

Market Orientation and Entrepreneurial Success: Mediating Role of Entrepreneurial Learning Intensity

(Orientasi Pasaran dan Kejayaan Keusahawanan: Peranan Pengantara Intensiti Pembelajaran Keusahawanan)

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ABSTRACT

We addressed three research questions in this study: (1) What is the effect of market orientation on entrepreneurial success? (2) What is the relationship between market orientation and entrepreneurial learning intensity?; and (3) To what extent could entrepreneurial learning intensity enhance the relationship of market orientation – entrepreneurial success? Drawing on marketing and learning literature, we proposed that market orientation and entrepreneurial learning intensity influence entrepreneurial success. Based on resource-advantage theory, we believed that market orientation and entrepreneurial learning intensity are complementary resources in enhancing the capability of firms to gain competitive advantage. Through a simple mediation analysis, we posited that market orientation positively impact entrepreneurial success through entrepreneurial learning intensity. Based on data collected, by using questionnaire survey involving 125 owners of established small and medium-sized service enterprises around Malaysia, findings confirmed that market orientation, entrepreneurial learning intensity and entrepreneurial success are significantly related. Entrepreneurial learning intensity partially mediated the relationship between market orientation and entrepreneurial success. Lastly, discussion and implications of the research findings are provided in understanding the scenario of entrepreneurial success of small and medium-sized service enterprises in Malaysia.

Keywords: Market orientation; entrepreneurial learning intensity; entrepreneurial success; resource-advantage theory; small and medium-sized service enterprises

ABSTRAK

Kami menangani tiga persoalan dalam kajian ini: (1) Apa kesan orientasi pasaran ke atas kejayaan keusahawanan? (2) Apakah hubungan di antara orientasi pasaran dan intensiti pembelajaran keusahawanan?; dan (3) Sejauh manakah intensiti pembelajaran keusahawanan mempengaruhi hubungan orientasi pasaran – kejayaan keusahawanan? Berdasarkan kepada literatur pemasaran dan pembelajaran, kami mencadangkan bahawa bukan sahaja orientasi pasaran tetapi juga pembelajaran keusahawanan mempengaruhi kejayaan keusahawanan. Juga berdasarkan teori sumber-kelebihan, kami percaya bahawa orientasi pasaran dan intensiti pembelajaran keusahawanan adalah sumber-sumber yang saling melengkapi dalam meningkatkan keupayaan firma untuk meningkatkan kelebihan daya saing. Melalui analisis pengantaraan, kami mengandaikan bahawa orientasi pasaran mempunyai impak positif ke atas kejayaan keusahawanan melalui intensiti pembelajaran keusahawanan. Berdasarkan data yang dikumpul melalui borang soal selidik yang melibatkan 125 pemilik tegar perusahaan perkhidmatan kecil dan sederhana di seluruh Malaysia, dapatan kajian mengesahkan bahawa orientasi pasaran, intensiti pembelajaran keusahawanan dan kejayaan keusahawanan adalah berkaitan secara signifikan. Intensiti pembelajaran keusahawanan mengukuhkan sebahagian dari hubungan orientasi pasaran – kejayaan keusahawanan. Akhir sekali, perbincangan dan implikasi dapatan kajian dihuraikan supaya senario kejayaan usahawan perusahaan perkhidmatan kecil dan sederhana di Malaysia lebih difahami.

Kata kunci: Orientasi pasaran; intensiti pembelajaran keusahawanan; kejayaan keusahawanan; teori sumber-kelebihan; perusahaan perkhidmatan kecil dan sederhana

INTRODUCTION

Malaysia aspires to achieve sustainable economic growth and developed country status by 2020 whereby small and medium-sized enterprises (SMEs) are the backbone of the transformation process. In Malaysia's economy, service

sector is more dominant as compared to manufacturing sector, and the major players are of SMEs. However, market vulnerability among them is also well-known. Despite their important contribution to the economy and problem of survivability, studies focusing on their issues are very limited. Therefore, this study chose service-based SMEs

as the research context. Sectors with major contribution include trading, construction, education/training, healthcare, information technology, and logistic (Economic Census Profile of Small and Medium Enterprise 2011). However, empirical evidence positioning the strategic role of marketing within service-based SMEs is still lacking in management literature (Mohammed Abdulai & Baba Yusif 2012; Lam et al. 2014). Therefore, this study was driven as to further explore the importance of market orientation (MO) among service SMEs in Malaysia. Furthermore, the effects of MO on business performance generally need to be confirmed (Cambra-Fierro et al. 2012; Jain & Ali 2013; Mohammed Abdulai & Baba Yusif 2012; Suliyanto & Rahab 2012).

