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## **A Conceptual Framework on the Success Factors of Business Performance for Small and Medium Enterprises in the Malaysian Accommodation Industry**

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### **Abstract:**

*Tourism industry is important for the Malaysian economy. Small and medium enterprises (SMEs) offering accommodation services play a significant role in achieving success of the industry goals. In fact, due to the high dependence on the owners-managers' business orientation, it has become a crucial resource for business performance. However, there is limited research that reveals the relationship of owners-managers' business orientation in entrepreneurial, branding, and customer-oriented activities altogether, on the SMEs' accommodation business performance. Henceforth, this paper is an effort to offer a conceptual framework that examines the interplay of three factors known as entrepreneurial orientation, branding orientation, and customer orientation, upon business performance. This aim of this paper will not only investigate related literature that covers the relationship among the three factors and business performance, but also to explain the mediating role of knowledge creation process in this relationship.*

**Keywords:** *Small and medium enterprises (SMEs), hotel, accommodation industry*

### **1. Introduction**

Small and medium enterprises (SMEs) in the accommodation industry are key businesses to the Malaysian economic growth and employment. It is said that these SMEs' role is significant to achieving a total tourism receipt of RM 168 billion, and creating an additional 497,200 jobs by 2020 (Ng, 2010). However, recent statistics suggest the reverse of the industry's prospects. Despite a 27 percent jump that is RM47 billion in Gross National Income (GNI)'s contribution by the tourism sector between 2009 to 2012 (Tourism Malaysia, 2014), 54 hotels have closed down in 2011 (Ministry of Tourism and Culture (Licensing Department), (2014, May). There is also a declining growth of the hotels. The increase in number of hotels has dropped from 4.8 percent growth between December 2011 to December 2012, to a 4.4 percent growth in the following year (Ministry of Tourism and Culture (Licensing Department), (2014, May). Henceforth, the drive here is to look for success factors that will reverse the declining growth in particular to the SMEs in the accommodation industry.

In connection to this drive, relevant literature is reviewed to look for some answers. It has been found across several studies relating to these SMEs, is that whether or not the business will be successful, is highly dependent on the owners-managers' business orientation. The reason is because they are the prime decision-makers (Hill, 2001; Mullins & Forlani, 1998) of these businesses.

Interestingly, across overseas and local studies, there is consistent evidence on specific success factors relating to the business orientation separately that have shown significant and positive contribution to the business performance of these SMEs.

One of the success factors often mentioned is that the owners-managers must demonstrate decision-making styles, methods, and practices (Lumpkin & Dess, 1996) that discover and exploit market opportunities (Barringer & Bluedorn, 1999; Ireland et al., 2003; Wiklund & Shepherd, 2003; Zahra & Garvis, 2000), which is otherwise known as the term entrepreneurial orientation (Lumpkin & Dess, 1996). The resource-advantage theory states entrepreneurial orientation is a resource that enables a business to outperform its competitors and yield a competitive advantage in the marketplace (Hunt, 1995; Hunt & Morgan, 1996, 1997). It also seems that the development of entrepreneurial orientation necessitates business stakeholders, example owners-managers and staff, to get involved in intensive knowledge activities. However, knowledge is not easily conveyed and disseminated because of its characteristics of immobility and tacitness (Grant, 1996, Winter; Hunt & Arnett, 2006; Hunt & Morgan, 1996). To tackle the dynamic and competitive environment, businesses constantly need to transform entrepreneurial orientation into strategic actions to achieve superior business performance on the utilization of the knowledge creation process. It has been proven for example, in the securities and futures industry

(Li et al., 2008) that the knowledge creation process enhances the level of internal knowledge and knowledge transfer within the daily business operations. A higher level of efficiency and more business value are generated when businesses embrace the knowledge creation process within their operations (Nonaka & Konno, 1998; Nonaka & Takeuchi, 1995; Nonaka et al., 2000a).

At the same time, while looking through the previous literature, two other important success factors also have demonstrated the similar significant and positive effect on the accommodation businesses' performance. The second and third factors are particularly visible in the service sectors. In order to achieve market success and a competitive edge, businesses realize the importance in establishing a high degree of customer confidence known as branding orientation (Hankinson, 2001) as well as the importance in placing customer orientation, at the heart of the business competitiveness (Deshpande et al., 1993). Consequently, in the recent years, has witnessed some interest in the constructs of branding orientation, customer orientation, and business performance across the accommodation industry (example, Peters et al., 2010; Tajeddini, 2010; Zeglat & Zigan, 2014). A sizeable pool of thought over the years has gathered evidence in which scholars established that branding orientation and customer orientation (Tajeddini & Trueman, 2008) are crucial in their influence upon business performance.

