
EXPLORING ENTREPRENEURSHIP ORIENTATION, MARKET ORIENTATION AND TQM ON BUSINESS PERFORMANCE

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Abstract

In today's competitive business environment, the company's ability to develop internal resources is important to survive. Entrepreneurial orientation (EO) and market orientation (MO) are interesting topics to survive. This study aims to develop a better understanding of the relationship between entrepreneurial orientation and market orientation on business performance. This study not only serves to clarify the relationship between entrepreneurial orientation and market orientation to business performance, but the conceptual model also clarifies the role of TQM as a mediator entrepreneurial orientation and market orientation-business performance link which is still largely ignored in research. The research conceptual model was developed based on a literature review EO, MO, TQM and BP. This study adopted a quantitative research method to test the research model. Data were collected from 35 respondents of fisheries SME managers in Bali, Indonesia. For research purposes, the questionnaire survey was conducted online and sent via their respective email addresses. The instrument was evaluated for validity and reliability. The structural equation model was designed to assess the significance of the theoretical relationships and test the relationships using PLS 3.0. The results support the research hypothesis. The findings show that entrepreneurial orientation and market orientation have a significant positive effect on business performance. Entrepreneurial orientation and market orientation are positively related to TQM. The findings also reveal the mediating effect of TQM in the relationship between entrepreneurial orientation and market orientation on business performance. Current research contributes to the literature on TQM using a resource-based view by exploring how the relationship between firm capabilities (e.g. TQM) and business performance. Applying a resource-based view provides a better understanding of TQM.

Keywords: TQM, entrepreneurial orientation, market orientation, SME business performance

1. Introduction

Efforts to maintain competitive advantage in a turbulent environment, uncertainty, and competition, the ability of organizations to build, accumulate and maintain competitiveness is very important (Fang, Chang, Ou, & Chou, 2014). Competitiveness improves business performance. Improving business performance is a challenge and a necessity for every business. Processes, practices, and decision-making capabilities become tools in guiding the company's activities when reacting to changes in the external environment (Ramlawati & Putra, 2018). Many studies have explored several strategies that are widely used in management literature related to business performance such as customer engagement (Mamun, Mohiuddin, Fazal, &

Ahmad, 2018a), customer knowledge (Falasca, Zhang, Conchar, & Li, 2017), innovation (Ndubisi & Iftikhar, 2012) and strategy orientation (Al-Ansaari, Bederr, & Chen, 2015).

Basically, researchers and practitioners have agreed that entrepreneurial orientation is an important consideration of business performance (Umrani, Kura, & Ahmed, 2018). Risk-taking, autonomy, open-mindedness, and independence in the organization's internal environment as a form of entrepreneurial orientation and strategic orientation in responding to environmental changes have a strong impact on business performance (Jancenelle, Storrud-Barnes, & Javalgi, 2017). In addition, organizations must positively embrace the marketing philosophy and be willing to take risks to achieve organizational goals. For companies, it is important to deliver superior customer value in responding to changing consumer needs and expectations (Beneke, Blampied, Dewar, & Soriano, 2016).

Many studies have explored several strategic orientation styles such as entrepreneurial orientation (EO) (Ndubisi & Iftikhar, 2012; Wahyuni & Sara, 2020) and market orientation (MO) (Wahyuni, Sara, Made, & Amerta, 2019) which can be utilized to generate excellent and effective value to improve sustainable business performance. A synergistically integrated approach to entrepreneurial orientation and market orientation contributes to improving business performance (Amin, Thurasamy, Aldakhil, & Kaswuri, 2016; Mamun et al., 2018).

In addition, research also shows the importance of the concept of total quality management (TQM) to affect business performance effectively (Demirbag, Tatoglu, Tekinkus, & Zaim, 2006; Basu & Bhola, 2016). TQM adopts the concept of internal marketing aimed at building a management system, communication, and organizational culture that focuses on employee relations as the key to successful external marketing. The focus point of TQM is on customer satisfaction. Thus, it can be said that TQM improves service quality and business performance (Ueno, 2010). In addition, empirical research related to contextual factors that affect SME business performance is still neglected, further research is needed to improve model accuracy (Suliyanto & Rahab, 2012).

This research focuses specifically on the business performance of SMEs, as they play a key role in national economies worldwide in creating jobs and reducing poverty (Mac & Evangelista, 2016). In developing countries such as Indonesia, SMEs make the largest contribution to the performance of economic growth (Hapsari, 2014), employment, and community welfare. Although SMEs have few resources, limited employees, few suppliers and customers compared to large companies, however, SMEs contribute to the workforce of 89% of the total Indonesian workforce with a contribution to GDP of 60% (Wulani & Jan Wellyan Toni Putro, 2019).

Likewise, Indonesian fishery sector SMEs are export-oriented, playing a role in global food security. If we look closely, the export volume shows an increase, but if we look at the export growth, it has decreased. This indicates that the fisheries sector SMEs have not shown superior performance (Indonesian Central Statistics Agency, 2020).