Well-managed information is indispensable in sustaining entrepreneurial success. MO is about how well the information about customers and competitors being demonstrated by business organizations. Founded by Jaworski and Kohli (1993), Deshpande and Farley (1998), and Slater and Narver (2000) in different contexts, MO is already an established concept that measure efforts of managing information about customers, competitors, and market. Since then MO has been strongly suggested as a strategic concept to be applied in enhancing business performance (Bohyeon Kong 2015; Hult, Hurley & Knight 2004; Idar & Mahmood 2011; Keelson & Polytechnic 2014; Lam, Wong & Lee 2014). Similarly, increasing empirical evidences in Malaysia show that MO is the research concern when competitive advantage of firms becomes the issue (Daud, Remli & Muhammad 2013; Idar & Mahmood 2011). Therefore, this study believed that MO is one of the key factors to explain entrepreneurial success of small and medium service enterprises in Malaysia. However, direct effect analysis is less comprehensive (Baron & Kenny 1986; Zhao, Lynch & Chen 2010; Zheng & Yin 2010) in understanding how MO influences entrepreneurial success because there are many other competing factors still being researched.

Both MO and learning concept seem to agree in explaining why some organizations are successful while the others are not (Bohyeon Kong 2015; Mohammed Abdulai & Baba Yusif 2012; Shyh-Rong Fang, Enchi Chang, Chueh-Chu Ou & Chia-Hui Chou 2014). Their research insights about MO and learning are very interesting but their research findings are inconclusive, i.e. could not confirm whether the indirect effect of MO on organizational performance is significantly positive or negative, when mediation mechanism is the research paradigm. Recently, a similar framework has been researched within the context of non-profit organizations and the finding showed that learning orientation fully mediated the relationship between MO and performance (Mohammed Abdulai & Baba Yusif 2012). Even when there is a significant indirect effect of the predicting variable, one could not easily claim that there is a fully mediated relationship, especially in social science research. This is because there is always a possibility of other mediators not being explored or hypothesized (Preacher 2014; Zhao, Lynch & Chen 2010).

Thus, this study examined the possibility of significant positive indirect effect of MO on entrepreneurial success while another variable acted as mediator.

Following to the suggestion by Baron and Kenny (1986), when there is a consistently significant relationship between two variables, mediation is expected. For example, previous studies found that MO and entrepreneurial success have significant relationship (examples: Boso, Cadogan & Story 2012; Daud, Remli & Muhammad 2013). However, Mohammed Abdulai and Baba Yusif (2012) insisted that the indirect path between MO and organizational performance has to be revisited because it has been ignored in previous research. Moreover, Zhao et al. (2010) stressed that the significance of indirect effect would determine as to whether mediation hypotheses are required or be removed. Thus, this study responded to the filling of the research gap by replicating the research approach by Mohammed Abdulai and Baba Yusif (2012) in order to verify the indirect effect of MO on entrepreneurial success.

Entrepreneurial learning intensity in this study was derived from organizational learning, learning orientation, and entrepreneurial learning literature. Literature strongly emphasizes that learning business lessons (as perceived by entrepreneurs) are usually intense, striving, and require strong emotion and mental effort (Cohen & Levinthal 1990; Cope 2011). Learning involves risk; the higher the risks, the higher the return at least in terms of the satisfaction of trying (Jain & Ali 2013). Learning must be continuous and that demands perseverance because good returns are only a possibility and not instantaneous (Harrison & Leitch 2005). In previous researches, learning is always posited as the critical key factor that sustains entrepreneurial success (Carr 2011; Politis 2005). Regardless, learning had been found to directly affect business performance but studies examining the mediation role of learning are still limited. After all the efforts to gather, organize, and disseminate information are completed (market orientation), the usefulness of the information need to be questioned (entrepreneurial learning intensity). Furthermore, market turbulence requires companies to acquire knowledge via deep learning process (Hult, Hurley & Knight 2004) or high-level learning (Cope 2003), and as what Cohen and Levinthal (1990) referred to as absorptive capacity. According to Cohen and Levinthal (1990), absorptive capacity denotes a firm's ability to recognize the value of new information, as well as to assimilate and apply it to commercial ends. A special attention needs to be given to the word "recognize" because it means deep learning and that is this study's concern. That being said, "entrepreneurial learning intensity" is used in this study to describe entrepreneurs' powerful emotion and mental connection (deep learning, high-level learning, or absorptive capacity) with regard to learning business lessons from any source, particularly from customers, competitors, self-, and others' experiences.