Despite it is encouraging to see that the existing literature has taken interest about the three factors and business performance, the emphasis is primarily on the higher rating or larger size accommodation businesses (Kim, Kim, & An, 2003; Kayaman & Arasli, 2007; Narumon & Dimmit, 2007), and other service sectors such as the banking industry (Han et al., 1998) and insurance industry (Maydeu-Olivares & Lado, 2003). Nonetheless, when applying the outcomes to the SMEs in the accommodation industry, it will need be taken account of their different set of challenges like their lack of funds, marketing skills, management expertise, as well as the SMEs' low bargaining power within the tourism distribution channel and little involvement in the e-markets (Buhalis & Main, 1997, p. 276). This makes it important to study in one specific accommodation business size at a time (Orfila-Sintes & Mattsson, 2009, p. 380). Hence, this paper will review relevant literature that has examined the impact of entrepreneurial orientation, branding orientation, customer orientation upon the business performance of accommodation businesses in general, which later becomes the foundation concepts into the development of a conceptual framework that will suit the SMEs in the Malaysian accommodation industry. The relationship among the three factors and business performance will be investigated, and also the mediating role of the knowledge creation process in this relationship will be also explained.

## 2. Success Factors of Business Performance

In fulfilling this paper's aim, it is worth noting that this paper will be reviewing the literature about the success factors that include entrepreneurial orientation, knowledge creation process, branding orientation, and customer orientation. Analogous to what can be forms of internal resources in the accommodation businesses; these factors are said to be able to create a competitive edge by positively influencing the business performance. It makes sense then to look separately at the relationship of each of these success factors upon business performance in the accommodation industry in general as the initial step. The first relationship that will be examining is the relationship between entrepreneurial orientation and business performance.

### 2.1. Entrepreneurial Orientation and Business Performance

Overall, it has been gathered that the related studies in Table 1. which primarily suggest that entrepreneurial orientation dimensions have a significant impact and/or a correlation on performance dimensions in the accommodation industry across Asia Pacific countries, and in Austria, Croatia, Switzerland, and Thailand. There is only an exception in a study by Balan and Lindsay (2010) among Australian hotels that entrepreneurial orientation does not have a significant impact on performance, while Boonchoo, Tsang, and Wadson (2011) find older hotels are less entrepreneurial or participative in network exchange activities and, on average, attain poor organizational performance.

Author Name	Year	Performance Indicator	The study results between the relationship of entrepreneurial orientation and performance in the accommodation industry
Glancey & Pettigrew	1997	Financial Performance	Small hotel entrepreneurs who are able to keep their businesses on-going, are mainly opportunistic that aims to meet organizational goals like growth, profitability or stability and consolidation, and usually implement some marketing strategies.
Jogaratnam & Tse	2004	Performance	A strategic orientation is much in the favour by entrepreneurial hotels that demonstrates a proactive view of the market, emphasizes innovation, and is a more risk-taker. This orientation associates with higher performance levels among major international and regional hotel brands of the three-to-five star rating.
Jogaratnam & Tse	2006	Performance	The study explains that entrepreneurial strategic posture positively relates with the performance of the Asian hotel industry, among major international and regional hotel brands of the three-to-five star rating. However, if the hotel has an organic organizational structure, it will negatively relate with the hotel performance.
Li, Ching, & Bao	2006, Nov-Dec	Entrepreneurial Business Orientation	There are significant positive correlations between entrepreneurial orientation and the primary dimensions of strategic planning such as environmental scanning, planning horizon length, and planning flexibility. Locus of planning is not a good

