

## An Empirical Assessment of Factors Hindering Market Orientation in Small and Medium Enterprise Computer Retailers in South Africa

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**KEYWORDS** Computer Retailers. Market Orientation. SMEs

**ABSTRACT** Despite the significant contribution to socioeconomic development by Small and Medium Enterprises (SMEs), their failure rate is very high in South Africa. Adoption and implementation of market orientation has been identified by various scholars as a means to mitigate SME failure in the highly competitive environments they operate in. This study investigated the factors hindering market orientation in SME computer retailers in King Williams Town and East London, South Africa. The objective of the study was to investigate various factors hindering market orientation in SME computer retailing outlets. A quantitative research design was used in conducting this study. Simple random sampling was used to select a sample of 104 from the sample frame of 141 registered SME computer retailers. A self-administered questionnaire was used to collect data. The descriptive statistics, which include Chi-square test, Pearson correlation and the t-test were used to analyze data. The findings of this research found that there are factors influencing market orientation in SME computer retailers, such as owner/manager involvement. These enterprises contribute to the national GDP and almost sixty percent (60%) of employment in the private sector in South Africa. Government agencies such as Small Enterprise Development Agency (SEDA) and Development Corporations can establish practical market orientation training opportunities for managers.

### INTRODUCTION

Organizations tend to share widely held beliefs, values and practices as well as goals, which its members should pursue. These often bring about the appropriate kind or standards of behavior, which an organization's members should use to achieve its objectives (Schein 2004: 20). Du Toit et al. (2010: 206) state that these beliefs and values differ from one organization to another. These are often illustrated by a company's bulletin board, its newsletter, the way in which employees in the organization interact and collaborate, which all clearly identify the organization's culture. Collins and Porras (2000: 338) in Naicker (2008: 7) postulate that organizational values, beliefs and ideas, which make up a cul-

ture are an illustration of the kind of goals organizational members should pursue. An organization's culture, likewise, consists of ideas about the appropriate kinds or standards of behavior that should be practised by organizational members to achieve goals.

The value of culture has become more recognized because it is evident that it shapes decision-making and actions in organizations (Kompaso 2010: 44). Therefore, it is recognized that organizational culture actually affects the success of a firm. Hellriegel et al. (2001: 523) describe four types of organizational cultures, which are bureaucratic culture, clan culture, entrepreneurial culture and market culture (which can also take on the form of market orientation). A firm that employs market culture is said to be market orientated. These four types of culture mentioned, thus represent different types of management philosophies. This study thus focuses on one specific organizational type, which is market orientation.

According to Tharp (2008: 3), in the past two centuries, the majority of predominant Ameri-

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can companies believed that a hierarchical organization was most effective for achievement of business success. However, the 21<sup>st</sup> century has proven market orientation to be the ideal culture for business success, as it focuses on the customer and competitor who are the main stakeholders that impact on an organization's profits and performance. Market orientation has been referred to as the "outlook of the organization that allows the needs of customers and potential customers to drive all the firm's strategic decisions" (Gibson 2006: 11). Inyang (2011:141) further defines it as the organizational culture type that efficiently brings about the necessary activities to create superior value for consumers and ultimately, continuous superior business performance. According to Zebal and Goodwin (2012), factors that have been identified to influence the development of market orientation in organizations, include top management factors, systems in the organization and interdepartmental dynamics.

In the South African economy, small and medium enterprises (SMEs) account for almost ninety-one percent of all formal business entities (Small Enterprise Development Agency (SEDA) (2012: 5). These small businesses are making an estimated contribution of between fifty-one and fifty-seven percent to the National Gross Domestic Product (GDP), and nearly sixty percent of employment in the economy. Ntsika Enterprise Promotion Agency (2002) agrees that the SMEs sector plays a crucial role in the reduction of the high unemployment rate prevailing in South Africa and other countries. A number of studies that have been conducted globally argue that SMEs are capable of creating more jobs as a result of their labor-intensive nature. This has led to the development of policies and programs aimed at the development and sustenance of SMEs

### Statement of the Problem

Several studies that have been conducted over the years show that ICT SMEs in South Africa have played a critical role in socioeconomic development. However, these SMEs are not performing at their full capacity to continue contributing to socioeconomic development. Mohlamene and Ruxwana (2013) mention that Information and Communication Technology (ICT) SMEs, particularly in the computer retail-

ing sector, are faced with severe constraints. Pun (2004) states that the computer retail industry is characterized by intense global competition, rapid technology changes and an increase in variety of products offered by the industry. Large businesses tend to invest in new technologies and other equipment to counter these challenges, but this is barely the case for small businesses (Bigliardi et al. 2006). This is a complex task for SMEs, as they lack the finance and knowledge to invest in research and development activities (Avermaete et al. 2003).

