



**A DISSERTATION
ON
FACTORS AFFECTING KNOWLEDGE
MANAGEMENT IN THE SMESECTOR;WITH
SPECIAL CONTEXT OF ADVERTISING IN
PAKISTAN**



A thesis submitted to the Superior College, Lahore in partial
fulfillment of the requirements for the degree of
Doctor of Philosophy in Business Administration

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Declaration of Originality

I, Ch. Abdul Khaliq hereby solemnly declare that this project:

- a) is my original work, except where otherwise acknowledged in the text
- b) and that any additional sources of information have been duly cited
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3.1	Scholar's Full Signature	
3.2	Date	

Dedication

This work is dedicated to my parents and members of my family. God bless them,
Amen.

Acknowledgement

All praise is for Almighty Allah (the most merciful, the most beneficial), Who enabled me to complete this research thesis. I express my gratitude to Him from the core of my heart. All respects to the Holy Prophet (Peace Be Upon Him) who enabled us to recognize our Creator and whose spiritual teachings guide us in every matter of our lives.

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List of Abbreviations

BSC	balanced scorecard
CA	competitive advantage
EO	entrepreneurial orientation
KM	knowledge management
KMO	Kaiser-Meyer-Olkin
LO	learning orientation
MO	marketorientation
R&D	research and development
SME	small medium enterprises
SOP	Standard Operating Procedures
TCE	transaction cost economics
USA	United States of America
UK	United Kingdom

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Abstract

Gradually, SMEs attained importance in the political, economic and social perspectives of the world. They contributed to the financial and non-financial prosperity of communities. They emerged as a strong and individual entity in all disciplines, including education, health and advertising. Their research and development continuously provided products and services to meet the needs of this dynamic era.

The aims of this research study are to examine the impacts of market orientation, learning orientation and entrepreneurial orientation on knowledge management in the advertising sector of SMEs in Pakistan. The results were analyzed statistically. The first section of the analysis discusses the descriptive profile of the data in which mean, standard deviation, reliability and validity of the constructs are measured. The demographics of the respondents are discussed in this section and the respondents' internal consistency reliability is also measured in this section. The second section discusses the results of correlations and regressions in which the relationships of the variables are discussed.

Over the last decade advertising has witnessed a steady growth in Pakistan. The growth was stimulated by the development of new media, growth of private media channels, internet boom and a consumption-based economy. Further, advertising is considered one of the main segments of the corporate world because the success of many businesses is dependent on the utilization of effective marketing services and taking other marketing initiatives. There still is a need to develop this segment and ensure sustainability of this sector in any way possible.

The study found a significant and positive impact of all three business orientations on knowledge management: learning orientation explained the highest variance in knowledge management, followed by market orientation and entrepreneurial orientation. All three orientations were further subdivided into sub-dimensions and the impact of these sub-dimensions on each component of knowledge management was also investigated.

The business orientation has sub-dimensions of customer orientation, competitor orientation and interfunctional coordination. Two of the three dimensions (i.e. competitor orientation and interfunctional coordination) were found to have a significant impact on the knowledge acquisition aspect of knowledge management, while customer orientation was found to have an insignificant impact on the knowledge acquisition aspect of knowledge management. This indicates that competitor orientation provokes knowledge acquisition relating to the market and competitors, interfunctional coordination encourages knowledge acquisition, while customer orientation did not have a relationship with knowledge

acquisition. Thus, customer orientation does not provoke knowledge acquisition. Further, all three sub-dimensions of market orientation yielded a significant impact on both knowledge dissemination and responsiveness to knowledge. This indicates that market orientation supports knowledge management within an organization, but having customer orientation could hinder an organization's ability to acquire new knowledge from the market.

The second business orientation considered was learning orientation, which has sub-dimensions of commitment to learning, shared vision, open-mindedness and creativity. It was found that only sub-dimensions of commitment to learning, shared vision and open-mindedness explained knowledge acquisition in the firms, while the sub-dimension of creativity did not have any impact on knowledge acquisition. This indicates that knowledge acquisition can be made through knowledge management, shared vision and open-mindedness, whereas creativity is not required to acquire new knowledge from the market. This indicates that the procedure to acquire knowledge is straightforward and no complexity is involved, and that is why there is no involvement of creativity in knowledge acquisition. Further, only the sub-dimensions of shared vision and open-mindedness were found to have a significant relationship with knowledge dissemination; the sub-dimensions of commitment to learning and creativity were not related to knowledge dissemination. This again suggests that knowledge dissemination is a simple process and no complexity is involved, and commitment to learning does not play a role in it. Lastly, all four sub-dimensions of learning orientation were found to have a significant impact on responsiveness to knowledge which is knowledge exploitation dimension. This seems a more complex process that requires top-down commitment and integrated efforts.

The last business orientation considered was entrepreneurial orientation, which has sub-dimensions of proactivity, competitiveness and innovativeness; I investigated whether the dimensions of business orientation were related to all three aspects of knowledge management (i.e. knowledge acquisition, knowledge dissemination and responsiveness to knowledge). It was found that all three sub-dimensions of entrepreneurial orientation had a significant relationship with all three aspects of knowledge management. This indicates that entrepreneurial orientation on the whole explains knowledge management in a complete manner.

Key Words: Market orientation, Learning orientation, Entrepreneurial orientation, Knowledge management

Chapter 1

Introduction

1.1 Background of the Study

In the twentieth century the emergence of small medium enterprises (SMEs) was a big development in the economic growth of the world. An SME is an enterprise that has less than 250 employees and an annual turnover of less than 250 million euro (Mulhern, 1995). Gradually, SMEs attained importance in the political, economic and social perspectives of the world (Ayyagari, Beck, & Demirguc-Kunt, 2007). They contributed to the financial and non-financial prosperity of communities. They emerged as a strong and individual entity in all disciplines, including education, health and advertising. Their research and development (R&D) continuously provided products and services to meet the needs of this dynamic era (Hillary, 2000). Some of the factors involved in the emergence of SMEs are summarized below.

The volatility of the SME sector depends upon different economic, social and political problems. Macro-level and micro-level factors of the economy, such as inflation and unemployment, directly affect SMEs (Narula, 2001). SMEs support and serve local and international communities by providing quality products and services around the globe. In this dynamic era, in which creativity and innovation are prime values in every business, there are opportunities for SMEs to bring their new and unique innovative products and services to the market. Nowadays, large sector mass production is discouraged because market demand changes rapidly and only those enterprises with a flexible working environment will survive (Child, 1972). Large enterprises have complex organizational structures and it is very difficult to bring changes to their organizational culture.

Social factors also provided an environment for the emergence of SMEs in which there were opportunities for local people who had skills and expertise, and they lessened the downsizing burden on society. Societal cultural norms and values enhanced the organizational loyalty and commitment level of the employees in SMEs. SMEs emerged with a different social and cultural identity and faced dynamic situations through which employees developed their skills and met the needs of this changing world (Ellis & Pecotich, 2001). They provided products and services to meet challenging environmental situations that ignited their entrepreneurial drive and encouraged people to start their own businesses. Entrepreneurial drive is one of the key factors for the success and prosperity of a nation. Inspiration is required to start a business and to face all the challenges with valor and come up with new distinctive ideas and strategies that exploit market niches. Entrepreneurial drive brings economic and social prosperity to all the communities of the world (Knight, 2000).

The competitiveness of the market and the need for continuous improvement made the organizational culture of SMEs focus on the driving factors through which they could improve their performance (Çakar & Ertürk, 2010). In order to understand their structure, how they optimally utilize their existing resources, how they survive and compete around the globe, different studies need to be conducted. Worldwide studies have been conducted to determine the factors that affect SMEs and help them to convert into large-sized businesses (Ghosh & Kwan, 1996).

One of the major drawbacks experienced by SMEs is a lack of business strategy and entrepreneurial drive (Wang, Walker, & Redmond, 2007). Studies have shown that a sense of

clarity and long-term vision builds a strong company structure and it serves the company's mission and vision. Most small businesses only focus on the internal operations of their business rather than on the external market (Zaharia, Stancu, Stoian, & Diaconu, 2010). A successful business has both strong internal networking and external linkages and operations. SMEs face challenges in the form of internal operations, logistic issues and changing market demands as well as problems in developing external links, such as with creditors and suppliers (Gilmore, Carson, & Rocks, 2006).

After World War II, small firms were promoted to prevent economic decline. They became part of free market economies and gave a trade route to national and international markets for economic as well as social prosperity. They enhanced the living standard of people and slowly brought social improvement. Brown and Lockett (2004) described the importance of SMEs in revitalizing the economy; therefore, not only do all nations need to promote this sector but it also brings cultural harmony among the people. As a result, different governments took different promotional initiatives for SMEs; the United Kingdom (UK) and United States of America (USA) were the countries that most explored opportunities to revive corporate groups (Mulhern, 1995). In the 1970s and 1980s, new business ventures were started and entrepreneurs such as Steve Jobs and Michael Dell grabbed market opportunities; entrepreneurs became heroes who revived the economies of nations.

SMEs nowadays play an important role in the development of every nation because they represent a portion of every sector of the economy. SMEs are the capabilities of individual

entities to contribute to the economy, such as gross national product and per capita income. They also help to reduce the unemployment rate of the economy.

Knowledge is a vague concept which can be defined in many ways (e.g. Hedlund, 1994; Spender, 1996). According to Grant (2011), knowledge is an intangible asset combined with other resources such as physical and financial assets to create capabilities. Knowledge can be categorized into two types: tacit, which can also be described as implicit; and explicit, which can also be described as codified (Massingham, 2014). Tacit knowledge resides in mind, behavior and perceptions and it requires practice and interactions among people (Martensson, 2000). Explicit (codified) knowledge is knowledge that is transferrable through reports or documents or through any formalized way (Duffy, 1999). This distinction is important as knowledge management (KM) methods are likely to be identified through either tacit-oriented or explicit-oriented perception (Choi & Lee, 2002).

The success of an organization is determined by the achievement of its goals. One of the ways an organization can fulfill its goals is through KM. KM is aimed at developing and managing organizational knowledge and includes interdependent activities to achieve both the financial and non-financial success of organizations (Liao, 2011). Knowledge sharing includes cognitive and communication skills in a specific context (Widen-Wulff & Ginman, 2004). The early literature focused on the technological aspect of KM but the focus has now shifted to human relations; now, the management of people is strongly related to KM (Meso & Smith, 2000; Narasimha, 2000). KM is positively linked to organizational performance; KM can be defined in three steps: creation, acquirement and utilization of knowledge (Bassi, 1997). KM, for the

purpose of managing knowledge, can be further categorized through KM strategy. According to Massingham (2014), KM can be categorized best through Product versus Process while the somewhat similar terms of Codification and Personalization were used by (Robinson et al., 2005).

In Product view, knowledge is considered a thing that can be manipulated as well as be locatable by those other than its knower. According to Product view, knowledge can be converted into documents, databases, files and so on which can be used again. It is about sharing best practices, standard operating procedures, and about storage and retrieval of knowledge. The Codification approach is similar to Product view in that codification and reuse of knowledge should be done with sharing in a formalized way (Liao, 2011). This view of KM tries to separate the knowledge from the knower (Papavassiliou, Mentzas & Abecker, 2002). This type of KM strategy works best when organizations want to provide standardized information. To reduce complexity for the sharing of information and to attain organizational efficiency through a Codification approach, organizations can invest in information systems (Markus, 2001; Hendriks & Vriens, 1999; Mirchandani & Pakath, 1999).

The Process view places emphasis on ways to promote, motivate, encourage, nurture or guide the process of knowing, and abolishes the idea of trying to capture and distribute knowledge (Papavassiliou, Mentzas & Abecker, 2002). The focus in this strategy is on tacit knowledge and its sharing through interpersonal experience, interaction, communication and cooperation. Knowledge is part of the knower and the Process view does not try to separate the knowledge from the knower. The Personalization strategy is also aligned with this view. As knowledge is

considered tacit, employees have to interact with other colleagues to obtain knowledge and SOPs are abandoned. As compared to Codification view, organizations implementing the Personalization approach invest in appraisal and compensation systems and use task force groups; they emphasize organizational learning mechanisms and encourage employee interaction for the sharing of knowledge.

KM affects organizational efficiency and success. The literature indicates that KM is a primary source of excellence for any firm (Drucker, 1994; Stewart, 1998; Choy et al., 2006). According to knowledge-based theory, abilities to create and exploit valuable knowledge enhance outcomes (Grant, 1996; Hult et al., 2004). This theory was originally based on the resource-based view which emphasizes competitive advantage (CA). As competition increases or firms face uncertainties they have to go for CA (Elo, Harima & Freiling, 2015). The creation of a CA is sometimes necessary to be a successful player in the market. Many organizations' CA is based on KM and its development (Peng Wong & Yew Wong, 2011). Knowledge development starts at an individual level and then it moves to an organization level through distribution, review and revision which converts individual knowledge to organization knowledge (Bhatt, 2000). Organization knowledge will either lead to the success or failure of an organization.

KM has been described as a process opted for by organizations to generate capital from their intellectual assets (Evans, Dalkir, & Bidian, 2015). Alavi and Leidner (2001) found that an appropriate use of KM can assist organizations to turn into more flexible and better learning settings. According to Lee and Sukoco (2007), to achieve better organizational performance, it is not only important to successfully invest in tangible resources but also in improved KM.

Therefore, over the years, investment in KM has dramatically increased including 16% increase in investments in KM software in US organizations from 2007 to 2008(Mcgreevy, 2007). One of the rationales behind such increased investments in KM is to create the knowledge capability of an organization which assists effective knowledge acquisition, knowledge dissemination and responsiveness to knowledge (Alavi & Leidner, 2001). Becerra-Fernandez and Sabherwal (2014) found that these resources are linked to the KM capability of an organization, which in turn is linked to different determinants of organizational performance. In addition, the role of social capital is also important in assisting an organization to enhance its performance. Nowadays, an increasing trend has been observed regarding empirical investigation of the relationship between KM and organization performance(Zack, McKeen, & Singh, 2009).

KM is one of the main factors in an organization in this contemporary era. Due to the increasingly competitive nature of global economic systems, growth has been the major focus of more and more organizations. KM is directly related to innovations, such as rapidly evolving technology, shorter product lifecycles and a higher rate of new product development (Du Plessis, 2007). To gain a competitive edge and to remain viable, every organization has to be innovative. However, innovation is getting increasingly complex due to changing customer needs, extensive competitive pressure and rapid technological change (Tamer Cavusgil, Calantone, & Zhao, 2003). Innovation of an organization is highly dependent on KM. The availability of knowledge and its complexity, and the explosion of richness as well as profundity of knowledge have to be recognized and managed to achieve successful innovation in organizations(Adams & Lamont, 2003). Innovation and KM are mutually dependent.

KM creates a competitive business environment. Creating, building and maintaining a CA is mostly the outcome of KM and innovativeness (Carroll & Shabana, 2010). Acquiring knowledge, skills and abilities through collaboration within organizations leads to the successful development of innovativeness and ultimately a competitive edge for organizations. KM also reduces the complexity of the innovation process. More knowledge leads to complexity in the design of a product under an innovation process. If such information is not managed, it will disrupt the innovation process (Shani, Sena, & Olin, 2003). So KM is not only the mechanism through which innovation complexity is catered for but it also assists the innovation process through managing the existing knowledge as a resource for the innovation process (Cavusgil et al., 2003).

KM integrates both internal and external knowledge so that improved innovativeness and competitiveness of an organization can be achieved. Nowadays customer relations and KM have become potential areas for the researcher because an organization's prime objective is value creation which depends on customer relations. Customer relationship management and KM are used by organizations to gain CAs in the market by optimally utilizing their internal and external resources. Although these concepts seem to be different, when they are integrated it creates synergy which brings fruitful results for an organization. A very famous saying is that it is very easy to attract a new customer but it is very difficult to retain a new customer. In order to develop a long-term sustaining relationship with the customer, knowledge about the customer and products or services should be explicitly or implicitly communicated to employees (Davenport & Völpe, 2001).

The KM model serves as a supporting model for an organization in which knowledge is managed, which in itself is very valuable, but these models are mostly applied in the services sector instead of the manufacturing sector because in the manufacturing sector, the process managers solely focus on cost and benefit analysis (Demarest,1997). KM is one of the core drivers in an organization (Drucker, 1999). KM determines how much knowledge is transferred from top management to lower management and the ways of knowledge transfer (Demarest, 1997). The KM model gives different insights on the organizational learning environment and on how efficiently resources have been utilized.

1.2 Significance of the Study

1.2.1 Theoretical Contribution

This study contributes to the existing literature on the factors which influence KM in SMEs in the advertising sector of Pakistan by investigating the impact of market orientation (MO), learning orientation (LO) and entrepreneurial orientation (EO) on KM in the Pakistani context. It has been already established that firms get a CA through KM.

1.2.2 Managerial Contribution

This study helps managers to devise policies for the optimum utilization of existing resources and it helps managers to acquire new resources in the long term in the light of the company's vision for gaining a CA in the market.

Managers can develop an information bank through KM which helps them to take better and faster decisions. As we know, time is money for an organization and if an organization has a systemized KM system regarding the market and customers, then it can tune up its structure and can make prompt decisions in any situation. This study helps managers to think in multiple

dimensions about the specific problem and can generate different ideas for the prosperity of their organization.

With the help of this study, managers can effectively utilize their knowledge workers because they know what kinds of skills and expertise they have and can therefore ensure that any task or project can be efficiently and effectively done. This study improves the communication skills of the organization internally as well as externally to ensure smooth operations. For optimum utilization of skills, communication should be excellent to maintain and develop new external linkages, and to update external links to the market and customers. Standardized policies and procedures can be developed with the help of KM because knowledge of organization flows and the existing framework enables easy modification.

This study also helps managers to understand the diverse cultural environment of the organization through which they can manage interpersonal conflicts and enhance the teambuilding skills of their organization. This study also helps the government to design policies regarding the acquisition of resources by indicating what kind of resources are needed and how to effectively manage them in order to achieve the desired results. Government can also devise policies regarding utilization of knowledge and suggest how to effectively utilize information and respond to situations according to given circumstances.

1.3 Problem Statement

KM evolved gradually in six phases. The first phase consisted of agrarian economies in which goods were produced for the purpose of consumption and they were exchanged as a mode of barter system. Gradually, society evolved and entered into natural resource economies in which it exploited natural resources and increase in uniqueness of supplies to the customer for earning vast

amount of profit. In second phase, we had the industrial revolution in which the mass production of products and services started. Men were replaced by machines which encouraged cost cutting behavior, operational excellence and an emphasis on the efficiency and effectiveness of the task irrespective of employee conditions and problems in society. Then the product revolution phase started where the product was given prime importance and leadership focused on the sophistication of the product. In this phase creativity and innovative ideas were promoted. In this phase employees were encouraged to think in new ways in order to respond to existing problems and to develop new products and services. After the product phase, the information phase started where information was the prime focus. Everyone in an organization started to acknowledge the importance of information on products, customers and suppliers; databases were introduced for the decision-making process. In the last phase, the knowledge paradigm emerged where the customer is king and all the policies, procedures and strategies of an organization revolve around customer needs and market opportunities.

This is an era in which skilled workers, business strategies and customized products are developed to attain a greater market share and maximization of profitability. There is a need to conduct research to determine the factors that have the most influential effect on KM to ensure that we become a driving force in the market and can deliver to the nation.

1.4 Research Questions

- Does market orientation affect knowledge management in the advertising sector of SMEs in Pakistan?
- Does learning orientation affect knowledge management in the advertising sector of SMEs in Pakistan?

- Does entrepreneurial orientation affect knowledge management in the advertising sector of SMEs in Pakistan?

1.5 Rationale of the Research

In the last quarter of the twentieth century, the management of small enterprises emerged as an issue in research. It was the period during which the social, political and economic importance of small firms was realized for the first time in commercial history. Since then, considerable developments have been recorded locally and globally; several events in regional as well as international communities have shaped this discipline as a highly differentiated business discipline. These developments have resulted in public discussions and widespread debates on the subject matter and activities in the form of specialist publications, literature, services, education and research (Storey, 1994; Autio, 2007).

The status of SMEs has been elevated by a large number of factors. The most important factor is the perception that SMEs contribute significantly toward the economy, specifically in resolving problems faced by the economies of developed countries over many years. These problems may include uncompetitive business performance, unemployment, inflationary instability and grueling recessions. These small firms are abundant and diverse commercial entities that have the potential to prevent economies from experiencing the deteriorating effects of the abovementioned problems. SMEs are able to build prosperity and wealth at a national and international scale (Gray & Stanworth, 1991; Karpin, 1995).

Some of the significant developments in the markets have made it possible for SMEs to operate and perform activities that were beyond their reach before. These developments include a decline

in industrial mass production, innovation-intensive high-tech sectors, expansion of services, and greater product specialization and customization (Robinson & Pearce, 1984). Small businesses can respond to these trends more flexibly and quickly because their infrastructure is less congested and less complex, and it is easier to remove obstacles, as compared to large organizations.

The rationale of this study is to identify how an organization learns through the phases of transformation from small to large firm and the importance of KM in deciding the fate of the organization. Organizations are in continuous interaction with internal and external customers (also known as stakeholders) and learning is the key process that continues throughout the interactions of the company. There are six phases of KM through which the process is completed. The primary objective of this study is to identify the impact of MO, LO and EO in the advertising sector of small businesses in Pakistan. There is a huge gap existing in the small businesses sector for such research especially in the advertising sector.

1.6 Scope of the Study

The researcher focused his attention on small businesses because of their ability to contribute significantly towards the economy and commercial applications. The research has targeted factors that impact the performance of small businesses and how they can be managed effectively. The researcher has realized that it is a challenging task to study small firms. The researcher has identified that management of small firms is more difficult than managing large firms, and these firms have a greater struggle to become successful and grow in the marketplace as compared to larger firms. Most researched factors in this regard have been how small firms

survive in the marketplace and what factors impact the transformation of small firms into large business concerns (Fitzsimons&Gorman, 2005).

Most of the researchers as well as the practitioners who work with small business communities found that management of business strategy is the most important factor while studying the survival and growth of small business concerns which is stimulated by entrepreneurship. Different studies have indicated that the experience of growth pushes small firms to develop long-term objectives and a strategy to direct achievement of these goals. Owners of small firms who also manage the firms are preoccupied with the macro-dimensions of their firms. They place greater emphasis on setting objectives and assessing the potential of their company as compared to other companies in the market. Their objectives include larger product and customer bases and they plan to achieve the infrastructure necessary to achieve those objectives (Fornell, 1992).

Moreover, it has been found that there are significant transformations observed in the case of growing firms. These transformations occur in their internal operational environment as well as in their interactions with the external environment. When the firm is growing, it is faced with several operational issues including higher demands for products from the customers, increasing complexity of the infrastructure of the organization, increasing logistic issues and increased operational activity. As a result of these issues, changes will take place in the company's business and learning relationships with agents, landlords, financiers, suppliers, customers and sometimes with members of the organization. There will be a need to bring changes to the internal infrastructure of the company according to these transformations in order to make the changes

successful. In order to gain greater control, quality and efficiency in their operations, significant transformations in the infrastructure are required.

1.7 Conceptualization of the Variables

1.7.1 Market Orientation

According to Narver and Slater (1990), MO in an organizational culture is dependent on three behavioral components of equal importance; these components are customer orientation, competitor orientation and interfunctional coordination. In MO businesses, the employees spend more time with their customers and try to give them superior value in order to achieve their goals (Slater & Narver, 1994).

In order to create superior value or worth demands for customers, companies have to focus on their customers. It is necessary for the companies to focus on their competitors, technologies and the products that act as the alternatives to satisfy their customers. It is also necessary to understand the main competitors of the companies, and the short-term strengths and the long-term opportunities and goals of the companies. Many times, competitors have become the source of new ideas for developing and innovating products, so by knowing the competitor's strategies companies can get new ideas about products (Porter, 1979). In any organization, the employees can generate competitive intelligence (Slater & Narver, 1994).

MO is also responsible for creating coordination between different resources, such as personnel resources, to form value for buyers. For example, engineering staff should discuss their regular tasks, capabilities and limitations with the sales and the marketing staff to increase and enhance

the capabilities and to avoid the limitations. When all functions support an increase in value, then the benefit to the customer will be increased effectively and efficiently.

Kohli and Jaworski (1990) defined MO in a different way; they stated that MO involves different behavioral activities such as the dissemination, generation and response to information. Hunt and Morgan (1995) described MO as: a systematic way of gathering information from both customers and competitors by using all the potential and present ways; the systematic analysis of this gathered information to develop market knowledge and information; and the use of this information systematically to act as a guide to understand existing knowledge and create new knowledge about the information. So MO is very necessary to an understanding of marketing concepts about products and customer values. Lafferty and Hult (2001) divide the term of MO into five main categories: decision making, market intelligence, culture base, strategic marketing behavior and customer orientation.

There are three similarities in the definitions of the term MO: the set of beliefs regarding the interests of the customers, an ability to generate information about customers and competitors and use it properly, and coordination of the interfunctional resources to create worth for customers (Kohli & Jaworski, 1993). So in the MO literature, value is very necessary to any organization (Narver, Slater & Tietje, 1998).

MO is also sometimes referred to as customer orientation or as a market-driven process. For example, according to Deshpande et al. (1993), MO is related to customer orientation because it is driven by the customers. Day (1994) described MO as the capability of forming the superior

ability to attract and understand customers, stating: Organizations can become more market-oriented by identifying and building special capabilities that set market-driven organizations apart. Researchers use the term market and MO interchangeably.

1.7.2 Learning Orientation

Sinkula et al. (1997) described LO as “giving rise to the set of organizational values that influences the propensity of the firms to create and use knowledge.” LO is related to the degree of the proactive learning. Other researchers describe LO as new personnel inductions with fresh and updated knowledge and top management expectations. The new personnel hired possess new ideas, innovations and hence enhance the performance of organization. Hurley and Hult (1998) described LO as present at every level of a firm in the form of strategy, process, structure and culture of the firm. Its benefits include a fast marketing process, fast information process, developing new products and high quality performance.

Generally LO is related with three qualities: agreement to learning, learning with an open mind and shared vision. These values are associated with the organizational culture, where different individuals work together, share their views and build relationships, and share the sense of cause; these beliefs are necessary for LO and motivate the learning purpose (Senge, 1990).

Commitment to learning builds a climate of learning and encourages an organizational learning process. For example, managers who spend time learning, motivate their employees toward the learning process. Shared vision is also central to the wide vision of an organization in the learning process. Without shared vision, it would be difficult for the employees to understand what they have to learn or for what thing they are motivated. There are many ideas which are not supported

or accepted because of a lack of directions. Open-mindedness is very necessary to accept new ideas and critically evaluate the operational routine of organizations (Lear, 1998).

Open-mindedness can also be related with unlearning. According to the chief scientist of the Xerox Palo Alto Research Center, “Unlearning is critical in these chaotic times because so many of our hard earned nuggets of knowledge, intuitions and just plain opinions depend on assumptions about the World that are simply no longer true.” It is important for organizations to motivate the learning process and to create momentum for the learning process.

1.7.3 Entrepreneurial Orientation

According to the Miller (1983), entrepreneurial companies are those that involve the innovations of products, assume risky ventures and introduce proactive innovations. EO is the propensity of organizations to be innovative in making new products and calculating the risk factor. EO does not focus on the relationship between organizational culture and business orientation but it creates links between a firm’s structure, management style and performance (Tzokas, Carter & Kyriazopoulos, 2001). According to Stevenson & Jarillo (2007), entrepreneurship is an approach to opportunity without having controlled resources.

MO and LO can help managers create quality processes, products and ideas for creating value for customers. EO provides the stimulus to these activities. MO is related with the primary learning about customers and competitors while EO is related with learning with experimentation from MO. Entrepreneurial values encourage the learning and developing of breakthrough products and services (Hamel & Prahalad, 1994). Some researchers showed that there is a positive relationship

between EO and organizational performance because EO performance is related to the international performance of organizations and it is universal.

1.7.4 Knowledge Management

KM is multifaceted and incorporates different inter-linked processes (Egbu, Botterill & Bates, 2001). The purpose of KM is to create an environment that enhances the learning process and promote continuous creation, aggregation, use and reuse of personal and organizational knowledge to support new business values. Quintas et al. (1997) described KM as the process of managing the knowledge of the firm, continually, the existing knowledge and the emerging knowledge to develop new ideas and the products. In the view of Egbu et al. (2005) KM is the identification, optimization and utilization of knowledge to create value and increase productivity to gain a CA. Bhatt (2000) described KM as the interplay between different types of knowledge to create a continuous cycle of knowledge development. KM includes various terms; Ruggles (1997) defined these as codifying, generating and transferring knowledge. All the processes of KM are interactive, cyclic and have different dimensions (Laudon & Laudon, 2000).

How can knowledge be obtained and utilized? In the twentieth century, the discovery, creation and the construction of knowledge led to the industrial knowledge and then to the information revolution. It was not until the mid-1900s that the importance of knowledge was recognized by individuals and organizations in the emerging competitive environment (Wiig, de Hoog & Van Der Spek, 1997). Prahalad & Hamel (1994) stated that the true meaning of business sustainability lies in the competition for the future, for the high worth for customers and having a broader community. This can be achieved by the constant cycle of an organization in reinventing and recycling processes in KM.

In the last few decades, the knowledge revolution has set the foundation for a knowledge economy and it is becoming more complicated with the passage of time. It is very necessary for organizations and their employees to know more and more about customer demands. The role of the knowledge economy and KM is vital in gaining customer loyalty. It is also important to know how customers will take part in the innovation process of firms, through their knowledge.

1.7.5 Marketing Capabilities

The resource-based review describes some capabilities such as managerial skills and the accumulated knowledge for deploying skills to create CA (Teece, Pisano & Shuen, 1997). Day (1994) described marketing capabilities as an integrative process that is formed to collect the overall information with the skills and the techniques concerning market-related needs and it makes a firm able to have a CA by making its services and goods better. Day (1994) categorized marketing capabilities into three types: outside in, inside out and spanning capabilities. It can also be categorized into other parts like hierarchical, marketing culture, strategies and marketing operations. It is also related with the marketing operations of different products and marketing abilities for different actions.

Many researchers have identified different marketing capabilities as important for getting CA. It is an important key to success for new firms and businesses. Insightful and professional analysis reduces the chance of failure in any market. It is also true that marketing capabilities is the most dominating issue that small businesses have to face in their initial process.

1.7.6 Market Performance

Market performance is driven by a wide spectrum of disciplines that include finance, human resource management, marketing operations and strategic management (Marr & Schiuma, 2003). Market performance is employed to measure the efficiency and the effectiveness of the actions of employees, which act as problematic issues in business management. There are various approaches that are applied in business to study and analyze performance; the research setting of performance measurement is a controversial subject for strategic management researchers (Jogaratham, Eliza & Olsen, 1999)

One popular measure of market performance is the balanced scorecard (BSC), which was designed by the Kaplan and Norton in 1992. It is based on the research of 12 companies of one year of study. It is stated that a financial measure is not sufficient to measure market performance, and that competence, knowledge and customer focus are also necessary. According to most researchers, the most common financial measure is the profit margin.

Customer-based measures are gaining popularity because they stress the improvement in quality of products and services that leads to a company's profits. These measures include surveys with customers and customer complaint procedures. These surveys are very helpful in determining performance and guide improvement in quality. Soft measures are also used to measure improvement in the morale of employees.

1.7.7 Product Development

Small companies have to face many problems with their competitors and with the monopolistic activities of larger companies. They have to face other problems such as raw materials problems and customers who do not pay their bills on time. Poor products or product development issues,

operational issues, quality control issues, poor resources and supplies make it difficult for new firms to survive in the market successfully.

If firms have a positive attitude toward LO, then change can be accepted positively and effectively. Day (1994) stated that firms who adopt aLO about their market are in a better position to adapt to change. Market-oriented companies are successful in product development, relationships with stakeholders and market communications. Along with LO, a well-developed set of marketing capabilities is also essential for basic marketing demands like segmentation, selection of specific market, better products and services and product development.

Vorhies, Harker & Rao (1999) described six market principles: market research, product development, pricing, channels of distribution, promotion and marketing management. Market research is the term that combines the consumers and the customers to generate and evaluate market actions. Marketing processes are specific to every firm (Day, 1994). These processes help organizations achieve their organizational goals. The firm's performance is at crest that have high level of product development and MO. Such performance also contributes in accomplishment of firms values with high values (Slater & Narver, 2000).

1.7.8 Financial Performance

In the entrepreneurship literature, growth is taken as a substitute for business performance because it is given more importance than any other financial measure in business (Zahra & Covin, 1993). Empirical studies have combined financial performance with growth. Business advice is directed to assist management in the operation of the firm to promote business sustainability and the growth of the business. Business advice is related with operational or

financial performance in order to make the business better. It can be given in the case of decision making, marketing advertising and supply chain issues.

Hunt and Morgan (1995) developed the resource advantage theory which does not describe the performance measures of firms but provides a model of competition among different firms.

1.8 Research Objectives

- To examine the impact of market orientation on knowledge management in the advertising sector of SMEs in Pakistan
- To examine the impact of learning orientation on knowledge management in the advertising sector of SMEs in Pakistan
- To examine the impact of entrepreneurial orientation on knowledge management in the advertising sector of SMEs in Pakistan

1.9 Research Hypotheses

H₁: There is an impact of market orientation on knowledge management.

H_{1A}: There is an impact of customer orientation on knowledge management.

H_{1B}: There is an impact of competitor orientation on knowledge management.

H_{1C}: There is an impact of interfunctional coordination on knowledge management.

H₂: There is an impact of learning orientation on knowledge management.

H_{2A}: There is an impact of learning commitment on knowledge management.

H_{2B}: There is an impact of shared vision on knowledge management.

H_{2C}: There is an impact of creativity on knowledge management.

H_{2D}: There is an impact of open-mindedness on knowledge management.

H₃: There is an impact of entrepreneurial orientation on knowledge management.

H_{3A}: There is an impact of innovation on knowledge management.

H_{3B}: There is an impact of proactivity on knowledge management.

H_{3C}: There is an impact of competitiveness on knowledge management.

1.10 Structure of this Thesis

Chapter 1: Introduction

This chapter includes the background to and the significance of the study and a problem statement. The rationale of the research is also discussed in which a research gap in the literature is identified; variables are conceptualized. Research questions and research objectives are also defined in this chapter. In addition, the scope of the study is explained and a theoretical framework is drafted.

Chapter 2: Literature Review

In this chapter the literature was studied in relation to three independent variables and one dependent variable. The three independent variables were MO, LO, and EO. The dependent variable was KM. In MO, three different aspects were discussed: Customer Orientation, Competitor Orientation and Interfunctional coordination. Similarly in LO, four different facets were discussed: Learning Commitment, Shared vision, Creativity and Open-mindedness. In the same way, five different features of EO in the previous literature were discussed: Innovative, Proactive and Competitive.

Chapter 3: Research Methodology

The approach towards the research and the method used in the research were discussed. The researcher adopted a quantitative approach to examine the influence of the factors that lead to KM in organizations in the advertising sector of Lahore, Pakistan. It was difficult to achieve this goal with a quantitative approach within a short period of time. For this purpose, a questionnaire was designed with responses on a Likert scale to register respondents' attitudes and experience. Another purpose of the research was to find the relationship and significance of different factors affecting KM in this sector.

Chapter 4: Analysis and Results

This chapter discusses the analysis and interpretation of the data. The first section discusses the descriptive profile of the data, in which mean, standard deviation, reliability and validity of the constructs are measured. The demographics of the respondents are discussed in this section and the respondents' internal consistency reliability is also measured in this section. The second section discusses the results of correlations in which the relationship of the variables are also discussed. In addition, the regression results are discussed and the impact of independent variables on dependent variable is examined.