			predictor of entrepreneurial orientation among economy hotel companies in China.
van Zyl & Mathur-Helm	2007	Small and tourism venture performance	This study is a descriptive and a theoretical publication. The authors cite Matear, Osborne, Garrett, and Gray (2002) find that higher levels of innovation positively contribute towards performance when the market orientation is a moderating factor. An entrepreneurial leader with high levels of innovation as well as customer and competitor orientation is expected to positively influence the business performance among small tourism ventures.
Balan & Lindsay	2010	Business Performance	A study among Australian small groups of hotels (other than independent businesses and bottle shops) and there is a positive relationship between innovation capability and business performance. 29 percent of the variance in performance is attributable by the innovation capability measures. In spite of this, entrepreneurial orientation does not have a significant impact on performance, nor a significant correlation with innovation capability measures.
Mastura, Siti Aishah, & Siti Zaleha	2010	Business Growth Orientation	The study identifies that the most crucial positive characteristics of independence, self-confidence, and the keenness to learn from failure as significant factors for the small and medium hotel business ventures and success in East Peninsula Malaysia.
Peters et al.	2010	Entrepreneurial/ Growth Orientation	Entrepreneurial orientation among the sixty four-to-five star small hotels in Austria display two primary characteristics of entrepreneurship - innovation and risk orientation. Pro-activeness and employee orientation coupling with branding awareness show strong correlation scores. This supports the notion that entrepreneurial orientation factors may have an influence on the branding orientation of owners-managers and vice versa, as well as on the entrepreneurial or growth orientation of these hotels.
Boonchoo, et al.	2011	Growth/Firm Performance	The evidence infers that women experiences more challenges in entrepreneurship or business start-ups, be it SMEs or large hotels. If these challenges are taken away, it might improve the overall performance of the Thai hotel industry, since female managers do over-perform comparing with their male counterparts in terms of organizational performance. Older hotels seem to be less participative in network exchange activities and, on average, attain poor organizational performance.
Galetic and Moric	2012	Business Performance	The study offers evidence that all of three entrepreneurial orientation dimensions - innovation, risk taking, and proactive search for opportunities positively relates with the performance among small and large hotels in Croatia.
Pradthana and Kaedsiri	2013, March	Organizational Innovativeness	There is evidence to suggest that entrepreneurial orientation is a crucial determinant of organizational innovativeness. The study finds that other factors such as learning orientation demonstrates the most positive influence, following by market orientation, and finally entrepreneurial orientation on organizational innovativeness among hotels in Southern Thailand that hire below 51 employees, and 31-100 rooms inventory.
Mohammad AL-Nuiami et al.	2014, March 8	Innovation Performance	Entrepreneurial orientation assumes a positive role in the relationship between environmental turbulence and innovation performance among five star Jordanian hotels.
Vichada	2014	Business Performance	There is a strong, significant, and positive correlation between entrepreneurial orientation and customer satisfaction towards business performance among hostels at Khao San Road, Bangkok.

*Table 1: Study results between entrepreneurial orientation-performance in the accommodation industry*

It can be gathered from the conclusions drawn in the literature above that entrepreneurial orientation has a significant influence on the business performance in both small and large accommodation businesses. However, the choice of the dimensions of entrepreneurial orientation is somehow limited to a few owners-managers' or entrepreneurs' characteristics which include independence, self-confidence, and keenness to learn. There are only a few studies among SMEs in the Malaysian accommodation industry, which have examined the entrepreneurial orientation dimensions and business performance (example, Mastura, Siti Aishah, & Siti Zaleha, 2010). Despite the numerous positive impacts of entrepreneurial orientation on business performance as discussed above, the fact remains that there is still a shortage of literature about entrepreneurial orientation on the business performance among these SMEs in Malaysia. Henceforth, this paper will be advocating entrepreneurial orientation as one of the success factors to be further examined if it is crucial in its influence upon the business performance of these SMEs in Malaysia; resulting it becoming one of the variables in the conceptual framework later on.

Following the establishment of entrepreneurial orientation as one of the variables to be studied upon, little emphasis in introducing more industry specific dimensions to better suit the accommodation business needs to happen. However, it is good to see that in one of the studies in Table 1, Peters et al. (2010) has included another dimension in the combination of entrepreneurial orientation dimensions to better suit the accommodation industry that is the staff responsibilities dimension. It is established that self-responsibility and independent thinking and action on the part of employees can strongly influence the entrepreneurial orientation of an accommodation business. On another note, Li, Huang, and Tsai (2008) have found in a separate investigation, that there is a significant mediating impact of knowledge creation process in the relationship between entrepreneurial orientation and firm's performance in another service sector that is in the securities and futures industry. As the SMEs in the accommodation industry often face a competitive and vibrant environment (Siti Rohimi, 2012), the organizations need to be constantly entrepreneurial and will be dependent on knowledge creation processes to determine viable long-term pursuits are in place to achieve better business performance. It has been established in other related literature that an organization which can realistically transform entrepreneurial orientation into feasible acts, often harness knowledge in their various marketing tasks and during their development of new products (Nonaka, 1994; Nonaka & Konno, 1998; Nonaka & Toyama, 2005; Nonaka et al., 2000a). In the Malaysian accommodation industry context, there are barely any studies that link entrepreneurial orientation with knowledge creation process and let alone examine their influence on business performance. Therefore, this paper intends to clarify the mediating role of the knowledge creation process in the relationship between entrepreneurial orientation and business performance of the Malaysian SMEs in the accommodation industry. This brings to the next section that will review related literature that has investigated the relationship between entrepreneurial orientation and knowledge creation process.