Studies conducted in the Eastern Cape Province on SMEs so far, have focused on the issue of finance and adoption of technology (Fatoki and Garwe 2010; Rungani and Chimucheka 2010; Chiliya et al. 2011). However, the market issues affecting SMEs are amongst the least explored, yet fundamental and overwhelming concept for most SMEs, as many struggle to make use of market orientation effectively (Van Scheers 2011). It has also been established that SMEs do not have access to adequate finance (Fatoki 2010). Subsequently, Van Scheers (2011) states that SME owners' view about marketing related challenges is that they either lack time or funds to invest in research to clearly define their target market, customer trends as well as marketing as a whole. Dockel and Ligthelm (2009) point out that unfortunately, SMEs participate in minimal marketing undertakings, as they have challenges managing the various marketing challenges and therefore have either a 'clouded' view of the customer, or ignore market orientation and have a short-term focus that inhibit the ability of small businesses in employing market orientation (Harris 1998).

In order to solve the marketing problems highlighted above, Roomi et al. (2009) postulate market orientation as a solution that could enable SMEs to increase their business performance and experience growth. It has thus been established that most SMEs in South Africa do not adopt market orientation as significant for their marketing strategies and their performance. Therefore, this study seeks to answer the question, what factors are hindering market orientation in SME computer retailers?

### Research Objectives

- To investigate the factors hindering market orientation in SME computer retailing outlets.

- To investigate whether owner/manager involvement of SME computer retailers has an influence on market orientation.

### Research Questions

- What are the factors influencing market orientation in SME computer retailing outlets?
- Does the owner/manager involvement have an influence on *Market Orientation* in SME computer retailers?

### Theoretical Review of Market Orientation

Narver and Slater (1990) theorized market orientation from a cultural perspective, which mainly centers on organizational norms and values that foster behaviors that are consistent with customer orientation, competitor orientation and inter-functional coordination. These constructs reflect the necessary activities a business can make use of, to collect and disseminate information about customers and competitors as well as concentrating on the firm's collective efforts to create customer value from this knowledge. Jaworski and Kohli (1993) introduced the behavioral perspective of market orientation. This behavioral perspective views market orientation as a combination of three activities, namely the organizing of market intelligence relating to both current and future needs of the customer, the spreading of intelligence within the organization as well as responsiveness to market intelligence. The behavioral perspective therefore forms the theoretical underpinning of this research and market orientation will be defined according the constructs of this theory.

Martins and Martins (2005) mention that although the behavioral and cultural perspective models are not mutually exclusive, the value of each of these models is their defining of market orientation in terms of the specific actions that each organization should take for its successful development within the organization. Pulendran et al. (2000) state that both the cultural and behavioral perspectives emphasize the importance of customers, competitors as well as departmental coordination. However, Gibson (2006:13) is of the view that despite these similarities, the behavioral constructs are more tangible and therefore easy to measure in any organization. In addition, Kirca et al. (2005) agree with the behavioral

concept and identify the constructs as factors promoting market orientation in businesses.

### Market Orientation

Allan (2009:7) states that market orientation is based largely on the works of Williamson (1975) and Ouchi (1981), who identified it as a set of activities that they argued, could serve as the foundation of organizational effectiveness. Market orientation has been referred to "as the culture that is driven by the belief that the market is the primary stakeholder and a behavioral perspective of the creation of customer value through responding to superior information on customers and competitors" (Hardcroft and Jarret 2004). Untachai (2008: 545) refers to market orientation as the business culture that motivates employees within the organization to prioritize their activities towards creating profit for the organization while upholding superior customer values (Slater 2001: 230-232).

Megicks (2002) examined the works of various authors that provide the foundation for market orientation and concluded that market orientation is a system of information-based behaviors, as well as being a culture of customer and competitor orientations as well as consisting of inter-functional coordination. This culture places high emphasis on the creation and provision of superior customer value. According to I'm and Workman (2004), there are four outcomes associated with market orientation, namely, affecting customers, employees, innovation within the organization and its performance. However, Lund (2003: 239) mentions that market orientation often results in low job satisfaction for employees due to performance-based rewards they receive, absence of individualism and short-term focus. Such issues do not create the level of job satisfaction among employees, which is needed to build loyalty and long-term commitment to any organization.

