Dec 19th, 3:00 PM - 3:30 PM

# Parallel Session: The impact of industry type, business age and size on proactive and responsive customer orientation (Market Strategy)

Corrinne Lee
*Universiti of Malaya, Kuala Lumpur, Malaysia*

Norbani Che Ha
*Universiti of Malaya, Kuala Lumpur, Malaysia*

# The Impact of Industry Type, Business Age and Business Size on Proactive and Responsive Customer Orientation

Lee, Corrinne[1]; Che Ha, Norbani[1]

[1]Faculty of Business and Accountancy, Universiti of Malaya, 50603 Kuala Lumpur, Malaysia
corr_lee@hotmail.com; norbanicheha@um.edu.my

***Abstract:*** *This study investigates on proactive customer orientation and responsive customer orientation among business units operating in the technology, information, communication and entertainment (TICE) industry of Malaysia. The impact of the demographic factors of these business units on proactive and responsive customer orientation is examined. The results revealed that the business unit size has statistically significant impact on the variables of interest. The difference in t he business unit size based number of employees has an influence on both the proactive and responsive constructs. In contrast, the difference in the business unit size based on the amount of annual sales turnover only influences the proactive constructs. There was also a pattern business units with higher annual sales turnover tend to have lower means for responsive and proactive customer orientation, and vice versa. The specific industry type and business unit age had no effect on proactive customer orientation nor responsive customer orientation.*

***Keywords:*** *proactive customer orientation, responsive customer orientation, ANOVA*

## 1. INTRODUCTION

It is not uncommon to observe that businesses are having difficulty keeping up with the rapid and frequent changing customer needs and wants in today's business environment. One of the strategies which businesses could use to address their continual changing customers' needs is customer orientation.

There are two parts to customer orientation; namely proactive and responsive customer orientation. Responsive customer orientation addresses the customers' expressed needs, and proactive customer orientation addresses latent and future needs (Narver, Slater, & MacLachlan, 2004). Past literature has identified that proactive and responsive customer orientations demonstrate a robust effect in creating superior customer value and other positive business outcomes (Blocker, Flint, Myers, & Slater, 2011; Herhausen, 2011; Narver et al., 2004).

Given the importance of possessing both proactive and responsive customer orientation, the purpose of this study is to investigate on the proactive and responsive customer orientation of Malaysian service businesses operating in the technology, information, communication and entertainment (TICE) industry. The aim is to identify whether the specific business industry type, business unit age, and the business unit size based the number of employees and sales turnover affect the practice of this strategy.

Though still an emerging economy, the Malaysia market is identified as competitive via the 2016 World Competitiveness Scoreboard (IMD, 2016). This study ranked Malaysia at the 19th spot out of the 59 nations, through analysing how they manage their resources and competencies. In view that customer orientation had shown much success in gaining competitive advantage across various markets, the significance of its practice in Malaysian businesses is imperative to enhance these businesses' competitiveness.

The TICE industry falls under the services for its type of economic activity. The service sector is a catalyst for the country's growth with a recorded continuous expansion of 5.1 percent in the first quarter of 2016, while the national's growth was recorded at 4.2 percent (Department of Statistic, 2016b). The TICE industry generated a total of RM 99.8 billion of gross income for the country in 2014 (Department of Statistic, 2016a).

This industry has also been linked to the bottom of pyramid via eRezeki, a government initiated project. The project, which was launched in 2015, is able to provide better human capital while providing income to the bottom 40 percent of the income pyramid or otherwise known as B40 (NST, 2014). A set of Digital -xsCapability Programmes was designed to train and match 400,000 empowered B40 members with micro tasks from domestic and foreign sources, and facilitating them on earning an average additional annual income of RM 6,000. With the significance of the TICE industry, it is interesting to study in the proactive and responsive customer orientation in this industry.

This research contributes to the body of knowledge in several different ways. Firstly, the majority of the research on the focal interest originate from developed countries, i.e. the United States of America and United Kingdom (Galbreath & Galvin, 2008; Kamboj & Rahman, 2015). Not a lot of knowledge is known about the customer orientation in a developing and emergent economy like Malaysia. Zhou, Brown, Dev and Agarwal (2007) found that customer orientations are differently utilised in developed versus developing economies. In developed economies, customer orientation has higher prominence due to better local business conditions, higher levels of resource availability, and highly demanding customers (Zhou & Li, 2010). Nonetheless, Saeed, Yousafzai, Paladino, and De Luca (2015) pointed out that the dynamic and unstable marketplace conditions are reasons to increase the business capabilities such as customer orientation for better market knowledge. Therefore, this research will provide an insight in this economic context where the local business conditions and resources availability are less superior (Radas & Božić, 2009). Secondly, the comparison of specific business industry type is examined. Surprising, there are not many research of this nature as most researchers compare between manufacturing and service industry (Che-Ha et al., 2014; Q. Wang, Zhao, & Voss, 2016) and business-to-business and business-to-consumer (Gounaris & Avlonitis, 2001). Thirdly, this study provides knowledge of the business unit characteristics that encourage greater implementation of proactive customer orientation and responsive customer orientation.