### *2.2. Entrepreneurial Orientation and Knowledge Creation Process*

Previous literature about tourism knowledge creation process is still limited, but there seems to be a pick-up in the interest of this field over the past decade. Hence it is not surprising to see little investigation of the relationship between entrepreneurial orientation and knowledge creation process in the industry (Shaw & Williams, 2009). While reviewing the related literature in this field, the scholars have been found undertaking different approaches while finding out the influence of entrepreneurial orientation upon the knowledge creation process in an organization. One of the scholars is Rodriguez (2002) who investigates about hotel organizations in Spain and how the entrepreneurs view the level of importance of utilising high-level specialised tacit knowledge for internationalisation plans such as penetrating into overseas markets. Five years later, Yang (2007) published a paper that focuses on entrepreneurs committing in an organizational culture that forges staff collaboration by harnessing knowledge creation processes rather than competing among one another. Both studies have studied about international hotels, which trigger this paper to determine the importance of the relationship between the two variables, and if it would also apply to the SMEs in the Malaysian accommodation industry.

The challenging part of making this establishment of the relationship between the entrepreneurial orientation and knowledge creation process is that despite being more flexible comparing with the larger hotels, the SMEs in the accommodation industry lacks in their absorptive capacity in harnessing and utilising tacit knowledge (Covin & Levinthal, 1990). Dallago (2000) finds that instead of formal mechanisms, social capital seems to encourage knowledge transfer among SMEs because of its low business transaction costs. The role of clusters and networks help these SMEs in the accommodation industry to get the know-how about innovations (Novelli, Schmitz, & Spencer, 2006), and this can happen if the entrepreneurs in the accommodation industry are committed enough.

From the literature above, it seems although the large and small accommodation businesses use different mechanism in their knowledge creation processes, it has established some inclination of entrepreneurs encouraging their staff to harness the organizational knowledge pool, which in turn initiate and transforms entrepreneurial orientation (Li, Huang, & Tsai, 2008). Therefore, this paper will be advocating for the relationship between entrepreneurial orientation and knowledge creation process, resulting in becoming one of the other relationships to be also included in the conceptual framework.

Following the establishment of the relationship between entrepreneurial orientation and knowledge creation process, this paper will be advocating knowledge creation process as another variable to be studied upon and how its influence on the business performance for the SMEs in the Malaysian accommodation industry. This brings to the next section that will review related literature that has investigated the relationship between knowledge creation process and business performance in the accommodation industry.

### *2.3. Knowledge Creation Process and Business Performance*

Previous studies conducted on the relationship between knowledge creation process and business performance in the accommodation industry seems limited. This is supported by Sigala and Chalkiti's (2007) findings who affirm there is sparse utilization of tacit knowledge in the hotels' business activities, such as in decision making, financial performance measures, strategy development, and service quality management, during their investigation in the Greek hotel industry. Despite the case, there are a few studies in the accommodation industry that has been able to establish that knowledge creation process displays a positive impact or influence on the business performance in the accommodation industry. Refer to Table 2 for the supporting studies that show the positive relationship between the two variables.

Author Name	Year	Performance Indicator	The study results between the relationship of the knowledge creation process and performance in the accommodation industry
Engstrom, Westnes, & Westnes	2003	Business Performance	The study affirms the assessment of the intellectual capital is possible and the knowledge retrieval from the assessment can help the hotel businesses in future management. Another worthy finding is that there is an indication of a relationship between a hotel's intellectual capital dimension with business performance. A weaker relationship for customer capital and structural capital, and human capital and customer capital has been established in the study, comparing against the relationship between human capital and structural capital.
Sigala & Chalkiti	2007	Performance	The authors affirm that in a Greek hotel industry, there is sparse utilisation of tacit knowledge in the hotels' business activities in decision making, financial performance measures, strategy development, and service quality management. The study also suggests when aligning the employees' competencies with the strategic company intent; these learning and knowledge-based organizations need to adopt a vigorous performance system (Cheng, Dainty, & Moore, 2006; Risher, 2003). Despite the benefits of knowledge management as effective communication and feedback tools between manager and staff, staff still resist due to the unfamiliarity of the performance management system.
Hu, Horng, & Sun	2009	Service innovation performance	The research is done among 621 employees from thirty-five international tourist hotels. The survey responses explain there is a strong and significant indication between and among knowledge sharing, team culture, and service innovation performance.
Yang	2010	Organizational effectiveness	The scholar examines and concludes from the 615 employee responses among the sixty international hotels in Taiwan that leaders assume multiple roles such as a facilitator, innovator, and mentor. The employees demonstrate a positive attitude towards sharing and learning, encouraging the transformation of collective individual knowledge to organizational knowledge. The positive outcomes result in organizational learning advancement and henceforth organizational effectiveness.
Kim & Lee	2012	Organizational performance	The scholars are able to provide evidence that knowledge-sharing behaviour among the sample of 327 employees in ten five-star hotels in Busan, Korea can lead to organizational innovation capability, and then organizational performance which are found to be significant.
Zeglat & Zigan	2014	Business performance	The study investigates the relationship of intellectual capital and business performance of thirty-one four to five star hotels in Amman, Pedra, Aqaba, and Dead Sea. The study findings are that all three dimensions of intellectual capital - human capital, relational capital, and structural capital have a significant and positive influence on the business performance of the hotels.