### Factors Hindering Market Orientation

According to Zebal and Goodwin (2012), the criteria of market orientation can be viewed as factors that influence the development of specific attitudes and practices that embrace the market orientation concept. Early studies of these factors by Jaworski and Kohli (1993) and Narver

and Slater (1994) found multiple organizational factors, which have contributed significantly to enable organizations to become more market oriented. As previously mentioned, Jaworski and Kohli (1993) established senior management factors, interdepartmental dynamics and organizational systems as elements that could either drive or hinder the development of market orientation in organizations. Management factors include managers' emphasis on market orientation and risk seeking behavior where interdepartmental dynamics include interdepartmental conflict and connectedness. Factors that make up organizational systems consist of formalization, centralization and reward system orientation.

Findings from studies conducted by Kirca et al. (2005) and Nair (2013) in India, as well as Jaworski and Kohli (1993) in Scandinavian countries, showed that factors influencing market orientation are top management emphasis, interdepartmental connectedness, market based reward systems and centralization. Shoham and Rose (2002) in a similar study conducted in Israel and by Qu et al. (2002) in China, accredited similar factors to the above which also includes risk aversion. However, research by Pulendran et al. (2000) in Australia, yielded similar results to that of Jaworski and Kohli (1993), except for issues around formalization and interdepartmental conflict that hinder the ability of an organization to coordinate activities and are therefore a barrier to developing market orientation.

### ***Factors Hindering Market Orientation in SMEs***

The implementation of market orientation by SMEs has been postulated to have a positive impact on their success and survival (Roomi et al. 2009). Blankson and Stokes (2002) mention that although the above mentioned market orientation frameworks were developed largely through studies of large organizations from developed countries, these issues can also be relevant to SMEs, mostly for those in developing countries.

According to Fafchamps (2001), in the SME domain, the owner/manager plays a crucial decision-making role in the adoption of market orientation. Harris and Ogbonna (2001) assert that management behavior is the driving force in the development of market orientation in either a small or large organization. Studies undertaken

by Zebal and Goodwin (2012) revealed that the determinants of market orientation in developing countries vary from those in developed nations, due to differences in cultural, economic and legal environments. Dubihlela (2013) identified the four factors influencing market orientation in SMEs in South Africa to include organizational systems (market-based reward systems), top management emphasis, inter-functional connectedness and management risk behavior. The results indicated that the role of top-management emphasis on market orientation is the same across SMEs studied (Stansfield and Grant 2003; Osuagwu 2006; Kohn and Husig 2006; Kumar 2009). Hinson and Mahmoud (2011) and Dwairi et al. (2007) state that in addition to top management involvement in the issue of market orientation, management risk aversion, formalization and centralization also have an influence on the market orientation of Ghanaian SMEs. However, it was noted that organizational commitment, inter-functional conflict and the reward system were not completely irrelevant, as these factors proved to play a minor role in the sampled Ghanaian SMEs (Mahmoud 2011). Also, the study revealed that level of competition in an industry has an influence on the market orientation of SMEs studied.

## **METHODOLOGY**

### **Research Design**

The study adopted a quantitative method to investigate the factors influencing market orientation in Small and Medium Enterprise (SME) computer retailers in South Africa.

### **Population**

The target population of the study at hand was SME computer retailers conducting business activities in King Williams Town and East London in the Buffalo City Metropolitan Municipality. The names and addresses of SME computer retailers was obtained from the registers of the Eastern Cape Development Corporation (ECDC), the Buffalo City Metropolitan Municipality and the Chamber of Commerce, as well as the yellow pages of the telephone directory in East London and King Williams Town. The population of the study totaled 141 SME computer retailers. The data was gathered from SME owner and/or managers only, since they are main-

ly responsible for market orientation in their retail outlets.

### Sample and Sampling Techniques

A Rao-soft calculator is a computer software, which is used to calculate sample sizes. The sample size was calculated at a confidence level of ninety-five percent (95%) and a margin of error of five percent (5%) and the recommended sample size from the given population was one hundred and four (104) SME computer retailers. The researchers selected the sample elements by using a simple random sampling technique.