Based on resource-advantage theory (Hunt & Morgan 1996), the advantage of market information is not realized

until it is learned; and learning has to be deep and intense for firms as to ensure competitive advantage. They argued that the process of market learning is complex, but always results in sustainability if not improvement in financial performance (Hunt & Morgan 1996). Since learning is complex, firms need to leverage on other resources that are critical to success. Furthermore, consumers and competitors are direct source of learning (Hunt & Morgan 1996). Therefore, MO was posited as a priori for the purpose of this study. MO was positioned as such because even Hunt and Morgan (1996) assured that market information is fundamental. They highlighted that firms could still learn something right even though they have learned the wrong things about marketplace. A recent study further affirmed that before high-order learning could happen, it is critical that sufficient information and knowledge about market and competitors be acquired first (Mohammed Abdulai & Baba Yusif 2012). It is found that in order to create superior value for the customers, market intelligence requires both MO and learning in order to drive the culture of innovativeness and innovation (Hult, Hurley & Knight 2004; Shyh-Rong Fang et al. 2014). Thus, this study proposed that entrepreneurial learning intensity as the possible mediating variable following to the suggestions of previous researchers on the fundamental role of learning (e.g. Hult, Hurley & Knight 2004; Real, Roldan & Leal 2014; Shyh-Rong Fang et al. 2014). Thereby, this study is the first to test the mediating role of entrepreneurial learning intensity on MO – entrepreneurial success relationship in the context of service SMEs in Malaysia.

Analyzing direct and indirect effects of MO and the significance of interactions among the research variables, the study expected the relationships among research variables could be more comprehensively understood and contributed to new knowledge. A sample of small and medium service enterprises around Malaysia was surveyed to evaluate (1) how much does market orientation influence entrepreneurial success, (2) how does market orientation relate to entrepreneurial learning intensity, and (3) the mediating role of entrepreneurial learning intensity between market orientation – entrepreneurial success relationship. The contributions of the study's findings to practicing entrepreneurs and academics will be discussed.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

The principal concern of this study is on the mediated relationship between MO and entrepreneurial success through entrepreneurial learning intensity, in the context of small and medium service enterprises in Malaysia. This study would need to examine the significance in the direct and indirect relationships between MO, entrepreneurial learning intensity, and entrepreneurial success. The linkages proposed among the constructs investigated are illustrated in Figure 1.

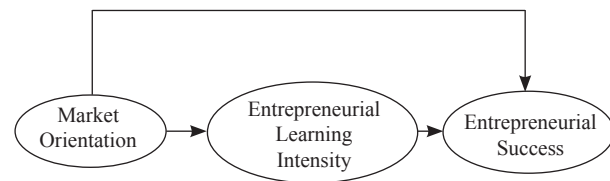


FIGURE 1. Hypothesized model

MARKET ORIENTATION AND ENTREPRENEURIAL SUCCESS

From market intelligence perspective, market orientation (MO) has been suggested by previous researchers to be a major source of competitive advantage (Jaworski & Kohli 1993). It is also claimed that MO plays an important role in the performance of business firms (Kirca, Jayachandran & Bearden 2005). MO provides an additional strategic dimension and is a fundamental approach toward understanding consumers and competitors (Morgan, Vorhies & Mason 2009). The importance of MO in service businesses is strongly advised (Lam et al. 2014; Mohammed Abdulai & Baba Yusif 2012; Schneider & Bowen 1995; Slater & Narver 2000) and becomes more apparent especially nowadays (Lam, Wong & Lee 2014; Mohammed Abdulai Mahmoud Baba Yusif 2012). Further, it is claimed that business adopting MO can satisfy its customers' needs in a better way (Blesa & Bignet 2005). A recent analysis seems to be supporting a positive, robust and significant link between MO and business performance (Kirca et al. 2005). Thus, the following hypothesis is derived to further enrich empirical evidence:

H₁ Market orientation is positively related to entrepreneurial success.