Chapter 5: Discussion of Results

Strategic orientations considered in this study are MO, LO and EO, and their impact on KM in the advertising segment of SMEs is considered; KM is measured using the dimensions of knowledge acquisition, knowledge dissemination and responsiveness to knowledge. This chapter is divided into three sections in which the three strategic orientations and their impact on KM are discussed. The first section of the discussion discusses the results on the impact of MO on KM, the second section of this chapter provides discussion on the impact of LO on KM and the third section of the chapter discusses the impact of EO on KM.

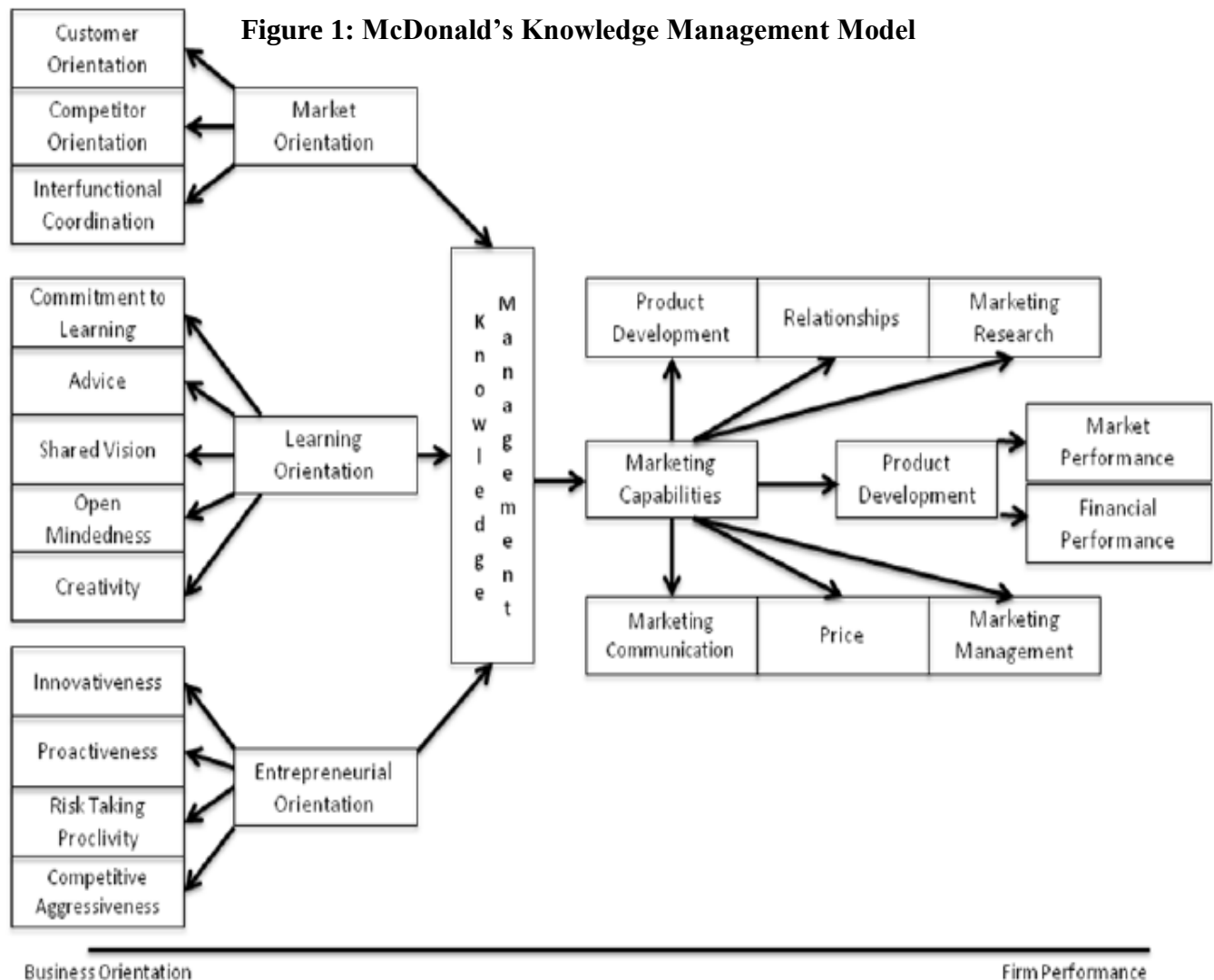
Chapter 6: Conclusions and Recommendations

This chapter of the thesis concludes the research and also provides implications and recommendation of the study. Lastly, limitations of the research and directions for future research are also entailed in this chapter.

Chapter 2

Literature Review

KM plays an important role and serves as an important concept for firms in translating their MO, LO and EO for business performance (Wang, 2008). It is important to know the meaning of KM, from where it started and its effects on the present knowledge economy era. Many types and dimensions of KM are present in the literature. This chapter gives a systematic overview of the studies of KM and their factors, and it will show that knowledge lies in the heart of KM along with factors that affect the efficiency and effectiveness of an organization. McDonald (2010) developed a KM model of SMEs (Figure 1) in which all the factors affecting KM are described and it also created a link between KM and organizational performance.



2.1 Market Orientation

A business can improve its marketing performance by increasing its MO. The effectiveness of MO has been claimed by academic researchers as well as marketing management practitioners for the past 30 years. Given the particular attention paid to MO by marketing managers and academicians in their textbooks, speeches and research papers, it has been placed at the center of modern marketing management and marketing strategy development. However, there is no convincing evidence of the impact of MO on business performance. It is because of this lack of empirical evidence, that marketing managers do not have any guidance on the proper implementation of MO, and they do not know what the impact of the implementation of MO will be on modern day business in a competitive environment (Narver & Slater, 1990).

MO refers to that particular situation where the entity gives importance to its all components as strategic components and analyzes each element according to its significance; this analysis starts from the identification of the relevant components which can be deemed as true factors or components of MO. There has been a debate in the literature about the strategic components of MO. For example, Shapiro (1988) held the view that MO has a major relation to decision making; this point of view of MO was first challenged by Kohli and Jaworski (1990). Kohli and Jaworski (1990) were in favor of market intelligence to analyze market sensitivity through the analysis of customer sensitivity and intensity of response by the customer in the case of any change in market behavior, which includes change in price or features and change in rivalry level among existing and potential product producers and sellers or service providers. They described the scope of market intelligence: first, generate market intelligence, organization-wide by using all possible means; then disseminate that generated market intelligence at all levels of the organization in all departments from top to bottom; and then design and develop all processes

and procedures in a way that would be most effectively and efficiently responsive to the market intelligence at all levels. The significance of this process of generation of market intelligence and its spread in all departments at all levels is greater in SMEs than large-scale businesses because at a large scale, almost all business entities are in a position to deploy human and other financial resources for generating and disseminating market intelligence. This is not as easy in SMEs because they have limited human and financial resources, moreover they rarely possess a level of leadership which may be capable of doing such tasks. Hence, this may become an important factor in the success or failure of SMEs. The market intelligence perspective of MO held for only two years. Then MO entered a new era of cultural-based behavior perspective as advocated by Narver and Slater (1990).

Narver and Slater (1990) contended that MO is mainly based on the culture and behavior of the market. If historically a particular market and its buyers follow one pattern of spending in any given situation, then they will probably follow it again and again in the same scenario as this has been their continuous and historic behavior. Their historic behavior has become part of their culture and any trait which becomes part of the culture of any society, population or market is always expected to be repeated in the same scenario every time. This view of MO held for a further two years until 1992, when Ruekert promoted the strategic perspective of MO.

Ruekert and Walker (1987) suggested that the factors and components which are vital to the long-term success or failure of any business entity should be treated as MO factors or components because of their significance and dominance in that particular business.

In 1993 Deshpande et al. argued that the major component of MO is customer orientation (Deshpande et al., 1993); MO is king of the market and drives all other forces and factors of MO. This argument prevails as a significant part of MO along with other components which were revealed later by other researchers, such as competitor orientation. For many years, marketing and MO were considered to be the same things by some researchers and scholars, but this was not actually the case.

The two most prominent conceptualizations of MO are those given by Kohli and Jaworski (1990) and Narver and Slater (1990). Whereas Kohli and Jaworski (1990) considered MO to be the implementation of the marketing concept, Narver and Slater (1990) contended that MO is organizational culture and behavior. The latter is achieved by any entity when market-oriented analyses become part of an organization's processes and procedures at all levels from top to bottom, as well as part of strategic decisions and operational day-to-day decisions. According to Narver and Slater (1990), the marketing concept is a business philosophy, whereas the term MO refers to the actual implementation of the marketing concept. They added that a market orientation appears to provide a unifying focus for the efforts and projects of individuals and departments within that particular business entity.

Narver and Slater (1990) defined MO as "the organization culture that most effectively and efficiently creates the necessary behaviors required for the creation of superior value for buyers of the product or users of the service than their perceived values about the products purchased by the buyers and services rendered by them which our business entity sells and provides and, thus, continuous superior performance and competitive edge for the business in long term."

As such, Narver and Slater (1990) consider MO to be an organizational culture consisting of three behavioral components, namely, i) customer orientation, ii) competitor orientation and iii) interfunctional coordination. Empirical study found that among all three behavioral components, interfunctional coordination, especially that between R&D and marketing has the most significant influence on new product success. Interfunctional coordination creates synergy among all the other components and helps in creating superior value for existing and potential buyers of the product and users of the service. Without interfunctional coordination, the behavioral components in isolation would be unable to create such value for customers or meet their perceived level of satisfaction.

It is necessary for an organization to achieve sustainable CA in order to increase its marketing performance (Porter, 1985). Achieving sustainable CA means creating superior value for customers which can be sustained as well. The logic of sustainable CA can be understood by an illustration. For example, a company offers a good 'X'. It is necessary that the perception of performance of the particular good must exceed the expectation of the customer for sustainable CA to be achieved. 'Value' can be defined as the difference between the expected benefit and actually perceived benefit from using the product/service that is offered by the seller of the product. There are several opportunities for the seller to increase the value for the buyer by increasing the benefits for the buyer (Forbis & Mehta, 1981). This may be in the form of a product differentiations strategy. Product differentiation means the addition of some features to a product which make the product unique or different from other such products being offered by the major competitors of the sector. The other way to create value for customers may be to adopt the strategy of cost leadership which means to decrease the cost of products or services which will

create value for money and will result in a competitive edge. A decrease in cost will give more actual value to the buyer than his or her perceived value before purchase; hence, the business will be able to achieve its corporate objective of greater value for money and competitive edge. A third way of creating an actual value of a product or service that is more than its perceived value is to focus on a niche market.

A niche market strategy segments the whole market on a suitable basis; for example, the basis could be age pool of buyers, income group of buyers, gender, race, place, any specific brand, or quality level, or any other which are deemed to be fit and reasonable in the given circumstances. To be a successful segmentation, the segmentation should also consider the other MO components: customer orientation and competitor orientation. After completing segmentation successfully, a marketing approach is designed that appeals to a particular minority market subgroup. A typical product marketed using a niche strategy will be easily distinguished from other products, and it will also be produced and sold for only a specialized group of users of the service and buyers of that particular product within its corresponding niche market (Porter, 1985).

Before selecting any of the above-mentioned three strategies (product differentiation, cost leadership and niche market), a business entity needs to conduct an in-depth analysis of its external and internal markets as this is a vital and strategic decision for the success or failure of sustainable growth of the business.

A business aims to create and maintain a corporate culture which supports value creation for the customer and a desire to achieve sustainable CA. MO is one of the ways through which this

corporate culture is achieved by creating superior customer value through efficiency and effectiveness. Top leadership set that required level of corporate culture at all levels from top to bottom through their role model contribution and by designing and developing processes and procedures. This level of effort and culture also helps in achieving superior business performance (Kohli & Jaworski, 1990; Aaker, 1988; Shapiro, 1988). A seller who believes in the efficiency and the effectiveness of the MO understands the fact the sustainable CA can be achieved through creating superior customer value by means of creating additional benefit for customers or decreasing total cost of acquisition of products/services (Aaker, 1988; Porter, 1985). Such a seller knows that there are a number of these alternatives to achieving sustainable CA. This seller continuously evaluates the alternatives and adopts the one which helps the business achieve sustainable CA. Creating and maintaining long-term relationships with the buyers is also necessary to maximize the performance of the business in the long run. Market-oriented sellers understand that they can share the benefits with their buyers to achieve long-term high performance for their businesses (Hanan, 1985; Jackson, 1985).

There has been extensive debate in the literature about the major factors of MO. From a review of the literature, three major behavioral categories of MO can be inferred: customer orientation, competitor orientation and interfunctional coordination. Customer orientation and competitor orientation are frequently referred to as being part of a firm's strategic orientation (Gatignon & Xuereb, 1997).

Strategic orientation should reflect the broad base of those strategic choices that, if implemented effectively and efficiently, should enhance the financial and nonfinancial performance indicators

of an organization and should ultimately lead toward the successful achievement of the organizational objectives and the gaining of a competitive edge. Customer orientation and competitor orientation consist of the activities that are focused on the gathering of information about the customers as well as competitors in a target market through all available means. This information is collected as well as disseminated by the business itself in all departments at all levels of organizational hierarchy. The third behavioral component, interfunctional coordination, is about making behavioral efforts to develop strategies in response to the information collected about the buyers and the competitors of the business. The scope of interfunctional coordination extends beyond the systematic efforts of the marketing department. Marketing is only considered to be one phenomenon or tool for creating the perception of the product or service by using different means which help the relevant department in approaching the potential customer. It is vital that the offered product or service should have superior value for the buyers of the products and users of services. Superior value for buyers of a product or service is achieved through the interfunctional coordination of all the departments of the business. In sum, the behavioral components of MO are about collecting and disseminating information about the buyers and competitors of the business and developing coordinating activities for achieving superior customer value for the business. The inferences made for the behavioral components of MO are inline with the findings of Kohli and Jaworski (1990).

MO can be defined as, “The organization-wide information generation and dissemination and appropriate response related to current and future existing and potential customer needs and preferences” (Narver & Slater, 1990). We now have a thorough understanding of the three above

mentioned behavioral components of MO and we are now going to discuss them separately in detail.

2.1.1 Customer Orientation

Customer orientation is the first and most significant component of the three behavioral components of MO. The customer orientation factor is the factor which is most closely connected with the other two factors of MO: competitor orientation and interfunctional coordination. The term “customer orientation” is used to describe the major emphasis organizations place on evaluating and addressing customer needs and wants. The literature has further explained customer orientation in the following ways.

The dissemination of information about customers throughout an organization from top to bottom and all at all levels for the purpose of formulation of organizational strategies and tactics to satisfy market needs interfunctionally and an achievement of a sense of company-wide commitment to these plans of meeting customer need effectively and efficiently (Shapiro, 1988).

Kohli and Jaworski (1990) suggested that customer orientation represents the degree to which customer information is both collected and used by the business entity; in order to analyze the customer needs consider the optimum way to satisfy those wants and achieve the organizational goal of competitive edge by fulfilling those wants in the most economical and beneficial way. Such customer-oriented behavior and analysis helps an organization in creating that organizational culture which most effectively and efficiently creates necessary behaviors among all the human resources of the entity, which leads towards the creation of superior value for buyers of organizational products and users of services and responds promptly to their needs and wants (Narver & Slater, 1990).

“That strategy which emerges as a result of obtaining the customer information by all formal and informal means at all levels and disseminating that information for analysis at all levels to have such strategy at all organizational levels that gives the premium priority to customer’s prime interest, and in the meantime it should also not ignore the interests and stakes of all other stakeholders such as shareholders, managers, employees, lenders, debtors etc. in order to develop a long-term and sustainably profitable enterprise” (Deshpande et al., 1993).

According to the above discussion in the literature it is clear that customer orientation is an integral component of a general, underlying organizational culture; therefore, attention to the information about the customers and potential buyers of products and users of services should be considered along with the fundamental usual core values and beliefs that are most probably required to enforce such a customer focus and give the entity an edge over its competitors and result in more customer loyalty and create sustainable long-term growth (Deshpande et al., 1993; Pelham & Wilson, 1995).

The significance of the general nature of customer orientation is clearly highlighted in the management literature. In particular, researchers in the field of strategic marketing management emphasized that a focus on customers wants, the analysis of the importance of those wants and creating value in the light of the customer wants analysis should be the key factor in the formulation, development and implementation of key business plans to achieve organizational loyalty and other interrelated corporate objectives, such as long-term sustainable growth and competitive edge (Webster, 1988).

The implication of all such steps that lead toward customer orientation is that the practice of customer orientation at all levels of the entity becomes a cultural attitude and standard practice of all organizational human resources at all levels. Many researchers, scholars and marketing leaders also argued that customer orientation is not only a theoretical phenomenon to list in an organization manual but it is all about the implementation of strategies to build a customer-oriented organization. In fact, there has been a very strong argument by marketing and management heads in favor of the adoption of a management approach based on customer orientation throughout a firm (Slater & Narver, 1994a).

Customer orientation, specifically, is all about collecting and disseminating information about the potential buyers of the products and users of the services of the business in any specific target market. Business can develop understanding about the needs and wants of the buyers using this information and can come up with superior customer value in a rapidly changing marketing scenario (Levitt, 1960). Customer orientation is about understanding the entire value chain of the buyer; it is about understanding their present needs as well as their future preferences depending on the internal and external marketing dynamics (Narver & Slater, 1990).

There are two ways through which a seller can create value for the buyer. First, to increase the benefit for the buyers in relationship with or compared to cost of products/services. It is also necessary for the business to understand the cost and revenue dynamics of the buyers and the buyer's buyers because market dynamics are actually driven by their demands. Hence, all levels of economic as well as political and social dynamics must be understood by the seller for a particular marketing channel. This requires development of a comprehensive framework and

through this comprehensive framework the business becomes able to understand the needs of its current customers and the preferences of its future customers(Narver & Slater, 1990; Porter, 1985).

The above discussion is all about the general attitude and culture of entities toward customer orientation in order to identify and satisfy customer needs regardless of the nature and size of the business organization. This becomes more vital in the context of SMEs because they normally have less financial resources and human resources than bigger entities;they also possess a relatively simple organizational structure, as a result of such constraints,in which they have less formal procedures to get and process informationto perform a reliable and effective customer analysis which is the backbone to developing a customer-oriented strategy. Moreover,the development of customer strategy is notworthwhile unless it is implemented; it should be an integral component of internal controls and procedures to be practically effective for anSME.As many SMEs cannot effectively and efficiently develop and implement a customer-oriented strategy due to a lack of resources and lack of required level of competencies,this may become detrimentalto their success or failure.

2.1.2 Competitor Orientation

Competitor orientation is the second of the three behavioral components of MO;competitor orientation is an understanding of the short-term strengths and weaknesses of competitors as well as long-term strategies and capabilities of current and potential competitors of the business (Aaker, 1988; Porter, 1985). Competitor orientation must consider, like customer orientation, the needs and wants of the current and potential customers in a particular marketing segment; this

requires development of a framework of current capabilities to perform an analysis of competitor orientation (Levitt, 1960).

Competitor analysis is vital, especially in a dynamically changing business environment, because it compels the business to maintain market analysis and quickly respond to changes in its internal and external business environments and competitors are always the biggest players in change to the external environment. Competitor analysis, the analysis of principal current and potential competitors, must include the entire set of technologies capable of satisfying the current and expected needs of the seller's target buyers of products and target users of services because it leads the management to a formulation of a competitors-oriented strategy. The competitors-oriented strategy will consider the impact of a competitor's strengths that can fulfill the wants of existing or potential buyers; failure to do this will lead to a reduction in customer loyalty and may result in the shifting of existing or potential customers toward the competitor (Levitt, 1960).

In SMEs such a scenario will be seen as more harmful because it might be more difficult for them to recapture their customers once they left due to not having a competitor-oriented strategy. Porter's SWOT analysis model (1979) clearly discussed competitors' orientation in the form of external analysis where we analyze the opportunities and threats of external market forces, such as competitors. The strengths of competitors in competitors' analysis are the areas where a competitor is currently or potentially doing well or may have a competitive edge due to its expertise or capability. The weaknesses of competitors are the areas where currently or potentially competitors may lack or the required level of expertise or capabilities to effectively and efficiently satisfy the market needs. The area where the competitor has strengths may create

a threat because in that area the competitor may create better value for customers; the area in which the competitor is weak can become an opportunity to create better value for money and to satisfy the market needs in a more effective and efficient way and to create further value for current and potential customers and gain a competitive edge in market. Therefore, an organization's internal strengths are vital to grab opportunities and it needs to tackle its weaknesses so that it does not give its competitors an edge. The strategy developed in the context of such competitors' analysis may be considered competitors'-oriented strategy.

The smaller and simpler organizational structure of SMEs increases the significance of competitors' orientation as a smaller and simpler chain of command aids quick decision making. This may result in dynamic changes to the whole market; hence, competitors' orientation should be part of organizational processes and procedures at every level from top to bottom of the managerial hierarchy to cope up with changes rather than relying on occasional competitor analysis.

Competitor orientation is not only limited to analysis of current competitors and their areas of strengths and weaknesses, but also includes analysis of competitive intensity as the competitive intensity may differ in every scenario. Sometimes, a change in target markets or change in core features of a product and change in class of customer on the basis of age, gender, consumption pattern, brand loyalty, price or place, may reduce or increase the intensity of competition in the same market. Entry and exit barriers analyses also play a vital role in the competitiveness of entities (Tirole, 1988). Market growth is another strong factor which impacts the level of competitiveness. If the market growth in a particular sector is fast and that sector of

a particular industry is growing rapidly, it may result in a less competitive environment, whereas if the market size is shrinking and the products of that sector have crossed the maturity level and moving towards decline, then tough competition is expected in that particular sector. Hence, competitor-oriented strategies and their effective implementation will be vital to the success or failure of SMEs in such an environment (Baron & Kenny, 1986). The other important factor in competitor orientation is the bargaining power of suppliers and the bargaining power of buyers; the second is more vital because if the bargaining power of the buyer is higher it will lead to more competitive rivalry among the competitors. Hence, development of a competitor-oriented strategy and its effective and efficient implementation will become a more necessary factor in the success and failure of the entity.

2.1.3 Interfunctional Coordination

Interfunctional coordination is the third of the three behavioral components of MO. It is about creating superior value for current and potential customers of the business through utilizing the resources of the business through well-planned and coordinated efforts. There is an opportunity for the seller of a product or service provider to create superior customer value for a buyer at every step of the value chain of the buyer. In today's rapidly changing business environment, a marketing department in isolation can never successfully create value for customers regarding their products and services; Porter (1985) claims that every segment of primary and secondary activities from inbound logistics to services is responsible for the creation of value for the customers. The primary activities that Porter (1985) mentioned, other than marketing, that create value in the value chain are operations, outbound logistics sales and service. According to Porter (1985), supporting activities are firm's infrastructure, human resource management, technology development and procurement. Hence, every primary and secondary activity with interfunctional

coordination helps management in achieving higher value at every activity level and leads to a higher value for a product and service for the buyer of the product or the user of the service. Every employee in the company of the seller of the product or service provider entity has the capacity of adding some value to the value chain (Porter, 1985) of the buyer. Today, creating value for the buyers is not limited to a marketing function only; rather, it is a responsibility shared by the every individual human resource in the entity which is selling any particular product in a competitive environment or providing a service in same capacity(Narver & Slater, 1990).

The coordinated efforts of the employees in the seller company are analogous to a symphony orchestra in which a conductor tailors the contribution of each subgroup to produce a synergetic effect. In order to create superior customer value for customers, it is necessary that the seller of the product or service provider must draw upon the required level of attention and integrate effectively and adapt to changes as necessary to add optimum value for the customer. The seller must use physical as well as mental resources to achieve superior customer value for the buyers of the products or the users of the services. Therefore, it can be interpreted that the task of achieving superior customer value is not to be accomplished by any individual resource person or a single department; rather, it is to be achieved by the appropriate focus and structured effort of the entire business at all levels from top to bottom layer of the managerial hierarchy(Webster, 1988).

The coordinated effort and structured integration of the resources of the business to achieve value for customers is closely associated with customer orientation as well as competitor

orientation. Achieving superior value for buyers is a multidimensional concept, it is necessary that the functions of the marketing department be coordinated and integrated with all other segments of the business effectively to develop the marketing strategy of the business in response to the needs and wants of the existing and potential customers, as well as those of the existing and potential competitors and their intensity of rivalry(Wind & Robertson, 1983).

It is the role and primary responsibility of the top leadership or those charged with governance and effective advocacy to overcome the isolation of the functional areas if a tradition of interfunctional coordination does not exist in a business. It is necessary to design, develop and implement such strategy at all levels to achieve interfunctional coordination within the business entity. It is also necessary to develop interfunctional dependency and coherence among departments in order to ensure that the departments consider it necessary to coordinate and integrate for the completion of their tasks and activities. The participation of each segment or department of the business will be enhanced by the drive of self-interest because they will be rewarded for achieving superior customer value as a whole unit (Ruekert & Walker, 1987). The marketing and advocacy departments of the business must be highly sensitive to the needs and wants of the interfunctional coordination of all the departments in order to achieve the interfunctional coordination at all levels of the organization(Anderson, 1982) because in the current era of close competition and dynamic changes no business can survive in isolation. Moreover, all the departments and functional units of the business are required to contribute in value addition of the product or service of the concerned business entity in the value chain of that particular business as the end product is the representative of the whole organization by creating a superior value for its customer. This optimum value addition in the value chain is only possible

when all the segments, units, departments or components of a value chain are adding value with a strong coordination at all levels of the entity from top to bottom of the entity. To achieve this, the management needs to build processes, procedures and flows of the operations that are interdependent on each other in such a way that they result in perfect interfunctional coordination. A perfectly developed and designed systematic coordination at every level of organization from top management to lower level managers and at a worker's level will be effectively implemented if it considers both customer orientation and competitor's orientation. It will create superior value for the existing and potential customers' needs and wants and will respond to any market-oriented change in an effective and efficient way as per the needs of the relevant market.

2.2 Learning Orientation

The concept of LO was presented by Wang (2008) as values of the firms which have influence over the process of acquisition of data by the firms. LO is defined as the basic attitude of organizations towards learning. LO leads to product development and generates CA for the firm for its long-term viability in the market. It is considered to be the critical component of learning organizations (Chiva & Alegre, 2009). LO is viewed as the group of organizational values that influences the generation and use of knowledge by the organization. The concept of LO is usually associated with the concept of learning organizations. According to Calantone, Cavusgil & Zhao, (2002), a learning organization is one that has LO. Also LO is in coordination with MO. The organization which has LO generates and uses knowledge to achieve a CA over competitors. This is the case especially when LO is adopted in strategic planning and it is being executed at the organizational level. Calantone et al. (2002) defined the concept of LO as a "firm's commitment to learning, shared vision, open-mindedness and intra-organizational

knowledge sharing.” Tidd (1997) argued that organizations which have LO are in a better position to understand several organizational factors influencing new knowledge regarding the market and technology.

The conception of LO is a high-order construct which has sub-constructs or variables that include commitment to learning, open-mindedness, shared vision and inter-organizational knowledge sharing. The higher-order construct of learning organization is considered to be crucial for the development of CA. Some studies have also proposed that this concept is important to the improvement of the financial performance of a firm. According to Senge (1990), the adoption of LO by a firm positively affects the financial performance of the firm, but he argued that the firm has to incorporate learning into its strategy in order to achieve the benefits in financial terms.

Shared vision is distinct from the other dimensions of LO as it drives the direction in which the learning will occur. To achieve a better theory and practicality of that theory, it is necessary that one should combine both the direction and intensity so that a good and holistic construct of LO can be measured. According to Day (1994), many of the researchers who write about the concept of learning in organizations believe that shared vision is crucial to learning among members, departments and organization. The reason might be that it generates the direction as well as the focus toward learning in organization. Without commitment to learning and shared vision, it is less likely that motivation toward learning in an organization can be achieved (Norman, 1985; Senge, 1990). Furthermore, a shared vision ensures that individuals know what the organization expects, what the results are that are going to be measured, what theories are in use and what will

create coordination among all members of the organization. As the environment in which organizations operate is very dynamic and organizations face many problems in the form of completion, customer requirement, quality and so on, it is very difficult to understand what to learn and why but that does not reduce the importance of learning in organizations. Companies that do not focus on a shared vision among their members and departments will tend to have many ideas and learning experiences which will not lead to practical ideas because of many “Thought Words” (Dougherty, 1989).

Sometimes new products or services are faced with many different views because of the different nature of each of the departments and their members (Clark & Fujimoto, 1989). These divergent views reduce the ability of the management team or members of the organization to develop a more centralized response to threats or opportunities leaving organizations more vulnerable than before. However, a learning organization might not face such problems. According to Slater and Narver (1995), learning organizations are more adaptive than non-learning organizations which means that they can generate solutions to problems more easily and fluently.

As all organizations are influenced by the environment and basically want to influence it or at least understand the environment, organizations that are more solution oriented through learning and innovation will be more viable in the longer term. According to Jaworski and Kohli (1993), market-oriented organizations able to detect and respond to environmental threats and opportunities might face better overall financial performance. In the short term, an increase in LO will likely enhance the quality and quantity of market-based information behaviors, such as information generation and dissemination, and will indirectly affect the marketing program in a

better way. Quality of information and its interpretation by the members of an organizations as well as organizational performance by enhancing the marketing information programs are likely to increase in the long run.

The source of information which is collected by an organization is its customers. The organization uses this information from the customers to improve the quality of products and services produced by it. It not only increases the sales of the company but also strengthens the customer base of the company. It also has a positive impact on strengthening of the knowledge base of the company. The company with a strong knowledge base is able to utilize its resources more effectively. A strong knowledge base can be critical in the case of traditional manufacturing firms because they can use the knowledge to improve the effectiveness of the use of raw materials and machinery of the firm. One of the cornerstones of LO is acquisition and application of knowledge effectively (Garvin, 1993). The continuous process of learning helps a firm to strengthen its knowledge base. This makes the organization a more attractive and effective collaborator to its customers, suppliers and competitors. The performance of the firm keeps on increasing as it gains more knowledge about the basics, such as knowledge on how to fulfill the demands of its customers (Day G. S., 1994). In addition to these functions, LO also monitors the performance and strategies of competitors in the market, which allows these firms to learn about, and learn from, the major strengths and weaknesses of the firms (Calantone, Cavusgil, & Zhao, 2002).

It has been indicated by research that learning organizations have the capability to achieve higher levels of strategic capabilities. These strategies capabilities are necessary for firms to develop

CA for the long run (García-Morales, Lloréns-Montes, & Verdú-Jover, 2007). These firms are in a better position to understand environmental changes and cope with them more effectively as compared to firms that do not have these capabilities. However, LO must be implemented appropriately for this purpose. Garcia-Morales et al. (2007) also emphasized that knowledge sharing among the employees of an organization is also a characteristic of LO. They also indicated that this characteristic has a positive impact on the financial performance of a firm. Furthermore, Garcia-Morales et al. (2007) also indicated that errors may occur during the process of knowledge dissemination and acquisitions, and this may result in a negative impact on the financial performance of a firm.

Alegre and Chiva (2008) considered LO to be one of the key antecedents of knowledge orientation. Some other scholars also indicated that both LO and MO are necessary to achieve the innovation in firms. Some firms have established the mediating relationship of the LO with the MO and the firm's innovativeness. Many researchers have indicated that MO can only enhance a firm's performance if it is synergized with LO (Baker & Sinkula, 1999; Farrell, 2000). Other studies have regarded LO as an important construct to develop employee innovativeness which is important to achieve the CA of a firm.

Akgun et al. (2007) indicated that the learning capability of a firm is positively associated with the emotional capability of the firm. They emphasized the emotional capabilities of the firm as necessary especially at the product development phase of the organization in order to arouse innovativeness in the employees of the organization. Market-orientated firms only focus on customers; therefore, they sometimes lose viable opportunities in the form of the emerging

customer or lose their CA to competitors due to lack of technologies. LO by focusing on the commitment to learning by organizations, its shared vision among employees, open-mindedness to new products, as well as the sharing of knowledge among employees, develops the knowledge-questioning and knowledge-enhancing values in an organization; these behaviors adopted by organizations during MO are led to a higher level that enhances the capability of the organization for breakthrough products or services and technologies, and gives proper focus to the new markets whether competitors or customers (Farrell, 2000; Slater & Narver, 1995).

2.2.1 Commitment to Learning

As described by Baker and Sinkula (1999), LO is a multidimensional construct. The dimensions of LO are usually defined in terms of values. Different authors have specified different values to measure LO and one of the most significant is commitment to learning. Commitment to learning plays the central and most important role in LO in SMEs. If an organization is not keen to learn, it will achieve a weak learning environment (Norman, 1985). CA, which is necessary for the organization for its long-term viability, can also be achieved through commitment to learning. LO also enhances the performance of a firm by working with MO and EO in SMEs. Commitment to learning can be defined as value which an organization puts to promote learning so that it can achieve a learning environment which can ensure its survivability even in an extreme competitive environment, such as in SMEs of developing countries. As learning is important for the survival of an organization, it is necessary to obtain a level of commitment in an organization to break stagnation. The more an organization puts pressure and focus on learning, the more it will be able to achieve such an environment. Commitment to learning can only be achieved if it is focused in a strategic manner; however, short-term investment in learning will generate long-term beneficial results for the firm. In order to foster LO as the core value, the commitment of top

management of the organization is necessary because if the importance of learning is not emphasized, then employees' commitment to learning and a learning environment in the organization is less likely to happen.

Top management and the role of managers in supporting this value are emphasized by Bapuji and Crossan (2004). According to them, managerial support is necessary for developing the conception of commitment to learning in organizations. They also emphasized the role that managers can play and the specific moves they can adopt in order to foster LO in their organization. The general rules of implementing LO have been developed by managers; it is very important to implement these norms as they set a base for the people who are going to lead the way to stimulate organization learning in the organization at individual as well as group levels (Michna, 2009).

2.2.2 *Open-mindedness*

Another dimension of the multidimensional construct LO is open-mindedness. Open-mindedness is based on the dominant mental models of an organization (Day, 1994). Organizations perform some already defined procedures and activities that are based on their best practices; however, with the passage of time these procedures become so evident in the organization that they tend to become mental models. The use of mental models means that work is always performed in similar ways which sometimes can be disastrous for organizations. With time these procedures and work processes may become obsolete and sticking to them restricts the organization's growth. These mental models bind us to think and perform in a certain manner unless an organization is open-minded enough to continuously improve these mental models by questioning and critically analyzing them (Senge, 1992). Open-mindedness means to critically

evaluate the organization's already established routines of operations while also keeping an open mind to new ideas for the better production of products or services.

The postindustrial era is more dynamic and fluid than the previous industrial era; therefore, it not only challenges the already developed methods of origination but also provides an opportunity in the form of new and emerging markets. According to one study, under time pressure members are restricted and thus open-mindedness is less likely to happen (Cepeda & Cegarra, 2008) and if members of the organization believe that they are following or making an important decision they are more likely to be open-minded. Some researchers also identified that we tend to support those beliefs which we already know; however, a variation in those beliefs or work processes in an organization changes the mental models of the members and thus forces them to change their old attitudes. Such changes will identify the redundant procedures and practices not just for the member but for the organization as well (Kegan & Lahey, 2001).

Open-mindedness is, however, difficult from an organization's point of view because it is a difficult thing to handle and management of the organization plays the most important role in maintaining open-mindedness in an organization. According to Schindehutte et al. (2008), managers in an organization not only help individuals to understand open-mindedness, but also develop the necessary skills so that an organization's goals can be achieved. Managers should encourage divergent ideas and routines as they might lead to an innovative culture in the organization that will create a CA in industry. Thomke and Reinertsen (1998) reported in their study that if managers allowed flexible opportunities in project activities and routines, they can generate innovative behaviors among the members of the team or organization. Change can

only take place in those environments that allow individuals to carry out new activities or do not restrict them from acquiring new skills and behaviors, even if they fail continuously or repeatedly (Schein, 1993). So management not only has to change their perceptions about the open-mindedness but also promote it in their employees and for that they have to accept the small changes and even take risks themselves if any contingencies arise.