This paper started by putting forward the background of the research problem and the purpose of the study. The next section will be discussing on the previous studies of proactive and responsive customer orientation, and how the business industry, business age and business size, affect this strategy. This is followed by the examination of the methods used for data collection and analysis in this study. The subsequent section will be discussing on results and findings. Finally, the paper concludes with the implication of this study, together with its limitation and suggestion for future research.

## 2. Literature Review

### 2.1. Proactive and Responsive Customer Orientation

The customer orientation is grounded in the resource-based view (RBV) theory. It has also been well documented that customer orientations lead to competitive advantage for businesses. Previous studies have positively linked customer orientation to customer value (Blocker et al., 2011; Herhausen, 2011), sales growth and ROI (Appiah-Adu & Singh, 1998).

While extensive studies have been done in the more develop and affluent market, there are a few studies which have been carried out in developing or emerging markets such as China and India. These studies too showed that the practice of customer orientation also led to positive business outcomes (Andotra & Gupta, 2016; Mei, 2012; G. Wang, Dou, Zhu, & Zhou, 2015). It should also be noted that customer orientation has lower prominence in developing countries due to lower local business conditions,

resource availability and customer demands. Aside from that, two studies conducted in these markets have also found that customer orientation has also been linked to practices in the bottom of the pyramid (BOP) (Chikweche, 2013; Jebarajakirthy, Thaichon, & Yoganathan, 2015).

Customer orientation is defined as the sufficient understanding of a firm's target consumer in order to continuously create superior value for them (Narver and Slater, 1990). Further research had then led to the creation of the two dimensions of customer orientation; responsive customer orientation and proactive customer orientation (Narver et al., 2004).

The responsive customer orientation refers to the service provider's responsiveness to customers' expressed needs (Narver et al., 2004). The customers are conscious of these needs and request that the firms work towards fulfilling these needs. Nonetheless, responsive customer orientation fails to address the firms' the latent and future needs of their customers. The customers did not articulate these needs, or may not even be aware of these needs (Slater and Narver, 1998).

Proactive customer orientation, on the other hand, refers to the ability to continually probe for customers' latent needs and future needs (Blocker et al., 2011). Previous studies have identified that the importance of having proactive customer orientation (Blocker et al., 2011; Herhausen, 2011; Narver et al., 2004).

It is also crucial to understand that proactive and responsive customer orientation are not on two different ends of a scale, but instead, they are two separate dimensions (Ketchen et al., 2007). Hence, it is not conflicting for businesses to be proactive customer oriented and responsive customer oriented at the same time. Studies have found that the interaction of proactive and responsive customer orientation will create superior customer value and positive product or service development (Blocker et al., 2011; Herhausen, 2011; Narver et al., 2004).

### 2.2. External and Internal Factors

Many studies have been conducted to identify the factors that affect a business strategy. These factors could be broadly categorised into external and internal factors (Galbreath & Galvin, 2008; Takata, 2016).

The industry type is an external factor that affects its business strategy. The industry that a business is operating in determines the nature of its competitive environment (Dale Stoel & Muhanna, 2009). As affirmed by Barney (1991), business resources are only valuable when they exploit opportunities or neutralised threats in the contextual environment. Previous studies have shown the industry type as a contextual determinant for marketing strategy (Kamboj & Rahman, 2015; Wei, Samiee, & Lee, 2014). Therefore, this study would like to examine how the industry type affects the business units' proactive customer orientation and responsive customer orientation.

An internal factor that is found to have an effect on business strategy is the age of business. The number of years since the business had been established gives an indication of its experience. This is because skills tend to evolve over time, as they reflect the combined effects of passive learning-by-doing (Ethiraj, Kale, Krishnan, & Singh, 2005; Ismail, Al Shaiekh, & Al Ziadat, 2009).

There is also some evidence in the literature indicating the business size influences its business strategy. Business size is found to be a significant control for responsive and proactive customer orientation (Coltman, Devinney, Midgley, & Venaikd, 2008). In research, business size is often indicated by the number of employees or sales turnover (Morgan, Vorhies, & Mason, 2009).

The practices of proactive and responsive customer orientation are expected to differ with the number of employees. This is because more employees are often viewed as having better service quality in a

service environment (Zhou, Brown, & Dev, 2009). Nonetheless, some studies argue that businesses with fewer employees are more nimble (Mason, 2010). In spite of this, some scholars have also exclaimed that when the number of employees is too small, they could be overworked (Ethiraj et al., 2005). On the other hand, when the number of employees is too large, it could create coordination problems (Ibid).

The sales turnover is also an indication of the business economies of scale. Larger businesses with higher sales turnover may have the resources to invest in refining their strategy (Leal-Rodríguez, Eldridge, Roldán, Leal-Millán, & Ortega-Gutiérrez, 2015). However, smaller businesses may also have an advantage over larger businesses with greater flexibility and independence from institutional bureaucratic leading to short lead time for decision making (Leal-Rodríguez et al., 2015).

