

Influence of Customer, Competitor, and Inter-Functional Orientation on the Performance of Micro, Small and Medium Enterprises

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Abstract

Micro, small and medium enterprises (MSMEs) have been facing huge problems and challenges to retain their customers for a long time with their firms. Despite their role as major contributors to the country's GDP, manufacturing industries have been suffering from severe competitive pressure, where their functional activities are ad-hoc. The customer, competitor, and inter-functional activities are prominent factors for the success of the manufacturing institutions. This research attempts to prove how customer, competitor and inter-functional orientation influence the performance of manufacturing MSMEs in the Jaffna district. Quantitative research methodology and deductive research approach are applied in this research. The population of this research is manufacturing MSMEs in the Jaffna district and the respondents are the owners of MSMEs. This study used simple random sampling to select the respondents and a total of 250 manufacturing MSMEs are taken as the sample in the Jaffna district. Data were collected by using a questionnaire from the owners of manufacturing MSMEs. The researchers tested the influence of customer, competitors and inter-functional orientation on the performance of manufacturing MSMEs by using the Structural Equation Modeling method. The result shows that customer orientation, competitor, and inter-functional orientation have a positive effect on the performance of the MSMEs. This result proves that competitor and inter-functional oriented MSMEs improve the businesses while ensuring their survival in today's competitive economy. Findings further confirmed that customer orientation needs to be enriched to improve the performance of MSMEs. This study is helpful to manufacturing MSMEs by providing a clear idea about how customer, competitor and inter-functional orientation helps to increase their performance of organizations. Thus, it is recommended that by being the customer and competitor oriented, an organization can ensure customer satisfaction and loyalty, retrieve new and potential customers, reach their goals and consequently sustain their business.

Keywords: Competitor orientation, customer orientation, inter-functional orientation, MSMEs, performance