One of the most significant and difficult processes of organizations is to cope with competitors, technology and dynamic markets as they have to change according to the new technologies and must also develop their employees in order to keep the organization going. Also, knowledge is not fixed as more and more knowledge is produced everyday, which has practical implications while abandoning the former obsolete methods. However, organizations can still move on from previous methods if they maintain open-mindedness towards the new methods (Verona, 1999). Our mental models describe to us how the world works and thus limit our ways of interpretation and implementation of information and ideas (Day & Nedungadi, 1994). Former success and failures form these mental models about not only how the world works but everything in it, such as markets and organizations. These mental models also exist in organizations restricting while also forming the way organizations work; even when these models are abandoned, they can still operate within the confinement of the organization unless organizations are open-minded to critically question them (Day, 1994; Sinkula, 1994; Senge, 1992).

So open-mindedness is aligned with unlearning (Nystrom & Starbuck, 1984) which is very important for organizational change. When organizations critically question their routines,

values, assumptions and beliefs, they are engaged in the process of unlearning. As unlearning is important for organizational change, open-mindedness is necessary to actually transfer the unlearning process in organizations. Organizational unlearning plays the role of driving force for new methods. It is important to unlearn old ways to learn new ones. However, it is necessary for open-mindedness to exist before the process of organizational unlearning can begin, as open-mindedness ensures a learning climate in organizations.

2.2.3 Shared Vision

For better indulgence any value in the organization, it is necessary to implement and share it in the whole organization. In terms of LO, shared vision means to focus the learning process in the whole organization (Sinkula et. al, 1997). According to Verona (1999), a shared vision of learning in an organization is critical to have a meaningful learning experience in members of the organization. However, members of the organization may want to learn, but it will be difficult for them if they do not understand what to learn and how.

Another problem in organizations is there are few creative ideas (i.e. people like to follow already established rules and ideas) and even if the members of an organization produce creative ideas they might not be implemented (Hurley & Hult, 1998). Organizations comprise different people with different natures and due to the diversity of the members of the organization, sometimes creative ideas are not converted into an implementation. Therefore, it is necessary to have a single goal or vision to acquire a learning environment in the organization. Having a shared vision of learning can lead to organizational strength.

Vision that is shared among individuals of an organization is the prominent factor of visible leadership (Tobin, 1993). According to Galer and van der Heijden (1992), such sharing of vision or goals in an organization can be described as goal convergence. Shared vision is necessary to actually have a synergy among MO, LO and EO as conflicting beliefs or goals not only confuse the management but also reduce the ability of the management and individuals to be on the same page. Conflicting beliefs or goals can disrupt information acquisition and its processing function, which leads to poor decisions or responsiveness to challenges and opportunities in the organization. Lack of shared vision also undermines the motivation of learning among members of the organization (Tobin, 1993). However, it should be noted that vision or goals cannot only be examined but also challenged and ultimately evolve. The most important aspect of shared vision is that it should be understandable as well as known to all the members, which gives the whole organization a clear direction, everyone will know what they are striving for and it will give them a sense of purpose.

Organizations have different departments and these departments differ not only in their functions and responsibilities but also in implementation and acquiring of knowledge (Brown & Eisenhardt, 1995). Thus it is not surprising that members of different departments perceive innovation and learning in different ways according to their rules, functions and responsibilities. For example, a member of marketing function might be more concerned about the market and its knowledge and consider learning to be the outcome of knowledge gained from the market, whereas a member of R&D department may focus on products and services and innovations in tangible products which might cause a different interpretation of knowledge and learning. However, a shared vision of learning not only synergizes the focus of the organization through

having a common objective in all the departments of the organization but in return also achieves desired objective with better consequences.

Shared vision of learning is like an internal communication and integration of objectives in which various departments or members of the departments team up to overcome barriers so that information can flow between different departments and members of the organization; this leads to an increased flow of information in different departments and achieves coordination with other departments so that a shared vision of learning and innovation can be implemented and achieved wholly (Brown & Eisenhardt, 1995). Shared vision coordinates the knowledge among all departments therefore giving meaning to activities and tasks performed in the organization. Thus it makes a desired goal to be achieved by the whole organization but also creates the way to achieve it.

As a cultural value, LO acts as an antecedent of the knowledge-creation process, organizational learning and facilitates innovativeness. According to some scholars (Cohen & Levinthal, 1990; DiBella, Nevis, & Gould, 1996), LO also determines the location of where the learning will take place and determines the nature of whatever is learnt. It also determines the channels through which the organization learns and shares the knowledge, utilizes it which are involved in conversion of the knowledge (Kim, 1998).

2.2.4 Creativity

Many researchers have defined creativity in many different ways. Previous literature provides many definitions of creativity and according to Michael Mumford (2003) there is no rigid definition. "Over the course of the last decade, however, we seem to have reached a general agreement that creativity involves the production of novel, useful products" (Mumford,

2003). According to Sternberg and Lubart (1999) creativity is producing a new product or service which is not only new to the market but also expresses originality and brings imaginativeness to the real world. According to Sternberg (2006), creativity has different types such as:

- Replication: Confirming that the given field is in the correct place.
- Redefinition: The attempt to redefine where the field is and how it is viewed.
- Forward incrimination: A creative contribution that moves the field forward in the direction in which it is already moving.
- Advance forward movement: Which advances the field past the point where others are ready for it to go.
- Redirection: This moves the field in a new different direction.
- Redirection from a point in the past: Which moves the field back to a previous point to advance in a different direction
- Starting over/re-initiation: Moving the field to a different starting point.
- Integration: Combining two or more diverse ways of thinking about the field into a single way of thinking (Sternberg, 2006, p. 96).

Creativity is used not just for the sake of building new products or services but it also generates CA for the organization. Managers try to instigate almost every type of creativity among members because it is used as solutions to problems when an organization's survival or sustainability is at stake. Technology-oriented organizations are most dependent on creativity such as Microsoft. These type of organization need creativity on a regular basis because their normal operations are dependent on it.

Creativity is not just restricted to persons specially recruited for it. As organizations are highly dependent on creativity in this dynamic environment, creativity is expected of employees in modern organizations. A creative workforce is a resource in the modern era not just to an organization but also to a country and its economy as a whole (Potts & Cunningham, 2008). In the postindustrial era, many organizations are so dependent on creativity they generate their resources and wealth from creative and intellectual properties (Napier & Nilsson, 2006). In developed countries, the growth of creativity in any industry is faster than their economic growth; the reason might be that organizations are more interested in investing in and following creativity than other economic activities. More and more organizations are looking forward to developing creativity in one way or another and in developed countries a large chunk of their economy and resources come from creative processes and products. Although developing countries are not that efficient in creativity and its relative processes and procedures, a growing number of studies show a positive trend in creatively focused industries (Keith et al., 2014). Previously, it was hypothesized that more creativity is invested and present in the arts and other studies relating to it. However, that is not the case anymore. A lot of creative activities are to be seen in marketing and business orientation strategy, as well as in scientific experimentation and in the R&D departments of organizations. Now, product design and its development, which is not just only a core activity but the whole organization's smooth flow depends on it, are seen to be more and more dependent on and focused on creativity (Sørensen & Vidal, 2006).

Creativity and KM are highly associated with each other. As creativity generates new knowledge and ways to perform routine work or new products and services, these can only be performed if

there is a proper way through which knowledge is acquired, disseminated and processed within an organization. According to Nonaka (1991), creativity and knowledge creation which are essential now for the viability of the organization in the market are highly required features of organizations and even an organization's short-term profitability and success depend on it. Creativity comes into existence because of tacit knowledge and that knowledge creates innovation or new products or services (Leonard & Sensiper, 1998), which ultimately reinforces the concept of creativity among organizations and their members. So an entrepreneurial drive to innovation, which according to some researchers is necessary to enter a new market or industry, creates a CA for an organization (Haldin-Herrgard, 2000). Modern organizations rely heavily on innovation that is actually an outcome of creativity (Amabile, 1988). Creativity is essential to remain competitive and sustain a position in the market (Gloor, 2005).

Three steps are necessary to develop creativity in organizations among individuals: domain-relevant skills, creativity-relevant skills and intrinsic task motivation (Amabile, 1996). Creativity forces individuals to acquire the relevant knowledge that is necessary for the development of strategies and products in order to cope with the external environment's challenges and opportunities (Elliot & McGregor, 2001). To engage in tasks related to creativity, one has to develop the skill required to actually transform that creative idea into an actual product by developing an intrinsic interest in achievement of the task. Intrinsic motivation is developed when a stronger affiliation is developed with the task that generates the creativity in the first place (Amabile, 1996). These steps of creativity lead to a stronger sense of LO in the individuals. As LO is aligned with challenges and opportunities, a person with more LO and creativity expects to face these challenges more easily (VandeWalle, 2001). Also, such an individual is intrinsically

motivated to the organization and the tasks and, therefore, more aligned to the creative procedures and practices. Creativity means to develop and produce something new or relevant strategies that are not currently known to an organization (Janssen & Van Yperen, 2004). To obtain such a level of creativity it is necessary to acquire knowledge that produces the desired outcome for the organization and for members of the organization to be engaged and encouraged in a learning process.

2.3 Entrepreneurial Orientation

2.3.1 Entrepreneurship

Some studies have proposed guiding definitions for the concept of entrepreneurship. On the basis of a comprehensive overview of the literature, Cunningham and Lischeron (1991), Long (1983) and Miles and Arnold (1991) agreed on following definition, “Entrepreneurship is a dynamic goal-oriented process whereby an individual combines creative thinking to identify marketplace needs and new opportunities with the ability to manage, secure resources and adapt to the environment to achieve desired results while assuming some portion of risk for the venture.”

Cunningham and Lischeron (1991) looked for consistent patterns in entrepreneurs and came up with four major areas: the adaptation of entrepreneurship, management and leadership styles, the recognition of opportunities, and the study of personal characteristics. A specific set of beliefs is associated with each area of entrepreneurship. These beliefs varied greatly, starting from considering entrepreneurs as “great men” with in-borne abilities to considering entrepreneurship as a process of leadership or organizing. In addition to these patterns, three formal theories of entrepreneurship were proposed by Long (1983): (1) creative opportunism based on identification and exploiting ideas, (2) having competency to perform managerial tasks, and (3)

risk and uncertainty stemming from a wide range of self-employment and obstacles. In any case, entrepreneurship is either considered behaviorrelated or traitrelated.

A large number of studies emphasized studying the entrepreneurial abilities of a person. Several variables have been studied relating to these traits ranging from need of achievement (McClelland, 1965) to tolerance of ambiguity and internal locus of control (Begley & Boyd, 1987). There are only a few traits which have been supported by the empirical evidence. Cooper and Dunkelberg (1986) carried out a study including 890 entrepreneurs and came up with several traits that were associatedwith entrepreneurship. These traits included comparatively higher education, coming from families thathad owned a business, working in the relevant field of work and locating the business in the area from where they came. They concluded:“Diversity seems to be a central characteristic of entrepreneurial activity and the new firms which are then established”. According to some researchers, traits possessed by entrepreneurs are impossible to profile(Low & MacMillan, 1988). Others hold the viewpoint that the personality traits of entrepreneurs are important factors to be studied in future (Carland, Hoy, & Carland, 1984).

Several kinds of activities in which entrepreneurs get involved in while creating include identifying opportunities in the market, producing products and services, marketing products and services, securing resourcesand responding to demands of societies and governments(Gartner, 1988). Proactivity, risktaking and innovation are considered to be among the key characteristics required to perform these activities. From these roles, it can be implied that entrepreneurship plays a role of active management in which the entrepreneur has to work directly with internal and external customers as well as members of intermediary channels(Covin & Slevin, 1989). It

can also be implied that, in every society, some sort of entrepreneurship exists at some level(David & Morris, 1991).

The concept of strategic choice is one around which a significant part of entrepreneurship revolves; although, there are a few studies that have also emphasized the concept of entrepreneurial strategy (Low & MacMillan, 1988). These concepts are also associated with the success of entrepreneurs (Carland et al., 1984). According to Bird (1989), “At the earliest stage, most entrepreneurs will tend to be more or less creative, visionary, opportunistic, intentional, and controlling. As their enterprises begin to take on lives of their own, intentional action competencies (e.g., sustaining temporal tension, strategic focus, choosing ends and/or means, and alignment of self and others into internal and external teams) will take on increasing importance”.

Entrepreneurship is a behavioral-based as well as a trait-based concept. Mostly, entrepreneurship is associated with enterprise-building skill; however, the concept of marketing competence and organizational performance are also associated with it.

2.3.1.1Marketing and Entrepreneurship

Davis, Morris and Allen (1991) suggested a natural bond of value creation exists between marketing and entrepreneurship. The existence of this natural bond was first indicated by Schumpeter (1934). It has been recognized by many studies since then (e.g. Carland et al., 1984; Vesper& Gartner, 1997). Schumpeter argued that entrepreneurial venture is identified by five behavioral categories: (1) introduction of new lines of goods, (2) introduction of new methods of production of goods, (3) developing new target markets, (4) searching and developing new

sources of supply and (5) industrial recognition. A sixth category was added by Bird (1989) which is introduction of services. It can be noted that categories (1), (3), (4) and (6) are all market-oriented.

There are several studies which have indicated and emphasized the important role played by marketing in entrepreneurial process. Nicholson (1986) identified 10 critical factors of success for emerging businesses and marketing was one of those 10 factors. This study also recognized that entrepreneurs may need to exploit certain opportunities which may need some additional competencies in the form of “sales”, technical information”, “marketing” and “human resources”. Wortman (1987) also emphasized the importance of the association of entrepreneurship with one or more of the entrepreneurial functions such as marketing.

Although, the association of marketing with entrepreneurship has been recognized by many studies and researchers have started to emphasize it as a subject of study, mostly indirect factors and variables of marketing have been studied in association with entrepreneurship. Recently, only a few studies have explored the relationship between MO and EO. Morris and Paul (1987) conducted research in Florida in which empirical evidence was collected from 116 companies. Results of the study indicated that market-oriented companies scored high on EO. These companies were found to have formal marketing research being carried out in formally established marketing and research departments. These companies also recognized the importance of marketing in strategic formulation and innovation, and they had marketing managers at executive positions in the market. A study carried out by Miles and Arnold (1991) on 169 furniture manufacturing companies indicated a positive correlation between MO and EO.

The research was extended and the results suggested that these two types of orientation are different constructs and represent different underlying business philosophies. One of the key factors differentiating the two constructs was environmental dynamics.

Van de Ven, Hudson and Schroeder (1984) conducted research on a startup of 14 educational software companies. A large number of planning variables were included from an organizational management perspective. The results of the study indicated that the successful entrepreneurs had high external orientation, which was basically oriented towards developing business plans that included several factors such as looking for potential target market niche, evaluating competitors, consulting professionals and quantifying the involvement of potential customers of the business. Research on EO is at its initial phase (Hills & LaForge, 1992) but current empirical evidence supported the fact that entrepreneurs possess marketing competencies.

2.3.2 Organizational Performance and Entrepreneurship

Although there is a large variation in empirical evidence, figures from Small Business Administration indicate that approximately 60% of small businesses fail within the first six years of their commencement (Main, 1990). Major issues of importance concerning these small businesses include high probability of under-capitalization and concerns over cash flows. With such a high rate of failure of small businesses, a major area of concern for entrepreneurs is survival of the business. In many studies, the survival of small businesses has been indicated as the measure of performance of small businesses to study the relationship between organizational performance and strategic management practices. This measure quantifies the performance of the business to a limited extent. There are several reasons why this measure is gaining popularity. One reason is the reluctance of small business personnel to share performance-related data.

Other reasons are lack of public information and reliance on trade-supplied aggregated data, which may be based on accounting systems which are customized to a very high degree (Dess & Robinson, 1984). Therefore, it is necessary to go beyond the survival of the firm in order to measure and judge the performance of small firms.

A significant amount of literature also focuses on the planning practices of small firms in relationship with their performance. Some studies have also indicated a positive relationship of the performance of the business with continuous planning process. Robinson and Pearce (1984) conducted a review of more than 50 studies which focused on the planning processes of a firm. This study concluded that most of the firms were involved in strategic planning in relation to the ultimate viability of the firms. There were only four studies which focused on continuous planning by firms and its relationship with the success of the firm.

Covin and Slevin (1989) conducted a study of 161 small manufacturing-related companies. The results of this study indicated that environmental hostility was significantly related with entrepreneurial performance and strategic posture. The factor which contributed to organizational success during hostile environmental conditions was entrepreneurial strategic posture, while in cases of benign environmental conditions, a conservative approach was found to be more useful. They concluded their study with: "Performance is, presumably, a function not only of a firm's organization structure and strategic posture, but also of the fit between these variables and the firm's business practices and competitive tactics."

Morris and Paul (1987) indicated that the interrelationship between the MO and EO is independent of the bottomline of the organization. Although there is no direct empirical evidence to support the relationships between the performance of the company, entrepreneurship and the planning process of the company, planning process has been recognized by the researchers as important for capitalizing on marketing opportunities and dealing with the instabilities of the firm (Meziou, 1991). Identifying and capitalizing on new opportunities is one of the key dimensions of entrepreneurship. Strategic choice is another important factor which has been associated with entrepreneurship. Literature on the processes of planning has supported the relationship between continuous planning and success of the business. Entrepreneurs are considered to be innovative and thought to be capable of conducting environmental scanning, discovering new opportunities, capitalizing on them, taking risk, and planning for the future; a relationship can be established between EO and the performance of a firm (Narver & Slater, 1990).

2.3.3 Entrepreneurial Orientation

The concept of EO was first presented by Miller (1983). According to Miller (1983), entrepreneurial firms are those which are pioneers in introducing proactive innovation, undertake risky ventures, and are involved in the activities of product marketing innovation. The concept was further extended by Morris and Paul (1987); they indicated that EO is a measure of the propensity of the executive management of a company to take a calculated risk in their decisions while being innovative and proactive at the same time. Lumpkin and Dess (1996) regarded EO as the characteristic of a firm to act autonomously. Autonomous actions are those which are taken by individuals and teams independently, which are focused on bringing up the vision or concept for the business and then taken to its completion by the individual or the team. Another

word which is used for this kind of orientation is “aggressive competitiveness.” EO indicates practices and processes that will lead to entry of the organization in the market. EO is defined in many ways and by different constructs, such as autonomous, being innovative, taking risk, being competitive as well as proactivity. It is stated that these terms may be aligned with new entrepreneurial entrants in the market; however, successful and competitive entrants may only have some of these characteristics.

EO places less emphasis on the relationship between business orientation and organizational culture and it places more emphasis on firm performance, management style and structure (Tzokas, Carter, & Kyriazopoulos, 2001). The combination of MO and LO helps organizations to create superior value for their customers through quality products, services and processes. Narver and Slater (1990) indicated that the major emphasis of MO is on the customers and the competitors of the business, while the major emphasis of EO is on learning through the process of experimentation. Competitive aggressiveness, risk taking, and proactive and innovative values are embodied within the concept of EO (Lumpkin and Dess, 1996). This orientation enhances the scope and opportunities for developing innovative products and services especially for the unserved segments of the market (Hemal & Prahalad, 1994).

2.3.3.1 Innovative

Innovation and its role in the entrepreneurial process was firstly discussed and emphasized by Schumpeter in 1932. Schumpeter (1934) discussed a process of creative destruction that signified that the disruption of existing markets and introduction of new products and services will develop wealth among new entrants as the resources of existing organizations move towards the new entrant, and thus growth of these organizations occurs. According to Schumpeter (1934), this

can only happen when there is a proper cycle of entrepreneurship and entry of new organizations in the market that will lead to evolution of the economy as a whole. These studies of Schumpeter opened a way to the important factor of innovativeness in entrepreneurship.

Lumpkin and Dess (1996) also indicated that EO has the dimension of innovativeness which is necessary to provide solutions to novel and unusual problems, which can inform innovative products and services or inform new technologies or processes to develop products and services. According to Hean (2007), innovativeness means to engage in such activities that will promote creative ideas and processes, while also examining them can result in the formation of new products or services that are suitable for new and current markets while also changing the business processes of the organization. If a company has an innovative culture it will probably have more information flow in the organization (Zaltman, 1979). Innovativeness represents a firm's supportiveness to new ideas and its experimentation while also focusing on developing creative business processes that will lead to new and better products and services or technological processes. Innovations vary in their degree of change; however, the basic element of innovation is to change existing processes, practices, technological processes or products and services (Kimberly & Evanisko, 1981).

The most important and critical distinction in innovation might be between product innovation and technological innovation. Most research has been done on technological innovativeness which includes product or services development, engineering, or industrial and technical expertise (Maidique & Patch, 1982). Product innovation emphasizes factors that are more aligned towards a product and its details, such as its design, product acceptability in market, advertising and

promotion of the product (Dougherty, 1992). Both of these types are hard to distinguish as most of the time product innovation and technological innovation are overlapping and work side by side. Whatever the case, innovativeness is the most important part of EOAs it provides the means through which organizations can take part in the market by either facing challenges or gripping new opportunities.

However, measuring the evidence or existence of innovativeness in a firm is not an easy task as it can occur with different degrees at different intervals and at different times with different magnitudes. Innovativeness might exist along the continuum or it might be a one-time event, such as trying new products by designing them or following an experiment of different processes and practices. To measure such diversity in the range of innovativeness several methods have been employed by different scholars. For instance, in one study researchers asked managers of different organizations about their willingness to abolish previous habits and mental frameworks or practices and follow new alternatives while also examining their beliefs about experimentation in the organizations (Karagozoglu & Brown, 1988). Expenditures or budget allocated to R&D in an organization can also signify the willingness of the organization to have an innovative environment. One study noted that the more engineers or scientists an organization had, the more likely that the level of innovation in that firm was higher than other organizations deficient in such human resources (Hage, 1980). Higher levels of innovativeness are associated with more technically trained specialties in the organization (Miller & Friesen, 1982). Another study measured the devotion to innovation by an organization by comparing the cost of R&D to percentage of sales the organization attained. Innovation can also be measured by assessing the quantity of new products or services launched and variations in products or services processes.

However, in technological innovativeness emphasis is on developing the latest and new technologies and products. Technological innovativeness can also be measured by examining the development in manufacturing processes of production methods. Many scholars such as Zahra and Covin (1993) have focused on technological innovativeness by measuring the functions performed in implementation of technology, such as acquiring, developing and deploying the technology in the organization. In their study, organizations were questioned about their focus on technological development and their reputation in acquiring and implementing the new and advanced technological methods. Many previous studies lacked such measurement because they were more focused on product-oriented innovation. Saleh and Wang (1993) tried to identify the efforts which are required to measure innovativeness. In their study they compared low innovative cultured organizations with highly innovative cultured organizations. Measures such as financial or human resources are simple and easy, and useful to measure innovativeness and its spread in a given organization.

Whatever the case, whether it is product-oriented innovation or technological innovation and how they are measured, innovation is the most significant construct of EO. Organizations with a highly innovative culture tend to focus on new ideas and processes that will lead to a CA for the organization in the short as well as in the long term. However, organizations that emphasize innovation in more of a strategic manner tend to be more successful and competitive in the market. They are better able to cope with the external environment and are not just influenced by it but also try to influence it. Innovation produces a sense of flexibility in the minds of the members of the organization thus giving them opportunity to break free from the mental

framework of the organization and its routine practices and procedures. Such a condition helps them to translate their ideas into reality and might just make organization more competitive. Also innovation tends to make members of the organizations more fluent in presenting their ideas to top management as they know they are not restricted to do so. Innovation is also helpful in creating a synergy among the members as well as departments of organizations and even within organizations. In an innovative culture, members will present their ideas to one another more easily thus making the organization more focused towards their goals. This will also ensure an easy flow of information because everyone will bring their ideas and information to share with others so that the organization can move forward in a more competitive way. Innovation will not only initiate creative behaviors and ideas in members of the organization, but also the flow of information and the shared ideas will ensure that these ideas are properly discussed among members of an organizations and its departments; this will probably result in more new products and services and a smooth flow in the development phase of products (Han et al., 1998). Many researchers also suggested that in order to survive and to remain viable in the current competitive market, innovation might be the only solution for organizations (Kim & Maubourgne, 2005).

2.3.4 Proactivity

Proactivity can be defined as anticipation of and actions on future needs and wants existing in the market. Through proactivity organizations try to dominate their competitors to produce a CA by initiating aggressive moves, such as introducing new products and services or capturing new markets and opportunities, while also facing challenges and doing activities to fulfill expected future demands in order to either create, shape or change the existing environment (Keh et al., 2007). These steps provide the first moving advantage that will generate the CA for an organization.

Organizations satisfy their customers by constantly scanning their external environment and acquiring knowledge about the needs of their customers and their relevant competitors (Slater & Narver, 1998). Proactivity of the organization towards its external environment generates the information that is not only necessary to properly engage in market-oriented activities but also impact competitors (Hean, 2007). For a better position in the market it is necessary to develop proactivity, as the constant scanning of the external environment will ensure the organization avails itself of the opportunities and captures new markets. To take advantage of new market opportunities, organizations have to be more focused on proactivity and innovation because they will generate new products and services (Lumpkin & Dess, 1996). A higher degree of proactivity leads to attainment of resources by exploiting the environment and those resources are invested in new products and services. Organizations that are more proactivity oriented are better able to understand their environment and in return are more competitive and product oriented.

Changes in the environment and uncertainty create challenges for organizations but also generate opportunities. Organizations that are more responsive to the external environment are better able to understand the market signals and make decisions relevant to customer needs (Morris et al., 2005). Taking decisions and making plans in such conditions is difficult and can create problems for the organization, but exploitation of such opportunities or challenges might create a CA for the organization. Proactivity helps in such conditions and such exploitation of opportunities will in return provide a further opportunity to exploit new markets. Moreover, this will create a sense of security as top management and members of the organization will not feel threatened as they are already providing new products and services in the market. Also such steps will ensure them

sustainability in the market (Leonard-Barton, 1992). Proactive organizations make strategic plans for the existing market or to enter a new one. Highly proactive organizations tend to be the first movers and set trends and rules and regulations for the followers in industry and thus reap the benefits of CA in the relevant market (Smith & Cao, 2007). Firms with a high level of proactivity exploit the environment and thus enjoy high demand of customers and their loyalty and profitability. These firms also change the way industry works; therefore, they not only increase competition in the market but also pressurize the competitors to follow the new rules and regulations set by them (Smith & Cao, 2007).

As globalization is the major concern, organizations have to proactively sort out the opportunities and challenges to maintain their presence in the market (Knight & Cavusgil, 2004). By doing so, organizations not only attain a better image in their home country, but these aggressive steps of proactivity will provide them the opportunity to go for the foreign markets and develop a CA (Pérez-Luño et al., 2011). Organizations more aligned towards the needs of the foreign market are better able to exploit opportunities in the international market by managing their capabilities (Morris et al., 2005).

However, costs are also aligned to understanding the nature of foreign markets, their trends, customers and suppliers, materials inflow and outflow, as well as the time and resources to properly move towards foreign markets (Calabrese et al., 2005). An organization with high proactivity might bear such costs but organizations with low proactivity have to make deals to obtain knowledge from the markets by looking either at some core customer processes or by looking towards competitors' processes (Unger, Rauch, Frese & Rosenbusch, 2011). As most

SMEs are resource deficient, latent is the most suitable option as it reduces the cost, is less time consuming and obviously resources are easily managed for such operations.

Organizations with low proactivity are pushed towards the foreign markets and they strive for the survival, such organizations make their way to new market find themselves in the hump of competitors but efficiently manage their business (Gassmann & Keupp, 2007). And even though they might not perform like highly proactive organizations they do well in the foreign markets and might even reach a high level of recognition in the new countries just like highly proactive organizations (Johanson & Vahlne, 2009). Organizations with a moderate level of the proactivity might not be market oriented or able to identify relative opportunities yet they still try to understand their foreign market and investigate the feasibility of the market better than other organizations (Arenius & De Clercq, 2005). However, such organizations do not move aggressively towards foreign markets but they also do not follow other organizations to increase their band of service in other countries, due to which it is possible that such organizations are not that visible in other countries. Such firms thus incur costs in their search for suitable markets and in finding out about customers and suppliers (Leonidou et al., 2007).

2.3.5 Competitive Aggressiveness

Competitive aggressiveness is the final dimension; it refers to the high level of effort carried out by a company to compete with and outperform its competitors in the industry. According to Lumpkin and Dess (1996), competitive aggressiveness means the degree to which any organization performs so that it can surpass its rivals or competitors in an industry by being responsive to a competitor's strategies and providing tough competition. Most of the moves in competitive aggressiveness are characterized by aggressive responses aimed to overcome threats

and improve the position of the company in a competitive environment (Lumpkin & Dess, 1996). An organization can also be reactive to competitors when it is defending its market position or when it enters a new market where a previous organization or competitor has hold of the market share. So the main part in competitive aggressiveness is about challenging rivals in an industry to gain a CA and that can be done through many strategies such as cutting the price of the product, leveraging profitability, taking bold steps to reduce the sales of the competitor, increasing your advertisement budget and improving a product's quality in comparison to the competitor.

As said earlier, proactivity is used to attain resources from the market to develop new products or services; however, competitive aggressiveness is used to defend those resources. An organization first tries to make a new market and if that happens, it defends it from other competitors (i.e. competitive aggressiveness). As a competitive aggressiveness organization tries to reduce the influence of competitors in the market, it can also bolster the innovation and proactivity in its culture to do so. Managers mostly use a competitive aggressive technique to save the organization from a sudden attack of competitors or when survival is at stake, such as in case of new industry trends. First movers or industry leaders have to be competitive aggressive as they hold the competitive edge over the followers in the industry.

Organizations also have to be technology oriented because otherwise they can lose their edge or lose their market share. According to Dess & Lumpkin (2005), organizations can achieve more EO through competitive aggressiveness in the market by either reducing the price of their products or by imitating the practices and procedures of their successful competitors. Making an

announcement about new products or services can also be a strategy of competitive aggressiveness to check the position of the competitor on relevant matters or to discourage them from producing such products, as well as pressuring them to come up with new products.

However, overly competitive aggressive can be a disaster for an organization as well because it is not necessary that competitive aggressiveness will lead to CA. Many organizations and their CEOs have severely damaged their good image by being highly competitive aggressive, such as Microsoft. Therefore, competitive aggressiveness is best served when used moderately rather than aggressively as organizations that tend to follow competitive aggressiveness and exploit opportunities might be more profitable than their competitors in the long as well as in the short term if they tend to reduce the powers of their competitors not to totally remove them from the equation.

In contrast to these concepts is taking risks which is about the willingness of an entrepreneur to allocate significant resources to business ventures that might fail. Risks are calculated and moderated most of the time and firms are usually aware and prepared for the unknown before entering into adventure.

2.4 Firm Performance

Different measures and procedures of measuring firm performance have been developed by different disciplines of academics including sociology, strategic management, psychology, operations management, marketing, human resource management, economics and accounting (Marr & Shiuma, 2003). Firm performance is measured on the basis of procedures adopted by the particular discipline to judge the efficiency and effectiveness of the performance of the firm; however, in business research, the issue of measuring firm performance continues to be debated

by researchers (Fahy, et al., 2000). Methodological heterogeneity is found among the procedures developed and used by different business researchers.

Murphy, Trailer & Hill(1996) suggested that it is necessary to indicate the dimensions upon which the performance of the firm is to be judged especially when carrying out entrepreneurial research. The rationale of this research must be based on theory and it is recommended that multiple measures of measuring firm performance must be utilized when it is feasible to do so. Measurement of the performance of a firm can be ambiguous so the variables of age and size of the firm must be used as control variables in such research.

A traditional measure used for measuring the performance of a firm is BSC. Kaplan and Norton (1992) were the first to introduce this technique in a study; they carried out the study on 12 firms over a period of approximately one year. This study suggested that in order to carry out a study on the performance of a firm, carrying out a study of financial measures is not necessary, and there are other variables that must be considered while carrying out a study on the performance of the firm including customer focus, knowledge and competence of the firm. There are four major areas of a firm that are targeted by the BSC approach and provide a holistic view of the performance of a firm: (1) internal business which deals with how the business achieves the balance between profits and customer satisfaction; (2) learning and innovation which deals with the development and innovative procedures while working in a competitive environment; (3) meeting the needs and wants of customers to deliver satisfaction resulting in their recommending the business to other customers; and (4) finances which deals with meeting the needs and wants of the internal customers of the business. Internal customers include employees and shareholders

of the company who are expecting good returns on their stakes in the company. Kaplan and Norton (2005) suggested that there should be a balance between these four areas to align the performance measures with the business strategy of the company. Gumbus (2005) reported that approximately 50% of the companies included in the Fortune 500 use BSC as their performance measure; however, its use in the case of SMEs is rare. It is very difficult for the managers of firms to handle and use this tool because there are a very large number of measures of performance of the company. It is difficult to comprehend the results of measures based on this tool. Gumbus and Lussier (2006) indicated that managers can modify BSC according to their own needs and it can be used to accomplish the needs of wide variety of firms.

In addition to the BSC, there are a number of qualitative as well as quantitative measures of performance of firms which are recommended by researchers to business managers (Vorhies & Morgan, 2005). Quantitative measures are mostly concerned with the cost involved in manufacturing concerns and measure the performance of the firm solely on the basis of the financial performance of the firm. However, it is not possible to quantify all the measures of performance of the firm (Galayini, Noble, & Crowe, 1997). The most common financial measures of the performance of a firm include return on equity, return on assets and return on sales/profit margins. Qualitative measures of firm performance consist of measures based on the satisfaction of internal and external customers of the company. Internal customers of the company include employees and shareholders of the company while the external customers include the customers of products and services of the company. Stone and Banks (1997) reported that approximately 23,000 employees have been employed by large firms and the firms which were studied in this research mainly emphasized financial performance of the firm. Results

indicated that 43% of the firms emphasized their profitability, 24% of the firms emphasized customers, while 13% of the employees of the firm were dependent upon financial performance.

Due to recent emphasis on quality improvements led by the customers of the firms, measures which are based on customers are gaining popularity. These measures also reflect positively on the profitability of the firms. Customers are surveyed for feedback and complaints, and the measures of performance are based on this feedback (Stones & Banks, 1997).

While studying the role of employees of the company as performance measures, a big role is played by the perception of culture. Employees from different cultural backgrounds make decisions differently at all levels of a firm. Surveys are conducted at organizational levels which help in suggesting changes in the environment at workplaces. They also indicate the feelings and state of welfare of the employees by obtaining feedback from employees (Stone & Banks, 1997). Qualitative measures of firm performance include team spirit, morale, improved communications and induction of cultural changes.

For small firms, non-financial and subjective measures of performance are more relevant as compared to the quantitative measures. They are in the form of intuitive quality measures. In the case of small businesses, the owner of the business is usually the manager of the business. For such a business, the smooth flow of cash inflows is necessary (Jarvis et al., 2000). Monkhouse (1995) indicated that small firms rely on internal benchmarks developed by the owner-manager and they are non-financial in most cases. In benchmarking importance is given to, in ascending order, innovation, flexibility, resource utilization, competitive performance, and quality. The

researcher of this study also indicated that qualitative or soft measures of performance cannot be abused or over-used.

There are some quantitative measures of performance which are easy to be ascertained as compared to the qualitative or soft measures of performance, including staff turnover, number of complaints registered by customers, and financial ratios. As compared to these quantitative measures, qualitative or soft measures, such as customer perception, leadership or employee morale are very difficult to ascertain (Pun & White, 2005). It is necessary that the performance measure used by a firm at any level in an organization be associated with the achievement of the strategy of the firm. The achievement strategy of the firm can take several forms, such as innovating products and services, improving the performance of products and services, motivating employees, pleasing and valuing the stakeholders of the company (Pun & White, 2005).