### Research Instrument

This study made use of self-administered questionnaires as an instrument to collect data. Data for the study was collected through the use of self-administered questionnaires. Questionnaires were dropped off or hand-delivered to respective SME computer retail outlets in King Williams Town and East London. This implies that the researchers personally distributed the questionnaires to respondents who were either the SME owners and/or managers only since they are the ones who are mainly responsible for market orientation of the business. In addition, data for the study was also collected through interviews and were used to elicit information from the participants. The interview questions consisted of semi-structured questions, which made it easy for the participants to express their views.

### Data Analysis

Data collected was analyzed using the descriptive statistics, which include Chi-square test of association and Pearson correlation t-test.

### Validity and Reliability of Research Instrument

Structured questionnaires were administered to the respondents for the purpose of collecting information. Experts in the same field validated the instrument.

## FINDINGS AND DISCUSSION

### Response Rate

A total of 104 questionnaires were sent out to respondents. Ninety (90) questionnaires were

returned, but only eighty-three (83) were fully completed. Of the returned questionnaires, seven (7) were discarded. This means that only eighty-three (83) questionnaires were analyzed. This gave a response rate of 79.8 percent, which is adequate to guarantee accurate results. Table 1 shows the total and percentage of questionnaires that were sent out, questionnaires that were not answered, SME computer retailers that were closed or where neither the owner nor manager was available to complete the questionnaire, and questionnaires that were discarded during the process of data editing and cleaning by the researcher.

**Table 1: Response rate**

<i>Sample</i>	<i>Total</i>	<i>Percentage (to 1dp)</i>
Final sample	83	79.8
Non response	4	3.8
Unavailable	10	9.6
Discarded	7	6.8
Original sample	104	100.0

### Reliability Test

The Cronbach's alpha indicator that was used to test for reliability indicates the overall reliability of a questionnaire. According to Field (2009:675), the values around 0.7 and 0.8 are good for reliability tests. Reliability tests performed yielded the results that are presented in Table 2.

**Table 2: Reliability test**

<i>Cronbach's Alpha</i>	<i>Number of questions tested</i>
0.783	25

The results in Table 2 show that a total of 25 questions were tested for reliability and a Cronbach's Alpha value of 0.783 was obtained. As posited by Field (2009:675), the results are reliable.

The questionnaire used to gather data for this study contained three main sections that sought to collect demographic information on the respondent, the business profile and the factors influencing market orientation in the SME computer retail outlet. Data collected was analyzed using descriptive and inferential statistics.

### Question 1: Gender of Respondents

This question was asked in order to be in a better position to make demographic inferences concerning the respondents.



The finding shows that male respondents constitute 65 (78.3%) of the respondents, while their female counterparts constitute the remaining 18 (21.7%). The results thus indicate that men are more involved in entrepreneurial activities as compared to their female counterparts. This can also be confirmed by the female Total Entrepreneurial Activity (TEA) index, which showed that on average, participation rates of men tend to be fifty percent higher than those of women. The findings are also in line with the Department of Trade and Industry (2005) report, which stated that female entrepreneurs represent thirty-three percent of existing businesses and are most affected by SME failure.

### Question 2: Age of Respondents

It is essential to know the age distribution of the respondents for the purposes of knowing the age group of the respondents, which is mostly involved in small businesses. Importantly, age is generally considered to be an important factor in relation to tacit knowledge, which is usually acquired over time through training and work experience. Results for this question appear in Table 3.

**Table 3: Age of respondent**

<i>Age of respondents</i>	<i>Frequency</i>	<i>Percentage</i>
18 - 24 years	3	3.6
25 - 34 years	8	9.6
35 - 44 years	40	48.2
45 - 54 years	23	27.7
+ 55 years	9	10.9
Total	83	100.0

Table 3 shows that of the 83 respondents who participated in the survey, 3 (3.6%) of them were between the ages of 18 to 24 years. Another 40 (48.2%) of the respondents were between the ages of 35 to 44, while the age group 45-54 years had 23 respondents (27.7%). From the data, the majority of the SME owners/managers were aged between 35 to 44 years.

In a study of SMEs conducted in South Africa, particularly in the Eastern Cape, Rungani (2009) and Fatoki (2010) also found that most SME owners/managers (47%) are between the ages of 31 and 45 years of age.