Given the past studies on how the external and internal factors influence business strategy configurations, it would be interesting for this study to examine how the industry type, business age, business size based on the number of employee and sales turnover influences the practice of proactive and responsive customer orientation.

## 3. Research Methods

The unit of analysis for this study is the business units (or the entire firm, if no specialisation into different business units exists) from the technology, information, communication and entertainment (TICE) industry. The sample for the study was obtained from the TICE business industry listed in Matrade's Malaysia Services Directory and Media Planning Guide Book 2014, as well as from relevant industry conferences. From the distributed 3421 questionnaires, there was a total of 529 usable responses. The response rate was 15.4 percent, and this response rate is consistent with those reported in strategic orientation surveys (Lu & Ramamurthy, 2011; Zhen & Nakata, 2007).

The key informants were from the managing level in the business units. A total of 54.5 percent were from the senior management, while the remainders were from the middle management and were the specialist in their respective business units.

The data collection for this study is via self-administrated questionnaires. A hybrid approach of paper-based and online-based surveys is used for questionnaire distribution to encourage a higher response rate. The paper-based and online-based questionnaires were pre-tested with several academicians and business unit directors from the different TICE industry type. The overall feedback regarding the instrument was favourable, and suggestions were taken into account to further refine the instrument to better suit the Malaysian business context.

For the paper-based method, the questionnaire booklets were sent to the potential respondents via post, hand delivered or distributed at the conferences. The URL address of the internet survey was displayed on the cover questionnaire booklets to provide the respondents with the choice answering the survey online or via the booklet. The survey was returned via the designated URL, self-addressed envelope, facsimile, email, hand collection by the researchers or via drop box at the conferences.

### 3.1. Measures

This study adapted the proactive and responsive customer orientation scale developed by Blocker et al. (2011). The scale had six items for each construct. There were measured on a seven-point Likert scale with 1 = "Strongly disagree" and 7 = "Strongly agree".

For the industry type, the TICE industry was subdivided into four industries; (1) telecommunication, (2) information technology, (3) advertising, public relation and other marketing communication services, and (4) media and entertainment.

The business unit size was classified according to guidelines provided by SME Corporation Malaysia, based on the number of full-time employees and sales turnover for the service sector. According to this classification; business units with a sales turnover of less than RM 300,000 or less than 5 employees are grouped as micro; those with a sales turnover of RM 300,000 to less than RM3 million or between 5 to 30 employees are small; those with a sales turnover of RM 3 million to less than RM 20 million or between 30 to 75 employees are medium; and those a sales turnover of more than RM 20 million or more than 75 employees are large.

The business unit age was determined based on the year that the business unit was established. Similar to Ismail et al., (2009), this study will be grouping the age into; (1) less than 10 years, (2) 10-20 years, and (3) above 20 years.

The SPSS v21.0 was used as the analysis software. The data were examined via descriptive statistics, independent t-test, reliability analysis, and ANOVA. A test on non-response bias showed no significant differences between the first and last 25 percent respondents of this study (Liu, Ke, Wei, & Hua, 2013) for both the proactive customer orientation and responsive customer orientation constructs.

## 4. Result and Discussion

### 4.1. Respondent Profile

**Table 1. Profile of Business Units**

| Categories | Percent |
|---|---|
| *Industry Type:* | |
| Telecommunication | 10.6 |
| Information Technology | 31.4 |
| Advertising, Public Relations, and Other Marketing Communication Services | 36.3 |
| Media and Entertainment | 21.7 |
| *Years in Operations:* | |
| Less than 10 years | 37.1 |
| 11 to 20 years | 39.3 |
| 21+ years | 24.6 |
| *No. of Employees:* | |
| Less than 5 employees | 32.8 |
| 5 to 29 employees | 44.3 |
| 30 to 75 employees | 14.5 |
| More than 75 employees | 8.4 |
| *Annual Sales Turnover:* | |
| Less than RM 300,000 | 11.1 |
| RM 300,000 – RM 3 Million | 31.7 |
| RM 3 Million – RM 20 Million | 33.6 |
| More than RM 20 Million | 23.7 |

Table 1 presents the profile of the responded business units. It shows that 11 percent of the participating business units were from the telecommunication industry, 31 percent from information technology industry, 36 percent from marketing communication services, and 22 percent from entertainment and media industry

25 percent of the business units have been in operation for more than 20 years. Those business units which have been in operation for more than 10 years but less than 20 years accounted 39 percent. The remaining 37 percent were those which have been in operation for less than 10 years.

Most of the business units (44 percent) have 5 to 29 full-time employees. This is followed by those with less than 5 employees with 33 percent, and those with 30 to 75 employees with 15 percent. Business units with 75 employees or more account for the remaining 8 percent.

It was also found that 43 percent of the business unit had an annual sales turnover of less than RM 3 million. About one-third of the respondents (34 percent) were those with sales turnover between RM 3 million to RM 20 million. The last group which accounted for 24 percent were those with a sales turnover of more than RM 20 million.

## 4.2. Reliability, Descriptive and Factor Analysis

The proactive and responsive customer orientation constructs were analysed using reliability, mean, standard deviation and factor analysis.