A review of the literature of organization performance suggests that it is a multidimensional construct. Among its several dimensions, customer, operational and financial-related performance domains are the most important dimensions (Kaplan & Norton, 2000). Researchers who intend to measure the performance of firms need to take a multidimensional perspective. Measures of efficiency and effectiveness can be used to determine the performance of a firm. Efficiency is related to optimal resource allocation while effectiveness is associated with the consolidation of market positions, which include new product success, market share, sales, image and customer satisfaction (Gonzalez-Benito & Gonzalez-Benito, 2005). In the case of large firms, it is very difficult to determine when the firms are earning profits because there are several

opportunities of earning profits which are foregone by the firm due to several purposes. If this perspective is taken to be true, then a small business which is growing cannot said to be suffering from loss if it is earning low proportions of profit margins (Covin & Slevin, 1989). Slater and Narver (1996) indicated that an accurate measure of determining organizational performance can be achieved by balancing the growth in sales of the company with its profitability.

Dawes (1999) suggested objective as well as subjective measures of performance of a firm. The objective measures are based on recording observable facts while the subjective measures are based on the estimates and opinions of respondents. Subjective measures are mostly qualitative and are based on interviewing respondents, while the objective measures are based on asking the respondents about their opinions on quantified measures. Objective measures are also based on recording and analyzing secondary data (Vorhies & Morgan, 2003). Selnes et al. (1996) reviewed a large number of studies that reported on the association between firm performance and MO. This study included studies in which firm performance was measured by the researchers objectively as well subjectively. Dawes (1999) indicated there was a consistency between the objective and subjective measures of performance for more than 50% of the studies which were included in the research. Gonzalez-Benito and Gonzalez Benito (2005) indicated that the association found between MO and firm performance measured using subjective measures in which firm performance was measured. Jaworski and Kohli (1993) reported a positive association between the performance of a firm measured using subjective measures and MO but this relationship was insignificant when the subjective measures of performance were replaced by objective measures of performance. Unger et al (2011) carried out a meta-analysis of the

literature of EO and found that EO was associated positively with the performance of firms when the performance was measured using objective measures of firm performance.

In contrast, Santos-Vijande, Sanzo-Perez, Alvarez-Gonzalez & Vazquez-Casielles (2005) used a pre-established objective to evaluate the performance of a firm; this objective was based on a comparison of performance outcomes with expectations. Subjective measures of firm performance are very useful in measuring performance across organizations existing in a particular segment of market or particular industry because subjective measures allow quantification of the objectives of the competitors and comparison with the objectives of the firm (Fahy et al., 2000). Rauch et al. (2009) indicated that the perceptual measures of performance of a firm are more closely associated with the personality of the manager-owner than the outcomes of an organization. However, using such a method of measuring performance may result in producing a “halo-effect” which is the bias in measuring the performance of the firm. Gonzalez-Benito and Gonzalez-Benito (2005) indicated that when single respondents are involved in a study, a false correlation can be observed between the desire to portray a positive image and response styles. A solution has been provided by research to address the issue which involves including a large number of respondents and customers from within and outside the company (Slater & Narver, 2000). The social desirability of a firm’s action is measured through this process; however, the methodological alternatives used by the organizations increase the cost to the business.

Uncles (2000) argued that within the domain of MO, “Virtually all studies rely on self-assessed business performance, rather than formal assessments (e.g. little use is made of formal financial,

operational and customer related performance measures)". Although positive association between MO and subjective firm performance was reported by Jaworski and Kohli (1993), the researchers of this study suggested a narrow range of measures of firm performance to be used, "it would be useful to explore the complexities of the relationship between marketing orientation and alternative dimensions of business performance in future studies". Harris & Ogbonna (2001) and Slater and Narver (1994) emphasized that it is necessary to study the impact of MO on the performance of the firm when it is measured using the objective measures of firm performance. Objective approaches are preferred by some researchers because difficulties are associated with objective measures of performance because most of firms are reluctant to share financial data (Caruana, 1998). Return on assets, profitability and sales growth is among the most commonly used objective measures of firm performance. Hult and Ketchen (2001) indicated a positive association between organizational learning, entrepreneurship, innovativeness and MO on performance of a firm when measured in terms of stock prices, income change and five-year average return on investments.

Growth of an organization is used as the proxy for the performance of a firm in entrepreneurship literature. This measure is preferred in entrepreneurship literature because it is more accessible and accurate as compared to confidential financial performance measures (George & Zahra, 2002). Financial performance evaluations such as relative cash inflows, profitability and gross margin have been used in combination with growth (i.e. growth in number of employees or growth in sales of the company). Davidsson and Wilkund (2001) argued that the financial measures growth in sales of a company is more relevant in the case of small firms. Their explanation for this is that an increase of \$10,000 in revenue as compared to previous year's total

revenue of \$10,000 is a very large and significant increase in the case of small firms; however, this increase is very minor and insignificant in the case of large firms where the previous year's annual revenue was \$1,000,000. In contrast, large firms are favored by the utilization of absolute growth.

2.5 Marketing Capabilities

Literature which is based on resource-based view defines capabilities as the accumulated knowledge and managerial skills required creating CA through deploying assets appropriately (Teece et al., 1997). Day (1994) defined marketing capabilities as an integrative process which is designed by the marketing managers for application of accumulated knowledge, resource and skills of the firm concerning the markets in order to fulfill the needs of the business. It enables a business to survive in a competitive environment and makes it able to add value to products and services of the business. Three major classifications of marketing capabilities have been presented by Day (1994): (1) inside-out capabilities which ensure effective marketing participation on behalf of a company in activities such as marketing management, human resource management and financial management; (2) outside-in capabilities which provide business with the necessary guidance for comprehension of clientele and markets, and helps developing strong reputation of the firm which results in strong relationships with the key customers of the business providing long-term benefit to the business; and (3) spanning capabilities which integrate inside-out and outside-in approaches, and contribute in the form of activities such as internal communication and new product development. According to Fahy et al. (2000), outside-in and spanning capabilities are those which are reported to have a positive empirical and significant impact on the performance of firms. Marketing capabilities can be arranged in the form of a hierarchy starting from marketing culture, proceeding with marketing

strategy and ending with marketing operations (Fahyet al., 2000). According to Smart & Conant (2011), there is no distinction between different classifications of marketing capabilities. Other terms which have been used for marketing capabilities include marketing-related actions and marketing competencies. Marketing-related activities in firms include effectiveness of marketing communication, ability to differentiate among the marketing offerings, marketing knowledge, control and evaluation. Such evaluations are carried out by firms to survive and thrive in a competitive environment.

According to many researchers including Moller and Anttila (1987), and Guenzi and Troilo (2006), in order to achieve CA, it is necessary to achieve marketing capabilities. In order to survive and thrive in a competitive environment, marketing is the key among other business operations. It is because marketing helps in professional and insightful analyses of target markets of the firm and can reduce the risk of venture failures (Dencker et al., 2009). However, in the case of small businesses, it is one of the most significant issues faced by managers because of higher levels of uncertainty as well as constraints of resources such as capital and finances. One of the major issues faced in the area of marketing by any newly started business is low awareness among the potential customers and consumers of the business. Some issues are also raised by the geographic location or market factors in which the business operates. Potential customers of the business, even when they are aware of the activities, products and services of the business are reluctant to put trust in a newly started business and there are very limited opportunities for growth at the initial stages (Dencker et al., 2009).

There are no quantitative marketing hypotheses for small business startups. Mostly they rely on objectives, motivations, attitudes, beliefs and sometimes even on gut-feelings (Carson & Gilmore,

2000). However, small business owners might put effort into their businesses to organize their activities. Planning is haphazard and informal at initial stages and it is almost never documented. Consequently, weak planning results in poor decision-making and marketing planning. A partial emphasis is placed on marketing activities by entrepreneurs in response to current needs of the company but emphasis on organizational planning is placed very rarely. New business owners do not conduct an analysis for potential customers and no strategy is developed in this regard (Carson & Gilmore, 2000). The owners of new small businesses are very much busy in responding to the current competitive pressure and rarely focus on marketing capabilities and competencies to locate their potential customers to stimulate revenue generation for the company (Stokes, 2000).

Medium-sized, high performance manufacturing firms in the UK conduct marketing research for proactive planning and spend a lot of time in developing strategies for survival and succeeding in the future as compared to their counterparts in the USA. High performance firms can be defined as the firms which self-report on a number of factors such as return on investment, market share, sales volume and profit, as an attempt to become able to outperform their competitors (Brooksbank et al., 2003). Their study also indicated that marketing research is carried out by these firms at a very large scale, including focus group sessions and survey questionnaires. The main objective of such research performed by high performance firms is to develop a long-term strategy and explore new perspectives, which help them develop CA that ensures their success in the future. Marketing is seen as a tool of stimulating revenue and increasing sales in medium-sized enterprises (Brooksbank et al., 2003).

The concept of networking has been employed by the marketing/entrepreneurship interface as a means of marketing (Miles & Darroch, 2008). Network marketing is considered one of the key roles to be performed by the entrepreneur and it is accomplished through creating and developing networks of personal contacts (Gilmore et al., 2006). One of the major advantages of marketing observed in the local as well as international market is in the form of close association between the entrepreneur and the customers of the business. Relationship marketing is considered an effective and important tool not only in large firms but also in small entrepreneurial businesses.

The ability to adapt according to the changing environment and make creative decisions are the features that make small businesses flexible (Fillis & McAuley, 2000). These small businesses can flexibly use their core competencies more effectively as compared to large firms which have to rely on the traditional marketing framework (Hill, 1992). The type of marketing tools and processes adopted by small firms depends on the stage of lifecycle of development of the firms (Carson & Gilmore, 2000). It is also dependent on four categories of classifying firms developed by Miles, Snow, Meyer & Coleman (1978): prospector, analyzer, defender or reactor. Smart & Conant (2011) indicated that prospector firms are externally oriented firms that consider the environment in which they operate 'uncertain', welcome change, promote freedom and flexibility as opposed to strict set of rules and regulations, meet marketing needs and demands by applying innovation, and maximize new opportunities by scanning the environment. As compared to the analyzer, defender or reactor firms, the marketing competencies of prospector firms are superior on a number of dimensions of marketing competence and outperform their competitors. Atuahene-Gima, Slater & Olson, (2005) conducted a study on large manufacturing and service sector firms in North America. The results of the study indicated that even in large firms, the

highest levels of customer orientation and innovation orientation are possessed by prospector MO. Furthermore, these firms possessed the lowest levels of cost orientation as compared to the strategic groups in the other regions. O'Regan et al. (2006) also indicated that prospector characteristics were possessed by growth-oriented firms. These firms are continuously looking for new opportunities of growth in the market.

Small firms have rarely been distinguished on the basis of entrepreneurial marketing (Stokes, 2000). Small firms are considered to be homogenous. They do not consider themselves to be emerging or mature enterprises which makes them similar. However, studies also indicated that the marketing strategy employed by micro-firms that employ five or fewer people is entirely different from the firms that employ about 20 people, but both of these firms are placed in the category of small firms. It is also noteworthy the entrepreneurial characters are found in the marketing capabilities of the small firms (Chaston, 1998).

In order to conduct basic marketing activities, it is necessary to develop an organized set of marketing capabilities. It may be based on a combination of selection of target markets, market segmentation, gathering information and analyzing it to interpret market demands, communication of services being offered to the target markets, pricing strategy, and planning to develop new services necessary to serve the new target markets (Day, 1994). Personal selling and advertising promotion can be used to achieve these activities (Vorhies et al., 1999).

Six different marketing processes were identified by Vorhies et al. (1999) which are similar in characteristics to those identified by Smart & Conant (2011). These processes add value to the

products and services of a company when reaches the target customers of company. Marketing principles are the basis of these processes and they include marketing management, promotion, distribution channels, pricing, product development and marketing research. A network of information supports and provides a platform for the interaction of consumers, customers and the public with the business. Several other processes of marketing research include understanding the process of marketing and improving it, monitoring marketing performance, evaluating marketing actions, and defining marketing threats and opportunities (Shaw & Darroch 2004). Product/service development is the important area of concern of marketing capabilities, which deals with designing the products and services according to the needs and wants of the customers while keeping in mind to outperform the competitors and achieve the internal goals and objectives of the organization (Vorhies & Harker, 2000).

The third major area of concern is pricing of products/services. Pricing is defined as allocating the appropriate prices to products/services of the company while analyzing the prices of same or similar products/services in the market. Distribution channels and their management is the fourth major area of concern which emphasizes establishing long-term working relationships with distributors and effectively managing those relationships. The fifth capability, promotion, is considered to be among the key capabilities and consists of a number of activities including selling products and services of companies, communicating with the markets through personal selling activities, sales promotion and advertising. Marketing management is the final marketing capability which is a major area of concern. Effective marketing management is about managing marketing programs and customer acquisition. It also involves coordination of activities which

are considered to be the basic requirement of implementing such programs (Vorhies& Harker, 2000).

2.6 Knowledge Management

Many researchers have discussed the dimensions of KM in different perspectives. They gave the basic concept of KM, described successful and unsuccessful initiatives and the causes of failure of unsuccessful initiatives. All these things will be explained in this section and how successful initiatives of KM can be delivered. The issues of the culture, rewards, leadership and change management will also be discussed here.

The struggle for knowledge is as old as human thought (Spiegler, 2000). Many philosophers like Plato, Kant and Descartes tried to define and understand the nature of knowledge and to expose the forces that are responsible for the various phenomena happening in the life of humans. The methodologies they used to find the nature and the origin of knowledge serve as basic concepts in today's research.

KM is a multifaceted term, whose purpose is to create a flourishing work and learning environment (Kikawada & Holtshouse, 2001). According to Quintas et al. (1997), KM is the process of managing knowledge continually to meet needs and to develop new opportunities. For successful KM, the integration of key management issues and the achievement of clarity is very important (Webb et al., 1998). KM is the development of methods, tools, techniques and procedures through which organizations can acquire, measure or distribute, to provide a return on investments (Snowden, 1999). Bhatt (2000) states that KM is the interaction between types of

knowledge that creates continuous knowledge development. According to Egbu et al., (2001) KM is the process of creating, generating, storing and implementing knowledge according to the needs of the organization. All the processes of KM are continuous and have different requirements (Laudon & Laudon, 2000).

2.6.1 Evolution of Knowledge Management

The quest of obtaining knowledge and using it effectively is not new. Many management theories described the creation, existence and the construction of knowledge. In the twentieth century, industrial revolution has proved that knowledge is very necessary for the up-gradation of the industry operations. It was very helpful in finding the business goals in the realistic way. There from the mid-1980s, knowledge has been emerged as the more powerful factor for the individuals and the companies for their competitive environment (Wiig et al., 1997).

Tiwana (2002) stated that KM started from the various philosophies of the 1950s. KM was modified with the passage of time. Current philosophies of KM started in the 1980s and the early 1990s with the names of knowledge engineering, artificial intelligence and expert systems. Business communities did not welcome these initiatives because of the poor and complex behavior of these technologies that made them ineffective (Griffith, Zeybek & O'Brien 2001).

The knowledge economy has its origin in the knowledge revolution. In the today's world it is becoming more and more necessary for organizations to have knowledge about customers and their needs. So for companies, having knowledge and CA is more important than gathering data and information. The knowledge economy is beneficial in providing value for the customer; it improves the progress of a company by improving the quality of its products, processes and

relationships. If companies focus on the feedback and the interest of customers with their interactions, they will develop more interest in customer relationship management and this relationship is based on customer knowledge (Berry, 1983; Gronroos, 1994; Kavali et al., 1999)

Hamel and Prahalad (1994) argued that companies can create business sustainability in their business and can compete in the future by giving true value to customers and the broader community. They further said that companies can achieve this by reinventing and recycling their unique products and services, to anticipate and align themselves according to their customers' desires and needs. They state that by adopting this procedure, companies will be able to radically transform themselves.

Another important term is intellectual capital; people are the critical assets that can develop new ways of unleashing ideas, intelligence and creativity energy (Boudreau & Ramstad, 2005).

Knowledge is not only helpful in business performance but it is also important in transforming opportunities into reality by making useful innovations. In this way the knowledge revolution has raised the value of knowledge workers. The last quarter of the twentieth century was a period of phenomenal growth, for knowledge influences and communication technologies. Now is a period of KM; ways are being developed to build relationships between human and social resources, and to harness them.

Stewart, Baskerville, Storey, Senn, Raven & Long (2000) stated that in the example of the travel industry, knowledge of money, finance and the other tangible resources is more important

than tangible objects: “The air travel industry has become two different industries: the flying industry, which is marginally profitable at best and the information-about-flying industry, which makes money hand over fist (Stewart et al., 2000). If one takes this example from the large company perspective, then it can be seen that businesses have to change from supplying products to giving information and details about products (Szymczak & Walker, 2003). So, companies are involved in a race for the future, where culture is changing about knowledge from tangible objects to providing tangible services. For instance, Microsoft has moved from operating software supplier strategy to ecommerce applications coordinators (Szymczak & Walker, 2003). It is not enough today to have technological skills, it is necessary to have knowledge about the skills to drive technology to make new products.

2.6.2 Knowledge Management: A Trend

According to Spiegler (2000), “Reading recent KM articles, one cannot escape the impression of a recycled concept.” Spiegler (2000) further states “K is the essence of KM without which this new Endeavour is a mere recycling of management topics. Without articulating the K word, the whole area may turn out to be yet another fad that will fade away with time.” Spiegler is actually trying to compare KM with business process re-engineering, executive information systems, management information systems and decision support systems. All these elements are very important to improve the performance of a system but they change their behavior when data and information are collected to compare them with KM. Kanter (1999) suggests that if implicit knowledge is just limited to a person’s mind and not implemented in the company database, then it suggests something of a new direction.

Organizations are facing the basic problems of restricting its successful applications in their business process phenomena from the last decade because the personnel of organization are

reluctant to change and knowledge acquisition (Vanhoenacker et al., 1999). It shows that KM is far from a fad but it is different in its objectives, having many dimensions and manages many aspects of organizational activities (Hilmer & Donaldson, 1996; Wiig, 1997; Kidd, Richter & Li Kidd, 2003)

2.6.3 Understanding Knowledge

2.6.3.1 What is Knowledge?

Knowledge can be described in only one word, *understanding*; understanding of the reality that is constructed in the human's mind with his or her experiences and consequences. Davenport and Lesser & Prusak (2000) state the concept of knowledge is: "A fluid mix of framed experience, values, contextual information, and expert inside that provides a framework for evaluating and incorporating the new experiences and information. It originates in and is applied in the mind of knower. In organizations, it often becomes embedded not only in documents or repositories but also in the organizational routines, practices and norms."

Penrose and Pitalis (2002) states that the knowledge of employees is dependent on their skills, experiences, and the new knowledge, and how they deal with it. So knowledge can be taken as a resource, and the ability to utilize knowledge affects the quality of services provided by organizations. In this way KM plays a vital role for organizations (Shaw & Darroch, 2004).

Data are raw material, a set of discrete objects, events or observations having one or more entries, when these data are processed this is called information. Information is used in decision making; when it is further processed it becomes fact, an understanding of reality, and this thing is called knowledge. The person with knowledge automatically has the ability to act or to make the

valuable producing decision and has the ability to drive people for the specific actions (Davenport & Volpel, 2001; Polanyi, 1962; Kanter, 1999; Bourdreau & Couillard, 1999).

2.6.3.2 Types of Knowledge

Cognitive psychology and management literature categorizes knowledge into two parts: explicit knowledge and tacit knowledge (Nonaka & Takeuchi, 1995). Best (1989) categorized knowledge into declarative knowledge and procedural knowledge.

Declarative knowledge or explicit knowledge as a formal knowledge has many characteristics. It is knowledge that is flexible to suit our purposes, it can be recorded, used in texts, is available in books, taught in class, used in organizations as code of practice and product requirements, for communication and sharing ideas and in machines as programmer codes (Robinson et al., 2005; Best, 1989).

Tacit knowledge can be taken as procedural knowledge. We generally do not know the use of procedural knowledge in organizations because the dictionary meaning of tacit is silence so it is knowledge applied silently, not expressed at all (Maqsood, Walker & Finegan, 2007). This is knowledge that is highly personal and confidential. This knowledge is easier to show than to tell, such as explaining how to ride a bicycle. Polanyi (1962) explains this thing in a different way: it is like face reorganization as we can recognize the face of anybody whom we have seen in the past, in the faces of thousands and millions of people.

Collins (2003) further describes three types of tacit knowledge: embodied knowledge, which describes the functions of the physical environment; embrained knowledge, related to the individual brains; encultured knowledge, that is taken in the specific social context.

2.6.3.3 Dimensions of Knowledge

Davenport and Volpel (2001) described seven dimensions of knowledge: as tacit to explicit, teachable to non-teachable, articulated to non-articulated, observable to non-observable, schematic to non-schematic, simple to complex and at the end simple to complex. These dimensions are very important to know regarding the effective transfer of knowledge.

If knowledge is explained explicitly then an organization will be able to transfer and deliver knowledge. Some knowledge can be gained through experiences. This knowledge is called non-teachable knowledge. An example of such knowledge is faith or religious knowledge. One other example of this knowledge can be the balancing in bike riding, in which rules can be thought but balance is attained through experiments and experiences that give strength to the rules and help to develop knowledge of balancing. Some knowledge cannot be gained through books but the physical senses work more appropriately for this type of knowledge; it is called articulated knowledge, like the taste of anything can be judged only by taste buds.

Schematic rules can be easily transferred to rules and regulations. Schematic knowledge can be put into tables, or other forms of the clear representation. Some knowledge has the dimension of simplicity or complexity based on predictions, like weather prediction. If knowledge is in a written or documented form then it is called documented knowledge, like the knowledge of the Ancient Romans.

Another example given for knowledge is an iceberg: the layer above water serves as explicit knowledge, and below the water serves as embodied tacit knowledge (Scharmer, 2001). Scharmer (2001) described four types of action knowledge: performing knowledge in the form of delivering results, strategizing in the form of improving the performance, mental modeling in the form of reshaping the performance, and sculpting in the form of reconvening the identity of performance.

2.6.4 Strategic Implication of Knowledge

Zack (1999) analyzed the development of knowledge strategy by giving the process strategy. By this process strategy, the author has demonstrated that the core knowledge must be required in organizations that will consider the minimal knowledge to stay in the business. Advanced knowledge is helpful for the organizations to compete with its competitors. Although it has the same knowledge and scope for the competitors, it enables the firm to have specific differentiated knowledge to stay in the niche market environment.

Innovative knowledge is very helpful in producing different things and in making organizations different from their competitors. According to Zack (1999), if knowledge is dynamic advance knowledge, then it will be helpful tomorrow; Zack states that organizations should use advance knowledge in order to stay ahead and competitive. Dixon (2000) stated that knowledge should be ever changing and dynamic like the flow of water.

2.6.5 Knowledge Stickiness

The quality of knowledge that makes it difficult to move from one mode to another or from person to person is called stickiness; it acts as a barrier in the transformation of knowledge. For example, Burton-Jones (1999) stated that in the case of tacit knowledge it sticks to a person and it becomes difficult to pass it on; it requires a fair bit of consideration and effort to transfer sticky knowledge. It is difficult for organizations to transform tacit knowledge into explicit knowledge because of its stickiness quality. Kulkki and Kosonen (2001) stated that the conversion of explicit knowledge to tacit knowledge is not an easy process. Szulanski & Capetta (2003) proposed that the stickiness quality of knowledge is due to three major factors: absorptive capacity, causal ambiguity and the quality of relationship between the source and the receiver of knowledge.

Companies like training and guiding procedures for their employees. This shows the importance of the absorptive property of knowledge to transform knowledge from one mode to other, like from tacit to explicit. The receiver understands knowledge that is shared through its context or content. Causal ambiguity is related to making the causes or the links within knowledge because if there were no causes then mistakes will be repeated. For organizations, it is very important to replicate best practice otherwise knowledge sharing will become difficult. Another quality is the relationship between the user and knowledge, which will include factors like culture and communication method. Knowledge sharing is also dependent on organizational culture.

2.6.6 Knowledge Transfer for Overcoming Knowledge Stickiness

According to Dixon (2000, p. 169), there are four types of knowledge transfer: strategic, expert, serial and near. Strategic and expert types have a great impact on organizations and serial and near give knowledge transfer by giving rewards to get the high performance from the employees.

The above shows that knowledge is sticky and costly and it is difficult to pass on because it is not just facts and information but also about history, context, hidden information, and complicated things.

2.6.7 The Hidden Side of Tacit Knowledge

The main purpose is to seek a way to transfer tacit knowledge into explicit knowledge in the employees' head. The conversion of tacit knowledge into explicit knowledge is very helpful for making innovations in the form of new technologies or new processes. Tacit knowledge is the main factor behind the decision-making process and employees' gut feelings.

2.6.8 Human Information Processes: Factors affecting Knowledge Construction

It is important to see that human information processing acts as sensing information and is used as the main element for further knowledge construction.

2.6.8.1 Perception and Recognition

Perception occurs through the stimuli of the sensory organs that are used to make the human information process that further lead to knowledge construction. The system recognizes knowledge and compares it with previous knowledge in this way, reconstruct the knowledge. Perception is made through the selection of knowledge and it is affected by various things like values, motives, stress and the person's background.

2.6.8.2 Cognitive Styles

Gigch van (1991) defines cognitive style as the individual property of performing perceptual and logical activities. It depends upon many things like experiences. Managers and thinkers can take the cognitive style as the preceptor or the receptors. Different people have different

cognitive styles based on their experiences and education. It could also be the high or the low analytical process.

2.6.8.3 Heuristics and Biases in Judgment

A heuristic is a general guideline to solve problems (Best, 1989). Organizations use heuristics during deal making but heuristics could lead employees into high rates of biases or errors. As a decision task becomes more complex, the rate of bias increases. Heuristics include search and compare strategies (Baron, 1998).

2.6.8.4 Functional Fixedness and Mental Set

Baron (1998) has described the functional fixedness, as it is the term that is used to describe the things, without using creativity. Mental set is the force of the past experiences on the present. It is also the capacity of retaining past experience into successful options regardless of present experiences. It is common for the business that repetition in problems can be occurred even in the present of other solutions.

2.6.8.5 Mental Models

Best (1989) described the mental model as the internal representation of problems from past experiences or experience that develops through the passage of time. Organizations not only react to their environment but they learn from it. The active nature is that which has the ability to emerge in the nature and change by the change in behavior or the environment. Mental models tell how environmental stimuli will be interpreted. They also make knowledge more efficient.

2.6.9 Variation in Learning Styles and Knowledge Acquisition

The learning styles of different people are different because they depend on the acquisition of knowledge and its proper use in the decision-making process. Decision making depends on

timely, accurate and precise information that involves the cognitive styles of individuals (Pelham & Wilson, 1995). Learning is related to the communication of stimuli and the mind of learner to create the learner mental model. Alwright (1976) observed that individuals with different learning behaviors in different ways during problem solving and decision making

2.7 A Firm's Search for Decision-making Information

In this section, it is easy to discuss the process of SME's that is used in knowledge acquisition related to the external device that fit into the most frequent accountant and the advisor. The demand of the accountant and the services of accounting refer to the system which is associated with the business advice. It is said by the Benson that the external accountants and the lower managed firms are used to only attest the performance of the financial information. It can also use to provide the installing report and design as well as the control system. The management system is used to provide information to an accountant. The management and the staff have to deal with the accountant's services system and SME used to measure the day to day activities. Accountant services are essential for the production of consistent and reliable information for the financial external and internal users.

2.7.2 The Nature of Business Advice

The external advisor and the external accountant provide services and offer advice about the business. They can provide services such as management consulting services, business advisory services and management advisory services. The environment of SMEs requires business related knowledge that can be utilized in developing new processes and procedures that prove instrumental in bridging the gap between the expertise management and internal staff, the external business expertise and the apparent accountant in the advertising promotions of the current system, the alternative leading strategies of management skills that is achieved by the companies that are integrated with accounting expertise (Kurunmaki, 2004).

2.7.3 Theory Explaining the Market for Business Advice

Management theory has developed for the specialized and broad services that deal with the source of demand for services related to business. In this section the theoretical explanations related to the market for advice to business and business advice in the SME environment are discussed. In SME environment and accounting profession, the reference point helps in explaining the external advice theory to the clients.

The decision-making procedures are based on the external accountant system which is used to provide different services to enhance the performance of the SME (Lu & Beamish, 2001). The range has been developed by the services of the accountant and that is used in the information changing that is needed by both internal and external stakeholders. SME facilitates the management and the staff in managing daily accountant services. The accountant services are crucial in producing consistent and reliable information of financial external and internal users.

2.7.4 Business Advice and the Strategic Management Literature

Business market advice has been designed to assist strategic management and the SME management literature. An important question in any firm is how to achieve competitive sustainability advantage. The strategic management system and its major paradigms are addressed well by competitive forces. The conflict strategy, based on game theory, helps develop the strategy and model with special focus on the efficiency of specific resources (Teece et al., 1996).

2.7.5 Transaction Cost Economics

The transaction cost economics (TCE) framework has been developed for understanding the performance of the firm and it helps to identify the roles of the external advisor to the business. TCE is used to explore all the activities of the organization which is effective for efficient governance. The transaction costs are associated with the cost of economic change that deal with

the independent services and goods are exchanged (Williamson, 1979). The economic activities are associated with the cost of transition which can be used in the economic activities and in production costs. Information about the clients, when demonstrated, tends to change the nature of the clients. The proactive control of financial professional improves the client audit satisfaction.

2.8 Knowledge Management Capabilities

Knowledge plays a vital role in every business structure; firms should have competent knowledge of business to compete effectively. Creativity and innovation enable organizations to take a favorable position in the marketplace to gain higher profitability and productivity. To accomplish goals and objectives, organizations need absorptive capacity to develop their ability to use prior knowledge so that they recognize the value of assimilation and new information as well. However, many scholars and researchers have neglected the concept of creativity. Organization-based knowledge, which had been studied in the business intelligence technologies of the early twentieth century, ignored the concept of creativity; meanwhile, proponents of creativity promoted the concept of creativity and creative thinking without testing their thoughts or producing explanations and theories based on their perceptive thoughts.

Organizations often pursue work, but what they really need to push is innovation. Theodore Levitt (1960) put it best: "What is often missing is the creativity of knowledge of the idea-meaning, but innovation in the act of producing meaning, that is, to put the ideas to work."

The business intelligence technologies provided significant information about business organizations and their success factors. The three major parts of KM are divided into technology, structure, culture, and capabilities of companies. Nine technologies and capabilities along with conclusion and index are included in KM. The first part of KM provides information about the

importance of execution. The part of KM related to the technology discusses the gap that is still unknown whereas the part dealing with capabilities of companies argues about executive differences.

2.8.1 Technology

In the business technology of the gap that nobody knows, KM discusses information about the professionals who are unable to meet board expectations. Technology provides practical knowledge to the companies that enable them to become prosperous. Managers who lag behind in knowledge of technology are often incapable of meeting the organizational needs and expectations. The KM discusses the capabilities regarding challenges and knowledge about effective management for business environments that face many issues.

To increase the turnover of inventory, technology plays a vital role in build-to-order. Knowledge of technology has provided the most common plan that business has developed for minus receivable accounts, inventories provide business productivity velocity at a higher level and market share, and revenues are improved through margins improvement. The technology based observation provides examples of different companies that use knowledge effectively in running successful business whose inventory turnover is twenty times better than companies with negative working capacity. The promise between gaps has provided widespread knowledge about effective KM approaches and their strategies regarding achievable organizational objectives.

The information provided by technology about structure dimensions reveal reasons of failure of organizational strategies the chief among those being poor execution of innovative KM. The

technology based knowledge highlights the approaches used by experts for making of executive on the basis of real information. KM provides significant information about innovative KM skills and their capabilities that help to improve organizational success and removes failure from the strategies. Innovative knowledge and business intelligence are the lifeblood of organizations, and they lead knowledge-based organization and teams toward higher success and prosperity.

2.8.2 Structure

The organizational R&D department has some specialists that provide plans for structure planning and technological architecture system. Structural and general challenges can be overcome through the techniques and approaches provided by structure-based knowledge. There are four phases to the structure-based model. Firstly, the planning curriculum of the organization considers establishment steps and the process of decision making. The assessment and collection of community related steps provided the schools with strategy for assessing the data collection regarding objectives and goals in shaping decision about the choice of content material

In the second phase, the organization developed the establishment of curriculum content that included developing community strategy and objectives of the goals and development of decision-making process that is provided by the content deliverable source. Moreover, identification of materials is the third phase of in implementing curriculum. In this phase, the instructions are developed and selected by the effective strategies to improve the performance of the strategy delivery (Duguay & Korb, 2002).

The fourth phase is about assessing and refining the curriculum, in this phase the organization has developed the assessment of strategies and the process evaluation is provided in this

assessment. The solution provided by the strategies of the improvement programs resulted in easing out the phase to increase success factor and improve identification of strategies.

2.8.3 Culture

There have been a lot of studies that evaluate and measure the impact of strategic planning on organizational performance. However, there is no study that determines the factors of organizational success and the impact and role of strategic planning on organizational success. There are factors other than strategic planning that play a direct role in the success of any firm, like the macro-environment of a firm that includes political, social, cultural, and technological factors, and the micro-environment of the firm and the structure of the firm. In the past, little to no attention was paid towards these variables and their impact on the dependent variable. In this study the independent variable is strategic planning while the dependent variable is organizational success. The linkage between the formal designing and planning of practices of the organization and their impact on success is determined. The performance variable is treated as a subset or dimension of the dependent variable in the study. The study will result in providing a future direction to new researchers as well as thought-provoking industrial implications to small, medium, and large businesses. The results of the study will not only help in effectively managing the current businesses but it will also help in improving them in a future context.

The different balancing departments have provided both slides and structure to increase technological architecture system to provide ensure satisfaction as the problems regarding leveraging technological structure are increasing. Employees have another opportunity to develop their effective and efficient skills and capabilities. In addition to that, the general

structure has some specific challenges that are highly effective and influencing factors on the culture.

The organization should utilize different approaches that are well planned and oriented for the technological architecture programs. An efficient development process should be used to improve the capabilities and skills of employees. Oriented general planning has some job specifications that generally focus on the mission, goal, structure organization, and function department.

2.8.4 Process Capability

Process capability and architecture programs are a different type of technological knowledge that can be used to motivate employees and improve their profitability and productivity. Their productivity depends on job satisfaction that will enhance the performance of the leveraging technological architecture and employees as well. Most companies use different approaches to enhance the performance of the leveraging technological architecture.

To satisfy the above provided challenges, organizations have developed some effective and efficient approaches that provide higher services for the strength of the leveraging technological architecture and improve the working style of their employees. Strategic change provides effective information about the developed organizational skills that can be improved through providing higher and more effective terms and conditions of improvement.

2.8.5 Acquisition Process

The knowledge and business intelligence trend has provided information about those organizational policies that maximize share and improve productivity. Therefore, it is the responsibility of the organizational development manager that he imparts better policies, procedures, tactics and tools to the managers. The intelligent business hip has also provided enough information about effective strategies that may help managers take care of responsibilities, duties and acts of organization. According to the organization, effective KM shall be liable to repentant stake holders of the organization. The effective KM is responsible to analyze attributes that may help bad managers deal with routine business procedures in a satisfied manner.

Knowledge and business intelligence provides that the manger is responsible to account for the presentation of the policies, accounts, to see the organizational strategic procedures and to carry out the effective implantation action plans in this regard.

The organization development manager has the responsibility to carry out the efficient plans of action that shall maintain their market share and improves the effective performance of the organization. In addition, the survival of the organization is feasible through the betterments of ratios that shall carry out the effective decisions and action plans for the organization. The policies of the organization shall maintain the procedures and carry out the reflective action plans in the respective departmental efforts in the organization.

2.8.6 Conversion Process

Furthermore, part two provides knowledge and information that may help in execution of building blocks. The knowledge and business intelligence discusses innovative core that is

considered a significant factor to make business successful. Innovative knowledge and business intelligence should know about business and people, as this would improve knowledge of the effective KM about people and their tastes and demands for whom a knowledge-based organization is running its business. Innovative knowledge and business intelligence should create understanding with the business of organization as well as the customers because customers are the core success factor of organizations.