Table 2: Study results between knowledge creation process-performance in the accommodation industry

From the literature above, there is some evidence to suggest that the knowledge creation process is fundamental due to its significant and positive relationship with performance. The knowledge creation process encourages effective communication and feedback between manager and staff (Sigala & Chalkiti, 2007), and such knowledge-sharing behaviour (Kim & Lee, 2012) or intellectual capital (Zeglat & Zigan, 2014) can produce positive results in business performance. Therefore, this paper will be advocating for the relationship between knowledge creation process and business performance, resulting in this relationship of these two variables to be included in the conceptual framework later on.

Following the establishment of the relationship between knowledge creation process and business performance, the next step is to see if there is related literature that have shown how the direct influence of entrepreneurial orientation will be affected on business performance through knowledge creation process among the SMEs in the Malaysia accommodation industry. In a related study done in the securities and futures industry, Li, Huang, and Tsai (2008) established that knowledge creation process assumes the role as a mediating variable between the entrepreneurial orientation and business performance, in which the direct effect of entrepreneurial orientation on business performance weakens when incorporating knowledge creation process (Li, Huang, & Tsai 2008) or activities in the firms. Henceforth, it is interesting to research further on related publications that have covered knowledge creation process, assuming the mediating variable in the accommodation industry, and to find out if it will be suitable to investigate the relationship of the following three variables – entrepreneurial orientation, knowledge creation process, and business performance. It is also to determine whether the relationship among these three variables will be suitable to be included in the conceptual framework. Henceforth, the next section dedicates to review supporting literature that has researched all these three variables altogether.

#### 2.4. Knowledge Creation Process as the Mediating Variable, Entrepreneurial Orientation and Business Performance

There are limited studies covering on the role of the knowledge creation process, though there has been evidence that suggests the knowledge creation process assumes the role as the mediating variable within the accommodation industry. In Kim and Lee's (2013)

study, knowledge creation process, in which the term is known as knowledge sharing behaviour (knowledge collection and donation) have assumed the role as the mediating factor in this study. The study concludes that the indirect influence of performance goal orientation on employee service, innovative behaviour through knowledge collection and donation is found to be significant. Similar results in which there is also a significant relationship between the indirect influence on the employee service, innovative behaviour and the learning goal orientation. In short, the findings explain the high level of the mediating role of knowledge collection and knowledge donation between the employee service, innovative behaviour as well as performance goal orientation and learning goal orientation.

Despite the rare occurrence of the knowledge creation process, assuming the role as the mediating factor, there are scholars (Lumpkin & Dess, 1996; Wiklund & Shepherd, 2005) who suggest that the relationship between entrepreneurial orientation and firm performance may not be that simple. Li Huang, and Tsai's (2008) study, which is conducted in the securities and futures industry under the services sector, established that knowledge creation process plays a full mediator role in between entrepreneurial orientation and business performance. Since the SMEs in the Malaysian accommodation industry are also classified under the services sector, it will be interesting to research if such outcome also exists. Therefore, this paper will be advocating for the relationship of the knowledge creation process as the mediating variable between entrepreneurial orientation and business performance, resulting in this relationship of these three variables to be included in the conceptual framework later on.

Following the establishment of the relationship of the three variables above, the next step is to see if there is related literature that have shown other success factors that have proven to be crucial in influencing the SMEs' business performance in the Malaysian accommodation industry. The paper will be advocating another two more success factors – branding orientation and customer orientation. Henceforth, related literature about the relationship between branding orientation and business performance will be looked at in Section 2.5, while the Section 2.6 will cover the related literature about the relationship between customer orientation and business performance.

### 2.5. Branding Orientation and Business Performance

Smith (1991) explains that most of the interest on branding orientation has been focusing on goods. However, there seems to be an increasing trend of interest in the service industry. Muller and Woods (1994) have advocated for brand management instead of product management in specific to the restaurant sector in their research. Later, Muller (1998, June) has recommended that the service brand should encompass quality products and services, together with the service delivery implementation, and a symbolic image. Muller (1998, June) believes this will aid in building brand equity and market acceptance. Now, let's review the related literature of branding orientation and its effect on business performance in the accommodation industry. There seems to be little evidence and interest around in investigating the branding orientation concepts with the performance in the industry, though there are a few studies in Table 3 that have been found in examining the relationship of these two variables.