**Table 2: Factor Loading, Cronbach's Alpha, Composite Reliability and Average Variance Extracted Scores**

| Item | Factor Loading | Cronbach's Alpha | Composite Reliability | Average Variance Extracted |
|---|---|---|---|---|
| *Proactive Customer Orientation:* | | | | |
| PCO3 | 0.737 | 0.763 | 0.835 | 0.459 |
| PCO4 | 0.691 | | | |
| PCO6 | 0.669 | | | |
| PCO2 | 0.661 | | | |
| PCO5 | 0.657 | | | |
| PCO1 | 0.644 | | | |
| *Responsive Customer Orientation:* | | | | |
| RCO3 | 0.711 | 0.762 | 0.835 | 0.459 |
| RCO1 | 0.708 | | | |
| RCO2 | 0.704 | | | |
| RCO6 | 0.700 | | | |
| RCO5 | 0.667 | | | |
| RCO4 | 0.561 | | | |
| | | | | |

The items were segregated into their respective factors for proactive customer orientation and responsive customer orientation according to the literature for the results of the factor analysis. As presented in Table 2, all the factor loadings were above the recommended threshold of 0.5 (Hair, 2010).

The Cronbach's Alpha for proactive customer orientation and responsive customer orientation are 0.763 and 0.762 respectively. Both figures are acceptable as they are above the 0.70 thresholds (Hair, 2010). There was also a high level of inter-item consistency among the item within each construct. The average variance extracted (AVE) for proactive customer orientation and responsive customer orientation were both 0.459. Although they are marginally below the 0.5 threshold, these figures are accompanied by the composite reliability, which is well above the minimum threshold of 0.7. Maholtra (2010) state that AVE is a more conservative measure compared to composite reliability and composite reliability alone is adequate for convergent validity albeit more than 50 percent of the variance is due to error.

The mean and standard deviation for responsive customer orientation are M=5.24, SD=0.72, while proactive customer orientation are M=5.29, SD=0.73. The means were above the midpoint of the seven-point scale in the study, indicating the emphasis of the business units in satisfying their customer needs.

### 4.3. ANOVA

A one-way between-group analysis of variance (ANOVA) was conducted to explore the impact of industry type on the level of proactive and responsive customer orientation. The results, as displayed in Table 3 did not show any statistical significant differences among the industry type for both proactive customer orientation (F=1. 243, p>0.05) and responsive customer orientation (F=1. 790, p>0.05). This result is consistent with the study performed by Lew and Sinkovics (2013), which also showed the insignificant effect of industry type on the business capabilities.

Table 4 shows that business units which are less than 10 years old were found to have the highest mean for both proactive customer orientation (M=5.40) and responsive customer orientation (M=5.29). As the age of the business unit progresses, the mean decreases for both orientations. The businesses aged between 11 to 20 years old have a mean of 5.27 for both proactive and responsive customer orientation. The business age group with the lowest mean are those above 20 years. Nonetheless, the ANOVA results show that there were no statistical significant differences in business unit age on the level of proactive customer orientation (F=2.491, p>0.05) and responsive customer orientation (F=1.497, p>0.05). This result is inconsistent with the study performed by Ismail et al., (2009). On the other hand, there were also studies which showed the statistical insignificance of business age with customer orientation (Ong et al., 2015). These results of these studies are similar to the results of this research.

**Table 3. ANOVA analysis for Proactive and Responsive Customer Orientation according to Industry Type**

| | Proactive Customer Orientation | | | Responsive Customer Orientation | | |
|---|---|---|---|---|---|---|
| Industry Type | Mean | F-Ratio | P | Mean | F-Ratio | P |
| Telecommunication | 5.27 | 1.243 | 0.293 | 5.12 | 1.790 | 0.148 |
| Information Technology | 5.21 | | | 5.19 | | |
| Advertising, PR & Other Marketing Communication Services | 5.37 | | | 5.24 | | |
| Media & Entertainment | 5.32 | | | 5.33 | | |

***Table 4. ANOVA analysis for Proactive and Responsive Customer Orientation according to Business Unit Age***

| | Proactive Customer Orientation | | | Responsive Customer Orientation | | |
|---|---|---|---|---|---|---|
| Business Unit Age | Mean | F-Ratio | P | Mean | F-Ratio | P |
| Less than 10 years | 5.40 | 2.491 | 0.084 | 5.29 | 1.497 | 0.225 |
| 11 to 20 years | 5.27 | | | 5.27 | | |
| 21+ years | 5.23 | | | 5.15 | | |

The ANOVA analysis was also performed to assess the impact of a number of employees on proactive and responsive customer orientation. The results as presented in Table 5 show a statistically significant difference for the number of employees in proactive customer orientation ($F=4.889$, $p<0.05$). The results of post-hoc comparison using the Tukey HSD test as displayed in Table 6, indicate that proactive customer orientation mean score for business units with less than 5 employees ($M=5.45$, $SD=0.75$) were significantly higher than those with 5 to 29 employees ($M=5.24$, $SD=0.69$). The business units with less than 5 employees were also significantly higher than those business units with 30 to 75 employees ($M=5.10$, $SD=0.75$).