MARKET ORIENTATION AND ENTREPRENEURIAL LEARNING INTENSITY

Market orientation (MO) is an appropriate measure of entrepreneurs' personal value in the upgrading of knowledge and information about customers, market, and competitors directed at providing excellence (Despandhe & Farley 1998; Jaworski & Kohli 1993; Slater & Narver 2000). Since decades ago, customers have been a major emphasis in business practices where firms feel obligated to deliver superior products and services to their customers (Parasuraman et al. 1985). However, according to Steinman et al. (2000) the more one knows, the more one does not understand about markets because providers' and customers' perceived needs and wants keep on evolving and may not match. Even if they match, it would not stay long enough to be understood because market learning for the purpose of gaining comparative and competitive advantage is highly complicated (Hunt & Morgan 1996; Shyh-Rong Fang et al. 2014). The mismatch and evolution of customer needs, wants and expectations over time result in MO not to be just another trivial concern (Bhuian et al. 2005; Lam, Wong & Lee 2014). Thus, the degree of learning intensity in seeking to know about customer

needs, wants and expectation and what competitors have to offer is expected to depend on the level of MO of the firm (Shyh-Rong Fang et al. 2014).

H₂ Market orientation is positively related to entrepreneurial learning intensity.

ENTREPRENEURIAL LEARNING INTENSITY AND ENTREPRENEURIAL SUCCESS

The issue of learning has been discussed by Levitt and March (1988), who emphasized that organizational learning is the underlying process which explains firm success. At individual level, learning is also important in determining the next level of entrepreneurial success (Sarasvathy 2004; Stokes & Blackburn 2002) such as the entrepreneurs' readiness to explore and exploit opportunities. Past researchers posited that entrepreneurs learn directly from their own experiences as well as indirectly through the experiences of others. As an effect, it is found that entrepreneurial learning could improve business outcome (Shyh-Rong Fang et al. 2014; Wang 2008). However, the characteristic of learning is rough and intense in entrepreneurial ventures; where entrepreneurs often rely on their limited knowledge and make decisions without conducting exhaustive analysis (Holcomb, Ireland, Holmes & Hitt 2009; Stokes & Blackburn 2002). That being said, entrepreneurial success depends on high intensity of learning, which has long been implied by Frese's concept of entrepreneur-in-action (2009). More empirical evidences had indicated in positive link between learning-by-doing and performance (e.g., Dutton et al. 1984; Shyh-Rong Fang 2014) as well as between experiential learning and non-financial performance (Spicer & Sadler-Smith 2006). Together, it is appropriate to posit the following hypothesis.

H₃ Entrepreneurial learning intensity is positively related to entrepreneurial success.

MEDIATION HYPOTHESIS

The study is driven in examining the possibility that the effect of MO on entrepreneurial success is mediated by entrepreneurial learning intensity. Although MO and learning are synergistic in understanding business performance in marketing literature, entrepreneurship literature emphasizes more on intense and continuous learning in attaining entrepreneurial success (Cope 2003; Rae & Carswell 2001; Holcomb et al. 2009). According to Cope (2003) entrepreneurs learn much from discontinuous experiences where they invest significantly in terms of mental and emotional commitment to learn new knowledge. For the purpose of this study this absolute investment to learning is referred to as entrepreneurial learning intensity. Intensity for learning occurs when there is a lack of knowledge by entrepreneurs. In that situation, entrepreneurs will rely on heuristic in making decision as to act on certain opportunities (Holcomb et al. 2009). However, empirical work on entrepreneurial

learning intensity with its antecedents and outcomes is needed (Brockman 2013). To address the research gaps, this study proposed entrepreneurial learning intensity as mediator that enhances MO – entrepreneurial success relationship.

Previous research showed that organizational learning mediates the relationship between individual resources and desired behavioral outcomes (Salanova & Schaufeli 2008). Another research in Spain found that not only organizational learning partially mediates the relationship between entrepreneurial orientation and performance but also fully mediates the link between learning orientation and performance (Real, Roldan & Leal 2014; Rhee, Park & Lee 2010). Based on the above descriptions and empirical evidences, it is appropriate to posit that MO could influence entrepreneurial success through mediating variable such as entrepreneurial learning intensity. The following mediation hypothesis is to be tested:

H₄ Market orientation influences entrepreneurial success through entrepreneurial learning intensity.