### Question 3: Highest Educational Qualification of Respondents

This question required respondents to state their highest level of their education qualification. The purpose of asking this question was to establish the level of education of owners/managers of SMEs in Buffalo City Municipality. Table 4 shows the highest educational qualifications of the SME owners and managers that participated in this study.

**Table 4: Educational qualification of respondents**

<i>Educational qualification</i>	<i>Frequency</i>	<i>Percentage</i>
Matric	17	20.5
Diploma	36	43.4
Bachelor's degree	23	27.7
Master's degree	9	8.4
Total	83	100.0

Table 4 shows that the respondents had different levels of educational qualifications, ranging from Matric to a master's degree. It is clear from the Table that 68 (79.5%) of the respondents have post-secondary qualifications. It was also found that as individuals become more educated, they are able to recognize and pursue business opportunities and start businesses.

The next set of questions (questions 4 to 7) pertains to the business profile of the SME. It was important to determine whether the firm characteristics specified influenced market orientation within the SME computer retail outlet.

### Question 4: Status of the Respondent in Retail Shop

This study targeted only managers and owners of SME computer retail outlets. This was mainly because these individuals are in a position to give a true picture of market orientation within their outlets. This finding depicts the positions of respondents in their respective businesses.

The finding shows that 59 (71.1%) respondents were owners of SMEs. Only 24 (28.9%) were managers of the businesses. This affirms studies carried out by Mutezo (2005:81) on SMEs in the Gauteng Province of South Africa where more than eighty percent of businesses were being managed by their owners. It can be concluded that a significant number of SME com-

puter retail outlets in the Buffalo City Metropolitan Municipality are directly managed by their owners.

### Question 5: Length of Time of Business Being Operational

It is of importance to bear knowledge of the years that the businesses had been operating for. Table 5 depicts the number of years SME computer retailers that participated in the study have been in business for.

**Table 5: Length of time of business being operational**

<i>Time</i>	<i>Frequency</i>	<i>Percentage</i>
0-5 years	46	55.4
6-10 years	15	18.1
11-15 years	20	24.1
16-20 years	2	2.4
Total	83	100.0

Table 5 shows that 46 (55.4%) of the SME computer retailers have been operating for less than 5 years. Another 15 respondents (18.1%) have been in business for 6 to 10 years and the remaining 22 retail outlets (26.5%) have been in business for more than 10 years. From the results it can be noted that very few firms were in operation for more than ten years. These results were consistent with the studies done by Rungani (2009) who also found that in the Eastern Cape, most SMEs (70%) are between the ages of 0 to 5 years. Also, Barton and Gordon (2000) concluded that most SMEs face a lot of challenges, which hinder their growth and therefore fail within their first five years of operation.

### Question 6: Legal Status of Firm

The importance of asking this question was to obtain information about the legal status of the SME. Table 6 shows a summary of the legal status of the computer retail outlets that took part in the study.

**Table 6: Legal status of firm**

<i>Legal status of firm</i>	<i>Frequency</i>	<i>Percentage</i>
Sole proprietor	65	78.3
Partnership	17	20.5
Close corporation	1	1.2
Total	83	100.0

Table 6 indicates that sole proprietors are the most dominant regarding business status of the respondents with a total of 65 respondents (78.3%). The second dominant form of business is a partnership with 17 (20.5%). It is also interesting to mention here that 79.5 percent of the businesses consisted of sole proprietors and/or close corporations. This result is consistent with the study by Dubihlela (2013) whose studies of SMEs in South Africa reveal that more than fifty percent of SMEs in South Africa are partnerships, close corporations or sole proprietors.

### Factors Hindering Market Orientation in SME Computer Retailers

The following section presents the findings for which factors respondents indicated as determinants of market orientation in their computer retail outlets. This is shown by the respondents' varying degrees of agreement relating to various perceptions about their business including owner/manager involvement.

#### Owner/Manager Involvement

Owner/manager emphasis is one of the factors hindering market orientation highlighted in the Jaworski and Kohli (1993) model as well in the literature review discussed. For purposes of this study, the term owner/manager involvement has been used instead of owner/manager emphasis for clarity purposes. This subsection of the questionnaire sought to identify whether the involvement of either the owner/manager influenced market orientation in the SME computer retail outlet.