**Table 5. ANOVA analysis for Proactive and Responsive Customer Orientation according to Number of Employees**

| No. of Employees | Proactive Customer Orientation | | | Responsive Customer Orientation | | |
|---|---|---|---|---|---|---|
| | Mean | F-Ratio | P | Mean | F-Ratio | P |
| Less than 5 employees | 5.45 | 4.889 | 0.002 | 5.33 | 2.765 | 0.041 |
| 5 to 29 employees | 5.24 | | | 5.18 | | |
| 30 to 75 employees | 5.10 | | | 5.13 | | |
| More than 75 employees | 5.30 | | | 5.40 | | |
| | | | | | | |

The ANOVA results also indicate a statistically significant difference for the number of employees on responsive customer orientation ($F=2.765$, $p<0.05$). The responsive customer orientation mean score for business units with more than 75 employees were the highest with $M=5.40$, $SD=0.80$. This is followed by business units with less than 5 employees ($M=5.33$, $SD=0.77$), those with 5 to 29 employees ($M=5.18$, $SD=0.67$), and lastly those with 30 to 75 employees ($M=5.13$, $SD=0.65$). As presented in Table 6, the post-hoc comparison using the Tukey HSD test did not statistically differ in the pairwise comparison between these groups. Although not common, this situation occurred because the statistical calculations for ANOVA and Tukey HSD are different.

The findings of this study are consistent with Becherer, Halstead, & Haynes (2001), Lähdevuori (2014), which found that the number of employees has an impact on customer orientation. Overall, the number of employees in a business unit has an impact on their level of proactive and responsive customer orientation. Business units with fewer than 5 employees are more proactive customer oriented compared to those with 5 to 75 employees.

**Table 6. Post-hoc comparison using Tukey HSD analysis for "Number of Employees" groups**

| Variable and Comparison Group | | Post-hoc P-value |
|---|---|---|
| *Proactive Customer Orientation:* | | |
| Less than 5 employees | 5 to 29 employees | 0.020* |
| | 30 to 75 employees | 0.002* |
| | More than 75 employees | 0.588 |
| 5 to 29 employees | Less than 5 employees | 0.020* |
| | 30 to 75 employees | 0.480 |
| | More than 75 employees | 0.964 |
| 30 to 75 employees | Less than 5 employees | 0.002* |
| | 5 to 29 employees | 0.480 |
| | More than 75 employees | 0.493 |
| More than 75 employees | Less than 5 employees | 0.588 |
| | 5 to 29 employees | 0.964 |
| | 30 to 75 employees | 0.493 |
| *Responsive Customer Orientation:* | | |
| Less than 5 employees | 5 to 29 employees | 0.153 |
| | 30 to 75 employees | 0.175 |
| | More than 75 employees | 0.953 |
| 5 to 29 employees | Less than 5 employees | 0.153 |
| | 30 to 75 employees | 0.953 |
| | More than 75 employees | 0.261 |
| 30 to 75 employees | Less than 5 employees | 0.175 |
| | 5 to 29 employees | 0.953 |
| | More than 75 employees | 0.207 |
| More than 75 employees | Less than 5 employees | 0.953 |
| | 5 to 29 employees | 0.261 |
| | 30 to 75 employees | 0.207 |

**Table 7. ANOVA analysis for Proactive and Responsive Customer Orientation according to the Business Units' Annual Sales Turnover**

| | Proactive Customer Orientation | | | Responsive Customer Orientation | | |
|---|---|---|---|---|---|---|
| Annual Sales Turnover | Mean | F-Ratio | P | Mean | F-Ratio | P |
| Less than RM 300,000 | 5.29 | 3.292 | 0.020 | 5.30 | 0.718 | 0.541 |
| RM 300,000 – RM 3 Million | 5.40 | | | 5.29 | | |
| RM 3 Million – RM 20 Million | 5.31 | | | 5.22 | | |
| More than RM 20 Million | 5.13 | | | 5.18 | | |

Table 7 shows the results of the ANOVA analysis performed to test the impact of different annual sales turnover on proactive and responsive customer orientation. The impact of the different sales turnover on responsive customer orientation was not statistically significant ($F=0.718$, $p>0.05$). Nonetheless, the impact on proactive customer orientation was statistically significant ($F=3.292$, $p<0.05$). Post-hoc comparison using the Tukey HSD test indicates that proactive customer orientation mean score for business units with annual sales turnover of RM 300,000 to RM 3 million ($M=5.40$, $SD=0.69$) was higher than those business units with annual sales turnover of more than RM 20 million ($M=5.13$, $SD=0.76$). The post-hoc comparison results are presented in Table 8. The findings of this study are consistent with Becherer et al., (2001) and Lähdevuori (2014), which found that annual sales turnover have an impact on customer orientation.

