

**THE RELATIONSHIP BETWEEN BUMIPUTERA'S FURNITURE
ENTREPRENUERS' MARKET ORIENTATION AND THEIR
BUSINESS PERFORMANCE: A CASE IN KELANTAN**



**INSTITUT PENGURUSAN PENYELIDIKAN
UNIVERSITI TEKNOLOGI MARA
40450 SHAH ALAM, SELANGOR
MALAYSIA**

DISEDIAKAN OLEH :

**MAZLINA BINTI MAMAT
HADHIFAH FADHLINA ISMAIL
TUAN MOHD ROSLI TUAN HASSAN**

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TABLE OF CONTENTS

LETTER OF REPORT SUBMISSION.....	iii
LETTER OF OFFER	iv-v
ACKNOWLEDGEMENTS	vi
TABLE OF CONTENTS	vii-ix
LIST OF FIGURES	x
LIST OF TABLES	xi
ABSTRACT.....	1
CHAPTER 1	
INTRODUCTION	2
1.0 Background	2
1.2 Problem Statement	3
1.3 Research Objectives	5
1.4 Research Question	5
1.5 Significance of the Study	6
1.6 Definition of Terms	6
1.7 Organization of Chapters	8
CHAPTER 2	9
LITERATURE REVIEW.....	9
2.0 Introduction.....	9
2.1 The Malaysia Furniture Industry.....	9
2.2 Types of Furniture.....	22
2.3 Types of Domestic Wood Products.....	23
2.4 The Uniqueness of Malaysian Furniture	26
2.5 SME Definition	26
2.6 The Marketing Concept	28
2.7 Small Business and the Marketing Concept	29
2.8 Market Orientation.....	30
2.8.1 Market orientation - Kohli and Jaworski's View	34
2.8.2 Market orientation – Narver and Slater's View	35
2.9 Relating the Marketing Concept to Market Orientation	36
2.10 Market Orientation and Business Performance	37

ABSTRACT

The demand scenario of furniture industry shows a significant growth. Malaysia's furniture export has recorded an 8.3% growth in 2010. Despite the promising market for Malaysian furniture in the global world, the contributions of Bumiputera furniture entrepreneurs are still small. From the observation, the Bumiputera furniture entrepreneurs give little attention on the implementation of market orientation which focused on three components: customer orientation, competitor orientation and inter-functional coordination. The furniture produced also failed to fulfill customer requirements. Therefore, this research is designed to assess the influence of market orientation on business performance of the Bumiputera furniture entrepreneurs. The data was successfully collected from 85 Bumiputera furniture entrepreneurs in Kelantan and then were analyzed through correlation and multiple regression to test the relationship and the strength of the association between variables. The findings show there are strong relationship between market orientation and business performance in which the implementation of market orientation will lead to a better performance. This research suggests for the business organization to succeed, market orientation has to be a vital part.

CHAPTER 1

INTRODUCTION

1.0 Background

Competitive environment of modern day businesses appears to necessitate the successful implementation of market orientation, if an organization is to achieve in its chosen market segments. Market orientation is regarded as the pivotal behind strategic planning and business operations, and hence, as an intrinsic component of organizational efforts (Appiah-Adu et al., 2001). Accordingly, over the last few years, the concept of market orientation has attracted increased attention among academic researchers and business practitioners (Nwokah and Maclayton, 2006; Eusebio et al., 2006). Market orientation makes a fundamental contribution to long-term business success on the bases that an organization's survival depends on its capacity to create value. Consequently, market orientation has been assumed as a prerequisite to success and profitability for most firms (Nwokah 2008).

Customer focus or customer orientation is a central tenet of market orientation. Customer focus is the set of beliefs that put the customer's interest first, which does not exclude those of all other stakeholders such as owners, managers, and employees in order to develop long term profitability (Nwokah and Maclayton, 2006; Nwokah, 2008). Deshpande et al. as cited by Nwokah and Maclayton (2006) view customer focus as being part of overall corporate culture whose values reinforce and perpetuate this focus. This creation of value is accomplished by increasing benefits to the buyers or customer, while decreasing their costs. To develop this level of understanding necessitates acquiring information about the customers and comprehending the nature of economic and political constructs that face them.

Another component of market orientation is competitor orientation. Competitor orientation requires firms to understand the strengths, weaknesses, capabilities and strategies of competitors and actively engage in information acquisition on existing and potential competitor (Deshpande et al., 1993; Narver and Slater, 1990). The last component of market orientation is inter-functional coordination. Inter-functional coordination is defined as "the coordinated utilization of company resources in creating superior value for target customers" (Narver and Slater, 1990, p. 22).

Despite the theoretical contributions of many scholars on market orientation, generally, customer orientation, competitive orientation, and inter-functional coordination,