METHOD AND DATA COLLECTION

The founders or owners of the enterprises were used as key informants in assessing all three research constructs. From the total population of 591,883 service SMEs (Economic Census Profile of Small and Medium Enterprise 2011), the targeted research respondents were taken from the SMI/SME Business Directory 2010 and 502 SMEs involved in service activities have been identified. For the purpose of data collection through questionnaire, 125 samples were drawn randomly from the sampled population of 502. According to Tabachnick and Fidell (2001), their rule of thumb's formula ($50 + 8m$; m is the number of independent variables) indicated that 125 is sufficient for the purpose of answering research questions of this study. Prior to the random draws, the list of small and medium service company owners in the directory was randomly numbered (1 to 502) as to minimize selection bias (Cochran 1977; Zikmund 1997). The starting point was also done randomly by utilizing the table of random digit available in any statistics textbook (e.g., Tabachnick & Fidell 2001).

Each company's telephone number was contacted to locate the owner-manager, founder, or top manager of each enterprise. Owner-manager means the founder of the enterprise and he/she still manages the enterprise until the date of this study. A founder also means the original owner who established the enterprise. A top manager refers to a trusted employee who is responsible in making routine decisions and is given the authority to deal with suppliers, customers, and clients. Through the personal assistant of the enterprise, the researcher set an appointment with the owner-manager, founder, or top manager of each enterprise. In cases where the owner-managers, founders, or top managers did not have any personal assistant,

the researcher telephoned them directly to affirm their availability as to meet and to inform about the research interests, as well as for the purpose of answering the questionnaire face-to-face. However, in many instances, the respondents requested to answer the questionnaire via mobile phone because it is more convenient for most of them. There were occasions where the respondents requested the researcher to call back at other times. On the average, for face-to-face survey, the questionnaire which consisted of 34 items was completed within 20 minutes or less. However, it was prolonged to about one hour via phone survey. Of the 125 targeted respondents based on simple random sampling in this study, only 83 (66.4%) provided voluntary support and completed the questionnaire.

With 42 non-respondents, this study was concerned about their impacts on the study's findings and interpretations especially when it comes to generalizing the findings. Thus, non-response bias was examined. A common way is by using time-trend extrapolation (Amstrong & Overton 1977; Idar & Mahmood 2011). The extrapolation is based on the assumption that the samples which are "less ready" are almost similar to non-respondents (Amstrong & Overton 1977). Accordingly, the current study had to identify the "less ready" respondents. In the data base, there were 21 "less ready" respondents (who requested the researcher to call back). Then, the responses of these "less ready" samples were entered as an additional variable in the SPSS data file and compared to that of the first 21 respondents in the same file (whom were assumed to be "more ready"). With these two groups, paired sample t-test was run. All of the results were found to be insignificant, indicating that there is no significant difference between the groups. Thus, non-response bias is unlikely to be a concern to this research.

CONSTRUCT DEFINITION AND MEASUREMENT

All measures were six-point Likert scales anchored by two sides of opinions from "strongly disagree" to "strongly agree". *Entrepreneurial success* is defined in this study as a positive fulfilling entrepreneurial outcome, financially and psychologically, as the result of having strong positive states of mind. We measured entrepreneurial success in two domains: financial wealth and psychological measures of performance. The *financial wealth* domain was adapted from Haber and Reichel's (2005) perceived

profitability of the previous, current, and future years with $\alpha = 0.92$. An example of the items from Haber and Reichel (2005) is "I perceived high profitability last year". This item was adjusted as "I perceived sufficient income in the first three years of establishment" for this study. The *psychological performance* domain consists of three facets (entrepreneurial satisfaction, feeling of gratitude, and entrepreneurial preparedness) with 15 items in total. Altogether 18 items were used to measure entrepreneurial success. (Please refer to Appendix 1 for the item measurement)

Market orientation is defined as a mental stance towards managing knowledge and information about customers, competition, and market. The 10 items used to measure MO with $\alpha = 0.88$ were adapted from Deshpande and Farley (1998), with suggestions from Jaworski and Kohli (1993), and Slater and Narver (2000). An example of an item is "We monitor customers and competitors to find new ways to improve customer satisfaction". (Please refer to Appendix 1 for the item measurement)