**Table 8. Post-hoc comparison using Tukey HSD analysis for "Business Units' Annual Sales Turnover " groups**

| Variable and Comparison Group | | Post-hoc P-value |
|---|---|---|
| *Proactive Customer Orientation:* | | |
| Less than RM 300,000 | RM 300,000 – RM 3 Million | 0.769 |
| | RM 3 Million – RM 20 Million | 0.998 |
| | More than RM 20 Million | 0.499 |
| RM 300,000 – RM 3 Million | Less than RM 300,000 | 0.769 |
| | RM 3 Million – RM 20 Million | 0.673 |
| | More than RM 20 Million | 0.010* |
| RM 3 Million – RM 20 Million | Less than RM 300,000 | 0.998 |
| | RM 300,000 – RM 3 Million | 0.673 |
| | More than RM 20 Million | 0.149 |
| More than RM 20 Million | Less than RM 300,000 | 0.499 |
| | RM 300,000 – RM 3 Million | 0.010* |
| | RM 3 Million – RM 20 Million | 0.149 |

From the four ANOVA analysis above, the results found no significant effects on the impact of proactive and responsive customer orientation with industry type and business unit age. There were also no significant detected for the impact of responsive customer orientation on business unit size according to the annual sales turnover. The results' non-significant effect for most of the results in this study indicates that the business units place great importance in practising customer orientations regardless of their external and internal factors.

The insignificant effect of industry type on the business units' capabilities is consistent with the study performed by Lew and Sinkovics (2013). According to the authors, this result implies the importance of possessing these capabilities irrespective of the industry type. Moreover, the statically insignificant results could also be attributed to the fact that all the investigated business units in this research belong to the service sector. The customer contact is often greater in a service environment as opposed to manufacturing or trading (Ong et al., 2015).

This study also revealed the statistical insignificance of business age with customer orientation, and this result is consistent with the studies conducted by Ong et al., 2015, Becherer et al, 2001, and Weerakoon, 2013. The insignificant impact of business unit age and customer orientation indicate that business units unsuccessfully capitalised on their experience to have a more customer oriented culture (Ong et al.,

2015). This is because older business units should theoretically be more experienced and have a greater practice of customer orientation (Ibid).

The impact of responsive customer orientation and business unit size according to the annual sales turnover was also found to be not significant. Nonetheless, the results suggested a pattern that business units with higher annual sales turnover tend to have lower means for responsive and proactive customer orientations, with proactive customer orientation being significant in the ANOVA analysis. As mentioned previously, annual sales turnover is a proxy for the size of the studied business units. While larger business units are often associated with more resources for developing strategies, it is also found that the larger size also comes with a cost of being rigid with internal bureaucracy (Leal-Rodríguez et al., 2015). A closer inspection of the specific questionnaire items which were significant were those that dealt with speed, versatility and relational. Empirical evidence has shown that smaller business fared better than larger business in these areas (Coviello, Brodie, & Munro, 2000; Leal-Rodríguez et al., 2015; Mason, 2010).

## 5. Conclusions

The importance of satisfying the expressed and unexpressed needs via proactive and responsive customer orientation is revealed to be a crucial business strategy. This study found that the impact of proactive and responsive customer orientation for business units operating in the

TICE industry differ according to the business units' size based on the different number of employees and amount of annual sales turnover. The different number of full-time employees in a business unit has a significant influence on both the proactive and responsive constructs, while the different amount of annual sales turnover in a business unit had a significant influence the proactive constructs. There was no effect was found for specific industry type and business unit age. This study via its findings provides fundamental information to the business unit characteristics that support the greater implementation of proactive customer orientation and responsive customer orientation in the business.

Large and small business sizes both have their advantages and disadvantages. Nonetheless, the effect of business unit size on customer orientation revealed that micro-sized business is not at a disadvantage when it comes to practice this construct as a strategy. A key finding in this study is the clear pattern of larger business units with lower means for responsive and proactive customer orientations, and smaller business units with higher means for responsive and proactive customer orientation. This is because the simpler structure of smaller business provides an advantage over larger businesses for greater flexibility and nimbleness (Coviello et al, 2000; Leal-Rodríguez et al., 2015; Mason, 2010). These advantages facilitate better implementation of responsive and proactive customer orientation.

The results also reveal that the industry type and the age of the business unit are not a barrier to possessing proactive and responsive customer orientations. The importance of practising responsive and proactive customer orientation regardless of the subindustry of TICE is indicated in this study. This is because these service environment demand for a high level of customer contact (Ong et al., 2015), and customer orientation will assist businesses to understand these served and unserved customers. The insignificant impact of business unit age and customer orientation suggested that the studied business units need to learn to capitalise on their experience to have a more customer oriented culture.

The findings of this study are interpreted with several limitations. The study was performed using ANOVA and Tukey HSD to identify the relationship between the variables. Future research could look into other statistical analysis to identify the relationship between these variables.

The generalisation of this study's findings is limited to the telecommunication, information, communication and entertainment industry. Hence, future research could include other industries in the

service sector in view of the valuable role of proactive and responsive customer orientation in this sector.

This study is also limited to only the chosen variables. The relationship of proactive customer orientation and responsive customer orientation with another variable is not studied here. Future research could include antecedents such as organisational factors that influence the practice of proactive customer orientation. The possible factor could be versatility and nimbleness.