Knowledge and business intelligence considers insistence on realism as an essential behavior of KM. Knowledge and business intelligence provides information about organizational weaknesses and strengths. The identification of weaknesses is an essential process that explores the issues and the reason of crises in an organization. Innovative knowledge and business intelligence should be realistic and practice running their organizations systematically.

2.8.7 Protection Process

In the third essential behavior, knowledge and business intelligence discussed information about the priorities and set clear goals, this point illustrates the major success factor that the innovative knowledge and business intelligence should know about the organization. An effective KM should set objectives and goals to get success because the innovative knowledge and business intelligence has to manage their teams according to their mission and they set their mission to achieve their goals in a specific time and under specific conditions. This point makes the innovative knowledge and business intelligence more string against the achievement of their success and goals objectives. Knowledge and business intelligence provides effective information about the business priorities because effective KM must know priorities regarding the business and knowledge-based organization as well.

Therefore, knowledge skills and informative ideas for innovative business intelligence should improve their performance and gain higher success in their professional career. Moreover, the employees are the most effective and significant part of any organization, because the organization directly depends on their employees' performance to gain success and prosperity. The better the employees' performance, the better the profitability and productivity.

2.8.8 Knowledge Management Elements

Knowledge and business intelligence element has provided information about the effectiveness of priorities that an effective KM should know about its work, priorities generally give direction to the effective KM to promote their skills and achieve their objectives as well. Innovative knowledge and business intelligence are the most significant part of any organization because they give direction and then lead an organization towards the accomplishment of its objectives and goals. Moreover, the effective KM must set its priorities to improve the business structure and organizational strength.

In addition to that, knowledge and business intelligence provide information about “follow through”: innovative knowledge and business intelligence should follow through strategies and they should focus on their projects to manage them in a productive form.

2.9 Transaction Cost Economics

TCE is a theory that helps entities to improve their strategy and make it more effective. Transaction cost theory is primarily concerned with the understanding of the firm as to why it exists, how firms define their boundaries, and how they operate. The theory also covers the

potential role for an external advisor in adding value to the business or firm performance. TCE helps in identifying and monitoring an organization's operating activities. TCE also highlights the effective and efficient role of government to ensure that the organization is operating according to its rules and regulations (Williamson, 1979).

In economics, a transaction cost is a cost incurred when economic exchange occurs. For example, when a person takes out a loan, they must pay a commission to their broker. This cost is categorized as a transaction cost. This cost is not fixed and varies according to market conditions. According to transaction cost theory, an organization's economic activities should be based on the production cost as well as the associated transaction costs. But often, organizations consider only the production cost in economic analysis. They must consider the minimization of transaction costs. For an organization to be successful it must minimize its transaction costs. Some organizations also take external services to manage their costs whether external (payroll, financial statement compilation, compliance issues) or internal (design, control system, complex internal issues such as management reporting). In both cases, the external advisor might help the business to improve firm performance by minimizing the cost to an acceptable level.

2.10 Contribution of Professional Services

Organizations mostly buy professional services for the solution of complex matters; however, they often get confused when they first use these services as they are unaware of their benefits. Professional services include a range of activities that have a complex nature and are intangible (Quintas et al.,1997). As the business advice is intangible and complex it makes it difficult to accurately assess the performance of the external advisor. So buyers of such services are often

confused and uncertain about the correct measurement of such services. External advisor services are often complex and consist of a wide series of activities (Robson&Bennet, 2000).

External professional accountants follow some rules and regulations which are established by professional bodies such as IFAC and IASB. They provide quality services to their clients. They behave ethically when providing their services to their clients and enhance their reputation. The accounting profession of accountants enhances its performance and reputation by considering public perception. Professional bodies also include public members as advisors in their team to make the profession more transparent and efficient. Fogarty et al. (2006) suggest when a professional accountant undertakes traditional compliance and monitoring services, it is assumed to translate into business advice and a high standard of professionalism is required. Accountants work under strict rules and regulations, which builds confidence in SMEs. If accountants do wrong, then they have to answer to their professional bodies. Professional bodies not only make rules and policies, but are also responsible for the implementation and monitoring of these policies. Some important ethics rules are compulsory for accountants, such as competence, ethics, integrity, due care and professional behavior. This increases the transparency in their work and provides confidence to the general public and their clients. All accountants must work independently and without any influence of others. For a professional accountant it is compulsory that he/she has expertise in his or her field. Accountants provide multiple services and statutory and non-statutory work. Many organizations and entities depend on an accountant's services rather than advisory services.

There are a wide variety of services that professional accountants are offer. Due to the complexity of the services many other advisory and consulting bodies have developed their own professional certification. For example, Certified Management Consultants (Canada) “promote the ethical standards and professional competency, and advocacy for the profession in public and government settings through education and certification of consultants” (Carroll, 2009).

There is a one factor that enhances the credibility of external accountants: their reputation. This key factor can mitigate client uncertainty concerning the benefits of business advice. Podolny (1994) said that many organizations are reluctant to hire new external professional accountants due to uncertainty. Therefore they prefer to trade with firms that they have dealt with in the past, suggesting a level of transparency and assurance in quality of services. Incumbency gives the competitive edge to external accountants in the market. Many SMEs are more likely to use advisory services from an external accountant than from any other bodies as external accountants build their reputation through their work.

There is one more CA that the incumbent external accountant received: the economic efficiency flowing from the joint production of services, when these services are provided to an existing client. As above, TCE highlighted the importance of external accountant services and how these services may help their client to minimize transaction costs and thus enhance performance in its framework. TCE can also be used in the description of economic efficiency when the external accountant provides services in addition to compliance or monitoring services, such as accounting taxation, management decision making services or assurance. Often when an organization

appoints an unknown provider, the transaction costs associated with search, information and bargaining become higher (Hodgson, 1993).

2.11 SME Environment and the Advisory Service Market

In this part of the literature review a review is undertaken that clearly indicates voluntary demand for business advice in the SME environment.

The analysis shows that managers of small businesses appoint external accountants mostly for statutory services, but rarely for other services (Holmes & Nicholls, 1989). In a questionnaire-based survey of 928 respondents, 75% were micro-businesses (<5 employees) and 25% were small businesses (6 to 20 employees). Mostly the businesses appointed external services for the preparation of tax returns and the balance sheet and profit statements (69.3%); less than 5% of respondents purchased “non-statutory” services. Other than budgeted information: profit and loss services and cash flow statements services purchased were 26.6% and 16.3% respectively. Various environmental factors affected the decision and the analysis showed that younger clients and larger clients were more willing to purchase a combination of “statutory/budgetary and additional information.” It needs to be notified here that no separate analysis was carried out on the decision to purchase non-statutory services that included the impact of environmental factors. Cameron (1995) investigated the different views and perspectives of the value earned from the external accountant’s fee in small businesses employing <20 staff in New Zealand. While traditional compliance services were considered cost beneficial (value for money), small business owners were neutral in their perception. In that area business advisory services were considered as less cost beneficial. Compliance services were considered more cost beneficial.

There are a number of studies that highlight business advice in the SME environment in the UK. It was noted that there were a number of SMEs that appointed external accountants as a source of business advice (Robson & Bennett, 2000; Kirby & King, 1997); Bennet and Robson (1999)

reported that 95% of 2474 SMEs used external services. There a number of advisors that were banks, accountants, customers, solicitor, suppliers, consultants and professional associates and had percentages of 62%, 83%, 47%, 56%, 36%, 32%, 31% respectively. The figure 83% indicates that SMEs are more likely to use the external accountant as an advisor instead of the some types of services from an external accountant. There is unfortunately one limitation of this research, it does not highlight the difference between traditional services (taxation, audit and compilation) and the purchase of business advice designed to assist management.

It is noteworthy that Robson & Bennett (2000) state that accountants and lawyers are taken as “high trust” providers. According to them, accountants and lawyers work in a proper and efficient framework established by the government and regulatory bodies. In this way, the institutions gain a high level of trust which differentiates them from other sources of advice.

In a survey in 1998, Marriott and Marriot (2000) interviewed the owner managers of 15 different companies in the UK. They found that small firms have little use of management accounting information. The use of additional services by small businesses was limited, which indicated the perception of the likely high cost of such services.

There are a number of factors that affects the performance of small firms. An analyst studied the relationship between a small firm and an external accountant as a business advisor (Gooderham et al., 2004). The report indicated that most firms have great dependence on an external accountant as a business advisor for their growth.

2.11.1 SME Performance and Consultancy

According to the findings of Robson & Bennett (2000), the SME environment is greatly affected by external services and these services are associated with employment growth. The SMEs growth was categorized into three categories: stable growth, medium growth, fast growth. In the fast growth category, the proportion of SMEs that use an accountant was high (89.9%).

The smallest proportion was in the stable growth category of SMEs that use an accountant (77.3%). So, in conclusion, SMEs' growth is highly associated with external services. Robson & Bennett (2000) suggested that there were three measures of SME performance: % change in firm turnover, change in number of people employed by client, change in profitability per employee. This study did not include the relationship between business advice and SMEs' performance.

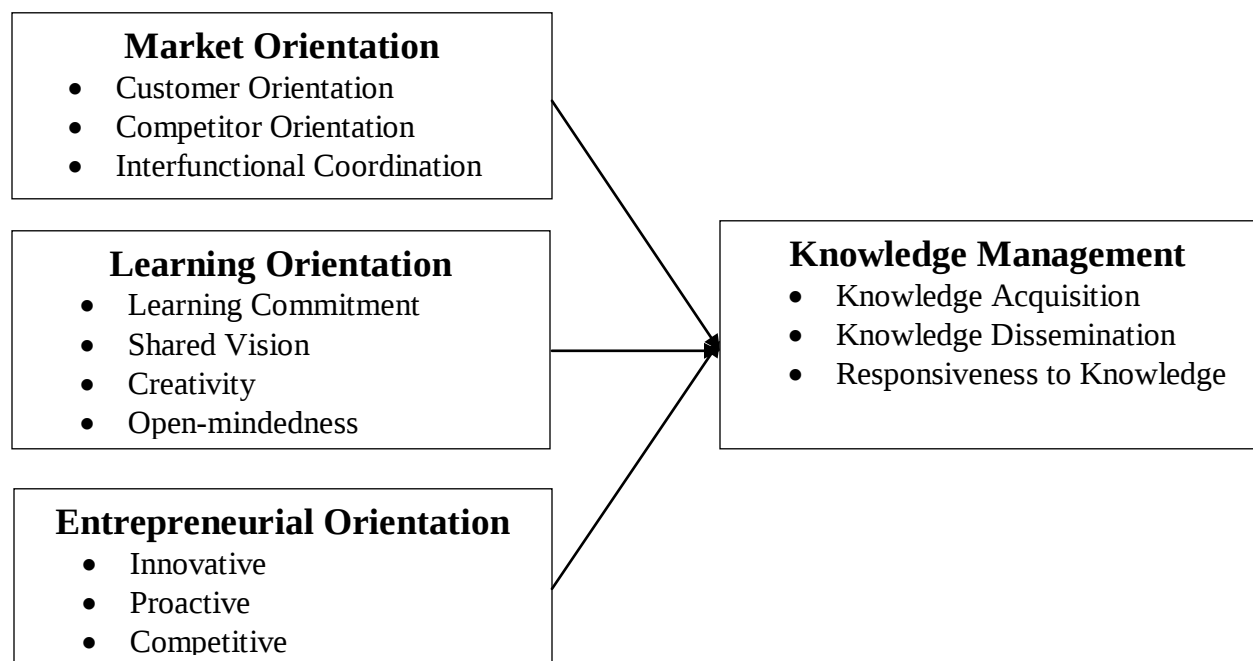
Berry et al. (2006) found a huge difference between the growth of SMEs that used "financial management support" and non-users of financial management support. For the service category, no difference was found (7.56%). The growth rate of SMEs that used statutory advice (6.49%) was significantly higher than the average growth of the non-users (3.29%). Berry et al. (2006) concluded: "there is a positive relationship between the external advisory services and the rate of growth of SMEs." The association between advice and SME performance becomes weak when other business advisors are considered, such as solicitor, government, suppliers, consultants, banks and so on. According to Robson & Bennett (2000), the performance of SMEs was not associated with consultants, banks, government departments and accountants. They found that only the advice of a solicitor has an impact on an SME's growth or performance. Wren and Storey (2002) explained the relationship between SME performance and business support in the marketing area. They found that marketing advice failed to add value for small firms. As compared to small firms, marketing support had an impact on medium-sized firms. In conclusion, medium-sized firms generated higher benefits from external advice as compared to small firms.

The McDonald model of KM cannot be fully applicable to the advertisement sector of SMEs in Pakistan. That is why only part of this model is tested in the South Asian country of Pakistan on the basis of model grounded theory. In Pakistan the advertisement sector has become an

important sector of the economy; KM can play a dominant role in the rapid growth of this sector. The KM part of McDonald model has been adopted and in this model constructs scale has been revised in order to make it understandable in the context of Pakistan. This model has been tested in Canada where the knowledge paradigm has already emerged, but this model needed to be tested in the South Asian economy where the knowledge paradigm has started and gradually become part of human resource management policies and procedures. The derived model which has been extracted is as follows.

2.12 Theoretical Framework

Figure 2: Theoretical Framework



Chapter 3

Research Methodology

In this chapter, the approach towards the research and discussion of the method that will be used in the research are discussed. I adopted a quantitative approach to examine the influence of the factors that lead to KM in organizations in the advertising sector of Lahore, Pakistan. For this purpose, a questionnaire was designed using a Likert scale to register respondents' attitudes and experience.

3.1 Research Objectives

- To examine the impact of market orientation on knowledge management in the advertising sector of SMEs in Pakistan
- To examine the impact of learning orientation on knowledge management in the advertising sector of SMEs in Pakistan
- To examine the impact of entrepreneurial orientation on knowledge management in the advertising sector of SMEs in Pakistan

3.2 Research Approach

One of the main purposes of this study is to examine the influence of factors that lead to KM within organizations in the advertising sector of Pakistan. It is difficult to achieve this goal with a qualitative approach within a short period of time. A self-completion survey is very convenient for respondents (Bryman & Bell, 2011). Saunders et al. (2009) pointed out that first the researcher should select between two main research approaches: deductive, the idea of which is to create theory on the basis of the available literature, as well as existing findings and test it through observation; and inductive, where first you make the observation, then devise theory as a result of the data analysis.

The methodological approach used to answer my research question and achieve the purpose of this research is deductive research method. A motive for my choice is that the deductive process is organized in a more consistent way, as each new step follows the previous in a logical sequence and the conclusions are drawn through logical reasoning (Bryman & Bell, 2007). The limited time is another reason to apply a deductive approach, because an inductive study would be more exploratory and is connected with a long process of collecting and analyzing data in order to develop a theory from it, while the deductive approach investigates specific theory or a hypothesis (Bryman & Bell, 2007).

Another purpose of this research is to find relationship and significance of different factors affecting KM in this sector. According to Bryman and Bell (2011), the study of attitudes through a survey is an appropriate method. In the case of a survey, a respondent might be more comfortable and confident with answering questions related to his or her manager in a survey format than in an interview format. More importantly, respondents were ensured that the data collected would remain confidential and anonymous.

If I conduct interviews, it will be difficult to determine which factor/s is/are more influential than the others while this can be accomplished by using a questionnaire with a Likert scale. Furthermore, interviews would have to be conducted with managers and subordinates. As a consequence, some employees would be reluctant to discuss these issues in person, even though the entire process of an interview would be guaranteed to be confidential and anonymous. There

is a possibility that the interviewee would neutralize their attitude during the interview, hiding their true feelings. Thus, I chose a quantitative approach for the methodology of this research.

3.3 Research Strategy

Saunders and Thornhill (2003) define research strategy as: “A general plan of how the researcher will go about answering the research questions” (Saunders & Thornhill, 2003, p. 90). For conclusive research, the following elements are required: large sample size, clearly stated information, structured process and quantitative analysis (Bryman, 2015). For this research, quantitative research method was used. A questionnaire consisting of short, clear and direct questions was developed. The sample size is large, and statistical analyses on the data will be run.

This study is to see the influence of the factors that lead to KM. In order to answer this empirical question, the nature of the research design will be explanatory. A model is created by reviewing the existing literature and hypotheses are built on its basis (deductive approach), therefore the quantitative approach will enable me to test my hypotheses through reliable, accurate and statistically analyzed data. Furthermore, the data will be collected through a survey. The data so collected will be analyzed with statistical methods, which characterizes an explanatory research design (Bryman, 2010).

A survey design was selected for this purpose. The questionnaire was distributed in the advertising sector. The questionnaire was self-administered and the survey was conducted in person. The questionnaire was in hard form (i.e. printed on paper); in other words, it can be said that it was a paper and pencil survey. A self-administered questionnaire is good in the sense that

it reduces the inter-rater reliability error and it is cost effective. Also it is more efficient as I administered the survey myself so I was able to respond to the queries of respondents. Furthermore, all the data were collected at a specific point in time that indicates that the research is of cross-sectional design (Bryman& Bell, 2011). The reason for choosing cross-sectional research design is that the research can be completed in a short span of time. Also I was able to collect information regarding many different variables at the same time with little or no additional cost; no follow-up with the respondents was necessary.

3.4 Data Collection Method

According to Ghauri and Gronhaug(2005), Bryman and Bell(2007) and Saunders et al.(2011), data collection can be divided in two types: primary and secondary. The objective of this research was achieved by using primary data collection.

It is essential to choose the most appropriate research method because the reliability and validity of the empirical findings may differ depending on the methodology applied. Bryman and Bell (2007) state that a standardized questionnaire is a reliable tool that can be utilized for quantitative method projects. Therefore, for this research, I developed a questionnaire that was filled in by the respondents in my presence.

3.5 Design of Questionnaire

A questionnaire was designed to collect information from a wide range of employees working mainly in the advertising sector of Lahore, Pakistan. All of the questions were designed to be simple and declarative statements in order to lower the degree of confusion (Bryman, 2015). The questionnaire was developed in the English language and based on the relevant literature. This quantitative approach of a survey will offer the possibility to collect a large pool of data from

respondents with diverse backgrounds and experience within organizations in the advertising sector (Bryman, 2015). A questionnaire is a good approach because a large amount of data can be collected in an efficient and standardized way (Sudman & Bradburn, 1982) and people are more likely to respond if it does not engage a lot of time and effort. It is easy to design, monitor and customize a survey (Easter by-Smith et al., 2012). Moreover, multiple choices in the questionnaire are in interval form; hence, the respondents' attitudes can be easily translated into numeric values. Subsequently, appropriate statistical data analysis can be applied.

3.5.1 Devising Questionnaire

While devising questionnaire, the following steps were considered as suggested by Burns et al. (2008).

3.5.1.1 Item Generation

All potential items (ideas, concepts) generated through the literature review were included in the questionnaire with the goal of tapping into important domains (categories or themes) suggested by the research question. Samples for new questions had already been done until no new items were generated (redundancy). Items were grouped with similar themes into domains or categories and finally a table of specifications was generated.

3.5.1.2 Item Reduction

At least 25 items were devised to answer the research question (Burns, Duffett, Kho, & al., 2008). The questionnaire was checked by content experts, supervisor, and external experts. In order to reduce the items, statistical analyses (factor analysis) were used followed by pilot testing.

3.5.2 Questionnaire Formatting

3.5.2.1 Stem Format

Clear, succinct, unbiased, appropriate and nonjudgmental language was used to formulate the questions. Special care and attention was paid so that no leading or guiding statements were used and that no question was double barreled.

3.5.2.2 Response Format

The response format was interval. In order to acknowledge uncertainty or indecisiveness of respondents, an indeterminate response option like “neutral” was added in the seven-point Likert scale. The values assigned to the seven Likert items ranged from strongly agree to strongly disagree. The number of positive and negative options will be balanced, and a mid-point was provided. I also considered “other” response options or open-ended questions for respondents to allow for unanticipated responses, identification of new issues or factors, or to elaborate on responses to closed questions.

3.5.3 Questionnaire Composition

A cover letter was provided with the questionnaire which highlighted the rationale for the study and how the respondents were selected. This developed a sense of confidence in the respondents because they know the purpose of the research.

The data was obtained through questionnaires. These questionnaires were distributed among different employees of SME relating to advertising. It is possible that a manager might not be aware of his or her KM practices. I hope that responses from a subordinate’s perspective will identify the factors of KM. So, the questionnaire was devised to cater for and incorporate the responses of such managers.

3.5.4 Likert Scale

A Likert scale was used, which is “commonly used to measure attitude providing a range of responses to a given question or statement” (Jamieson, 2004, p. 1217). A Likert scale is used in fixed-choice response format to measure attitudes or opinions (Maurer & Pierce, 1998). The reason for using a Likert scale is to analyze the degree to which each independent variable influences or has a significant relationship with the dependent variable. Hence, the Likert scale is the proper method for measuring such perspectives and opinions. Moreover, a Likert scale translates intangible attitudes into visible figures, which are helpful for a researcher to draw conclusions. In this case, the respondents were also asked open questions so they could express their experience, attitudes or emotions freely. The reason for using a seven-point Likert scale is to help respondents easily distinguish categories.

3.5.5 Testing the Questionnaire

A pre-test and pilot study was conducted before sending out the questionnaire to the respondents, to examine the quality and to find out any potential shortcomings. It was also used to check if the developed questions brought the required information. The instrument was checked by my supervisor. In addition to sending it to my supervisor, it was shared with linguistic experts and experts at the Statistics department of Superior University, Lahore for consultation. Changes were incorporated accordingly. The validity of the questionnaire was established with the help of the opinions of experts (at least face and content validity).

3.5.5.1 Pre-testing

The quality of questionnaire data depends on how well respondents understand the items. Their comprehension may be affected by language skills, education and culture (Passmore, Dobbie, Parchman, & Tysinger, 2002). Pre-testing initiates the process of reviewing and revising

questions. Its purpose is to evaluate whether respondents interpret questions in a consistent manner, as intended by the investigator (Collins, 2003), and to judge the appropriateness of each included question. I asked colleagues who are similar to prospective respondents to evaluate each question through interviews or give me written feedback. I also asked them to determine a course of action: accept the original question and meaning, change the question but keep the meaning, eliminate the question or write a new question.

3.5.5.2 Pilot Study

During the pilot study I presented questions as they appeared in the penultimate draft of the questionnaire to test respondents who were similar to the sampling frame. The respondents were asked to examine the questionnaire with regard to its flow, salience, acceptability and administrative ease (Collins, 2003), and to identify unusual, redundant, irrelevant or poorly worded questions. They were asked to record the time required to complete the questionnaire. The questionnaire was sent to at least 25 respondents.

Pre-testing and pilot study minimizes the chance that respondents misinterpret questions, fail to recall what is requested or misrepresent their true responses. The information obtained through pre-testing and pilot testing is used to improve the questionnaire.

Following pilot testing, I was able to reduce items further through factor analysis by examining mathematical relations among items and seeing how items clustered into specific domains (Juniper, Guyatt, & Streiner, 1997). Factor analysis can highlight items that require revision or removal from a domain (Norman & Streiner, 2000).

3.6 Sample

A sample is a proportion or subset of a larger group called a population. A good sample is a miniature version of the population of which it is a part (Fink, 2003).

3.6.1 Sample Unit

The sample unit was the individual employee in the advertising companies.

3.6.2 Sample Technique

Survey samples are broadly divided into two types: probability samples and non-probability samples. Probability sampling will be used for this research, which is a standard procedure in academic survey research (Bryman & Bell, 2011). Probability sample means each member of the target population has a known and non-zero probability of inclusion in the sample (Kish, 1965).

Simple random sampling was used because it is simple to accomplish and is a fair way to select a sample, it is reasonable to generalize the results from the sample back to the population. Also each individual employee has an equal chance of being selected.

3.6.3 Reaching out to Respondents

I contacted concerned employees (my personal contacts) in the firm through phone and email, describing the purpose of this research and asking for their assistance. After their approval, I visited the firm and then gave them the questionnaire to be distributed among their peers, subordinates and managers. A high volume of questionnaires was distributed to take into account a low return rate or incomplete questionnaires. In this case, since most respondents received a survey request from their colleagues, the response rate was expected to be high. The respondents were assured of confidentiality and I assured the participants that all their answers would be kept confidential and only be used for the purpose of the survey.

There might be some undesirable but unavoidable bias in this probability sample, including non-response bias, coverage bias and selection bias. First of all, I used a paper and pencil survey, I cannot acquire the exact non-response rate. Some respondents might give up completing the questionnaire mid-survey; the number of these respondents was not recorded. Second, I intended to include diverse employees and firms in the sample. Some companies I contacted could reject or simply not reply to my survey request, which would lead to coverage bias. Third, because the survey was mostly distributed by my contacts in the firms, employees who are close to these contact people are more likely to complete the survey properly. A result of this selection bias would be that some employees with different opinions might be excluded from the sample.

3.6.4 Sample Size

Sample size has an effect on how the sample findings accurately represent the population (Burns & Bush, 2013). The larger the sample is, the more likely that the generalizations are an accurate reflection of the population (Saunders, Lewis, & Thornhill, 2003). Tabachnick and Fidell (2001) established that a sample size of 300 is adequate for factor analysis, and for regression analysis a sample size of $N \geq 50 + 8 \times M$ is adequate where M is the number of independent variables. But on the other hand, administrative scientist James March and his colleagues observed that a sample size of one (1) is sufficient if it is the right one (Bryman & Bell, 2003; p. 199). Bryman and Bell (2003) suggested a statistician can help in determining the proper size for the sample. For the time being, a sample size of 300 meets all the above arguments of having a proper sample size for factor analysis and regression analysis. Respondents will include both supervisors/managers and their subordinates.

The selected employees worked in an Operations department, Maintenance department, Design and R&D department, IT/CS, and Management. The reason for choosing these departments was that I have acquaintances in these departments and hence it is easier to get the questionnaire filled in by the respondents. Also, the employees have to face to more supervision in these departments as compared to other departments.

3.7 Data Analysis

It is very important that the data are presented in a well-structured and easy to understand way (Crawley, 2002).

I carried out quantitative research so quantitative techniques and statistical tools for the collected data analysis were applied. The data so collected was analyzed using statistical software programs, such as IBM SPSS. Two statistical tools for the study were applied: correlation and regression analysis. Arithmetic mean, mode and percent distributions in the general overview of the data were used.

A correlation shows a mutual relationship between two variables. This means that when one variable goes up, the other will respond by increasing (known as a positive correlation) or decreasing (known as a negative correlation). But in the social sciences, there is rarely a perfect correlation. A **perfect correlation** means simultaneous and equivalent changes are seen when a variable is altered (Cronk, 2004). A correlation will show if any relationship exists between a dependent variable and independent variables.

A correlation was not enough for my study because I wanted to know which independent variables have a significant relationship with the dependent variable. For this purpose, a regression test will also be used.

A regression analysis helps us to analyze a relationship between one independent and one dependent variable. The key benefits of using regression analysis are that: i) it indicates if independent variables have a significant relationship with a dependent variable, and ii) it indicates the relative strength of different independent variables' effects on a dependent variable. According to Chatterjee and Hadi (2006), regression is one of the most effective tools to analyze data obtained through quantitative methods. In this research, it is used because there are four independent variables whose relationship with the dependent variable has to be seen.

3.7.1 Reliability and Validity

According to Bryman and Bell (2011), a study is perceived as reliable if the results are repeatable. It means that if the same study is performed at a different point in time then it will yield the same results (Easterby-Smith et al., 2012). Especially in the case of quantitative research, the factor of reliability must be taken into account (Bryman & Bell, 2011). In this survey, I tried to provide respondents with a confidential and reliable mode to express and share their true attitudes with confidence.

Validity is generally categorized into two parts: internal validity and external validity. According to Joshi et al., (2010), internal validity focuses on the cause and effect relationship between dependent and independent variables, whereas external validity refers to the extent to which the findings of the research can be applied to the population from which the sample was drawn or

other population and research settings. The factors leading to KM were established in the literature review. This study is set in the context of Pakistani organizations in the advertising sector. The results of the study showed internal validity.

Chapter 4

Analysis and Results

In this chapter, data is analyzed and upon analysis the results are derived as well as discussed. In the Section 4.1, the descriptive profile of the data is discussed including mean, standard deviation, reliability and validity of the constructs. The demographics of the respondents are also discussed in Section 4.1 and the respondents' internal consistency reliability is also measured in this section. In Section 4.2 the results are analyzed. In this section, regression and correlation analyses are performed in which I examined the impact of the independent variable on dependent variables.

4.1 Descriptive Statistics

4.1.1. Demographic Profile of Respondents

A total of 500 self-administered questionnaires were distributed in different advertising agencies of different cities in Pakistan and 404 valid questionnaires were received at a response rate of 80.8%. Questionnaires were only considered valid if they were complete. Incomplete and invalid questionnaires were discarded and not included in the analysis. The descriptive characteristics of the respondents are given in Table 4.1. This table contains the gender, age and marital status of the respondents.

Table 4.1: Descriptive Statistics

Respondent demographics	Frequency	%
Gender (N = 404)		
Male	314	77
Female	90	23
Age (N = 404)		
21–30		58

>31–40	233	38
>41–50	155	4
	16	
Marital status (N = 404)		
Married	256	64
Single	148	36

Table 4.1 shows that of the 404 respondents, 314 (77%) were male and 90 (23%) were female. The majority of the respondents were in the age bracket of 21 to 30 (58%). The reason why most of the respondents were 21- to 30-years old could be that they came from the advertising agencies of Pakistan. In such agencies the majority of employees are young and energetic because creativity and innovation are prerequisites of the job. Only 4% of the respondents were in the age range 41 to 50 years which could indicate that advertising agencies need more young professional staff than experienced personnel. They channelize their energy towards the goals and objectives of the organization that help them to achieve their task with efficiency and effectively. The team work or coalition of fresh, young and professional staff is very necessary for the organization to become innovative force for the market. Lastly, this descriptive statistics table shows that the majority of the respondents were married 256 (64%) as compared to single, 148(36%).

4.1.2 Descriptive Summary

Table 4.2 shows the descriptive summary of items in which the mean, range and standard deviation of items are given. In this study the survey was based upon 61 items using a seven-point Likert scale ranging from 1 to 7. The mean score ranges from 4.08 to 5.55 and the standard deviation ranges from 1.84 to 2.35.

Table 4.2: Descriptive Statistics of Survey Items

Descriptive Statistics of Survey Items	N	Min.	Max.	Mean	Std. D.
Organization values employees' attitudes	404	1.00	7.00	4.0891	2.1809
Organization values employees' opinions	404	1.00	7.00	4.5668	2.0509
Organization has well-developed financial reporting systems	404	1.00	7.00	4.5421	2.2741
Organization is sensitive to information about changes in marketplace	404	1.00	7.00	4.9777	2.0867
Organization has developed science & technology human capital profile	404	1.00	7.00	4.3713	2.0732
Organization works in partnership with international customers	404	1.00	7.00	4.3861	2.3458
Organization gets information from market surveys	404	1.00	7.00	4.8218	2.2920
Market information is freely disseminated throughout the organization	404	1.00	7.00	4.6535	2.1584
Knowledge is disseminated on-the-job in the organization	404	1.00	7.00	4.6634	2.1622
Organization uses specific techniques to disseminate knowledge	404	1.00	7.00	4.4084	2.2208
Organization uses technology to disseminate knowledge	404	1.00	7.00	4.5025	2.1912
Organization prefers written communication	404	1.00	7.00	4.9777	2.2024
Organization responds to customers	404	1.00	7.00	5.0248	2.2847
Organization responds to technology	404	1.00	7.00	5.2500	2.1132
Organization has well-developed marketing function	404	1.00	7.00	5.0520	2.1781
Organization responds to competitors	404	1.00	7.00	5.0767	2.0336
Organization is flexible and opportunistic	404	1.00	7.00	5.0723	2.0802
Organization shows commitment to customers	404	1.00	7.00	4.7574	2.1622
Organization creates services that offer value for customers	404	1.00	7.00	5.3639	1.8978
Organization understand customer needs	404	1.00	7.00	5.5594	1.8821
Customer satisfaction is a major objective in my organization	404	1.00	7.00	5.5470	1.8478
Organization measures customer satisfaction	404	1.00	7.00	5.0990	2.0695
Organization provides follow-up services	404	1.00	7.00	5.3292	1.9908
People in charge of various services discuss competitor information	404	1.00	7.00	4.4554	2.2632
People in charge of various service units respond rapidly to competitors' actions in my organization	404	1.00	7.00	4.5099	2.1419
Top managers discuss competitors' strategies in my organization	404	1.00	7.00	4.8416	2.1837
Top managers target opportunities for competitive advantage	404	1.00	7.00	4.7896	2.2527
Various service units work close together to meet customer needs	404	1.00	7.00	4.9678	2.2079
Various service units share business information with each other	404	1.00	7.00	4.6980	2.1605
Business strategies are integrated between different service units	404	1.00	7.00	4.6411	2.2526
All service units work together in offering value to the customer	404	1.00	7.00	4.7500	2.2108

Different service units share resources with each other	404	1.00	7.00	4.7723	2.3391
Managers basically agree that our organization's ability to learn is the key to our competitive advantage	404	1.00	7.00	4.5792	2.2830
The basic values of organization include learning as key to improvement	404	1.00	7.00	5.1114	2.0598
Employee learning is an investment, not an expense	404	1.00	7.00	4.4356	2.3424
Learning in my organization is seen as a key commodity necessary to guarantee organizational survival	404	1.00	7.00	5.0025	2.1045
There is a commonality of purpose in my organization	404	1.00	7.00	4.7649	2.2634
There is total agreement on our organizational vision across all levels, functions, and divisions	404	1.00	7.00	4.6906	2.1462
All employees are committed to the goals of this organization	404	1.00	7.00	4.8861	2.2270
Employees view themselves as partners in charting the direction of the organization	404	1.00	7.00	4.7047	2.2068
We are not afraid to reflect critically on the shared assumptions we have made about our customers	404	1.00	7.00	4.8614	2.1554
Personnel in this organization realize that the very way they perceive the marketplace must be continually questioned	404	1.00	7.00	4.9604	2.0989
We rarely collectively question our own business about the way we interpret customer information	404	1.00	7.00	4.6287	2.2379
We continually judge the quality of our decisions and activities taken over time	404	1.00	7.00	4.7030	2.2445
Organization suggests new ways to achieve goals or objectives	404	1.00	7.00	4.8045	2.3521
Organization comes up with new and practical ideas to improve performance	404	1.00	7.00	4.9455	2.1763
Organization searches out new technologies, processes, techniques, and/or product ideas	404	1.00	7.00	5.0000	2.1051
Organization suggests new ways to increase quality	404	1.00	7.00	4.7129	2.3112
Organization promotes and champions ideas to others	404	1.00	7.00	5.1238	2.1074
Organization exhibits creativity on the job when opportunity is provided	404	1.00	7.00	4.8209	2.1462
Organization develops adequate plans and schedules for the implementation of new ideas	404	1.00	7.00	4.7946	2.1996
In general, the top managers of our organization put a strong emphasis on Research & Development, technological leadership, and innovations	404	1.00	7.00	4.7129	2.2601
In the past five years, our organization has marketed a large variety of new lines of products or services	404	1.00	7.00	4.3936	2.2666
In the past five years, changes in our products or service lines have been mostly of a minor nature	404	1.00	7.00	4.0817	2.3056

Org. normally initiates changes upon which our competitors react	404	1.00	7.00	4.6881	2.2236
In dealing with competitors, our organization often leads the competition in the market	404	1.00	7.00	4.7550	2.1944
In dealing with competitors, our organization typically adopts a very competitive posture aiming at overtaking the competitors	404	1.00	7.00	5.0792	2.0965
Organization is aggressive and intensely competitive in nature	404	1.00	7.00	4.8589	2.1128
Management actively responds to the adoption of “new ways of doing things” by main competitors	404	1.00	7.00	4.6658	2.0123
Organization is willing to try new ways of doing things and seek unusual, novel solutions	404	1.00	7.00	4.8366	1.9657
Organization encourages people to think and behave in original and novel ways	404	1.00	7.00	5.3911	1.9562

4.1.3 Reliability Analysis

Table 4.3 shows the Cronbach coefficient alpha used to examine the interconsistency of the items of the constructs along with the reliability of measures. The Cronbach alpha measures the reliability of the items which shows how consistently respondents gave their responses in the prescribed pattern. The Cronbach alpha value for knowledge acquisition is .846, knowledge dissemination is .791, and responsiveness to knowledge is .819. The marketing orientation constructs' reliability for customer orientation is .847, competitor orientation is .817 and interfunctional coordination is .838. The learning orientation constructs' reliability for commitment to learning is .851, shared vision is .793 and open-mindedness .726. The entrepreneurial orientation constructs' reliability for proactive is .781, competitive .809 and innovative is .724. For this sample the values of Cronbach alpha range from .724 to .897.