Author Name	Year	Performance Indicator	The study results between the relationship of branding orientation and performance in the accommodation industry
Prasad & Dev	2000	Hotel performance	A hotel with strong brand equity will equate towards results with the common industry performance measures like higher daily room rates, higher hotel occupancy room rate, and higher revenue per available room (REVPAR).
Kim, Kim, & An	2003	Revenue per available room (REVPAR)	The study establishes that the four brand equity dimensions – brand image, brand awareness, brand loyalty, and perceived-quality have a positive effect on the hotel's financial performance.
Peters et al.	2010	Entrepreneurial or growth orientations	Among the sixty small four-to-five star hotels in the Austrian tourism industry, shown that increase in branding orientation displays positive effect on the entrepreneurial or growth orientation of these hotel owners.

Table 3: Study results between branding orientation-performance in the accommodation industry

After reviewing the related literature above, there is evidence to suggest that branding orientation has a positive influence on the business performance. It is supported with other scholars' studies, that such outcome exists such as Li, Zhao, Tan, and Liu's (2008) study finds that in order to attain sustainable competitive advantages (Ewing & Napoli, 2005; Urde 1994), the business performance will be dependable on the organization's branding orientation. Since branding orientation would mean that the conception, building, and safeguarding the brand identity will need to happen, the managers' attitude towards branding initiatives and the on-going communication with their target market segments will be crucial. Henceforth, it will be interesting to further investigate the owners-managers branding orientation among the SMEs in the Malaysian accommodation industry and establish what form of influence their branding orientation will have upon the business performance. Therefore, this paper will be advocating for the relationship between branding orientation and business performance, resulting in this relationship of these two variables to be also included in the conceptual framework later on.

### 2.6. Customer Orientation and Business Performance

It has been known the crucial role that marketing plays in implementing business strategies successfully, even more so with the current business demands have required firms to offer superior quality services to customers (Day & Wensley, 1988). The

conventional emphasis of marketing orientation is that customer orientation helps to fulfil the customer needs while businesses make profits through assuring customer satisfaction (Kotler & Armstrong, 1994). On the same note, Ruckert (1992, p. 228) also describes that market or customer orientation as a business unit that gathers customer information, and later uses to form and implement marketing strategies to meet customer needs more responsively.

Customer is the focus, a micro-environmental factor to consider, which amplifies further interest in the market orientation field from the 1990s. Since then, there are many related publications (Esteban, Millán, Molina, & Martín-Consuegra, 2002), and have shown a consistent finding that firms that are market-oriented portray better performance. Since employees play a vital role and actually a part of the service in their interaction with customers (Bowen & Schneider, 1985; Daniel & Darby, 1997) there has been quite a number of studies that have researched from the employees' perspective. In other words, the employees' level of customer orientation must be also crucial to ensure a service firm success (Hennig-Thurau, 2004; Sergeant & Frenkel, 2000). This is not surprising since the customers' assessment of the service that is being offered by the service firms are being influenced while customers interact with the service employees (Bateson, 1992; Daniel & Darby, 1997; Lovelock, 1981). The service characteristics – intangibility and variability have made customers more dependable on the employees' service attitude and mannerisms when evaluating the firm's service quality (Hennig-Thurau, 2004).

Dowling (1993) has attributed that when there is a higher customer orientation in place, the results include higher customer satisfaction, successful marketing, and better firm performance. The relationship between customer orientation and business should be significantly positive regardless customer orientation is looked at a form of service or a product in the accommodation businesses (Despandé, Farley, and Webster, 1993). Narver, Slater, and MacLanclan (2000) have gathered that it is possible for customer orientation to forge the competitive edge since the product value will be seen as being inimitable and superior in quality. Despite there are many studies which have documented the positive effect of customer orientation on business performance, there are fewer studies around that have investigated this topic in the accommodation industry (Yilmaz, Alpkan, & Ergun, 2005).

