms. *Journal of Management Research*, 6(1), 52. Retrieved from <https://core.ac.uk/download/pdf/193242463.pdf>
 18. Jaworski, & Kohli (1993). Market orientation: Antecedents and consequences. *Journal of Marketing*, 57, July, 53-70. <https://doi.org/10.1177/002224299305700304>
 19. Keelson, S. (2012). A quantitative study of market orientation and organizational performance of listed companies: Evidence from Ghana. *International Journal of Management and Marketing Research*, 5(3), 101-114. Available at SSRN: <https://ssrn.com/abstract=2162591>
 20. Kirca, A. H., Jayachandran, S., & Bearden, W. O. (2005). Market orientation: A meta-analytic review and assessment of its antecedents and impact on performance. *Journal of Marketing*, 69(2), 24-41. <https://doi.org/10.1509/jmkg.69.2.24.60761>
 21. Kohli, & Jaworski (1990). Market orientation: the construct, research propositions, and managerial implications. *Journal of Marketing*, 54(2), 1-18. <https://doi.org/10.1177/002224299005400201>
 22. Kotler, P., & Armstrong, G. (2011). *Principles of Marketing* (14th ed.). Boston: Prentice-Hall.
 23. Kumar, V., Jones, E., Venkatesan, R., & Leone, R. P. (2011). Is market orientation a source of sustainable competitive advantage or simply the cost of competing? *Journal of Marketing*, 75(1), 16-30. <https://doi.org/10.1509/jm.75.1.16>
 24. Lin, S.T.C. (2007). *Sources of competitive advantage for emerging fast growth small-to-medium enterprises: the role of business orientation, marketing capabilities, customer values, and firm performance* (Unpublished Thesis). Australia: Royal Melbourne Institute of Technology. Retrieved from <https://www.semanticscholar.org/paper/Sources-of-competitive-advantage-for-emerging-fast-Tan/9862a7d32646ba8315857af-225b5f8ad767a2fc3>
 25. Lings, I. N., & Greenley, G. E. (2010). Internal market orientation and market-oriented behaviours. *Journal of Service Management*, 21(3), 321-343. <https://doi.org/10.1108/09564231011050788>
 26. Mahmoud, A. M. (2011). Market orientation and business performance among SMEs in Ghana. *International Business Research*, 4(1). Retrieved from https://www.researchgate.net/publication/49595068_Market_Orientation_and_Business_Performance_among_SMEs_in_Ghana
 27. Morgan, N. A., & Vorhies, D. W., & Mason, C. H. (2009b). Market orientation, marketing capabilities, and firm performance. *Strategic Management Journal*, 30(8), 909-920. <https://doi.org/10.1002/smj.764>
 28. Narver, J. C., & Slater, S. F. (1990). The effect of a market orientation on business profitability. *Journal of Marketing*, 54, 20-35. <https://doi.org/10.1177/002224299005400403>
 29. Narver, J.C., & Slater, S.F. (1996). Competitive strategy in market-focused business. *Journal of Market Focused Management*, 1, 159-174. <https://doi.org/10.1007/BF00128688>
 30. Narver, J.C., Slater, S.F., & Tietje, B. (1998). Creating a market orientation. *Journal of Market-Focused Management*, 2(3), 241-256. Retrieved from <https://link.springer.com/article/10.1023/A:1009703717144>
 31. Oakey (1991). Innovation and the management of marketing in high technology firms. *Journal of Marketing Management*, 7(4), 343-356. <https://doi.org/10.1080/0267257X.1991.9964163>
 32. Pallant, J. (2016). *SPSS survival manual: A step by step guide to data analysis using SPSS Program* (6th ed.). London, UK: McGraw-Hill Education.
 33. Pelham, A. M., & Wilson, D. T. (1995). A longitudinal study of the impact of market structure, firm structure, strategy, and market orientation culture on dimensions of small-firm performance. *Journal of the Academy of Marketing Science*, 24(1), 27-43. <https://doi.org/10.1177/009207039602400103>
 34. Pongwiritthon, R., & Awirothananon, T. (2014). Customer orientation and firm performance among Thai SMES. *International Journal of Advanced Biomedical Engineering Research*, 12(3), 867-883. Retrieved from https://www.researchgate.net/publication/277717577_Customer_Orientation_and_Firm_Performance_among_Thai_SMEs
 35. Roomi, M. A., Harrison, P., & Beaumont-Kerridge, J. (2009). Women-owned small and medium enterprises in England: Analysis of factors influencing the growth process. *Journal of Small Business and Enterprise Development*, 16(2), 270-288. <https://ora.ox.ac.uk/objects/uuid:539030fd-4a7d-4256-af36-b9d82dced764>
 36. Rose, G. M., & Shoham, A. (2002). Export performance and market orientation: establishing an empirical link. *Journal of Business Research*, 55(3), 217-225. [https://doi.org/10.1016/S0148-2963\(00\)00139-9](https://doi.org/10.1016/S0148-2963(00)00139-9)

37. Shehu, A., & Mahmood, R. (2014). The mediating effect of organizational culture on the relationship between entrepreneurial orientation and firm performance in Nigeria. *Mediterranean Journal of Social Sciences*, 5(25). <https://doi.org/10.5901/mjss.2014.v5n23p480>
38. Slater, S. F., & Narver, J. C. (2000). Market oriented is more than being customer-led. *Strategic Management Journal*, 20, 1165-1168. Retrieved from <https://onlinelibrary.wiley.com/doi/abs/10.1002/%28SICI%291097-0266%28199912%2920%3A12%3C1165%3A%3AAID-SMJ73%3E3.0.CO%3B2-%23>
39. Stokes, & Fitchew (1997). Marketing in small firms: Towards a conceptual understanding, in marketing without borders. *Proceedings from the Academy of Marketing 1st Annual Conference* (pp. 1509-1513).
40. Tomaskova, E (2009). The current methods of measurement of market orientation, European Research Studies. *Journal of Business Theory and Practice*, 2(1), 2014. Retrieved from <https://www.ersj.eu/journal/236>
41. Vieira, V. A. (2010). Antecedents and consequences of market orientation: a Brazilian meta-analysis and an international mega-analysis. *Brazilian Administration Review, Curitiba*, 7, 44-58. <https://doi.org/10.1590/S1807-76922010000100004>
42. Vorhies, D. W., Harker, M., & Rao, C. P. (1999). The capabilities and performance advantages of market-driven firms. *European Journal of Marketing*. <https://doi.org/10.1108/03090569910292339>