Table 4.3: Reliability of Measurement

Constructs	Valid N	Number of items	Cronbach's alpha
Knowledge Acquisition	404	07	.846
Knowledge Dissemination	404	05	.791
Responsiveness to Knowledge	404	05	.819

Customer Orientation	404	06	.847
Competitor Orientation	404	04	.817
Interfunctional Coordination	404	05	.838
Commitment to Learning	404	04	.851
Shared Vision	404	04	.793
Open-mindedness	404	04	.726
Creativity	404	07	.897
Proactive	404	04	.781
Competitive	404	03	.809
Innovative	404	03	.724

4.1.4 Correlation

Correlation tells us the association between two or more variables. Table 4.4 shows that the value of marketing orientation is $r = .757$ which means that a positive moderate relationship exists between marketing orientation and KM and the relation is highly significant because the p value = .000 which is <0.05 . Table 4.4 also shows that the value of entrepreneurial orientation $r = .327$ which means that a positive weak relationship exists between entrepreneurial orientation and KM and the relation is significant because the p value = .000 which is <0.05 . Table 4.4 also shows that the value of learning orientation $r = .732$ which means that a positive moderate relationship exists between learning orientation and KM and it is significant because the p value = .000.

Table 4.4: Correlation Among Different Constructs

Variable Names	Test and Significance	Values
Marketing Orientation	Pearson Correlation	.757**
	Sig. (2-tailed)	.000
	<i>N</i>	404
Entrepreneurial Orientation	Pearson Correlation	.327**
	Sig. (2-tailed)	.000
	<i>N</i>	404
Learning Orientation	Pearson Correlation	.732**
	Sig. (2-tailed)	.000
	<i>N</i>	404

4.1.5 Factor Analysis

It is imperative to measure the reliability and validity of an instrument. The constructs' validity (i.e. convergent and discriminant validity) is confirmed through principal component analysis technique with varimax rotation method. I also applied the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy test and Bartlett's test of sphericity because it is a prerequisite of principal component analysis and it tells us that whether we can apply factor analysis or not. The strength of connection between the variables is shown by the sample adequacy, and the orthogonality of the components of a construct is shown by sphericity. These two tests provide confirmation about the adequacy of factor analysis. Factor analysis also helps us to reduce the data from a large number of items to a small number on the basis of uncorrelated factors. These uncorrelated factors include information of the main constructs; that is why it is necessary to reduce the data. Factor level analysis also helps to reduce the model from a complex one to a simpler one.

4.1.5.1 KMO Measure of Sampling Adequacy Test and Bartlett's Test of Sphericity

The KMO measure of sampling adequacy tells us the appropriateness of the sample (i.e. whether factor analysis on this data can be applied or not). The value of KMO ranges from 0 to 1. The value of KMO also tells us the pattern of co-relational factors. The value 0 means that there is large dispersion between the pattern of correlation, which shows that factor analysis is not applicable for the reduction of the dimensions. Value 1 means that the correlation pattern is compact. If the KMO is more towards 1 then factor analysis is appropriate. Goldberg et al. (2004) stated a rule of thumb for KMO: a KMO value of 0.5 is relatively poor, whereas 0.6 is relatively acceptable, and a value close to 1 is desirable. Hucheson and Sofroniou (1999) also prescribed a range of KMO values: a value between 0.5 and 0.7 is average, a value between 0.7

and 0.8 is good, and a value greater than 0.8 is great. The results of Table 4.5 show that KMO value of KM is 0.894, marketing orientation is 0.891, learning orientation is 0.908 and entrepreneurial orientation is 0.827.

Bartlett's test of sphericity is used to examine the significance of the constructs. It is also a prerequisite of factor analysis; if this test shows no relationship, then there is no need to apply factor analysis, but if it shows a relationship between the items of the construct, then we can apply factor analysis for the reduction of the dimensions. The rule of thumb of this test normally is that the *p* value should be less than 0.05; we can clearly see in Table 4.5 that all the values are less than 0.05 so it means we can apply factor analysis.

Table 4.5: KMO and Bartlett's Test

Constructs	No. of Items	KMO Measure of Sample Adequacy	Bartlett's Test of Sphericity Chi-square	Bartlett's Test of Sphericity Sig.
Knowledge Management	17	.894	2907.50	.000
Marketing Orientation	15	.891	3088.65	.000
Learning Orientation	19	.908	4543.97	.000
Entrepreneurial Orientation	10	.827	1830.95	.000

4.1.5.2 Eigenvalues

Eigenvalues help us to identify the principal component. Normally, an Eigenvalue which is greater than 1 is considered a principal component and is used in the analysis. Table 4.6 shows all the Eigenvalues of the constructs and it also shows the total variance explained by the constructs. Only the principal component in the factor analysis and four constructs are extracted by using principal component analysis method. KM consists of 17 items explaining 37.74% of variance, marketing orientation consists of 15 items explaining 46.22% of variance, learning

orientation consists of 19 items explaining 46.66% of variance, and entrepreneurial orientation consists of 10 items explaining 45.67% of variance.

Table 4.6: Eigen Values and Total Variance Explained

Construct	Components	Initial Eigenvalues		
		Total	% of variance explained	Cumulative % of variance explained
Knowledge Management	Comp 1	6.416	37.743	37.743
Marketing Orientation	Comp 1	6.933	46.223	46.223
Learning Orientation	Comp 1	8.865	46.659	46.659
Entrepreneurial Orientation	Comp 1	4.569	45.671	45.671

4.1.6 Factor Loading

Gefen & Straub (2005) stated that the minimum loading of all the items in a questionnaire in principal component analysis should be greater than 0.40. All construct loadings with their respective components are given in Table 4.7 of the component matrix in which each item's loading is also given with its respective constructs. Knowledge acquisition loading ranged from .663 to .753, knowledge dissemination tools for responsive knowledge loading ranged from .471 to .821, and knowledge dissemination loading ranged from .536 to .584. The marketing orientation constructs were split into customer orientation, competitor orientation and interfunctional coordination. The customer orientation loading ranged from .771 to .516, competitor orientation loadings ranged from .690 to .809, and interfunctional coordination loadings ranged from .875 to .713. The learning orientation was split into three constructs: commitment to learning, collective intelligence and creativity. The commitment to learning loadings ranged from .782 to .637, collective intelligence loadings ranged from .769 to .498 and creativity loadings ranged from .771 to .597. The entrepreneurial orientation was also split into

three constructs: proactive, competitive and innovative. The proactive loadings ranged from .870 to .547, competitive loading ranged from .834 to .610 and innovative factor loading ranged from .809 to .694.

Table 4.7: Component Matrix

ITEMS	COMPONENT
KNOWLEDGE ACQUISITION	KA
Organization values employees' attitudes.	.740
Organization values employees' opinions.	.681
Organization has well-developed financial reporting systems	.690
Organization is sensitive to information about changes in the marketplace	.682
Organization has developed science and technology human capital profile	.753
Organization works in partnership with international customers	.681
Organization gets information from market surveys	.663
KNOWLEDGE DESSEMINATION TOOLS FOR RESPONSIVE KNOWLEDGE	KDTRK
Knowledge is disseminated on-the-job in the organization.	.681
Organization uses specific techniques to disseminate knowledge.	.690
Organization uses technology to disseminate knowledge	.682
Organization responds to customers	.735
Organization responds to technology	.782
Organization has well-developed marketing function.	.821
Organization responds to competitors	.742
Organization is flexible and opportunistic	.471
KNOWLEDGE DESSEMINATION	OC
Market information is freely disseminated throughout the organization.	.584
Organization prefers written communication	.536
CUSTOMER ORIENTATION	CO
Organization creates services that offer value for customers.	.771
Organization understand customer needs	.751
Customer satisfaction is a major objective in my organization.	.693
Organization measures customer satisfaction.	.650
Organization provides follow-up services.	.709
Various service units work close together to meet customer' needs in my organization.	.516
COMPETITOR ORIENTATION	COM
People in charge of various services discuss competitor information in my organization.	.701
People in charge of various service units respond rapidly to competitors' actions in my organization.	.809
Top managers discuss competitors' strategies in my organization.	.694

Top managers target opportunities for competitive advantage in my organization.	.690
INTERFUNCTIONAL COORDINATION	IC
Various service units share business information with each other in my organization.	.875
Business strategies are integrated between different service units in my organization.	.713
All service units work together in offering value to the customer in my organization.	.845
Different service units share resources with each other in my organization.	.748
Organization shows commitment to customers.	.825
COMMITMENT TO LEARNING	CL
Managers basically agree that our organization's ability to learn is the key to our competitive advantage.	.684
The basic values of my organization include learning as a key to improvement.	.637
The sense around here is that employee learning is an investment, not an expense.	.770
Learning in my organization is seen as a key commodity necessary to guarantee organizational survival.	.782
COLLECTIVE INTELIGENCE	CI
There is a commonality of purpose in my organization.	.583
There is total agreement on our organizational vision across all levels, functions, and divisions.	.498
All employees are committed to the goals of this organization.	.720
We are not afraid to reflect critically on the shared assumptions we have made about our customers.	.769
Personnel in this organization realize that the very way they perceive the marketplace must be continually questioned.	.593
We continually judge the quality of our decisions and activities taken over time.	.602
CREATIVITY	C
Organization comes up with new and practical ideas to improve performance.	.597
Organization searches out new technologies, processes, techniques, and/or product ideas.	.671
Organization suggests new ways to increase quality.	.723
Organization promotes and champions ideas to others.	.771
Organization exhibits creativity on the job when opportunity is provided.	.687
Organization develops adequate plans and schedules for the implementation of new ideas.	.717
PROACTIVE	P
In the past five years, our organization has marketed a large variety of new lines of products or services.	.870
In the past five years, changes in our products or service lines have been mostly of a minor nature.	.547
Organization normally initiates changes upon which our competitors react.	.795
COMPETITIVE	COMP
In dealing with competitors, our organization often leads the competition in the market.	.834
In dealing with competitors, our organization typically adopts a very competitive posture aiming at overtaking the competitors.	.804
Organization is aggressive and intensely competitive in nature.	.610

INNOVATIVE	I
Management actively responds to the adoption of “new ways of doing things” by main competitors.	.809
Organization is willing to try new ways of doing things and seek unusual, novel solutions.	.742
Organization encourages people to think and behave in original and novel ways.	.694
Extraction Method: <i>Principal Component Analysis</i> . Rotation Method: <i>Varimax with Kaiser Normalization</i>	

4.2. Analyses

4.2.1 Regression Analysis

Regression analysis has been used to determine the effect of marketing orientation, learning orientation, and entrepreneurial orientation upon KM and its different components like knowledge acquisition, knowledge dissemination, and responsiveness to knowledge. The regression analysis is shown below.

4.2.1.1 Regression of Marketing Orientation Dimension (Independent Variable) and Knowledge Dimensions' Tools Responsiveness to Knowledge (Dependent Variable)

Table 4.8: Regression of Marketing Orientation and Responsiveness to Knowledge

Independent Variables	Dependent Variable	
Marketing Orientation	Responsiveness to Knowledge	
CO	.547* (15.518)	.000**
COM	.322* (9.144)	.000**
IC	.319* (9.048)	.000**
Adjusted R ²	0.503	
F-Statistics	135.678	

Legend

* = represents significance at less than 0.01

** = sig. values in analysis
Value in parenthesis represents *t*-ratios
CO = Customer Orientation
COM = Competitor Orientation
IC = Interfunctional Coordination

Regression analysis is used to determine the strength of the relationship between independent variables and one dependent variable. Regression analysis was used to study the effect of the independent variable (Marketing Orientation) on the dependent variable (Knowledge Responsiveness). However, marketing orientation is composed of three different constructs in the model which are competitor's orientation, customer's orientation and interfunctional coordination. R squared explains the variation in the dependent variable due to the change in independent variables. It is also known as coefficient of determination because it shows to what extent data are near to the fitted regression line. However, the value of R also shows the goodness of the model, which in this case is .712 which is more than enough in social sciences. Table 4.8 shows independent variable (Marketing Orientation) is causing a change in dependent variable (Knowledge responsiveness) by 50.6% at the significance level of $p=.000$ which is below the required level of the social sciences significance level of .05. Adjusted R squared is usually less than the R square and the reason is that it removes the irrelevant independent value from the model thus giving more realistic values of the regression. Table 4.8 shows that adjusted R square is .503 which is acceptable in social sciences.

The value of F shows the significance level of the model and its fitness to the regression line, which in this case is 135.678 as shown in Table 4.8. As the significance level of the model is .000, which is below .05 ($p<.05$), it shows that the model is statistically significant and there is also a good fitness in the model.

Table 4.8 explains the beta value of the independent variable in relation to the dependent variable. Results in Table 4.8 show that there is positive effect on dependent variable (Knowledge responsiveness) by all the constructs of the independent variable. β value for customer orientation is .547 at a significance level of $p=.000 <.05$ which shows that they have a statistically significant relation to each other. It generates the following regression line: Knowledge Responsiveness = .001 + .546 (Customers orientation). This equation shows that one unit of change in customer's orientation will generate a change in knowledge responsiveness by .546 units.

The B value for competitor's orientation is .322 at a significance level of .000 (p) which is below the required level of significance value of .05; therefore, they have a significant relation to each other. In this case regression line is as follows: Knowledge Responsiveness = .001 + .322 (Competitor's orientation). One unit of change in competitor's orientation will produce a change in knowledge responsiveness of .322 units.

However, the interfunctional coordination B value of .318 is the lowest. It provides a regression line as follows: if there is a one unit change in interfunctional coordination, there will be a change in knowledge responsiveness by .318 units. The significance level is (p) = .000 < .05, which shows that both are significantly related to each other. Knowledge Responsiveness = .001 + .318 (Interfunctional Coordination).

As shown in Table 4.8, the Unstandardized coefficient or Beta is .547 for Customer's orientation, which has the maximum influence on the dependent variable (Knowledge responsiveness), and

the least effect was caused by interfunctional coordination, that is .318. The significance level for all the constructs of marketing orientation is .000 which is below .05.

4.2.1.2 Regression of Marketing Orientation Dimension (Independent Variable) and Knowledge Acquisition

Table 4.9: Regression of Marketing Orientation Dimension and Knowledge Acquisition

Independent Variables Marketing Orientation	Dependent Variable Knowledge Acquisition	
CO	.044* (.954)	.341**
COM	.271* (5.835)	.000**
IC	.258* (5.556)	.000**
Adjusted R ²	0.136	
F-Statistics	21.937	

Legend

* = represents significance at less than 0.01

** = sig. values in analysis

Value in parenthesis represents *t*-ratios

CO = Customer Orientation

COM = Competitor Orientation

IC = Interfunctional Coordination

Regression analysis was used study the effect of the independent variable (Marketing Orientation) on the dependent variable (Knowledge acquisition). However, marketing orientation is composed of three different constructs in the model, which are competitor's orientation, customer's orientation and interfunctional coordination. R squared explains the variation in the dependent variable due to the change in independent variables. It is also known as coefficient of

determination because it shows to what extent data are near to the fitted regression line. However, value of R also shows the goodness of the model, which in this case is .377 which is more than enough in social sciences. R squared value shows the change in dependent variable caused by independent variable. Table 4.9 shows independent variable (Marketing Orientation) is causing a change in dependent variable (Knowledge acquisition) at the significance level of $p=.000$, which is below the required level of the social sciences significance level of .05. Adjusted R squared is usually less than the R square and the reason is that it removes the irrelevant independent value from the model thus giving a more realistic value of the regression. Table 4.9 shows that adjusted R square is .136 which is acceptable in social sciences.

Value of F shows the significance level of the model and its fitness to the regression line which in this case is 21.937 as shown in Table 4.9. As the significance level of the model is .000 which is below .05 ($p<.05$), it shows that the model is statistically significant as well as having a good fitness.

Table 4.9 explains the beta value of the independent variable in relation to the dependent variable. Results in Table 4.9 shows that there is positive effect on dependent variable (Knowledge acquisition) by all the constructs of the independent variable. β value for customer orientation is .044 at the significance level of $p=.341 >.05$ thus they are insignificantly related to each other. It generates following regression line. Knowledge Acquisition = $-.001 + .044$ (Customers orientation). This equation shows that one unit of change in customer's orientation will generate a change in knowledge acquisition by .044 units.

B value for competitor's orientation is .270 at the significance level of .000 (p) which is below the required level of significance value of .05 therefore they are significantly related to each other. In this case regression line is as follows: Knowledge Acquisition = $-.001 + .270$ (Competitor's orientation). One unit of change in competitor's orientation will produce a change in knowledge acquisition by .270 units.

However, for Interfunctional coordination the B value is .257 which provides a regression line as follows: Knowledge Acquisition = $-.001 + .257$ (Interfunctional Coordination). One unit change in interfunctional coordination will cause a change in Knowledge Acquisition of .257 units.

As shown in Table 4.9, unstandardized coefficient or Beta is .270 for competitor's orientation, which has the maximum influence on the dependent variable (Knowledge Acquisition) and the least effect was caused by customer's orientation, which is .044.

4.2.1.3 Regression of Marketing Orientation Dimension (Independent Variable) and Knowledge Dissemination

Table 4.10: Regression of Marketing Orientation Dimension and Knowledge Dissemination

Independent Variables	Dependent Variable	
Marketing Orientation	Knowledge Dissemination	
CO	.183* (3.821)	.000**
COM	.180* (3.762)	.000**
IC	.144* (3.010)	.003**

Adjusted R ²	0.080
F-Statistics	12.625

Legend

- * = represents significance at less than 0.01
- ** = sig. values in analysis
- Value in parenthesis represents *t*-ratios
- CO = Customer Orientation
- COM = Competitor Orientation
- IC = Interfunctional Coordination

Regression analysis was used to study the effect of the independent variable (Marketing Orientation) on the dependent variable (Knowledge dissemination). However, marketing orientation is composed of three different constructs in the model which are competitor's orientation, customer's orientation and interfunctional coordination. R squared explains the variation in the dependent variable due to the change in independent variables. It is also known as coefficient of determination because it shows to what extent data are near to the fitted regression line. However, value of R also shows the goodness of the model, which in this case is .295 which is more than enough in social sciences. R squared value shows the change in dependent variable caused by independent variables. Table 4.10 shows that the independent variable (Marketing Orientation) is causing a change in dependent variable (Knowledge dissemination) by 8.7% at a significance level of $p=.000$ which is below the required level of the social sciences significance level of .05. Adjusted R squared is usually less than the R square and the reason is that it removes the irrelevant independent value from the model thus giving more realistic values of the regression. Table 4.10 shows that adjusted R square is .08 which is acceptable in social sciences but is somewhat low.

Value of F shows the significance level of the model and its fitness to the regression line which in this case is 12.625 as shown in Table 4.10. As the significance level of the model is .000

which is below .05 ($p < .05$) it shows that the model is statistically significant and there is also a good fitness in the model.

Table 4.10 explains the beta value of the independent variable in relation to the dependent variable. Results in Table 4.10 show that there is positive effect on dependent variable (Knowledge dissemination) by all the constructs of the independent variable (marketing orientation). β value for customer orientation is .183 at a significance level of $p = .000 < .05$ thus they are significantly related to each other. It generates the following regression line: Knowledge dissemination = $-9.756 + .183$ (Customer orientation). This equation shows that one unit of change in customer's orientation will generate a change in Knowledge dissemination by .183 units.

The B value for competitor's orientation is .180 at a significance level of .000 (p) which is below the required level of significance value of .05; therefore, they are significantly related to each other. In this case the regression line is as follows: Knowledge dissemination = $-9.756 + .180$ (Competitor's orientation). One unit of change in competitor's orientation will produce a change in Knowledge dissemination by .180 units.

However, the interfunctional coordination B value is the lowest as it generates a value of .144 which provides a regression line as follows: Knowledge dissemination = $-9.756 + .144$ (Interfunctional Coordination). One unit change in interfunctional coordination will lead to a change in Knowledge dissemination by .144 units.

As shown in Table 4.10, unstandardized coefficient or Beta is .183 for customers orientation which has maximum influence on the dependent variable (Knowledge dissemination) and the least effect was caused by interfunctional coordination, which is .144.

4.2.1.4 Regression of Learning Orientation Dimension (Independent Variable) and Knowledge Dimensions' Tools Responsiveness to Knowledge (Dependent Variable)

Table 4.11: Regression of Learning Orientation Dimension and Responsiveness to Knowledge

Independent Variables Learning Orientation	Dependent Variable Responsiveness to Knowledge	
C	.471* (12.452)	.000**
CL	.375* (9.927)	.000**
CI	.289* (7.634)	.000**
Adjusted R ²	0.433	
F-Statistics	101.985	

Legend

- * = represents significance at less than 0.01
- ** = sig. values in analysis
- Value in parenthesis represents *t*-ratios
- C = Creativity
- CL = Learning Commitment
- CI = Collective Intelligence

Regression analysis is used to determine the strength of the relationship between independent variables and one dependent variable. Regression analysis was used to study the effect of the independent variable (Learning Orientation) on the dependent variable (Knowledge

Responsiveness). However, learning orientation is composed of three different constructs in the model which are collective intelligence, commitment to learning and creativity. R squared explains the variation in the dependent variable due to change in independent variables. It is also known as coefficient of determination because it shows to what extent data is near to the fitted regression line. However, value of R also shows the goodness of the model, which in this case is .661 which is more than enough in social sciences. R squared value shows the change in dependent variable caused by independent variables. Table 10 shows independent variable (Learning Orientation) is causing a change in dependent variable (Knowledge responsiveness) by 43.3% at the significance level of $p=.000$ which is below the required level of the social sciences significance level of .05. Adjusted R squared is usually less than the R square and the reason is that it removes the irrelevant independent value from the model thus giving more realistic values of the regression. Table 4.11 shows that adjusted R squared is .433 which is acceptable in social sciences.

Value of F shows the significance level of the model and its fitness to the regression line which in this case is 101.985 as shown in Table 4.11. As the significance level of the model is .000 which is below .05 ($p<.05$) it shows that the model is statistically significant and there is also a good fitness in the model.

Table 4.11 explains the beta value of the independent variable in relation to the dependent variable. Results in Table 4.11 show that there is positive effect on dependent variable (Knowledge responsiveness) by all the constructs of the independent variable (Learning Orientation). β value for the commitment to learning is .479 at a significance level of $p=.000$

<.05 which shows that they are statistically significantly related to each other. It generates the following regression line: Knowledge Responsiveness = $-.015 + .479 (\text{Creativity})$. This equation shows that one unit of change in commitment to learning will generate a change in knowledge responsiveness by .479 units.

B value for the learning orientation is .377 at a significance level of .000 (p) which is below the required level of significance value of .05 that shows that they are significantly related to each other. In this case the regression line is as follows: Knowledge Responsiveness = $-.015 + .377 (\text{Commitment to Learning})$. One unit of change in learning orientation will produce a change in knowledge responsiveness of .377 units.

However, the collective intelligence B value is lowest as it generates a value of .289 which provides a regression line as follows: Knowledge Responsiveness = $.001 + .288 (\text{Collective Intelligence})$. One unit change in collective intelligence will lead to a change in knowledge responsiveness by .288 units. The significance level is $p = .000 < .05$ which shows that both are significantly related to each other.

As shown in Table 4.11, unstandardized coefficient or Beta is .471 for creativity which has maximum influence on the dependent variable (Knowledge responsiveness) and the least effect was caused by collective intelligence, which is .289. However, significance level for all the constructs of learning orientation is .000 which is below .05.

4.2.1.5 Regression of Learning Orientation Dimension (Independent Variable) and Knowledge Acquisition (Dependent Variable)

Table 4.12: Regression of Learning Orientation Dimension and Knowledge Acquisition

Independent Variables	Dependent Variable	
Learning Orientation	Knowledge Acquisition	
C	.156* (3.243)	.001**
CL	.153* (3.168)	.002**
CI	.202* (4.204)	.000**
Adjusted R ²	0.080	
F-Statistics	12.550	

Legend

* = represents significance at less than 0.01
 ** = sig. values in analysis
 Value in parenthesis represents *t*-ratios
 C = Creativity
 CL = Learning Commitment
 CI = Collective Intelligence

Regression analysis is used to determine the strength of the relationship between independent variables and one dependent variable. Regression analysis was used to study the effect of the independent variable (Learning Orientation) on the dependent variable (Knowledge acquisition). However, learning orientation is composed of three different constructs in the model which are collective intelligence, commitment to learning and creativity. R squared explains the variation in the dependent variable due to the change in independent variables. It is also known as coefficient of determination because it shows to what extent data are near to the fitted regression line. However, value of R also shows the goodness of the model, which in this case is .295 which

is more than enough in social sciences. R squared value shows the change in dependent variable caused by independent variable. Table 4.12 shows independent variable (Learning Orientation) is causing a change in dependent variable (Knowledge acquisition) by 8.0% at the significance level of $p=.000$ which is below the required level of the social sciences significance level of .05. Adjusted R squared is usually less than the R square and the reason is that it removes the irrelevant independent value from the model thus giving a more realistic value of the regression. Table 4.12 shows that adjusted R squared is .08 which is acceptable in social sciences.

Value of F shows the significance level of the model and its fitness to the regression line which in this case is 12.550 as shown in Table 4.12. As the significance level of the model is .000 which is below .05 ($p<.05$) it shows that the model is statistically significant and there is also a good fitness in the model.

Table 4.12 explains the beta value of the independent variable in relation to the dependent variable. Results in Table 4.12 show that there is positive effect on dependent variable (Knowledge acquisition) by all the constructs of the independent variable (Learning Orientation). β value for creativity is .156 at the significance level of $p=.001 <.05$ which shows that they are statistically significantly related to each other. It generates following regression line: Knowledge Acquisition = $-.013 + .158$ (creativity). This equation shows that one unit of change in creativity will generate a change in knowledge acquisition by .158 units.

The B value for commitment to learning is .153 at a significance level of .002 (p) which is below the required level of significance value of .05 that shows that they are significantly related to

each other. In this case the regression line is as follows: Knowledge Acquisition = $-.013 + .153$ (commitment to learning). One unit change in commitment to learning will produce a change in knowledge responsiveness by .153 units.

However, for collective intelligence the B value is highest as it generates a value of .202 which provides a regression line as follows: Knowledge Acquisition = $.001 + .202$ (collective intelligence). This shows that one unit change in collective intelligence will lead to a change in knowledge acquisition of .202 units. As the significance level is $p = .000 < .05$ that shows that both are significantly related to each other.

As shown in Table 4.12, unstandardized coefficient or Beta is .202 for collective intelligence which has the maximum influence on the dependent variable (Knowledge responsiveness) and the least effect was caused by commitment to learning, which is .153. However, the significance level for all the constructs of learning orientation is .000 which is below .05.

4.2.1.6 Regression of Learning Orientation Dimension (Independent Variable) and Knowledge Dissemination (Dependent Variable)

Table 4.13: Regression of Learning Orientation Dimension and Knowledge Dissemination

Independent Variables Learning Orientation	Dependent Variable Knowledge Dissemination	
C	.033* (0.718)	.473**
CL	.185*	.000**

	(3.978)	
CI	.338* (7.261)	.000**
Adjusted R ²	0.142	
F-Statistics	22.924	

Legend

* = represents significance at less than 0.01

** = sig. values in analysis

Value in parenthesis represents *t*-ratios

C = Creativity

CL = Learning Commitment

CI = Collective Intelligence

Regression analysis is used to determine the strength of the relationship between independent variables and one dependent variable. Regression analysis was used to study the effect of the independent variable (Learning Orientation) on the dependent variable (Knowledge Dissemination). However, learning orientation is composed of three different constructs in the model which are collective intelligence, commitment to learning and creativity. R squared explains the variation in the dependent variable due to the change in independent variables. It is also known as coefficient of determination because it shows to what extent data are near to the fitted regression line. However, value of R also shows the goodness of the model, which in this case is .385 which is more than enough in social sciences. The R squared value shows the change in dependent variable caused by independent variables. Table 4.13 shows independent variable (Learning Orientation) is causing a change in dependent variable (Knowledge Dissemination) by 14.2% at a significance level of $p=.000$ which is below the required level of the social sciences significance level of .05. Adjusted R squared is usually less than the R square and the reason is that it removes the irrelevant independent value from the model thus giving more realistic values

of the regression. Table 4.13 shows that adjusted R squared is .142 which is acceptable in social sciences.

The value of F shows the significance level of the model and its fitness to the regression line which in this case is 22.924 as shown in Table 4.13. As the significance level of the model is .000 which is below .05 ($p < .05$) it shows that the model is statistically significant and there is also a good fitness in the model.

Table 4.13 explains the beta value of the independent variable in relation to the dependent variable. Results in Table 4.13 show that there is positive effect on dependent variable (Knowledge Dissemination) by all the constructs of the independent variable (Learning Orientation). β value for creativity is .033 at a significance level of $p = .473 > .05$ which shows that they are statistically insignificantly related to each other. It generates the following regression line: Knowledge Dissemination = $-.008 + .034$ (Creativity). This equation shows that one unit of change in creativity will generate a change in Knowledge Dissemination by .034 units.

The B value for commitment to learning is .185 at a significance level of .000 (p) which is below the required level of significance value of .05 that shows that they are significantly related to each other. In this case the regression line is as follows: Knowledge Dissemination = $-.008 + .186$ (Commitment to Learning). One unit of commitment to learning will produce a change in Knowledge Dissemination by .186 units.

However, the collective intelligence B value is highest as it generates a value of .338 which provides a regression line as follows: Knowledge Dissemination = .001 + .288 (Collective Intelligence). This shows that one unit change in collective intelligence will bring a change in Knowledge Dissemination by .377 units. As the significance level is $(p) = .000 < .05$ that shows that both are significantly related to each other.

As shown in Table 4.13, the unstandardized coefficient or Beta is .337 for collective intelligence which has maximum influence on the dependent variable (Knowledge Dissemination) and the least effect was caused by creativity, which is .034.

4.2.1.7 Regression of Entrepreneurial Orientation (Independent Variable) and Knowledge Dimensions' Tools Responsiveness to Knowledge (Dependent Variable)

Table 4.14: Regression of Entrepreneurial Orientation and Knowledge Responsiveness

Independent Variables	Dependent Variable	
Entrepreneurial Orientation	Knowledge Responsiveness	
CP	.263* (6.270)	.000**
P	.330* (7.868)	.000**
I	.354* (8.434)	.000**
Adjusted R ²	0.297	
F-Statistics	57.212	

Legend

* = represents significance at less than 0.01

** = sig. values in analysis

Value in parenthesis represents *t*-ratios

CP = Competitive
P = Proactive
I = Innovative

Regression analysis is used to determine the strength of the relationship between independent variables and one dependent variable. Regression analysis was used to study the effect of the independent variable (Entrepreneurial Orientation) on the dependent variable (Knowledge Responsiveness). However, entrepreneurial orientation is composed of three different constructs in the model which are innovative, competitive and proactive. R squared explains the variation in the dependent variable due to change in independent variables. It is also known as coefficient of determination because it shows to what extent data are near to the fitted regression line. However, value of R also shows the goodness of the model, which in this case is .549 which is more than enough in social sciences. R squared value shows the change in dependent variable caused by independent variable. Table 4.14 shows independent variable (Entrepreneurial Orientation) is causing a change in dependent variable (Knowledge Responsiveness) by 29.7% at a significance level of $p=.000$ which is below the required level of the social sciences significance level of .05. Adjusted R squared is usually less than the R squared and the reason is that it removes the irrelevant independent value from the model thus giving more realistic values of the regression. Table 4.14 shows that adjusted R squared is .297 which is acceptable in social sciences.

The value of F shows the significance level of the model and its fitness to the regression line which in this case is 57.212 as shown in Table 4.14. As the significance level of the model is .000 which is below .05 ($p<.05$) it shows that the model is statistically significant and there is also a good fitness in the model.

Table 4.14 explains the beta value of the independent variable in relation to the dependent variable. Results in Table 4.14 show that there is positive effect on dependent variable (Knowledge Responsiveness) by all the constructs of the independent variable (Entrepreneurial Orientation). β value for competitive is .263 at the significance level of $p=.000 <.05$ which shows that they are statistically significantly related to each other. It generates the following regression line: Knowledge Responsiveness = $-.004 + .262$ (Competitive). This equation shows that one unit of change in competitive will generate a change in Knowledge Responsiveness by .262 units.

The B value for proactive is .330 at a significance level of .000 (p) which is below the required level of significance value of .05 that shows that they are significantly related to each other. In this case the regression line is as follows: Knowledge Responsiveness = $-.004 + .330$ (Proactive). One unit change in proactivity will produce a change in Knowledge Responsiveness by .330 units.

The innovative B value is highest as it generates a value of .354 which provides a regression line as follows: Knowledge Responsiveness = $-.004 + .352$ (Innovative). This shows that one unit change in innovativewill lead to a change in Knowledge Responsiveness of .352 units. The significance level is (p)= .000 <.05 which shows that both are significantly related to each other.

As shown in Table 4.14, the Unstandardized coefficient or Beta is .352 for innovative which has maximum influence on the dependent variable (Knowledge Responsiveness) and the least effect was caused by competitive that is .262.

4.2.1.8 Regression of Entrepreneurial Orientation (Independent Variable) and Knowledge Dissemination (Dependent Variable)

Table 4.15: Regression of Entrepreneurial Orientation and Knowledge Dissemination

Independent Variables	Dependent Variable	
Entrepreneurial Orientation	Knowledge Dissemination	
CP	.162* (3.365)	.001**
P	.097* (2.021)	.044**
I	.222* (4.628)	.000**
Adjusted R ²	0.078	
F-Statistics	12.242	

Legend

- * = represents significance at less than 0.01
- ** = sig. values in analysis
- Value in parenthesis represents *t*-ratios
- CP = Competitive
- P = Proactive
- I = Innovative

Regression analysis is used to determine the strength of the relationship between independent variables and one dependent variable. Regression analysis was used to study the effect of the independent variable (Entrepreneurial Orientation) on the dependent variable (Knowledge Dissemination). However, entrepreneurial orientation is composed of three different constructs in

the model which are innovative, competitive and proactive. R squared explains the variation in the dependent variable due to the change in independent variables. It is also known as coefficient of determination because it shows to what extent data are near to the fitted regression line. However, value of R also shows the goodness of the model, which in this case is .291 which is more than enough in social sciences. R squared value shows the change in dependent variable caused by independent variable. Table 4.15 shows independent variable (Entrepreneurial Orientation) is causing a change in dependent variable (Knowledge Dissemination) by 7.8% at a significance level of $p=.000$ which is below the required level of the social sciences significance level of .05. Adjusted R squared is usually less than the R squared and the reason is that it removes the irrelevant independent value from the model thus giving more realistic values of the regression. Table 4.15 shows that adjusted R squared is .078 which is acceptable in social sciences.

The value of F shows the significance level of the model and its fitness to the regression line which in this case is 12.242 as shown in Table 4.15. As the significance level of the model is .000 which is below .05 ($p<.05$) it shows that the model is statistically significant and there is also a good fitness in the model.