Although a number of theoretical and applied studies have examined the relationship between EO, MO as well as the effects on business performance (Grinstein, 2008; Nasution, Mavondo, Matanda, & Ndubisi, 2011), there is still a dearth of literature exploring under what conditions

entrepreneur behavior, customer orientation, competitor orientation, interfunctional influence new product performance. As a result, studies are needed that investigate strategic orientation and market orientation by considering potential mediators (Zhang & Duan, 2010), with a TQM approach that places customers and competitors as the main reference in developing country contexts (González-Benito, González-Benito, & Muñoz-Gallego, 2009). Investigating contextual factors that can affect business performance is able to address the theoretical gaps that have been identified. This study contributes by examining the mediating role of TQM on the relationship between entrepreneurial orientation and market orientation on business performance. The research broadens the scope of the debate and is guided by two main research questions:

RQ1: Do entrepreneurial orientation, market orientation and TQM affect business performance of SMEs in Bali, Indonesia?

RQ2: Does TQM play a role in mediating the relationship between entrepreneurial orientation and market orientation on business performance in SMEs in Bali, Indonesia?

The research objectives are specifically described:

- To examine the role of entrepreneurial orientation in business performance.
- To examine the role of market orientation in business performance.
- To examine the role of entrepreneurial orientation in TQM.
- To examine the role of market orientation in TQM.
- To examine the role of TQM in business performance.
- To examine whether TQM has a mediating effect on entrepreneurial orientation and market orientation-business performance linkages.

2. Literature Review

2.1 Resource-based theory

The theoretical basis and hypotheses of this research are resource-based theory (Wernerfelt, 1984). Differences in performance among companies result from resource assets or capabilities to create the company's internal capabilities and competitive advantage (J. Barney, Wright, & Ketchen, 2001). A company is said to have a competitive advantage when it utilizes resources and value creation strategies (Umrani et al., 2018). Entrepreneurial orientation, market orientation and TQM as competencies, intangible resources and capabilities, direct companies to achieve competitive advantage (Liao, Fu, & Liu, 2020; Al-Dhaafri, Al-Swidi, & Yusoff, 2016).

2.2 Business performance

The rapidly changing business environment, short product life cycles, and uncertain future profit streams have made it important to continuously monitor business performance. Business performance measurement allows companies to focus on areas or functions that need to be improved to drive performance achievement. The concept of business performance includes the effectiveness of delivering value to customers, sales levels, sales growth rates, and relative market share (Sandvik & Sandvik, 2003). Performance is the ability to effectively achieve high performance in aspects of customer satisfaction, productivity, market share, and sustainability (Kaur, Singh, & Singh, 2020). Business performance also reflects how well the company is fully committed to managing internal resources, maintaining customer loyalty, customer

satisfaction, and increasing market share and sales growth (Dehisat & Awang, 2020). The resource-based view of the company recognizes that production factors, all assets, processes, non-purchasable capabilities, company attributes, information, supply inelasticity that can be controlled and managed lead to sources of sustainable competitive advantage (J. B. Barney, 2001). Business performance is the level of success of a company in achieving the goals of sales growth, profitability, and market share (Samadi et al., 2018). It can be said that business performance shows the actual output or results of an organization, the achievement of strategic goals, growth, ability to manage internal resources and adaptation to the external environment to gain profit and growth.

2.3 Entrepreneurial Orientation

As business competition gets tougher all over the world, it is important for companies to exploit themselves with capabilities and competencies. Adopting entrepreneurship is important for achieving performance (González-Benito et al., 2009; Aloulou, 2019). The marketing literature confirms that entrepreneurial orientation is the behavior of the ability to adapt operations in a dynamic competitive environment in order to exploit market opportunities, and enter new created markets (Montiel-Campos, 2018). Entrepreneurship-oriented companies have a tendency to value innovation, proactivity, risk-taking and change-oriented companies will get greater popularity and entrepreneurial strategies (Kantur, 2016).

The RBV perspective emphasizes the entrepreneurial orientation as a reflection the ability to collect and utilize resources to develop opportunities and create value through innovation, proactivity, self-renewal that results in superior market performance (Yang, Li-Hua, Zhang, & Wang, et al. 2007).

2.4 Market Orientation

Market orientation is the implementation of the marketing concept. Market orientation shows the ability of managers to always be connected with the business environment with a focus on customers (and or competitors) (Al-Ansaari et al., 2015). The concept of marketing capability is based on a resource-based view (RBV), where valuable, rare and expensive resources to imitate, policy procedures and exploitation of capabilities are the basis for superior performance (Sørensen & Madsen, 2012). The main principle of RBV asserts that a company can generate competitive advantage and superior performance when it is able to develop and utilize key resources that create customer value (Clulow, Barry, & Gerstman, 2007). Market orientation capability as a resource reflects the company's ability to collect and manage resources that are converted into outputs that are valued by customers (Mamun, Mohiuddin, Fazal, & Ahmad, 2018b).