Lastly, we developed item instruments for entrepreneurial learning intensity, as guided by the organizational learning and entrepreneurial learning literature (Holcomb, Ireland, Holmes & Hitt 2009; Levitt & March 1988). Entrepreneurial learning intensity is defined as the mental efforts to learn new knowledge from direct experiences by acquiring, organizing, and capitalizing the new knowledge into decisions in order to exploit or explore opportunities. A 6-item instrument was taken from Holcomb et al. (2009) since they already assimilated all the major concerns of previous researchers in organizational learning literature. A sample items includes "I put a great deal to learn business knowledge from direct experience". (Please refer to Appendix 1 for the item measurement)

RELIABILITY

Using SPSS 21, the results showed that each construct scored an acceptable standard reliability coefficient alpha (Peterson 1994) ranging from 0.700 to 0.865. The mean, standard deviation of each construct as well as correlations among the three constructs were checked. All are positively correlated at significant level, $p < 0.01$. Table 1 presents the mean, correlation, and Cronbach's alpha of MO, entrepreneurial learning intensity, and entrepreneurial success.

TABLE 1. Mean, std., Pearson's correlation of constructs

	Mean	Std.	Correlation			Cronbach's
			1	2	3	
Market orientation (MO)	4.793	.643	1	.357**	.403**	0.865
Entrepreneurial learning intensity	4.976	.549		1	.663**	0.700
Entrepreneurial success	5.073	.394			1	0.855

** correlation is significant at the 0.01 level (2-tailed).

This research was a cross-sectional survey for which the measures of both independent and dependent variables all depended on single-source reporting. Therefore, a common method variance bias is always a possibility (Johnson et al. 2011). Using factor analysis under dimension reduction in SPSS 21, correlation matrix and promax rotation, all 34 items had eigenvalues that are greater than 1, and the test score showed that common method variance bias is not a serious problem in this study. Discriminant and convergent validity for the constructs were checked and results showed that each construct is valid. The average variance extracted of each construct is higher than the squared correlations between the construct and all other constructs.

HYPOTHESIS TESTING

The hypotheses were tested via SPSS 21 following the enter method in order to gauge for a sign of mediation hypothetical model. According to multiple regression procedure specified by Baron and Kenny (1986), all relationships between constructs should be significant in order to claim for a mediating effect. First, in evaluating the extent of MO (predictor variable) in influencing positive relationship with entrepreneurial success (outcome variable), results showed a significance effect ($R = .403, p < 0.000$). Thus, Hypothesis 1 is supported. Second, the relationship between MO and entrepreneurial learning intensity (mediator) was also positive and significant ($R = .357, p < 0.001$). Hence, Hypothesis 2 is supported. Third, the coefficient of entrepreneurial learning intensity showed significant positive relationship

with entrepreneurial success ($R = .645, p < 0.000$). Hence, Hypothesis 3 is supported. Finally, the absolute effect of MO on entrepreneurial success became less when entrepreneurial learning intensity as mediator was added to the hierarchical regression (unstandardized coefficient for market orientation changed from $\beta = .247$ to $\beta = .116$). Thus, partial mediation is registered and the mediation Hypothesis 4 is supported. MO was found significantly influencing entrepreneurial success through entrepreneurial learning intensity ($R\text{-square} = .471, F\text{-change} = 46.808, p < 0.000$). In other words, 47.1% of the variance in entrepreneurial success is explained by MO through entrepreneurial learning intensity. Table 2 summarizes the hierarchical regression analysis in conducting the mediation hypothesis testing.

Figure 2 shows the results of mediation hypothesis testing, i.e. stage by stage procedures as outlined by Baron and Kenny (1986). We reported the standardized coefficients to show the extent the constructs are related for H_1, H_2 and H_3 and we reported the unstandardized as well as the standardized coefficients for MO in relation to entrepreneurial success after considering the total change as the result of the mediation effect of entrepreneurial learning intensity for H_4 .