Table 4.15 explains the beta value of the independent variable in relation to the dependent variable. Results in Table 4.15 show that there is positive effect on dependent variable (Knowledge Dissemination) by all the constructs of the independent variable (Entrepreneurial Orientation). The β value for competitive is .162 at a significance level of $p=.001 <.05$ which shows that they are statistically significantly related to each other. It generates following

regression line: Knowledge dissemination = $-.002 + .161$ (Competitive). This equation shows that one unit of change in competitive will generate a change in Knowledge Responsiveness by .161 units.

The B value for proactive is .097 at a significance level of .044 (p) which is below the required level of significance value of .05 that shows that they are significantly related to each other. In this case the regression line is as follows: Knowledge Responsiveness = $-.002 + .097$ (Proactive). One unit change in proactivity will produce a change in Knowledge Responsiveness by .097 units.

The innovative B value is highest as it generates a value of .222 which provides a regression line as follows: Knowledge Dissemination = $-.004 + .222$ (Innovative). This shows that one unit change in innovative will lead to a change in Knowledge Dissemination by .221 units. As the significance level is (p) = .000 < .05 that shows that both are significantly related to each other.

As shown in Table 4.15, the unstandardized coefficient or Beta is .221 for innovative which has maximum influence on the dependent variable (Knowledge dissemination) and the least effect was caused by proactive, which is .097.

4.2.1.9 Regression of Entrepreneurial Orientation (Independent Variable) and Knowledge Acquisition (Dependent Variable)

Table 4.16: Regression of Entrepreneurial Orientation and Knowledge Acquisition

Independent Variables	Dependent Variable	
Entrepreneurial Orientation	Knowledge Acquisition	
CP	.144* (3.009)	.003**
P	.115* (2.406)	.017**
I	.227* (4.721)	.000**
Adjusted R ²	0.078	
F-Statistics	12.336	

Legend

- * = represents significance at less than 0.01
- ** = sig. values in analysis
- Value in parenthesis represents *t*-ratios
- CP = Competitive
- P = Proactive
- I = Innovative

Regression analysis is used to determine the strength of the relationship between independent variables and one dependent variable. Regression analysis was used to study the effect of the independent variable (Entrepreneurial Orientation) on the dependent variable (Knowledge Acquisition). However, entrepreneurial orientation is composed of three different constructs in the model which are innovative, competitive and proactive. R squared explains the variation in the dependent variable due to the change in independent variables. It is also known as coefficient of determination because it shows to what extent data are near to the fitted regression line. However, value of R also shows the goodness of the model, which is more than enough in social sciences. R squared value shows the change in dependent variable caused by independent

variable. Table 4.16 shows independent variable (Entrepreneurial Orientation) is causing a change in dependent variable (Knowledge Acquisition) by 7.8% at a significance level of $p=.000$ which is below the required level of the social sciences significance level of .05. Adjusted R squared is usually less than the R squared and the reason is that it removes the irrelevant independent value from the model thus giving more realistic values of the regression. Table 4.16 shows that adjusted R squared is .078 which is acceptable in social sciences.

The value of F shows the significance level of the model and its fitness to the regression line which in this case is 12.336 as shown in Table 4.16. As the significance level of the model is .000 which is below .05 ($p<.05$) it shows that the model is statistically significant and there is also a good fitness in the model.

Table 4.16 explains the beta value of the independent variable in relation to the dependent variable. Results in Table 4.16 show that there is positive effect on dependent variable (Knowledge Acquisition) by all the constructs of the independent variable (Entrepreneurial Orientation). β value for competitive is .144 at a significance level of $p=.003<.05$ which shows that they are statistically significantly related to each other. It generates following regression line: Knowledge Acquisition = $-.002 + .144$ (Competitive). This equation shows that one unit of change in competitive will generate a change in Knowledge Acquisition by .144 units.

The B value for proactive is .115 at a significance level of .017 (p) which is below the required level of significance value of .05 that shows that they are significantly related to each other. In

this case regression line is as follows: Knowledge Acquisition = $-.002 + .116$ (Proactive). One unit change in proactivity will produce a change in Knowledge Acquisition by .116 units.

The innovative B value is highest as it generates a value of .227 which provides a regression line as follows: Knowledge Acquisition = $-.002 + .227$ (Innovative). This shows that one unit change in innovative will lead to a change in Knowledge Acquisition by .227 units. The significance level is $(p) = .000 < .05$ which shows that both are significantly related to each other.

As shown in Table 4.16, the Unstandardized coefficient or Beta is .227 for innovative which has maximum influence on the dependent variable (Knowledge Acquisition) and the least effect was caused by proactive, which is .116. However, the significance level for all the constructs of learning orientation is .000 which is below .05.

4.2.1.10 Regression of Marketing Orientation (Independent Variable) and Knowledge Management (Dependent Variable)

Table 4.17: Regression of Marketing Orientation and Knowledge Management

Independent Variables	Dependent Variable	
Marketing Orientation	Knowledge Management	
MO	.757* (23.175)	.000**
Adjusted R ²	0.573	
F-Statistics	537.087	

Legend

- * = represents significance at less than 0.01
- ** = sig. values in analysis
- Value in parenthesis represents *t*-ratios
- MO = Marketing Orientation

Regression analysis is used to determine the strength of the relationship between independent variables and one dependent variable. Regression analysis was used to study the effect of the independent variable (Marketing Orientation) on the dependent variable (Knowledge Management). However, marketing orientation is composed of three different constructs in the model which are competitor's orientation, customer's orientation and interfunctional coordination while Knowledge Management is considered here to be a single dependent variable which also consists of three dimensions that are Knowledge Responsiveness, Knowledge Dissemination and Knowledge Acquisition. R squared explains the variation in the dependent variables due to the change in independent variables. It is also known as coefficient of determination because it shows to what extent data are near to the fitted regression line. However, value of R also shows the goodness of the model, which in this case is .757 which is more than enough in social sciences. R squared value shows the change in dependent variable caused by independent variable. Table 4.17 shows independent variable (Marketing Orientation) is causing a change in dependent variable (Knowledge Management) by 57.3% at the significance level of $p=.000$ which is below the required level of the social sciences significance level of .05. Adjusted R squared is usually less than the R squared and the reason is that it removes the irrelevant independent value from the model thus giving more realistic values of the regression. Table 4.17 shows that adjusted R squared is .573 which is acceptable in social sciences.

The value of F shows the significance level of the model and its fitness to the regression line which in this case is 537.087 as shown in Table 4.17. As the significance level of the model is

.000 which is below .05 ($p < .05$) it shows that the model is statistically significant and there is also a good fitness in the model.

Table 4.17 explains the beta value of the independent variable in relation to the dependent variable. Results in Table 4.17 show that there is positive effect on dependent variable (Knowledge Management) by the independent variable (Marketing Orientation). The β value for Marketing Orientation is .757 at a significance level of $p = .000 < .05$ which shows that they are statistically significantly related to each other. It generates the following regression line: Knowledge Management = .000 + .757 (Marketing Orientation). This equation shows that one unit of change in marketing orientation will generate a change in Knowledge Management by .757 units.

4.2.1.11 Regression of Learning Orientation (Independent Variable) and Knowledge Management (Dependent Variable)

Table 4.18: Regression of Learning Orientation and Knowledge Management

Independent Variables	Dependent Variable	
Learning Orientation	Knowledge Management	
LO	.732* (21.365)	.000**
Adjusted R ²	0.534	
F-Statistics	456.456	

Legend

* = represents significance at less than 0.01

** = sig. values in analysis

Value in parenthesis represents *t*-ratios

LO = Learning Orientation

Regression analysis is used to determine the strength of the relationship between independent variables and one dependent variable. Regression analysis was used to study the effect of the independent variable (Learning Orientation) on the dependent variable (Knowledge Management). However, learning orientation is composed of three different constructs in the model which are creativity, collective intelligence and commitment to learning while Knowledge Management is considered here to be a single dependent variable which also consists of three dimensions that are Knowledge Responsiveness, Knowledge Dissemination and Knowledge Acquisition. R squared explains the variation in the dependent variables due to the change in independent variables. It is also known as coefficient of determination because it shows to what extent data are near to the fitted regression line. However, value of R also shows the goodness of fit of the model, which in this case is .732 which is more than enough in social sciences. R squared value shows the change in dependent variable caused by independent variable. Table 4.18 shows independent variable (Learning Orientation) is causing a change in dependent variable (Knowledge Management) by 53.4% at the significance level of $p=.000$ which is below the required level of the social sciences significance level of .05. Adjusted R squared is usually less than R squared and the reason is that it removes the irrelevant independent value from the model thus giving more realistic values of the regression. Table 4.18 shows that adjusted R squared is .534 which is acceptable in social sciences.

The value of F shows the significance level of the model and its fitness to the regression line which in this case is 456.456 as shown in Table 4.18. As the significance level of the model is .000 which is below .05 ($p<.05$) it shows that the model is statistically significant and there is also a good fitness in the model.

Table 4.18 explains the beta value of the independent variable in relation to the dependent variable. Results in Table 4.18 show that there is positive effect on dependent variable (Knowledge Management) by the independent variable (Learning Orientation). The β value for learning orientation is .732 at a significance level of $p=.000 < .05$ which shows that they are statistically significantly related to each other. It generates the following regression line: Knowledge Management = $-.012 + .739$ (Learning Orientation). This equation shows that one unit of change in learning orientation will generate a change in Knowledge Management by .739 units.

4.2.1.12 Regression of Entrepreneurial Orientation (Independent Variable) and Knowledge Management (Dependent Variable)

Table 4.19: Regression of Entrepreneurial Orientation and Knowledge Management

Independent Variables	Dependent Variable	
Entrepreneurial Orientation	Knowledge Management	
EO	.637* (16.504)	.000**
Adjusted R ²	0.404	
F-Statistics	272.392	

Legend

- * = represents significance at less than 0.01
- ** = sig. values in analysis
- Value in parenthesis represents *t*-ratios
- EO = Entrepreneurial Orientation

Regression analysis is used to determine the strength of the relationship between independent variables and one dependent variable. Regression analysis was used to study the effect of the independent variable (Entrepreneurial Orientation) on the dependent variable (Knowledge

Management). However, entrepreneurial orientation is composed of three different constructs in the model which are competitive, proactive and innovative while Knowledge Management is considered here to be a single dependent variable which also consists of three dimensions that are Knowledge Responsiveness, Knowledge Dissemination and Knowledge Acquisition. R squared explains the variation in the dependent variables due to a change in independent variables. It is also known as coefficient of determination because it shows to what extent data are near to the fitted regression line. However, value of R also shows the goodness of the model, which in this case is .637 which is more than enough in social sciences. The R squared value shows the change in dependent variable caused by independent variable. Table 4.19 shows independent variable (Entrepreneurial Orientation) is causing a change in dependent variable (Knowledge Management) by 40.4% at a significance level of $p=.000$ which is below the required level of the social sciences significance level of .05. Adjusted R squared is usually less than the R squared and the reason is that it removes the irrelevant independent value from the model thus giving more realistic values of the regression. Table 4.19 shows that adjusted R squared is .404 which is acceptable in social sciences.

The value of F shows the significance level of the model and its fitness to the regression line which in this case is 272.392 as shown in Table 4.19. As the significance level of the model is .000 which is below .05 ($p<.05$) it shows that the model is statistically significant and there is also a good fitness in the model.

Table 4.19 explains the beta value of the independent variable in relation to the dependent variable. Results in Table 4.19 show that there is positive effect on dependent variable

(Knowledge Management) by the independent variable (Entrepreneurial Orientation). The β value for entrepreneurial orientation is .637 at a significance level of $p=.000 < .05$ which shows that they are statistically significantly related to each other. It generates the following regression line: Knowledge Management = $-.003 + .637$ (Entrepreneurial Orientation). This equation shows that one unit of change in entrepreneurial orientation will generate a change in Knowledge Management of .637 units.

Chapter 5

Discussion

The SME sector is considered one of the major drivers of economic growth in any economy, but the success of SMEs is considered a complex phenomenon. The failure rate of SMEs is quite high around the globe, but this rate is even higher in developing economies like Pakistan. There have been many efforts to identify and assess the underlying factors of SME success and growth. One such factor is knowledge management, which is considered a key competency in the dynamic competitive era of today. So, having a knowledge management system in place could help SMEs to succeed in the marketplace. Thus, development of such a system is considered essential for the success of SMEs. This study is conducted in this context so as to understand the role of different strategic orientations on knowledge management in the advertising segment of SMEs. Media and the advertising segment of SMEs in Pakistan have witnessed a steady growth in the past decade and this segment is considered important because it is responsible for marketing products and services and provokes people into making consumption decisions. Thus, businesses are motivated to produce new products and services, and consumers are helped to make a consumption decision. This helps to create new business opportunities in the economy and money circulation in the economy is improved. By and large, media and advertisement sector help the producers and consumers and micro-level and economy at macro-level. Thus, people in an economy are able to actualize their goals and economic growth is sustained.

Strategic orientations considered in this study are MO, LO and EO, and their impact on KM in the advertising segment of SMEs is considered; KM is measured using the dimensions of knowledge acquisition, knowledge dissemination and responsiveness to knowledge. This chapter

is divided into three sections in which the three strategic orientations and their impact on KM are discussed. The first section of the discussion discusses the results on the impact of MO on KM, the second section of this chapter provides discussion on the impact of LO on KM and the third section of the chapter discusses the impact of EO on KM.

5.1 Market Orientation and Knowledge Management

This part of the discussion provides discussion on the impact of MO as represented by the behavioral categories of customer orientation, competitor orientation and interfunctional coordination on KM as represented by knowledge acquisition, knowledge dissemination and responsiveness to knowledge. Four different regressions were run in this regard, whereby the first regression provides the impact of overall MO on overall KM. The second regression assesses the impact of all three dimensions of MO (i.e. customer orientation, competitor orientation and interfunctional coordination) on first dimension of KM (i.e. knowledge acquisition). The third regression estimates the impact of all three dimensions of MO on second dimension of KM (i.e. knowledge dissemination) and last regression estimates the impact of all three dimensions of MO on third dimension of KM (i.e. responsiveness to knowledge).

Overall, in relation to Table 4.17 in the analysis chapter, MO was found to have a significant relationship with KM and this relationship was quite strong as it explained more than 50% variation in KM. MO relates to the external environment of the organization, whereby knowledge relating to customers and competitor could be an important consideration in the context of creating value for customers and building a CA in the marketplace. The modern marketing era is characterized by increasing customer demands and competition with the

competitors in the market. This requires understanding of the market mechanism as to how a firm can create value for its customers. The satisfaction and delight of the customer depends heavily on market intelligence and knowledge related to a customer's preferences, tastes, habits and perceptions. So, as interpreted by Kohli and Jaworski (1990), MO is about acquisition, dissemination and responsiveness of intelligence related to the market participants like customers and competitors. Hunt and Morgan (1995) also deemed information collection as a fundamental aspect of MO, whereby information is related to the customers and competitors of the organization and such information is then considered fundamental to strategy formulation and strategy implementation. Thus, having MO could be considered synonymous to being "market driven" (Slater and Narver, 1994a), and being market driven necessitates having systemic flow of information relating to customers and competitors. These notions are consistent with the findings of the study, whereby a positive impact of MO is witnessed on KM. Subsequent analysis was made, whereby all three dimensions of MO (i.e. customer orientation, competitor orientation and interfunctional coordination) were related to all three dimensions of KM (i.e. knowledge acquisition, knowledge dissemination and responsiveness to knowledge).

5.1.1 Market Orientation and Knowledge Acquisition

All three dimensions of MO were related to the first dimension of KM (i.e. knowledge acquisition). According to Table 4.9 of the analysis chapter, the results indicated that customer orientation had a positive but insignificant association with knowledge acquisition, competitor orientation had a positive and significant association with knowledge acquisition and interfunctional coordination also had a positive and significant association with knowledge acquisition. The insignificant impact of customer orientation on knowledge acquisition is not that surprising as, according to Connor (1999), MO is not just customer orientation. Slater and

Narver (1999) elaborated that customer-led strategies focus on meeting the expressed needs and demands of the customers, while being market oriented is beyond that in the sense that market-led strategies focus on identification and understanding the latent needs of customers, and then the products or services that meet these latent needs and wants of the customers are developed. Day (1999) also explained that actual MO considers customer inputs as superficial or short sighted, and relying too much on customer input could lead an organization towards being traditionalist and non-innovative. Ulwick (2002) further supported the view by explaining that customers can express their needs in terms of what they have already experienced. This leads them to be ignorant of innovations and related technological developments and improvements. So, organizations relying solely on customer input might not survive in the long run because ultimately modern organizations have to think not in terms of what a customer wants but what he or she needs. So, customer input is deemed secondary in the context of the overall KM strategy of the organization and thus, customer-related knowledge is not acquired fervently in strategic context. Previous studies also found that MO does not explain a firm's profitability (Dawes, 2000; Noble et al., 2002; Langerak, 2003). These findings are even more applicable to the SME sector; Harris (2001) argued that MO has nothing to do with the SME sector.

Other dimensions of MO (i.e. competitor orientation and interfunctional coordination) were found to have a significant and positive impact on knowledge acquisition indicating that information related to both dimensions of MO are acquired as part of KM process of the SMEs in the advertising segment of Pakistan. As the dynamics of the modern era are characterized by intense competition, it is of imperative importance that intelligence related to competitors is collected to build CA and to remain differentiated from competitors. Slater and Narver (1993)

explained that firms with MO adopt a proactive approach and seek ways to differentiate themselves from their competitors. Such proactivity and anticipatory behavior is considered one of the core capabilities of market-oriented firms (Morgan & Strong, 1998). Considering the opinion of Gounaris, Avlonitis and Papastathopoulou (2004), MO is deemed vital for success in modern markets, which are characterized by constant change and competition. Day (1994) stated that market-oriented firms are able to anticipate significant trends prior to their competitors and respond accordingly. So, in this context, it is necessary to acquire information relating to market trends and competitors for the overall KM system of the firms. Such information adds value to strategy formulation and brings strategic context into the decision-making process of modern organizations.

Lastly, interfunctional coordination enables the organization to work in a coherent manner, whereby capabilities of different functional aspects of the organization are known and communicated within the whole organization. According to Narver and Salter (1990), every individual in an organization is part of the value chain of the organization and, thus, adds value to the organization. As stated earlier, organizations function in an integrated manner, so it is the shared responsibility of all individuals related to the organization that they contribute towards the value-creating mechanism of the organization. So, there is a need to establish open communication and interfunctional coordination among all the departments and related individuals of the organization. Thus, information related to the capacity and capability of each department is communicated and understood by the whole organization and an effective market strategy is built relying on the strengths of the organization. Thus, interfunctional coordination is deemed important for effective strategy formulation (Wind & Robertson, 1983), and information

relating to different functional aspects of the organization is acquired and included in the KM system developed by the organization. Thus, Anderson (1982) stressed that marketing and advocacy department should be sensitive to requirements of interfunctional coordination, so that the organization may function in an integrated fashion. Thus, information relating to the requirements of interfunctional coordination is actively acquired by the organization in the contemporary context.

Overall, information relating to the competitors and interfunctional coordination are deemed important to be acquired for the KM process of SMEs in the advertising sector of Pakistan; whereas information relating to customer orientation is deemed a secondary consideration in the knowledge acquisition aspect of the KM process. By and large, firms that lead the market are prone to development of market knowledge absorption capacity (Berghman et al., 2006), so having MO necessitates knowledge absorption and utilization.

5.1.2 Market Orientation and Knowledge Dissemination

All three dimensions of MO were related to the second dimension of KM (i.e. knowledge dissemination). According to Table 4.10 of the analysis chapter, it was found that all three dimensions of MO (i.e. customer orientation, competitor orientation and interfunctional coordination) were positively and significantly associated with knowledge dissemination aspect of KM. Slater and Narver (1994b) argued that every individual working in an organization is responsible for the creation of value, so it is imperative that all the information relating to the MO, whether relating to customer, competitor or other external force must be disseminated in the whole of the organization. Kohli and Jaworski (1990) also indicated that information dissemination is part and parcel of being market oriented, thus knowledge related to customers

and competitors is disseminated across the organization in a systematic manner under the paradigm of MO.

With regard to the positive impact of customer orientation on knowledge dissemination, it could be argued that knowing the preferences, demands and needs of the customers and disseminating this information to the whole of the organization is extremely important. Information on customers and their preferences is not only important for strategy formulation at a strategic level, but also for the provision of customer services at the functional and marketing level. For instance, Vorhies et al. (1999) demonstrated that market-oriented firms are better at segmenting their market, targeting the right customers, building relationships with customers and distributors and promotional activities. All of these activities could not be performed without the right information being disseminated to the right individuals. Baker and Sinkula (2002) indicated that market orientation forces the organization to follow customer and innovate accordingly. Thus, dissemination of information from marketing to product development is very important in this regard. So, being customer oriented would lead to dissemination of the right information to the right people in the organization and, thus, MO supports KM.

Subsequently, a positive impact of competitor orientation was also witnessed by the study on knowledge dissemination. Competitors are considered a major market force and all the innovations of the organization are compared in relation to its competitors. The ability of the organization to succeed in the market heavily relies on its ability to differentiate itself from its competitors, which is only possible if the organization keeps tracks of its competitors. So, having competitor orientation leads towards knowledge dissemination in the organization as explained

by Gounaris et al. (2004): companies with MO formally collect and disseminate market-related intelligence in a systematic manner and this information is then used for the purpose of strategic planning and control. One of the major benefits of competitor-related information dissemination is related to product and service development or innovation as stated by Vorhies and Harker (2000): competitors are impeded by means of product development and innovation and different market segments are targeted more effectively in this manner. Impeding a competitor's moves is only possible with the effective collection and dissemination of relevant information in the whole of the organization. So, adoption of competitor orientation strengthens information-dissemination mechanism within the organization, which is consistent with the findings of this study.

Lastly, a positive impact of interfunctional coordination on knowledge dissemination was also yielded by the results of the study. This relationship arose out of the natural requirements of knowledge dissemination; if effective dissemination of knowledge is to happen, interfunctional coordination is key. As stated earlier, a competitor's move could be impeded or responded to by means of better product development (Vorhies & Harker, 2000), whereby information on the requirements of the customer and perspective moves of the competitors are to be possessed and maintained by marketing department and products are to be developed by R&D department. Thus, interfunctional or interdepartmental coordination is necessary to make a product launch successful in relation to the competitor. Slater and Narver (2000) in this regard explained that integration of different resources possessed by the organization along with the inter-coordination of personnel of the organization is necessary to create value. Production and engineering staff in any manufacturing organization must meet regularly to discuss ideas, their capabilities and

limitations. This enables the staff of different departments to understand limitations and leverage strengths of each other (Slater & Narver, 1994b). Thus, interfunctional or interdepartmental coordination is the key to knowledge dissemination within the organization and this is consistent with the findings of this study.

Overall, MO including customer orientation, competitor orientation and interfunctional coordination has a positive influence on knowledge dissemination and this is also true for the SME segment of the advertising industry in Pakistan.

5.1.3 Market Orientation and Responsiveness to Knowledge

All three dimensions of MO (i.e. customer orientation, competitor orientation and interfunctional coordination) showed a positive and significant impact on the responsiveness to knowledge aspect of KM referred to in Table 4.8 of the analysis chapter. Hunt and Morgan (1995) in this regard elaborated that MO is about using the collective knowledge in strategy formulation, implementation and related control. Being more market orientated leads towards effective exploitation and responsiveness to knowledge acquired from different sources and disseminated across the organization. Kohli and Jaworski(1990) explained that a market-oriented firm should be able to use acquired and disseminated information in an effective manner. Thus, MO makes an organization more responsive to knowledge.

Firstly, customer orientation of the MO yielded a positive impact on responsiveness to knowledge. This is a quite obvious relationship because customer satisfaction is considered key to long-term survival and in this regard creating value for the customer is the main thing. In order to create this value, marketing staff is encouraged to spend time with their customers, thus

knowledge is gained from the customers and this knowledge is then used to deliver better customer value (Slater & Narver, 1994b). Thus, responsiveness to knowledge is essential as it represents knowledge in action and through this process value is created (Deshpande et al., 1993). According to Day (1994), modern organizations have to respond to the market and, thus, in order to become more market oriented, they have to use knowledge stock and build differentiated capabilities. So, better responsiveness to knowledge is enabled by focusing on customer orientation, which basically is uncovering and shaping the latent needs of the customers and serving the customers in a way that is beyond their expectation (Jaworski et al., 2000). So, innovative products and services are developed using knowledge acquired and disseminated by the organization and, thus, the latent needs of the customers are fulfilled. Barker and Sinkula (2002) also suggested that MO paves the way to incremental innovation, which basically is knowledge in action. Overall, customer orientation not only provokes knowledge acquisition and dissemination, but also forces the organization to be knowledge responsive.

Secondly, competitor orientation was also found to exert a positive and significant impact on responsiveness to knowledge. Competition in the industry has transformed the position of competitor to an important information source. In contemporary context, a firm has to get familiar with the nature of competition, to have intelligence on the main competitors of the organization, as, according to Porter (1979), competitors are a main source of ideas, which enable the firm to have a better understanding of the market. Thus, this intelligence could help an organization to differentiate itself from its competitors (Slater & Narver, 1993). The same notions are provided by Day (1994), who suggested that the ability of an organization to lead actions in the marketplace is provoked by the competitor's orientation and this ability is

developed out of exploitation of the market and competitor's knowledge. So, having competitor's orientation provokes knowledge responsiveness of the organization. Day (1994) further elaborated that timely acquisition and sharing of information is essential in this regard, so that the information can be exploited and responded to in an effective manner. This ability of exploitation of information relating to the competitors of the organization also enhances profitability of the organization (Dawes, 2000). Thus, competitor orientation forces the organization to respond to knowledge in an efficient and effective manner.

Lastly, interfunctional coordination also had a positive impact on the responsiveness to knowledge. Interfunctional coordination enables an organization to work in an integrated manner and the organization is better able to respond to change in the external environment in an effective manner. Thus, interfunctional coordination enhances the knowledge responsiveness of an organization and value is created for the customer (Slater & Narver, 2000). Narver and Slater (1990) also explained that integrated and coordinated efforts enable the organization to create superior value for the customers of the organization. All of these coordinated and integrated activities enable the organization to exploit knowledge in a systematic manner and thus advantages of marketing synergy, product improvements, service quality and team efforts are realized (Vorhies & Harker, 2000). So, interfunctional coordination within the organization improves the organizational responsiveness to knowledge, which is consistent with the findings of this study.

Overall, the dimensions of MO (i.e. customer orientation, competitor's orientation and interfunctional coordination) have a positive impact on the responsiveness to knowledge aspect of KM.

5.2 Learning Orientation and Knowledge Management

This part of the discussion provides the results on the impact of LO as represented by commitment to learning, shared vision, open-mindedness and creativity on different dimensions of KM (i.e. knowledge acquisition, knowledge dissemination and responsiveness to knowledge). Four different regressions were run in this regard. The first regression assessed the overall impact of LO on overall KM. The subsequent three regressions relate dimensions of LO with the three dimensions of KM. The second regression relates all four dimensions of LO (i.e. commitment to learning, shared vision, open-mindedness creativity) with knowledge acquisition. The third regression relates all four dimensions of LO with knowledge dissemination and the last regression assesses the impact of all four dimensions of LO on responsiveness to knowledge.

Overall, according to Table 4.18 of analysis chapter LO had a positive and strong impact on KM. This orientation was found to predict more than 53.5% of variation in KM. This explanatory power is quite high, indicating that LO explains KM in quite a strong manner. Sinkula et al. (1997) supported this by stating that LO provokes a learning culture and other specific values that enable an organization to build and utilize knowledge in an effective manner. Atuahene-Gima et al. (2005) defined LO as a concept that incorporates the preferences of the top management of an organization for the creation of a challenging work environment, finding out new ways to improve things, curiosity, learning enjoyment and new skill development. Calantone et al. (2002) on the other hand, explained that a learning-oriented organization has control over the type of information acquired, analyzed and disseminated. Senge (1990) in this

regard stated that LO embeds learning into the culture of an organization, where people in the organization: consider cause and effect relationships; criticize and question old routines, beliefs and assumptions; and relate everything to the same purpose. This could further stimulate learning in the organization and knowledge is developed, disseminated and utilized in a proactive manner. Thus, LO in an organization provides much of the needed environment for the evolution and establishment of KM.

The following discussion provides assessments of the impacts of all four dimensions of LO on all three dimensions of KM.

5.2.1 Learning Orientation and Knowledge Acquisition

Knowledge acquisition is the core process from where learning takes its roots. No learning could be sustained without knowledge. Thus, organizations having LO are sensitive to the collection of knowledge from multiple sources, both from inside and outside the organization.

Firstly, according to Table 4.18 of analysis chapter, commitment to learning showed a positive and significant impact on knowledge acquisition in the SMEs of the advertising segment of Pakistan. This relationship could be expected as learning takes place with the help of accumulated knowledge and an organization having LO would collect and acquire relevant information and, thus, commitment to learning as a dimension of LO yielded a positive and significant impact on knowledge acquisition. Commitment to learning is considered an important consideration in the paradigm of LO. According to Slater and Narver (1995), commitment to learning is a precondition of organizational learning and it creates a necessary environment to foster learning within an organization. They further stated that the support of managers is necessary to foster learning, and information acquisition is the first step towards employee

learning. Thus, managers should support employees in their pursuit of knowledge during company time (Slater & Narver, 1995). Thus, a learning organization is an organization where people systematically acquire, create and transfer knowledge and modify their behavior in accordance with the new knowledge acquired or created (Garvin, 1993). So, commitment to learning is deemed necessary in the context of knowledge acquisition, commitment would provoke knowledge acquisition and thus learning would happen.

Secondly, shared vision as a dimension of LO also yielded a positive and significant impact on knowledge acquisition. Shared vision relates to the whole of the organization, where the whole of the organization considers learning important and strives for it (Sinkula et al., 1997). Shared vision is very important for knowledge acquisition initiatives whereby the whole of the organization systematically takes part in knowledge acquisition in an integrated manner. This knowledge is then channelized within the whole organization and relevant decisions are made. According to Sinkula et al. (1997), without a shared vision of learning, members of an organization take a haphazard approach to knowledge acquisition and, thus, no systemic KM could be sustained in the organization. Thus, integration of a knowledge acquisition initiative is supported by shared vision. So, by and large, shared vision is necessary to support knowledge acquisition initiatives in an organization, without which KM could not be sustained.

Thirdly, open-mindedness also yielded a positive relationship with knowledge acquisition. Open-mindedness represents the capacity of individuals to accept new information, knowledge and ideas, and discard old ones. So, open-mindedness could be related to the unlearning aspect of LO. Brown (1991) deemed unlearning important in the changing environment, he quoted a chief

scientist of Xerox, who explained that our understanding of the phenomenon depends upon certain assumptions that are rooted into past experiences and knowledge. As the phenomenon changes, the hard earned knowledge becomes obsolete, so do the assumptions. Thus, open-mindedness is about unlearning old knowledge and acquiring new knowledge. Day (1994) supported the notion; Day (1994) stated that inside-out mindset could be problematic because individuals in an organization think they have superior knowledge and ignore new information outside the organization. This would make such organizations stagnant and such organizations are unable to acquire new knowledge and assess new trends in the marketplace (Yilmaz et al., 2005); all of this is due to closed mindedness. So, open-mindedness enables an organization to take new knowledge input and accept new ideas (Sinkula et al., 1997). Wilson (1995) also deemed cognitive capacity important for the acquisition of new information and to process it. So, open-mindedness is deemed important for the acquisition of knowledge which is consistent with the findings of this study.

Lastly, creativity was found to have an insignificant impact on knowledge acquisition. This entails that most knowledge acquisition is done with traditional ways. Being more creative does not guarantee more acquisition of knowledge. Creativity might be important at later stages of KM when knowledge is disseminated and analyzed. Thus, better knowledge acquisition might provoke better learning and more learning might lead to creativity and, ultimately, towards improved performance (Hult et al., 2004). Weerawardena et al. (2006) also elaborated that better organizational learning leads towards a higher degree of innovation. Thus, innovation does not lead towards better knowledge acquisition, but learning could provoke innovation and creativity.

Overall, LO dimensions of commitment to learning, shared vision and open-mindedness were found to have a positive and significant link with information acquisition, while the LO dimension of creativity did not yield any significant impact on knowledge acquisition.

5.2.2 Learning Orientation and Knowledge Dissemination

It was found that only the dimensions of shared vision and open-mindedness had a significant impact on knowledge dissemination aspect of KM and this impact was positive. The dimensions of commitment to learning and creativity on the other hand yielded an insignificant relationship with knowledge dissemination.

Firstly, according to Table 4.13 of the analysis chapter, commitment to learning yielded an insignificant relationship with knowledge dissemination in the advertising segment of SME in Pakistan. This might be due to the reluctance of people to share knowledge with each other. Knowledge dissemination is related to knowledge sharing and people in the professional environment are reluctant to share knowledge with colleagues. This might lead towards a hindered knowledge dissemination function. Learning in such a scenario is considered an individual phenomenon and people even if committed to learn are not interested in knowledge sharing and knowledge dissemination. So, that might be the reason for insignificant impact of commitment to learning on knowledge dissemination.

Secondly, shared vision yielded a positive and significant impact on knowledge dissemination of the advertising segment of the SME sector in Pakistan. This is an obvious relationship as shared vision provides a collaborative view of the employee of the organization to learning (Sinkula et al., 1997). So, organizations with LO have considerable influence over information collection, information sharing and analysis of the information (Calantone et al., 2002). Senge (1990)

elaborated that employees of organizations who have a shared vision also share a sense of purpose and direction, thus information dissemination is influenced by the shared vision. Shared vision instills trust among individuals and this trust enables the members of an organization to share information in an open manner. According to Kim (1998), LO provides a channel of learning to individuals within the organization and members of the organization learn to share and utilize knowledge. Celucha et al. (2002) evinced that organization that scored high in LO establish a better information system, which helps to disseminate information among individuals. So, organizations high in LO and having a shared vision of it, have considerable influence on the knowledge sharing or knowledge dissemination function of KM system.

Thirdly, open-mindedness also yielded a significant and positive beta for knowledge dissemination. Again being open-minded is important for better information dissemination. As Sinkula et al. (1997) related, being open-minded means that individuals welcome new ideas and float such ideas with each other. So, open-mindedness directly relates to knowledge dissemination. Further, Sinkula (2002) opined that unlearning is a critical aspect of being open-minded, whereby unlearning is a process of replacing obsolete knowledge with new knowledge, which is only possible if new knowledge is floated among individuals. So, unlearning as a part of being open-minded encourages effective knowledge dissemination within the organization. Yilmaz et al. (2005) in this regard stated that sometimes firms with higher LO assume a self-centered view of the market and other external forces, because such firms are busy in the creation of knowledge inside the organization. Such organizations do not deem external knowledge relating to customer needs and market trends to be very important and this undermines the importance of long-term sustainability and trends. These organizations fail to

accept new ideas in an open manner and, thus, lack of open-mindedness hinders their ability to float information to the core of organization and their knowledge dissemination ability remains stressed. So, there is a need to remain open-minded in order to float and disseminate all the relevant information and knowledge in the organization in an effective manner. Such are also the propositions of this study for the SME segment of the advertising industry in Pakistan.

Lastly, creativity failed to establish any significant link with knowledge dissemination in the advertising segment of SME industry in Pakistan. This indicates that knowledge dissemination is a simple process, which is not influenced by the creativity of the organization and creativity might only be required while analyzing new knowledge and making decisions pertaining to this knowledge. Thus, knowledge flow should be established in the organization in a systematic but standardized manner through which knowledge must be acquired from various sources and disseminated to concerned individuals or processes within an organization. This view is consistent with Sinkula et al. (1997), who reported that, with time, organizations are able to make sense of the dynamics of their market. So, with time, standardized rules pertaining to the processing of information are developed. Further, creativity might not be the antecedent of knowledge dissemination, but rather be dependent on it. Weerawardena et al. (2006) found that organizations which have relational learning capabilities predict innovation and this ultimately leads towards improved organizational performance. So, creativity does not influence the knowledge dissemination ability of an organization, as creativity normally is required to perform non-routine and complex tasks. Such are the propositions of the study.