Future studies could also consider dependent variables of proactive and responsive customer orientation, such as indicators of performance outcomes. With a performance outcome, the optimal level of proactive and responsive customer orientation could also be examined.

## References

Andotra, N., & Gupta, R. (2016). "Impact of Environmental Turbulence on Market Orientation–Business Performance Relationship in SSIs". *Global Business Review*, 17(4), 806–820.

Appiah-Adu, K., & Singh, S. (1998). "Customer Orientation and Performance: A Study of SMEs". *Management Decision*, 36(6), 385–394.

Barney, J. (1991). "Firm Resources and Sustained Competitive Advantage". *Journal of Management*, 17(1), 99–120.

Becherer, R. C., Halstead, D., & Haynes, P. (2001). "Marketing Orientation in SMEs: Effects of the Internal Environment". *Journal of Research in Marketing and Entrepreneurship*, 3(1), 1– 17.

Blocker, C. P., Flint, D. J., Myers, M. B., & Slater, S. F. (2011). "Proactive Customer Orientation and its Role for Creating Customer Value in Global Markets". *Academy of Marketing Science. Journal*, 39(2), 216–233.

Che-Ha, N., Mavondo, F. T., & Mohd-Said, S. (2014). "Performance or Learning Goal Orientation: Implications for Business Performance". *Journal of Business Research*, 67(1), 2811–2820.

Chikweche, T. (2013). "Marketing at the bottom Of Pyramid: Market Attractiveness And Strategic Requirements". *Marketing Intelligence & Planning*, 31(7), 764–787.

Coltman, T., Devinney, T. M., Midgley, D. F., & Venaikd, S. (2008). "Formative versus Reflective Measurement Models - Two Applications of Errorneous Measurement". *Journal of Business Research*, 61(12), 1250-1262.

Coviello, N. E., Brodie, R. J., & Munro, H. J. (2000). "An Investigation of Marketing Practice by Firm Size", *9026*(98), 523–545.

Dale Stoel, M., & Muhanna, W. A. (2009). "IT Capabilities and Firm Performance: A Contingency Analysis of the Role of Industry and IT Capability Type". *Information & Management*, 46(3), 181–189.

Department of Statistics, M. (2016a). *Services Statistics of Information and Communication* 2015. Putrajaya, Malaysia.

Department of Statistics, M. (2016b). *The Malaysian Economy in Brief*. Putrajaya, Malaysia.

Ethiraj, S. K., Kale, P., Krishnan, M. S., & Singh, J. V. (2005). "Where Do Capabilities Come from and How Do They Matter? A Study in the Software Services Industry". *Strategic Management Journal*, 26(1), 25–45.

Galbreath, J., & Galvin, P. (2008). "Firm Factors, Industry Structure and Performance Variation: New Empirical Evidence to a Classic Debate". *Journal of Business Research*, 61(2), 109–117.

Gounaris, S. P., & Avlonitis, G. J. (2001). "Market Orientation Development: A Comparison of Industrial Vs Consumer Goods Companies". *Journal of Business & Industrial Marketing*, 16(5), 354–381.

Hair, J. F. (2010). *Multivariate Data Analysis. Book*, Upper Saddle River, NJ: Prentice Hall.

Herhausen, D. (2011). "Understanding Proactive Customer Orientation Construct Development and Managerial Implications". Wiesbaden, Germany: Springer Science & Business Media.

IMD. (2016). "The 2016 IMD World Competitiveness Scoreboard". Retrieved from http://www.imd.org/uupload/imd.website/wcc/scoreboard.pdf

Ismail, S., Al Shaiekh, M., & Al Ziadat, M. (2009). "Assessment of Marketing Orientation Concept in Jordanian Service Industry". *Journal of Social Science*, 5(3), 177–182.

Jebarajakirthy, C., Thaichon, P., & Yoganathan, D. (2015). "Enhancing Corporate Social Responsibility Through Market Orientation Practices in Bottom of Pyramid Markets: With Special Reference to Microcredit Institutions". *Journal of Strategic Marketing*, 24(5) 1–20.

Kamboj, S., & Rahman, Z. (2015). "Marketing Capabilities and Firm Performance: Literature Review and Future Research Agenda". *International Journal of Productivity and Performance Management*, 64(8), 1041-1067.

Ketchen, D. J., Hult, G. T. M., & Slater, S. F. (2007). "Toward Greater Understanding of Market Orientation and the Resource-Based View". *Strategic Management Journal*, 28(9), 961–964.

Lähdevuori, M. (2014). "Market Orientation in Finnish Pharmacies". Aalto University School.

Leal-Rodríguez, A. L., Eldridge, S., Roldán, J. L., Leal-Millán, A. G., & Ortega-Gutiérrez, J. (2015). "Organizational Unlearning, Innovation Outcomes, and Performance: The Moderating Effect of Firm Size". *Journal of Business Research*, 68(4), 803–809.

Lew, Y. K., & Sinkovics, R. R. (2013). "Crossing Borders and Industry Sectors: Behavioral Governance in Strategic Alliances and Product Innovation for Competitive Advantage". *Long Range Planning*, 46(1–2), 13–38.