DISCUSSION AND IMPLICATIONS

The main interest of this study was to examine a mediated relationship between market orientation and entrepreneurial success, typically when entrepreneurial success is perceived to be of both financial and non-

TABLE 2. Hierarchical regression analysis and results

Model	Unstandardized coefficient	Standardized coefficient	t	Sig.
1. (constant)	3.891			
Market orientation (MO)	.247	.403	3.957	.000
2. (constant)	2.390			
Market orientation	.116	.190	2.183	.032
Entrepreneurial learning intensity	.427	.595	6.842	.000

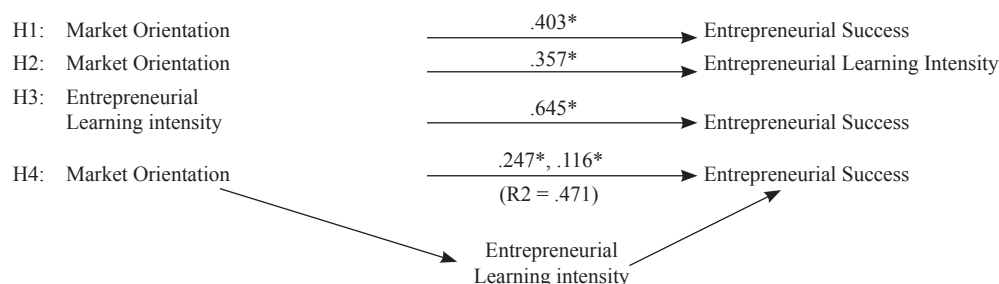


FIGURE 2. Mediating effect of entrepreneurial learning intensity on market orientation - entrepreneurial success relationship

financial measures of performance. Since complementary roles of market knowledge and learning concepts are well documented in strategy literature, entrepreneurial learning intensity was theoretically posited as the mediator in this study. Within the context of small and medium-sized service enterprises (service SMEs) in Malaysia, the finding was in line with the view of Reijonen and Komppula (2010) who suggested that MO adoption would constitute a good strategy that can benefit service providers. Service as research context began to emerge especially when the research's concern is on the role of MO (e.g. Lam et al. 2014). Practically, entrepreneurs also acknowledged on the importance of being market oriented; i.e. up to date with customer needs, wants, and expectations and competitors' development. In addition, the acquired knowledge and information about customers, competition, and market should be capitalized through deep high-level learning in order for entrepreneurial success to be realized.

Generally, study finding showed that entrepreneurial learning intensity is closely associated with MO, enriching empirical evidence for resource-advantage theory by Hunt and Morgan (1996). Based on resource-advantage theory, possessing market information and becoming market oriented as strategic choice of actions are meaningless if entrepreneurs resent any kind of learning process. Any information and new knowledge should be capitalized to some kind of innovation, and according to this theory they must be questioned and tested through high-level learning i.e. through learning-by-doing. In fact, entrepreneurs know that venture learning is scarcely fruitful, sometime painful, and always faces the possibility of failures. The least, entrepreneurs may learn the wrong things about customer wants, needs and expectation. However, indeed they would realize that they have learned something right.

The finding showed that the degree of learning new information and new knowledge intensified when customers, market and competitors became the major concern among entrepreneurs. Thus, their relationships were confirmed to be positive and significant theoretically and empirically. This is in line with Jain and Ali (2013) who suggested that the more they learn about customers, markets and competitors, the more they realize that the customers, markets, and competitors have changed. At the same time, they also understand that time would not wait for them to do more research. Therefore, often they just follow their instincts and that indicates high entrepreneurial learning intensity. From organizational learning perspective, the mismatch and evolution of needs and wants over time would drive entrepreneurs to make decision of exploiting based on heuristics in the absence of solid knowledge (Holcomb et al. 2009).

In sum, of course there are many other factors critical to success but the findings in this study on the importance of MO and entrepreneurial learning intensity in relation to entrepreneurial success are in line with previous researches (e.g. Shyh-Rong Fang et al. 2014; Hult, Hurley & Knight 2004). Their research concluded that the more equipped entrepreneurs with new knowledge, the more mentally and

emotionally they are to explore and exploit opportunities and venture further. That being said, this study enriched empirical findings and confirmed the significant influence of entrepreneurial learning intensity on entrepreneurial success. The effect of MO on entrepreneurial success is partially mediated by entrepreneurial learning intensity. Therefore, this study highlighted that there are also other variables that may mediate such theoretical relationship.