Henceforth it is necessary to confirm the imperative reasons for comprehending customer-oriented behaviours. There are firms' wanting to increase the number of satisfied customers, and also forge relationships with their loyal customers. In fact, there is an increasing level of interest in examining the relationship between customer orientation and performance in the accommodation industry. Scholars (example Kim, Lee, & Yoo, 2006; McNaughton, Osborne, & Imrie, 2002; Sin, Tse, & Yim, 2005) have disclosed that service firms, including the accommodation businesses, find that it is compelling to further understand customer orientation and its role upon the business performance. This is because in the accommodation businesses, there are many service encounters occurring between the service providers and customers. It also strikes as opportunities to provide enhanced service experiences (Ki Lee, Heon Nam, & Ah Lee, 2006). Previous studies have shown that there is a positive influence of customer orientation on business performance (Asikhia, 2010; Kim, 2008; Liu, Luo, & Shi, 2003; Yilmaz et al., 2005; Zhou, Brown, & Dev, 2009) and it is not surprising since customer orientation would mean a firm is able to comprehend their customer better, which then goes on to develop plans that are able to satisfy the customer needs (Liu, et al., 2003) well enough.

Refer to Table 4 that encompasses studies that have investigated about the relationship between customer orientation and performance in the accommodation industry. Note, there are several studies that have studied about customer orientation as a dimension rather than as one construct on its own under the market orientation (Dev, Zhou, Brown, & Agarwal, 2009, February; Haugland, Myrtveit, & Nygaard, 2007; Leo, Tse, Heung, & Yim, 2005).

Author Name	Year	Performance Indicator	The study results between the relationship of customer orientation and performance in the accommodation industry
Leo, Tse, Heung, & Yim	2005	Business performance	The findings infer that market orientation is positively and significantly associated with the marketing performance and financial performance of the hotels under the Hong Kong Association (except youth hostels).
Haugland, Myrtveit, & Nygaard	2007	Performance	It has been established that customer orientation dimension under market orientation has only a modest influence on relative productivity and no effect on ROA. The influence of market orientation on performance is the strongest when applying the subjective performance measures, encompassing all hotels under the Dunn and Bradstreet database.
Dev, Zhou, Brown, & Agarwal	2009, February	Performance	Overall hotels, an average 365 rooms for sales, that adopt customer orientation dimension under the market orientation rather than competitor orientation have a more significant influence on the Norwegian hotels' performance. Another finding is that competitor orientation is more effective in a developing market, while customer orientation is more effective in a developed-market.
Tajeddini	2010	Hotel Business Performance	The study has examined the relationship between customer orientation and service business performance dimensions that encompass profit goal achievement, sales goal achievement, and return on investment (ROI) achievement. The conclusion is primarily supported by the empirical data where higher levels of customer orientation is associated with improved business performance within the Swiss hotel industry, encompassing primarily one-to-three star hotels.

Tajeddini & Trueman	2012	Company Performance	The study includes the cultural antecedents of customer orientation and the empirical data has established that cultural dimensions are positively linked with customer orientation, innovativeness, and company performance within the Swiss hotel industry, covering three size categories - 10-20, 21-30, and >30.
Roxana, Anamaria, & Corina	2013	Hotel Performance	The empirical data has established customer orientation dimension of market orientation, can improve all categories of Romanian hotels' performance. One managerial contribution of this study is that hotel managers can expect to achieve high performance if they adopt a market orientation approach that enhances customer satisfaction.

Table 4: Study results between customer orientation-performance in the accommodation industry

Despite the numerous positive impacts of customer orientation on business performance, the reality remains that there is a lack of literature about customer orientation influence on business performance (Abdul Alem & Basri, 2012; Sin, Tse, & Chan., 2006; Tajeddini, 2010) and particularly in dedicating research within the SMEs in the accommodation industry alone. Therefore, this paper will be advocating for the relationship between customer orientation and business performance, resulting in this relationship of these two variables to be added on in the conceptual framework later on.

**3. Theoretical Background and Conceptual Framework**

Based on the review of the related literature in the previous sections, the conceptual framework of this study conceptualizes the relationship among entrepreneurial orientation, knowledge creation process, branding orientation, customer orientation upon the business performance for SMEs in the Malaysian accommodation industry. The relationship is based on the resource based view (RBV) theory that has seen a shift to accepting internal resources as sources of competitive advantage. This has brought legitimacy to asserting that internal resources such as the entrepreneurs' or owners-managers' role to be important to a firm's success. The use of these success factors could constitute a source of a sustainable competitive edge because of the productive behaviours that these SME entrepreneurs exhibit (Alvarez & Busenitz, 2001; Foss, 2011), which leads to better business performance (Barney & Delwyn, 2007). This conceptual framework involves the following four constructs – entrepreneurial orientation, knowledge creation process, branding orientation, and customer orientation. The framework builds on prior studies (Li, Huang, & Tsai, 2008; Peters, et al., 2010; Tajeddini, 2010). The relationship between variables in this model is based on RBV theory. This theory proposes that organizations having valuable resources (Barney, 1991) can successfully implement business strategies to forge competitive advantage and subsequently enhance business performance (Barney & Delwyn, 2007). See Figure 1 that displays six hypotheses H1 to H6 that the conceptual framework proposes to investigate about the relationship among the variables - entrepreneurial orientation, knowledge creation process, branding orientation, and customer orientation upon business performance for the SMEs in the Malaysian accommodation industry.