### Question 7: Owner/Manager Repeatedly Communicates to Members that the Business' Survival Depends on its Adapting to Market Trends

This question sought to assess whether the respondents communicate market-oriented activities such as adapting to market trends to the rest of the organization. The results appear in Table 7.

From Table 7 it can be concluded that the majority 65 (78.4%) of SME owners/managers of computer retail outlets agree to repeatedly communicating to their members on adapting to mar-

**Table 7: Owner/manager communicates to members about business survival depending on adapting to market trends**

<i>Time</i>	<i>Frequency</i>	<i>Percentage</i>
Strongly disagree	0	0
Disagree	0	0
Neutral	18	21.6
Agree	65	78.4
Strongly agree	0	0
Total	83	100.0

ket trends for the business survival. Only 18 (21.6%) had a neutral opinion. None of the respondents disagreed to the statement posed. It is clear that most of the SME computer retailers in King Williams Town and East London concentrate on market orientation. This is consistent with Goransson and Wallen (2010: 8) who reveal that when top management concentrates on market orientation and related activities, it has a positive effect on the generation as well as dissemination of market intelligence and responsiveness of the organization, which are the main constructs of market orientation underlying this study. Also, Jaworski and Kohli (1990) mention that clear communication by top managers plays a critical role in developing market orientation in organizations.

#### **Question 7.1: Ways in Which Owner/Manager Communicate With Members in Their Organizations on Market Orientation**

This open-ended question sought to identify the means of communication used by respondents to communicate market orientation within the organization. Most of the respondents highlighted that verbal communication, staff meetings and internal organization notice boards were the means used to communicate to members on market orientation and market oriented activities. Other ways highlighted by owners, include walk-in conversations and highlighting it within reports. Some of the respondents also mention that "the communication of customer-oriented values in market oriented organizations is essential, as it facilitates the dissemination of collected market information and thus ensures a timely market-focused response, which in turn, assists in the creation of superior value for customers, being one of the main objectives of market orientation".

#### **Question 8: Serving Customers is the Most Important Thing You do in this Enterprise**

Customer focus is an attribute of market orientation, as this culture aims to create superior value for customers' profitably. This question sought to find out whether serving customers was a vital activity in each of the business enterprises that participated in the study. Table 8 presents the results to this question.

**Table 8: Serving customers is the most important thing you do in this enterprise**

<i>Response</i>	<i>Frequency</i>	<i>Percentage</i>
Strongly disagree	0	0
Disagree	0	0
Neutral	14	16.9
Agree	45	54.2
Strongly agree	24	28.9
Total	83	100.0

From the Table 8 it can be surmised that the majority of respondents, that is, 69 (83.1%) strongly agreed and agreed that serving customers is important within their outlets. Only 14 (16.9%) gave a neutral opinion and none disagreed or strongly disagreed. Customer focus has been postulated by various authors as the main goal of market orientation, thus serving customers is vital to enable organizations to be aware on how best to create customer value. The results above show that the majority of SME computer retailers that participated in the study strongly agreed that serving customers is the most important activity they do in their outlets, which then can be concluded that respondents are aware of the main focus of market orientation.

#### **Question 9: Management of the Business Prefer to Take Extensive Financial Risks**

This question sought to enquire whether the management of the retail outlets preferred to take extensive financial risks.

The finding shows that approximately 21 (25.3%) of the SME computer retailers in question strongly disagreed that they preferred to take extensive financial risks. A total of 40 (48.2%) of the respondents disagreed that they preferred to take risks. The rest of the respondents, that is, 22 (26.5%) took a neutral stand. From the re-



sults above it can be concluded that taking extensive financial risks is not an activity that most of the owner/managers preferred to do. In a study by Nayebzaden (2013:477) it was revealed that if managers are risk averse, it results in subordinates giving less importance to generation or dissemination of market information or responding to customers' needs, which results in low levels of market orientation within the firm.

**Question 10: Manager/Owners in This Outlet Believe That Higher Financial Risks are Worth Taking, Because of Higher Rewards**

This question was asked for the purpose of identifying whether owner/managers were risk loving. Table 9 depicts the responses attained to this question.