Liu, H., Ke, W., Wei, K. K., & Hua, Z. (2013). "The Impact of IT Capabilities on Firm Performance: The Mediating Roles Of Absorptive Capacity And Supply Chain Agility". *Decision Support Systems*, 54(3), 1452–1462.

Lu, Y., & Ramamurthy, K. (2011). "Understanding the Link between Information Technology Capability and Organizational Agility: An Empirical Examination". *MIS Quarterly*, 35(4), 931–954.

Malhotra, N. K. (2010). *Marketing Research: An Applied Orientation* (6th ed.). BOOK, Pearson Higher Education.

Mason, A. J. (2010). "Inside the Black Box: Investigating Agility as a Dynamic Capability for Sustaining a Competitive Advantage within Consulting Firms", *Thesis*. Capella University, Ann Arbor. Retrieved from http://search.proquest.com/docview/807420305?accountid=28930

Mei, M. Q. (2012). "Customer Orientation and Organizational Responsiveness". In *The DRUID Academy Conference*, Cambridge, UK. CONF. Retrieved from Mei, M. Q. (2012). Customer Orientation and Organizational Responsiveness. In The DRUID Academy Conference, Cambridge, UK.

Morgan, N. A., Vorhies, D. W., & Mason, C. H. (2009). "Market Orientation, Marketing Capabilities, and Firm Performance". *Strategic Management Journal*, 30(8), 909–920. Journal Article. Retrieved

Narver, J. C., & Slater, S. F. (1990). "The Effect of a Market Orientation on Business Profitability". *The Journal of Marketing*, 20–35.

Narver, J. C., Slater, S. F., & MacLachlan, D. L. (2004). "Responsive and Proactive Market Orientation and New Product Success". *Journal of Product Innovation Management*, 21(5), 334–347.

NST. (2014, October 23). Najib : "eREZEKI project to connect Malaysians at Bottom 40pc of Income Pyramid". *News Strait Times*, pp. 170129–170131. Putrajaya. Retrieved from http://www.nst.com.my/news/2015/09/najib-erezeki-project-connect-malaysians-bottom- 40pc-if-income-pyramid?d=1

Ong, J. W., Yeap, P. F., & Ismail, H. (2015). "The Effects of Demographic Factors on Market Orientation", 5(2), 64–73.

Radas, S., & Božić, L. (2009). "The antecedents of SME Innovativeness in an Emerging Transition Economy". *Technovation*, 29(6–7), 438–450.

Saeed, S., Yousafzai, S., Paladino, A., & De Luca, L. M. (2015). "Inside-Out and Outside-In Orientations: A Meta-Analysis of Orientation's Effects on Innovation and Firm Performance". *Industrial Marketing Management*, 47, 121–133.

Slater, S. F., & Narver, J. C. (1998). "Research Notes and Communications Customer-Led and Market- Oriented: Let's not Confuse the Two". *Strategic Management Journal*, 19(10), 1001–1006.

Takata, H. (2016). "Effects of Industry Forces, Market Orientation, and Marketing Capabilities on Business Performance: An Empirical Analysis of Japanese Manufacturers from 2009 to 2011". *Journal of Business Research*, In proof.

Wang, G., Dou, W., Zhu, W., & Zhou, N. (2015). "The Effects of Firm Capabilities on External Collaboration and Performance: The Moderating Role of Market Turbulence". *Journal of Business Research*, *68*(9), 1928–1936.

Wang, Q., Zhao, X., & Voss, C. (2016). "Customer Orientation and Innovation: A Comparative Study of Manufacturing and Service Firms". *International Journal of Production Economics*, 171, Part, 221–230.

Weerakoon, W. M. P. G. C. (2013). "Firm Level Characteristics and Market Orientation of Micro and Small Businesses". *International Journal of Science and Research* (IJSR), 2(9), 306–311.

Wei, Y., Samiee, S., & Lee, R. (2014). "The Influence of Organic Organizational Cultures, Market Responsiveness, and Product Strategy on Firm Performance in an Emerging Market". *Journal of the Academy of Marketing Science*, 42(1), 49–70.

Zhen, Z., & Nakata, C. (2007). "Reexamining the Link between Customer Orientation and Business Performance: The Role of Information Systems". *Journal of Marketing Theory & Practice*, 15(3), 187–203.

Zhou, K. Z., Brown, J. R., & Dev, C. S. (2009). "Market Orientation, Competitive Advantage, and Performance: A Demand-Based Perspective". *Journal of Business Research*, 62(11), 1063– 1070.

Zhou, K. Z., Brown, J. R., Dev, C. S., & Agarwal, S. (2007). "The Effects of Customer and Competitor Orientations on Performance in Global Markets: A Contingency Analysis". *Journal of International Business Studies*, 38(2), 303–319.

Zhou, K. Z., & Li, C. B. (2010). "How Strategic Orientations Influence the Building of Dynamic Capability in Emerging Economies". *Journal of Business Research*, 63(3), 224–231.