Overall, it was found that shared vision and open-mindedness as dimension of LO have a positive and significant influence on the knowledge dissemination dimension of KM, while this influence was insignificant for LO dimensions of commitment to learning and creativity.

5.2.3 Learning Orientation and Responsiveness to Knowledge

According to Table 4.11 of the analysis chapter, all four dimensions of LO were analyzed in relation to the third dimension of KM (i.e. responsiveness to knowledge). It was found that all four dimensions of LO (i.e. commitment to learning, shared vision, open-mindedness and creativity) had a positive and significant impact on the responsiveness to knowledge dimension of KM, whereby LO is considered antecedent to knowledge creation and learning process in an organization. This orientation also determines channels of organization's learning and knowledge sharing and ultimately sets the mode of knowledge conversion (Kim, 1998). This enables the organization to use and respond to knowledge in hand in an effective manner. So, LO harnesses the ability of the organization to analyze, utilize and respond to knowledge that might be developed, processed or processed by the organization.

Firstly, a positive and significant impact of first dimension of LO (i.e. commitment to learning) was witnessed on the third dimension of KM (i.e. responsiveness to knowledge). According to Salter and Narver (1995), commitment to learning is a prerequisite of organizational learning and such learning has the ability to create value for the customers of the organization (Santos-Vijande et al., 2005). Organizational learning also has the ability to create new knowledge and bring a positive change to the behavior of the members of the organization. Such learning further provokes the ability of the organization to make innovations (Slater & Narver, 1995), and enables the organization to respond to the changing nature of external environment. By and large LO has the ability to sustain profitability of the organization (Farrell & Oczkowski, 2002; Baker

& Sinkula, 1999b, 2002) and other positive employee behaviors like organizational commitment (Farrell, 1999), innovation ability (Farrell, 1999; Hult et al., 2004; Weerawardena et al.), market-related behaviors and capabilities (Santos-Vijande et al., 2005; Celucha et al., 2002). Putting it all together, organization learning is provoked by commitment to learning, which in turn enhances the responsiveness of the organization to knowledge produced within the organization or from external environment (Day, 1994). So, commitment to learning provokes responsiveness of the organization to knowledge, which is also the finding of the study.

Secondly, shared vision as a dimension of organization learning also yielded a positive relationship with responsiveness to knowledge. Slater and Narver (1995) in this regard elaborated that shared vision lays the foundations of a learning organization and such organizations use their learning to create customer value in an effective manner. The conception of shared vision is the vision of knowledge, which gives necessary meaning to the routine activities and tasks of the organization. It also defines the nature of knowledge that an organization should seek or attempt to create (Day, 1994). Thus, shared vision defines the set of knowledge skills that an organization seeks and exploits to create value. Knowledge exploitation provides the organization with the necessary ability to respond to changes in the external environment and fosters sustainability. The notions of shared vision set a company's directions, create a common conception of value and educate employees as to how their role is chipped up with the broader objectives of the organization (Nicholls-Nixon, 2005). Thus, shared vision gives life to the objectives of the organization and channelizes knowledge resources of the organization in the right direction. According to Senge (1990), shared values are embedded into the culture of the organization and these values justify the purpose of the organization and

motivate the employees to work towards a common goal and create value. So, shared vision integrates the efforts of the distant units of the organization, knowledge in this way is exploited in an integrated manner, and the knowledge responsiveness of the organization not only increases but also becomes more effective.

Thirdly, open-mindedness was also found to have a positive impact on the responsiveness to knowledge. Day (1994) in this regard related that organizations that are characterized by open-mindedness, mutually informed interpretations and synergistic knowledge dissemination are better able to anticipate significant trends in the market and have the ability to respond to such events in a timely manner. This enables such organizations to supersede their competitors in retaining and attracting and exploit the opportunities in the external environment. Thus, such organizations are more responsive and are able to learn, unlearn and relearn in accordance with the demands of the environment. Open-mindedness breeds new ideas (Sinkula et al., 1997), which again provoke responsiveness of the organization in relation to the acquired, disseminated and processed knowledge. Open-mindedness is also considered a core aspect of LO, which coupled with customer and technology orientation helps to develop innovative products and services (Salavou, 2005). This open-mindedness also enables the firm to continuously learn and anticipate changes in the market (Day, 1994). Day (1994) also argued that open-mindedness prevents the organization from falling into the trap of inside-out orientation, as individuals assess the information flow from external environment in an open manner and do not rely on their own projections of outside environment. Thus, open-mindedness not only provokes the idea generation capacity of the organization, but also makes the responsiveness to knowledge of the organization more rational and effective.

Lastly, creativity was also found to have a positive impact on responsiveness to knowledge. Creativity is about thinking out of the box and devising unique solutions to problems or needs and these solutions might be in the shape of new products, services, processes or technologies (Lumpkin & Dess, 2001). Creativity is about building a unique CA. Rationalism in this context stresses the need to make informed decisions that are based on solid information or on knowledge possessed and processed by the organization. According to Robinson and Pearce (1994) and Matthews (2002), small firms represent the creative chunk of industry as they can afford to be more flexible, adaptive and responsive in relation to the external environment. Thus, creativity enables such organization to exploit their knowledge in a unique manner and build a CA. Creativity also represents the core of learning; Pisano (1994) in this regard iterated that despite having stock of knowledge, it would be difficult to build competencies and CA without learning and creativity. Creativity provokes innovation (Lucked, 2003), which in turn ensures survival of the business organization in a competitive and hostile environment. Creatively realized by utilizing knowledge processes of the organization takes the form of innovation and innovation has to be marketable, if the company is to sustain performance in the long run (Hult et al., 2004). Thus, creativity enables the organization to respond to the acquired and disseminated knowledge in a better way and develop innovative products, services, technologies and processes in order to create value for the customers of the organization.

Thus, overall all four dimensions of LO exerted a positive and significant impact on responsive to knowledge. So, in order to better utilize the knowledge resources of an organization,

organizations have to rely on LO which is represented by commitment to learning, shared vision, open-mindedness and creativity.

5.3 Entrepreneurial Orientation and Knowledge Management

The third part of discussion provides the discussion on the results of the impact of EO, as represented by proactive, competitive and innovative dimensions, on KM, as represented by dimensions of knowledge acquisition, knowledge dissemination and responsiveness to knowledge. A total of four regressions were run in this regard whereby the first one analyzes the impact of overall EO on overall management. The second regression relates all three dimensions of EO with the first dimension of KM (i.e. knowledge acquisition). The third regression considers the impact of all three dimensions of EO on second dimension of KM (i.e. knowledge dissemination) and lastly, the fourth regression provides analysis of the impact of all three dimensions of EO on responsiveness to knowledge.

According to Table 4.19 of the analysis chapter, EO was also found to have a significant and positive impact on KM in the advertisement segment of SME sector of Pakistan. According to Morris and Paul (1987), EO is characterized by behaviors like taking calculated risk, being proactive and being innovative, and all of these behaviors could only be sustained by means of gathering and utilizing information and KM in the long run. Covin and Slevin (1989) in this regard stated that an entrepreneur has to work with various stakeholders in the external environment like customers, distributors or competitors and in the internal environment like employees. Management of these stakeholders is a primary concern of the entrepreneur; while interacting with these stakeholders, an entrepreneur encounters a flow of information related to the market, customers and trends. An entrepreneur has to absorb and process this information in order to remain competitive in the marketplace. Van de Ven, Hudson and Schroeder (1984) also

found evidence in this regard and stated that successful entrepreneurs have high external orientation and they seek information from the external environment pertaining to competitors, market niches, potential customers and their involvement in order to develop successful business plans. Thus, EO also provokes knowledge capabilities of the firm, whereby the focus is to obtain, disseminate and process information, which could be exploited for the sustenance of the CA of the organization in the long run.

5.3.1 Entrepreneurial Orientation and Knowledge Acquisition

All three dimensions of EO (i.e. proactive, competitive and innovative) were analyzed for their impact on knowledge acquisition. According to Table 4.16 of the analysis chapter, a positive impact of all three dimensions of EO on knowledge acquisition was witnessed for the advertising segment of SME sector of Pakistan. Knowledge acquisition has always been at the forefront of entrepreneurship. An entrepreneur has to take risks and make informed decisions in this regard. Narver and Salter (1990) indicated that an entrepreneur learns through experimentation and thus most of the knowledge acquired by an entrepreneur is generated in an arbitrary manner.

The first dimension of EO is proactivity, which yielded a positive impact on the acquisition of knowledge. According to Narver, Slater and MacLachlan (2004), proactive MO focuses on identification of latent needs of the customers and taking initiatives to satisfy these needs. Thus, information acquisition in this context remains a dynamic process, which is complex and arbitrary in nature. Being proactive is about leading the customer and telling the customers as to what they might need. Hunt and Lumbe (2000) stated that in order to acquire relevant information, entrepreneurs who have a proactive MO should observe customer behavior in a close manner to make assessments on the problems of their customers. They further explained that such orientation requires superior processes and skills, and these skills and processes are

subtle in nature and cannot be imitated by competitors and, thus, remain a sustainable CA for the organization. Proactive orientation focuses on the outside-in process, whereby information acquisition is deemed very important as all of the idea generation and product or service development must remain within the context of customer needs. Thus, being proactive is related to being future oriented and in this regard knowledge is the only resource that could help the organization to steer through the uncertainties of the future. So, proactive EO builds and develops knowledge base and uses that knowledge to create value for its customers.

Secondly, competitive EO also yielded a positive impact on knowledge acquisition in the advertisement segment of SME sector. Under this kind of orientation, an organization has to differentiate itself from its competitors. Slater and Narver (1993) in this regard elaborated that in the modern era of competition, it is of imperative importance that an organization creates a differentiation edge over its competitors and all this could be done by acquisition of competitor intelligence. Over time, the need for differentiation has increased as modern markets are characterized by constant change and intense competition (Gounaris et al., 2004). Day (1994) also elaborated that firms that have a better competitive position seek and create a knowledge base, which enables them to anticipate future trends prior to their competitors. So, knowledge acquisition relating to competitors is very important to anticipate and respond to the competitor's move. Thus, competitive EO builds knowledge acquisition dimension of KM.

Lastly, innovative EO also yielded a positive impact on knowledge acquisition. Innovative orientation is heavily dependent on the ability of an organization to generate and implement new ideas. Such idea generation heavily relies on knowledge stock and intellectual capabilities of the

organization. According to Slater and Narver(1995) and Farrell (1999), learning is essential to innovativeness and, thus, it is of imperative importance that organizations create a knowledge base to provoke learning.Hult et al. (2004) named innovation as the missing link between learning and organizational performance. Lumpkin and Dess(2001) stated that innovative EO seeks to find novel and unusual solutions to problems and this innovation ability is harnessed by organization learning. So, innovative entrepreneurial provokes knowledge accumulation in an organization to sustain innovation ability in the long run.

Overall, all three aspects ofEO (i.e. proactive, competitive and innovative) have a positive impact on knowledge acquisition aspect of KM. Thus, EO seeks to build knowledge through knowledge acquisition process.

5.3.2 Entrepreneurial Orientation and Knowledge Dissemination

This part of the discussion provides an overview of the analysis conducted to establish relationships between all three dimensions of EO and knowledge dissemination. According to Table 4.15 of the analysis chapter, all three dimensions of EO (i.e. proactive, competitive and innovative) had a positive and significant impact on knowledge dissemination. Nonaka and Takeuchi (1995) explained that real KM starts with knowledge sharing among different members or units of an organization. In order to succeed in the marketplace, an entrepreneur has to build an effective mechanism of flow of knowledge within the organization. This makes effective dissemination of knowledgea very important aspect of the overall KM system and entrepreneurial success.

The first aspect of EO is proactivity, which yielded a positive impact on knowledge dissemination. Proactive orientation enables an organization to anticipate future trends and customer needs and enables the firm to harvest first mover's advantage. Lumpkin and Dess (2001) stated that proactive firms are pioneers, as they know how to capitalize on new opportunities and trends. All this happens if the firm possesses a substantial amount of intellectual capital and a good flow of knowledge among all of its functional units. This enables the organization to respond to new market trends in an integrated manner (Narver & Slater, 1990). Thus, organizations that have a proactive orientation tend to establish an effective knowledge dissemination mechanism.

The second aspect of EO is competitive EO, which also yielded a positive impact on knowledge dissemination. Lumpkin and Dess (2001) stated that being competitive is related to making an effort to outperform competitors in the industry. An organization needs to aggressively respond to the external environment or to the move of a competitor in order to remain in the competition. Improvement of the competitive position of the company is sought by means of various strategies like KM. It is quite important that market-related information and intelligence is shared in the whole organization in a systemic manner, so that this information could then be utilized for strategic planning and control purposes (Gounaris et al., 2004). Vorhies and Harker (2000) explained that knowledge dissemination among all the functional areas of the organization enables the organization to take product development initiatives more quickly than their competitors and this hinders the ability of the competitor to supersede product development initiatives by the organization.

Lastly, entrepreneurial innovative orientation also had a positive impact on knowledge dissemination. Entrepreneurial innovative orientation is deemed necessary for SMEs to provide unique and novel solutions to the problems under consideration (Lumpkin & Dess, 1996). Slater and Narver(1995) explained that innovativeness is provoked by means of organization learning, which is affected by the knowledge-sharing capabilities of the organization. Thus, organizations that have an innovative orientation build a knowledge-sharing culture within the organization. This is also consistent with the findings of this study.

Overall, all three dimensions of EO yielded a positive impact on the knowledge dissemination orientation of KM. This indicates that EO helps to build knowledge dissemination mechanism in the advertising segment of Pakistani industry.

5.3.3 Entrepreneurial Orientation and Responsiveness to Knowledge

All three dimensions of EO were related to responsiveness to knowledge. According to Table 4.14 of the analysis chapter, all of the three dimensions of EO (i.e. proactive, competitive and innovative) were found to have a positive impact on the responsiveness to knowledge aspect of KM. This positive impact on the responsiveness to knowledge enables the organization to develop breakthrough products and services or locate niches, whose needs were previously unmet (Hamel& Prahalad, 1994). Entrepreneurial initiatives, such as exploiting knowledge in an effective manner, could introduce innovative products and services, tap into fresh markets, innovate production process or initiate industrial reorganization(Schumpeter, 1934). Thus, EO is about exploitation of knowledge and enhancing responsiveness of knowledge.

The first dimension of EO is proactivity. Being proactive is all about exploitation of knowledge at the appropriate time prior to anyone else (Lumpkin & Dess, 2001). So, proactivity enables the organization to exploit knowledge resources in a manner that makes the organization more responsive to a slight change in the external environment. This enables the organization to take a strategic position well before time and all future threats are neutralized prior to their emergence (Lumpkin & Dess, 2001). So, by and large, proactive EO has considerable influence over the responsiveness and exploitation of knowledge possessed by an organization.

The second aspect of EO is being competitive, which also was found to have an association with knowledge responsiveness. This aspect is about beating the competition and strengthening the competitive position of the firm in the market (Lumpkin & Dess, 2001). Porter (1979) explained that knowledge should be assessed in relation to competitors and competitors are sometimes sources of innovative ideas. Better knowledge responsiveness could help an organization to differentiate itself from competitors (Slater & Narver, 1993). The same notions were provided by Day (1994), who suggested that the ability of an organization to lead actions in the marketplace is provoked by the competitor's orientation and this ability is developed out of exploitation of the market and competitor's knowledge. So, having entrepreneurial competitor orientation provokes knowledge responsiveness of the organization. It was further suggested that timely acquisition and sharing of information is essential in this regard, so that the information could be exploited and responded to in an effective manner. Thus, competitive EO provokes knowledge responsiveness in an organization.

Lastly, innovative EO also had a positive relationship with responsiveness to knowledge. According to Lumpkin and Dess (2001), innovativeness in an organization is represented by seeking out new or novel solutions, making breakthrough improvements and advancing new processes or technologies. Innovation is all about learning exploitation. Learning, on the other hand, is provided by and supported by knowledge sharing and knowledge conversion (Kim, 1988). Exploitation of knowledge thus supports innovations in the organization, which in turn enable the organization to attend to market needs, ensure competitiveness, pursue new projects and take more risk (Tzokas et al., 2001). Thus, if an organization is to adopt innovative EO, it needs to exploit knowledge resources. This leads towards a positive impact of innovative EO on responsiveness to knowledge.

Overall, all three dimensions of EO (i.e. proactivity, competitiveness and innovativeness) had a positive impact on responsiveness to knowledge. Thus, EO provokes responsiveness to knowledge.

Chapter 6

Conclusion and Recommendations

This chapter of the thesis concludes the research and provides implications and recommendations of the study. Lastly, the limitations of the research and directions for future research are described.

6.1 Conclusion

There has been a lot of debate on the value of the SME sector in the economic context of any country. This value is further increased in the context of developing economies like Pakistan, where the economy remains sluggish and most annual economic targets cannot be achieved. The sector is said to have the ability to provoke economic growth, create employment opportunities, increase exports and raise living standards of the people living in the country. The problem with the SME sector is that it has quite high failure rates and people living in small economies are reluctant to take entrepreneurial initiatives in this context. However, small businesses are witnessing growth in many segments. One such segment is advertising.

There has been a shift from production-based firms to service-based firms and due to an increase in competition it is difficult to increase or even retain market share without significant advertisements and promotion. Thus, over the last decade, the advertising industry has witnessed a steady growth in Pakistan. The growth was further provoked by the development of new media, growth of private media channels, internet boom and a consumption-based economy. Further, advertising is considered one of the main segments of the corporate world, as the success of many businesses is dependent on the utilization of effective marketing services and taking other marketing initiatives. There still is a need to develop advertising and ensure the sustainability of this sector in any way possible.

The success of any organization in the modern era has become dependent on the creation, storage and utilization of knowledge, which is considered an invisible weapon in the modern quest of development of sustainable CA. The development of a KM system is considered one of the main ways to organizational success. Adoption of some business orientation is also necessary for strategic alignment of the business. Business orientation clarifies the strategic route of the organization as to how it would compete and build its CA. Different business orientations might have different outcomes on the development and exploitation of the organization's knowledge.

This study assesses the impact of different business orientations on KM. The business orientations considered in this study are MO, LO and EO and their impact is assessed on the development and management of knowledge within advertising segment of SMEs in Pakistan, whereby KM is measured using three dimensions: knowledge acquisition, knowledge dissemination and responsiveness to knowledge.

The study found a significant and positive impact of all three business orientations on KM, whereby LO explained the highest variance in KM, followed by MO and EO. All three orientations were further subdivided into their subdimensions and the impact of these subdimensions was also sought on each component of KM.

The first business orientation of MO has subdimensions of customer orientation, competitor orientation and interfunctional coordination. Two of three dimensions (i.e. competitor orientation and interfunctional coordination) were found to have a significant impact on knowledge

acquisition aspect of KM, while customer orientation was found to have an insignificant impact on knowledge acquisition aspect of KM. This indicates that competitor orientation provokes knowledge acquisition relating to market and competitors and interfunctional coordination also provoked knowledge acquisition, while customer orientation did not have an impact on knowledge acquisition. This is due to the inability of the customer to translate their need in an appropriate manner. Success in the modern era of business is dependent upon innovation and assessment of needs customers are unable to express. Thus, customer orientation does not provoke knowledge acquisition. Further, all three subdimensions of MO yielded a significant impact on both knowledge dissemination and responsiveness to knowledge. This indicates that MO provokes KM within an organization, but customer orientation could hinder an organization's ability to acquire new knowledge from the market.

The second business orientation considered was LO, which has subdimensions of commitment to learning, shared vision, open-mindedness and creativity. It was found that only subdimensions of commitment to learning, shared vision and open-mindedness explained knowledge acquisition in firms, while the subdimension of creativity had no impact on knowledge acquisition. This indicates that knowledge acquisition requires commitment to KM, shared vision and open-mindedness, whereas creativity is not required to acquire new knowledge from the market. This indicates that the procedure to acquire knowledge is straightforward and no complexity is involved, that is why creativity is not part of knowledge acquisition. Further, only the subdimensions of shared vision and open-mindedness were found to have a significant relationship with knowledge dissemination, while subdimensions of commitment to learning and creativity were not related to knowledge dissemination. This again indicates that knowledge

dissemination is a simple process and no complexity is involved and commitment might not be able to play a role in it. However, shared vision and open-mindedness were found to have considerable influence on dissemination of knowledge in the advertising firms. Lastly, all four subdimensions of LO were found to have a significant impact on responsiveness to knowledge which is a knowledge exploitation dimension. This seems a more complex process, which requires top-down commitment and integrated efforts.

Lastly, EO has subdimensions of proactivity, competitiveness and innovativeness, which were related to all three aspects of KM (i.e. knowledge acquisition, knowledge dissemination and responsiveness to knowledge). It was found that all three subdimensions of EO had a significant relationship with all three aspects of KM. This indicates that EO on the whole explains KM in a complete manner.

This study provides evidence of the differing requirements of KM considering different business orientations. It does not mean that the importance of any of the business orientations or KM process is undermined. It merely indicates the manner through which each business orientation helps to build and exploit knowledge in an effective manner, which might be instrumental to organizational success. SMEs have to build different competencies and different business orientations might be required in different scenarios. The evidence shows that all of the business orientations support KM in one way or another. KM is deemed instrumental to the success of SMEs in the advertisement segment. Following are recommendations of the study.

6.2 Recommendations

The study proves that all contemporary business orientations support development of KM system in advertisement segment of SMEs. The following are specific recommendations for KM and the adoption of appropriate business orientations for the advertising segment of SMEs in Pakistan:

- KM is an important consideration in the context of SME strategic planning and operations. SMEs in advertising segment should bring KM to the core of their strategy. This would enable these firms to create knowledge resources, innovate and remain competitive even in a hostile business environment.
- The strategic context is very important for SME business; SMEs need to create differentiation in their products, services and business processes. Thus, SMEs in the advertising segment should devise long-term objectives and decide on the strategies to be used for the achievement of these objectives.
- An effective performance management and measurement system should be implemented in SMEs, in which quantified goals should be decided upon and performance of the SME must be tracked on that quantifiable and objective system.
- EO should be adopted while starting an SME and ideas relating to an innovative product, service, process or technology should be decided upon and implemented. MO should be considered in market with intense competition and LO would be more suitable for complex businesses that have high requirements of innovation and change.
- KM should be adopted as an organization-wide philosophy and a knowledge supportive culture should be built for successful implementation of KM system and related practices. There should be an environment of trust so that knowledge can be shared, conventions questioned and feedback provided in an open manner.

- Organizations should not focus too much on the current needs and demands of the customers, and focus on what could be the future need of the customer and make innovations in this regard.
- A simple and open process of knowledge acquisition and knowledge dissemination should be devised and implemented in the organization. Knowledge sources, knowledge communication channels and knowledge storage repository should be outlined and improvements in these regards must be supported.
- The strategic orientation of the business should be clear and the organization should not pursue all the business orientation strategies at the same time.
- The KM system should have technological support. Information and communication technology support in this regard would be very important.
- Employees demonstrating support for KM system and innovations should be recognized and employees who are better at management of knowledge and related decisionmaking should be distinguished, rewarded and promoted.
- The KM philosophy should be implemented from the top; two-way bottom-up and top-down communication should be initiated and prompted. Further, there should be continuous support for the philosophy from the top positions of the organization.

6.3 Directions for Future Research

This research was considered a first step in the exploration of the interrelationships among strategic business orientations and KM. The purpose of this research was neither to undermine any aspect of KM, nor to undermine any of the strategic business orientations. Following are directions for future research under this domain of knowledge:

- The study considered the impact of business orientations on KM process; a subsequent study could include the performance of SMEs and assess the role of both strategic business orientations and KM in this regard.
- Much of the attention of the world has focused on the development of a KM framework for SMEs, but no such study has yet been conducted in any developing country. Subsequent research could focus on the development of KM and an evaluation framework.
- AKM system development process could also be assessed in a typical SME of a developing country because such SMEs are under resource constraints and do not possess many technological capabilities.
- Research could also be directed into understanding the strategic context of SMEs. In particular, how SMEs in developing nations select different strategic business orientations and what might be the most suitable strategic business orientation for newly formed SMEs in various business sectors.

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Appendix A Questionnaire relating to factors affecting knowledge management in the SME sector of Pakistan

Factors affecting the Knowledge Management in the SME Sector of Pakistan

Dear Sir/Madam,

Thank you for sparing some of your precious time to fill this questionnaire. This questionnaire is for academic purpose and we assure that your identity will kept strictly confidential. Your contribution will be highly appreciated and make this research valuable

<i>Please indicate how much you Agree or Disagree with the following statements.</i>	Strongly Disagree			Neither Agree or Disagree			Strongly Agree
	1	2	3	4	5	6	7

SECTION A: Knowledge Management								
Knowledge Acquisition								
1	Organization values employees' attitudes. تنظیم اپنے ملازمین کے رویے کو اہمیت دیتی ہے۔							
2	Organization values employees' opinions. تنظیم ملازمین کی رائے کو اہمیت دیتی ہے۔							
3	Organization has well-developed financial reporting systems تنظیم کے پاس اچھے تیار کردہ مالی رپورٹنگ طریقہ کار ہیں۔							
4	Organization is sensitive to information about changes in the marketplace تنظیم مارکیٹ میں ہونے والی تبدیلیوں کے بارے میں بہت حساس ہے۔							
5	Organization has developed science and technology human capital profile تنظیم نے سائنس ٹیکنالوجی و ہیومن کیپیٹل پروفائل کا بہترین نظام بنا لیا ہے۔							
6	Organization works in partnership with international customers							

	تنظیم انٹرنیشنل کسٹمر کے ساتھ شراکت داری میں کام کرتی ہے -							
7	Organization gets information from market surveys تنظیم سروے کے ذریعے مارکیٹ سے معلومات لیتی ہے -							
Knowledge Dissemination								
8	Market information is freely disseminated throughout the organization. مارکیٹ کے متعلق معلومات ساری تنظیم میں آسانی سے مل جاتی ہیں۔							
9	Knowledge is disseminated on-the-job in the organization. تنظیم ملازمت کے دوران پوری معلومات فراہم کر تی ہے۔							
10	Organization uses specific techniques to disseminate knowledge. تنظیم معلومات دینے کے لیے مخصوص طریقہ کار اختیار کرتی ہے -							
11	Organization uses technology to disseminate knowledge تنظیم معلومات دینے کے لیے ٹیکنالوجی کا استعمال کرتی ہے -							

12	Organization prefers written communication تنظیم بات چیت لکھ کر کرنے کو ترجیح دیتی ہے۔							
Responsiveness to Knowledge								
13	Organization responds to customers تنظیم اپنے کسٹمر کے سوالات کا جواب دیتی ہے۔							
14	Organization responds to technology تنظیم ٹیکنالوجی کو اہمیت دیتی ہے۔							
15	Organization has well-developed marketing function. تنظیم کے پاس اچھے تیار کردہ مارکیٹنگ طریقہ کار ہیں۔							
16	Organization responds to competitors تنظیم اپنے مد مقابل کے مطابق اقدامات کرتی ہے۔							
17	Organization is flexible and opportunistic تنظیم لچکیلہ رویہ رکھتی ہے اور موقع سے فائدہ اٹھاتی ہے۔							
SECTION B: Marketing Orientation								
Customer Orientation								
18	Organization shows commitment to customers. تنظیم اپنے کسٹمر کے ساتھ وعدے کی پابندی کرتی ہے۔							
19	Organization creates services that offer value							

	for customers. تنظیم کسٹمر کو ایسی سروسز دیتی ہے جنکو وہ اہمیت دیتے ہیں -							
20	Organization understands customer needs تنظیم اپنے کسٹمر کی ضروریات کو سمجھتی ہے -							
21	Customer satisfaction is a major objective in my organization. میری تنظیم کا بڑا مقصد کسٹمر کا اطمینان ہے -							
22	Organization measures customer satisfaction. تنظیم اپنے کسٹمر کے اطمینان کو ناپتی ہے -							
23	Organization provides follow-up services. تنظیم مسلسل خدمات مہیا کر تی ہے -							
Competitor Orientation								
24	People in charge of various services discuss competitor information in my organization. میری تنظیم میں مختلف سروسز کے انچارج اپنے مقابل تنظیموں کی معلومات پر تبادلہ خیال کر تے ہیں -							
25	People in charge of various service units respond rapidly to competitors' actions in my organization.							

	میری تنظیم میں مختلف سروسز کے انچارج اپنے مقابل تنظیم کی حکمت عملی پر فوراً جواب دیتے ہیں۔							
26	Top managers discuss competitors' strategies in my organization. ٹاپ مینیجر اپنے مقابل تنظیم کی ترکیب پر تبادلہ خیال کرتے ہیں۔							
27	Top managers target opportunities for competitive advantage in my organization. ٹاپ مینیجر ان مواقع کی نشاندہی کرتے ہیں جو ہماری تنظیم کو مد مقابل پر برتری دلائے۔							
Interfunctional Coordination								
28	Various service units work close together to meet customer needs in my organization. میری تنظیم میں مختلف سروسز یونٹ مل کر کام کرتے ہیں تاکہ کسٹمر کی ضرورت کو پورا کیا جاسکے۔							
29	Various service units share business information with each other in my organization. میری تنظیم میں مختلف سروسز یونٹ کاروباری معلومات کا تبادلہ خیال کرتے ہیں۔							
30	Business strategies are integrated between different service units in my organization.							

	میری تنظیم میں کاروباری ترکیب مختلف سروسز یونٹ میں یکجا ہیں۔							
31	All service units work together in offering value to the customer in my organization. میری تنظیم میں تمام سروسز یونٹ ملکر کسٹمر کو منفرد پیش کرتے ہیں۔							
32	Different service units share resources with each other in my organization. میری تنظیم میں مختلف سروسز یونٹ ایک دوسرے کو وسائل مہیا کرتے ہیں۔							
SECTION C: Learning Orientation								
Commitment to Learning								
33	Managers basically agree that our organization's ability to learn is the key to our competitive advantage. مینجر اس بات سے اتفاق کرتے ہیں کہ ہماری تنظیم کیسیکھنے کی قابلیت ہمیں ہمارے مد مقابل پر برتری دلا سکتی ہے۔							
34	The basic values of my organization include learning as a key to improvement. میری تنظیم کی بنیادی اہمیت میں سیکھنا بہتری کی کنجی							

	ہے -							
35	The sense around here is that employee learning is an investment, not an expense. یہاں شعور یہ ہے کہ ملازمین کا سیکھنا سرمایہ کاری ہے خرچہ نہیں۔							
36	Learning in my organization is seen as a key commodity necessary to guarantee organizational survival. میری تنظیم میں سیکھنا ایک قیمتی شے ہے جو تنظیم کی بقا کے لیے ضروری ہے۔							
Shared Vision								
37	There is a commonality of purpose in my organization. میری تنظیم میں یکجا مقصد ایک قیمتی چیز ہے۔							
38	There is total agreement on our organizational vision across all levels, functions, and divisions. میری تنظیم کی تمام سطح پر تنظیم کے ویژن پر مکمل اتفاق ہے۔							
39	All employees are committed to the goals of this organization. تمام ملازمین تنظیم کی منزل کے حصول کے لیے پر جوش							

	ہیں -							
40	Employees view themselves as partners in charting the direction of the organization. تمام ملازمین خود کو تنظیم میں شراکت دار دیکھتے ہیں -							
Open-Mindedness								
41	We are not afraid to reflect critically on the shared assumptions we have made about our customers. ہم اپنے کسٹمر کے بنائے گئے کلچر پر تنقید سے نہیں گھبراتے -							
42	Personnel in this organization realize that the very way they perceive the marketplace must be continually questioned. ہماری تنظیم کے ملازمین مارکیٹ کو سمجھنے کے طریقہ کار کو ہمیشہ جانچتے ہیں -							
43	We rarely collectively question our own business about the way we interpret customer information. ہم کبھی کبھار مل کر اپنے کاروبار کے بارے میں سوال اٹھاتے ہیں -							
44	We continually judge the quality of our							

	decisions and activities taken over time. ہم اپنے فیصلوں کو مسلسل پرکھتے ہیں جو ایک وقت میں کیے گئے ہیں۔							
Creativity								
45	Organization suggests new ways to achieve goals or objectives. تنظیم منزل کے حصول کے لیے نئے طریقے تجویز کرتی ہے۔							
46	Organization comes up with new and practical ideas to improve performance. تنظم نئے اور قابل عمل خیالات لاتی ہے تاکہ عمل میں بہتری لائی جاسکے۔							
47	Organization searches out new technologies, processes, techniques, and/or product ideas. تنظیم اپنی اشیاء/خدمات کے لیے نئی ٹیکنالوجی اور طریقہ کار ڈھونڈتی ہے۔							
48	Organization suggests new ways to increase quality. تنظم معیار کو بہتر بنانے کے لیے نئے راستے تجویز کرتی ہے۔							
49	Organization promotes and champions ideas to							

	others. تنظیم بہترین خیالات کو فروغ دیتی ہے -							
50	Organization exhibits creativity on the job when opportunity is provided. جب موقع میسر کیا گیا ہو تو تنظیم تخلیقی صلاحیتوں کو فروغ دیتی ہے -							
51	Organization develops adequate plans and schedules for the implementation of new ideas. تنظیم نئے خیالات کو عملی جاما پہنانے کے لیے مناسب حکمت عملی لائحہ عمل میں لاتی ہے -							
SECTION D: Entrepreneurial Orientation								
Proactive								
52	In general, the top managers of our organization put a strong emphasis on Research & Development, technological leadership, and innovations. ٹاپ مینیجرز ریسرچ اینڈ ڈیولپمنٹ، ٹیکنالوجی اور منفرد ایجادات پر زور دیتے ہیں -							
53	In the past five years, our organization has marketed a large variety of new lines of products or services.							

	پچھلے پانچ سالوں میں ہماری تنظیم کے بڑے پیمانے پر مختلف اقسام کی نئی پراڈکٹس اور سروسز مارکیٹ میں لائی ہیں -							
54	In the past five years, changes in our products or service lines have been mostly of a minor nature. پچھلے پانچ سالوں میں ہماری پراڈکٹ میں معمولی نوعیت کی تبدیلیاں کی گئی ہیں -							
55	Organization normally initiates changes upon which our competitors react. تنظیم عموماً ان تبدیلیوں میں پہل کرتی ہے جس پر مد مقابل رد عمل ظاہر کرتے ہیں -							
Competitive								
56	In dealing with competitors, our organization often leads the competition in the market. مد مقابل سے برتاؤ میں ہماری تنظیم اکثر مارکیٹ سر فہرست ہوتی ہے -							
57	In dealing with competitors, our organization typically adopts a very competitive posture aiming at overtaking the competitors. مد مقابل سے برتاؤ میں ہماری تنظیم ایک منفرد سوچ کے							

	ساتھ آگے بڑھتی ہے -							
58	Organization is aggressive and intensely competitive in nature. تنظیم جارحیت پسند اور شدید مقابلہ پسند ہے							
Innovative								
59	Management actively responds to the adoption of “new ways of doing things” by main competitors. انتظامیہ مستعدی سے اپنے مدمقابل کے اقدامات کا حل کرتی ہے -							
60	Organization is willing to try new ways of doing things and seek unusual, novel solutions. تنظیم کام کرنے کے نئے طریقوں کو اپنانے اور غیر معمولی ڈرامائی حل تلاش کرنے کی چاہت رکھتی ہے -							
61	Organization encourages people to think and behave in original and novel ways. تنظیم ان لوگوں کی حوصلہ افزائی کرتی ہے جو کام کرنے میں جدت اور نئی تکنیک آزماتی ہے -							

Source: Developed from Wang (2008); Okpara (2009); Darroch (2005); and Calantone (2002).

SECTION II:

Personal Profile

1. Gender

(a) Male (b) Female

2. Age

(i) 21–30 (ii) >30–40 (iii) >40–50 (iv) >50 and above

3. Marital Status

(a) Married (b) Single (c) Widowed (d) Divorced