**Table 9: Manager/owners in this outlet believe that higher financial risks are worth taking, because of higher rewards**

<i>Response</i>	<i>Frequency</i>	<i>Percentage</i>
Strongly disagree	29	34.9
Disagree	40	48.2
Neutral	14	16.9
Agree	0	0
Strongly agree	0	0
Total	83	100.0

It can be noted from Table 9 that 69 (83.1%) of the respondents strongly disagreed and disagreed that they believed that taking higher financial risks brought greater rewards. Only 14 (16.9%) of the respondents gave a neutral response. The results show a negative response to taking risks and it can be accepted that SME computer retailers that took part in the study are risk averse. It is important to note that the greater the risk aversion of the owner/top management in an organization, the lower the market orientation (Nayebzaden 2013: 476).

From the analysis of the responses given in this part of section, it is evident that the majority of the SME computer retailers that participated in this study were involved in activities influencing market orientation in their organizations and used various ways to communicate market orientated activities. The responses also showed that the respondents were risk averse, neither believing nor taking part in extensive financial risks.

## CONCLUSION

This study has contributed to the factors hindering market orientation in SME computer retailers in South Africa. It has also revealed that the SME sector contributes to the national GDP and almost sixty percent (60%) of employment in the private sector in South Africa. Despite the immense contribution by SMEs to various sectors of the economy worldwide, their failure rate is still high. Lack of finance, entrepreneur education and marketing challenges have been highlighted as some of the challenges faced by SMEs, leading to their failure. However, the adoption of market orientation has been identified. Although market orientation and its impact on performance in both large enterprises and SMEs has received extensive attention in terms of research, the factors influencing market orientation in SMEs is still poorly understood and the research on these factors and their application still has huge gaps.

## RECOMMENDATIONS

Seeing that SMEs are a key source of economic growth and poverty alleviation, they have a crucial role to play in the South African economy. SMEs also contribute to employment, help diversify economic activity and make a significant contribution to exports and trade. The findings of this study revealed the positive impact of market orientation on the performance of SMEs. Based on the findings of this study, some recommendations are suggested to SME owners and managers, the government, governmental agencies as well as marketing academics.

### Owners/Managers

Market orientation can be successfully implemented, only with the full approval and support of the top management in organizations, and hence in the case of SMEs the leading role should be taken by either the owner/manager of the outlet. Hence the owner/manager holds the key to shaping an organization's values and culture orientation and it is important. Thus, in order to be market orientated, they need to pass on a clear message to the lower levels of the organization regarding the need to adopt a market orientated management style. The descriptive statistics highlight that the majority of re-

spondents agreed to communicate about market orientation and market orientated activities as well as being aware and matching their competitor's marketing efforts in a bid to create superior value to customers. Various means of communication that SME owner and managers can make use of within their organizations include staff meetings, internal notice boards as well as walk-in conversations and reports. In fostering market orientation in their outlets, it is important that owners/managers demonstrate the importance and advantages of being market orientated.

### Concentrating on Customers

The majority of respondents agreed that serving customers was an important activity in their organizations. It is paramount that SME owner/managers ensure that within their outlets customer centricity is adopted to enable the firm to be aware of its markets' needs and how best to meet them. Assessing customer needs, gathering information and maintaining a customer relationship orientated marketing process will enable the firm to be aware of customer needs and in turn meet those needs with quality services and products. SMEs can base their market intelligence gathering from personal contacts and experiences they incur with customers in their outlets. Concentrating on customers will lead to the firm providing offerings that create value for the customer, which results better performance and ultimately profitability.

### Governmental Agencies

Another means by which owner/managers of SME can acquire and improve on their managerial and commercial skills is through training. Government agencies such as Small Enterprise Development Agency (SEDA) and Development Corporations can establish practical market orientation training opportunities for managers. The present system mainly focuses on business plan writing and how to source finance, often neglecting fundamental factors like marketing, which SMEs ignore as well, yet it is essential for success. Also, most entrepreneurs in technical industries such as the ICT industry have the technical knowledge and less on the commercial side, hence these trainings will come in handy. Non-governmental organizations should be well

funded through local and international grants to help with the training needs of SME managers.

### Government

Considering the role played by SMEs in reducing unemployment and poverty and providing goods and services where large organizations are non-existent, the government should continuously assess the performance and challenges SMEs face, and help provide resources in a more sustainable manner that will help reduce their failure rate. The government should provide resources in a manner that will not limit the entrepreneurial spirit and create a spirit of independence. It is recommended that the government make other strategies accessible to ensure that SME owners are well equipped to run their business for longer than five years.

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**Paper received for publication on November 2016**  
**Paper accepted for publication on December 2016**