The first implication arising from this study is that entrepreneurs should undertake the concept of market orientation seriously. Being market oriented hopefully could reduce the risk of losing customer, who always provides a challenge but at the same time seeks attention. Entrepreneurs need to know that service sector is the most vulnerable to failure (Youn & Gu 2010) and the main cause of failure is having limited marketing knowledge and best practices as reported by Malaysia Economic Census Profile of Small and Medium Enterprise (2011). Next, implication is also on entrepreneurs who wish to attain fulfilling success. Entrepreneurs are supposed to be ready for intensive learning process. Learning lesson in entrepreneurial ventures costs lots of effort and investment of time and money but at the end entrepreneurs might learn the wrong things. Despite that, learning is indispensable in entrepreneurship. However, care must be taken in juggling business and personal lives especially in running market oriented service enterprises. Last but not least, the findings give implication to future research to explore some other factors or additional mediators to reduce superfluous effect of single mediation mechanism such as in this study.

CONCLUSION

In conclusion, it is never easy to become successful entrepreneurs because the path is winding and the journey is full of uncertainties. By the way, the findings of the study suggest that MO and entrepreneurial learning intensity both are strategic in explaining entrepreneurial success of small and medium service enterprises. Entrepreneurial success is partly attributed to MO, while entrepreneurial learning intensity as mediator provides further comprehensive explanation. Furthermore, embracing the fact that customer needs, wants and expectation keep evolving, and competition is stiff especially in the service sector, MO and entrepreneurial learning intensity are two strategic concepts that cannot be ignored nowadays. Therefore, the findings may be a help to entrepreneurs and potential entrepreneurs in realizing of why few are successful and others are not.

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APPENDIX

APPENDIX 1 – Item Measurements

MARKET ORIENTATION

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1. We monitor our customers and competitors to find new ways to improve customer satisfaction.
 2. We communicate information about successful and unsuccessful customer experiences across functions.
 3. Our business strategy for competitive advantage is based on our understanding about customers' needs and wants.
 4. Our business strategies are customer focused.
 5. Our business activities include polling end users at least once a year to assess quality of products and services.
 6. Our overall business objectives are driven primarily by customer satisfaction.
 7. Our main concern is to measure customer satisfaction systematically.
 8. We set regular measures of customer service.
 9. We believe this business exists primarily to serve customers.
 10. Data on customer satisfaction are disseminated at all levels in this business on regular basis.
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Source: Deshpande and Farley (1998)

ENTREPRENEURIAL LEARNING INTENSITY

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1. I put a great deal to learn business knowledge from direct experience with customers
 2. I put a great deal to learn business knowledge by observing others.
 3. I make an effort to take in and digest new knowledge.
 4. I make an effort to link new knowledge with my preexisting experience.
 5. When in lack of knowledge, I do not think hard to decide on taking opportunities.
 6. When in lack of knowledge, I have to spend long time to do exhaustive analysis.
-

Source: Adapted from Holcomb, Ireland, Holmes, and Hitt (2009)

ENTREPRENEURIAL SUCCESS

Financial measures (adapted from Haber and Reichel 2005)

1. I perceive sufficient income in the first three years of establishment.
 2. I perceive having high income for the last few years.
 3. I expect high income for the next following years.
-

Entrepreneurial satisfaction (adapted from Greenhaus, Parasuraman, and Wormley 1990)

4. I am highly satisfied with the success I have achieved.
 5. I am highly satisfied with the progress I have made toward meeting my overall goals.
 6. I am highly satisfied with the progress I have made toward meeting my goals for income.
 7. I am highly satisfied with the progress I have made toward meeting my goals for self-advancement.
 8. I am highly satisfied with the progress I have made toward meeting my goals for development of new skills.
 9. I have so much in life to be thankful for.
-

Feeling of gratitude (adapted from McCullough, Emmons, and Tsang 2002)

10. If I have to list everything that I feel grateful for, it would be a very long list.
 11. When I look at the world, I don't see much to be grateful for.
 12. I am grateful to very wide variety of people.
 13. As I get older I find myself more able to appreciate everything that has been part of my life.
 14. Long amount of time can go by before I feel grateful to something or someone.
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Entrepreneurial preparedness (adapted from Tang, Kacmar, and Busenitz 2010)

15. I have a gut feeling for potential opportunities.
 16. I can distinguish between profitable opportunities and not-so-profitable opportunities.
 17. I have a knack for telling high-value opportunities apart from low-value opportunities.
 18. When facing multiple opportunities, I am able to select the good ones.
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