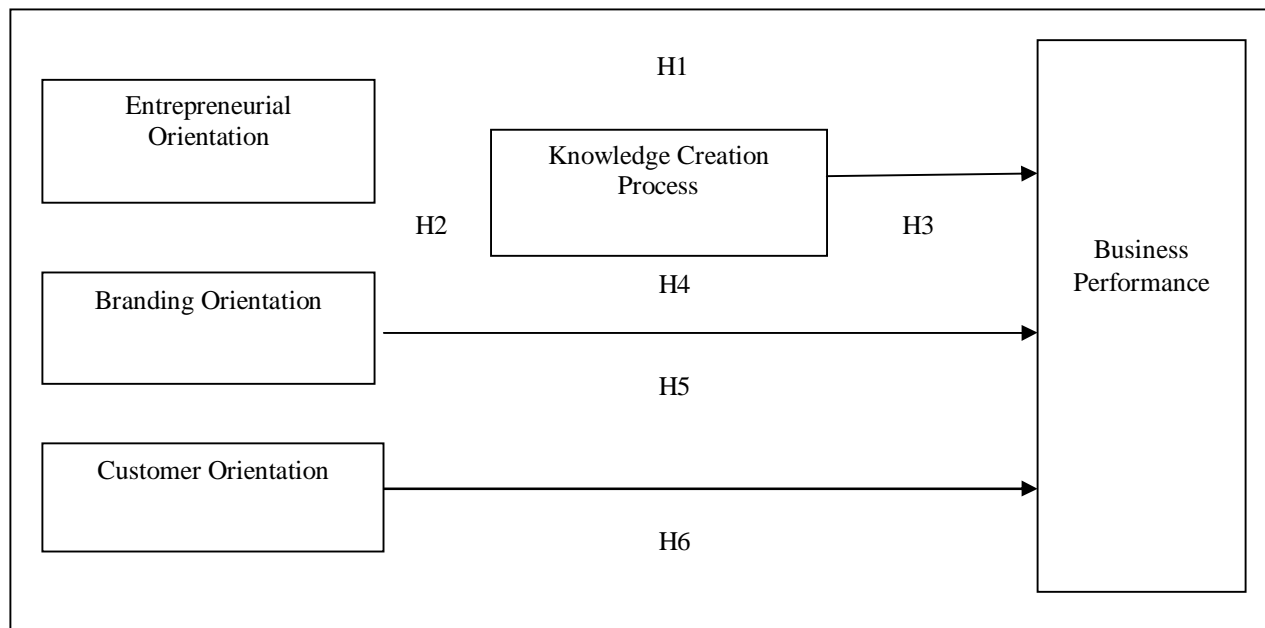


Figure 1: Conceptual Framework of the influence of entrepreneurial orientation, knowledge creation process, branding orientation, and customer orientation constructs on business performance



#### 4. Conclusion and Recommendation

In conclusion, this study has provided a conceptual framework that demonstrates the relationship between entrepreneurial orientation, knowledge creation process, branding orientation, and customer orientation, upon business performance. The main contribution will be to the entrepreneurs' decision-making theory, as it provides a comprehensive framework that is used for explaining the impact of four different success factors upon the business performance for SMEs in the Malaysian accommodation industry. It is an accepted fact that the interplay of all the four constructs neither has been fully empirically researched or verified to establish the strength of the relationship of the four constructs on these SMEs' business performance.

Furthermore, this study uniquely extends the theoretical possibilities of the mediating role of the knowledge creation process in the relationship between the entrepreneurial orientation constructs and business performance. It is worth mentioning that this paper will also raise awareness among owners-managers to pay more attention to entrepreneurial, branding, and customer-oriented activities and assist them in improving their business performance. However, the fact remains that this study has its limitations. First, because it is in dire need of further verification by collecting data from the SMEs in the accommodation industry to test the conceptual framework and further examined the six hypothesized relationships. Second, the framework is more focused on the SMEs in the accommodation industry and therefore, there is a need to test it in different service sectors such as the banking and insurance industries. Third, the attention will be focusing towards the SMEs owners-managers' business perceptions, rather than employees' behaviour parameters, despite the notion that employees are the organizations' face and that organizational success is dependent on employees' abilities (Sachdeva, 2015).

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