2.5 TQM

It has been recognized that TQM is a source of competitive advantage (Yunis, Jung, & Chen, 2013). Strong competitive pressures force companies to implement TQM. Management practices, for example, continuous efforts to improve the quality of processes, products and services with a focus on meeting customer needs and expectations (Hilman, Ali, & Gorondutse,

2020). This opinion is in accordance with the RBV which shows that TQM as a combination of internal capabilities that can influence managerial perceptions requires strategic resources are heterogeneous, difficult to adopt and substitute, except with hard effort (Barney, 1991). Internal resources are needed to respond to the dynamics and speed of market changes, exploit opportunities, and provide value to stakeholders (Mele, 2007).

2.6 Hypothesis Development

2.6.1 Entrepreneurial orientation and business performance

The role of entrepreneurial orientation on business performance has been extensively researched and the positive effects of entrepreneurship on company growth and profitability have been recognized (Yang et al., 2007; Rundh, 2011; Jancenelle et al., 2017). Entrepreneurial orientation supported by innovation capability has a significant influence on business performance. Proactive, autonomous, and risk-taking entrepreneurship encourages innovation and creativity so as to create reputation and quality performance (Ndubisi & Iftikhar, 2012b). Thus, the following hypothesis is proposed:

H1. Entrepreneurial orientation is significantly related to business performance.

2.6.2 Market orientation and business performance

Empirical studies and business phenomena show that market-oriented behavior as a culture and efforts to understand customer needs are not able to affect export performance; contradicts the results of studies which state that market orientation and business performance have a significant positive effect (Huhtala, Sihvonen, Frösén, Jaakkola, & Tikkanen, 2014). The process of creating superior customer value is directly related to competitive advantage and business performance (Buli, 2017). Boso's research found a market orientation that responds quickly to the needs of market preferences in order to create and deliver customer value and alignment with social network ties to maximize sales growth and profitability (Boso, Story, & Cadogan, 2013). Utilizing the potential of market orientation is to use marketing resources, communicate with customers, utilize price information, customer service, share information, expand market share and improve business performance (Yousaf, Sahar, Majid, & Rafiq, 2018). Therefore, the following hypothesis is proposed:

H2. Market orientation is significantly related to business performance.

2.6.3 Entrepreneurial orientation and TQM

An entrepreneurial orientation that develops an entrepreneurial culture has a significant positive effect on TQM (Ali, Hilman, & Gorondutse, 2017). Entrepreneurial orientation which is reflected by activeness and risk taking encourages companies to make continuous improvements so that the company's products and services exceed customer expectations, desires., through TQM practices. TQM adaptation through entrepreneurial aspects dominantly affects business performance. The proactive behavior of pursuing opportunities, being innovative, aggressive, autonomous, and risk-taking creates strategic choices that lead to quality empowerment, process

quality management, training, and utilization of quality information (Sahoo & Yadav, 2017). Entrepreneurship supported by strategic management encourages the improvement of management processes, productivity, quality, competitiveness and satisfaction of customer needs (Samadi et al., 2018). Entrepreneurial orientation and TQM (Yunis et al., 2013). Thus, the following hypothesis is proposed:

H3. Entrepreneurial orientation has a significant effect on TQM.

2.6.4 Market orientation and TQM

The systems perspective is adopted to demonstrate that a combination of integrated and coordinated marketing and operations decisions can enhance competitive advantage. Market orientation is a management philosophy that emphasizes the company's ability to explore and respond quickly to customer desires to improve TQM practices (Ali et al., 2017). Market orientation with actions and efforts to respond to changing customer needs creates quality management to ensure adequate products or services to customers (Ramayah, Samat, & Lo, 2011). The focus of the company is to identify, respond quickly and aggressively to changing customer needs, improve quality management improvements so as to successfully satisfy customer needs (Zelbst, Green, Abshire, & Sower, 2010). Market orientation can be measured by several measurement items such as: proactive dialogue, reciprocal relationships with customers, responsiveness and sharing of internal market information. Consequently, we can formulate the following hypothesis:

H4. Market orientation is positively significant related to TQM.

2.6.5 TQM and business performance

Performance is generally accepted as the ultimate goal of business. Improving business performance is the core and goal of management (Tseng & Lee, 2014). The intensity of business competition today causes quality to be an important factor, TQM is an organizational culture with a commitment to customer satisfaction that determines the effectiveness of business performance (Ali et al., 2017). TQM reflects the company's ability to improve customer focus, employee empowerment, information & communication and continuous quality improvement (Samat, Ramayah, & Mat Saad, 2006). TQM practices such as reporting and data quality, employee relations, training, supplier quality management, quality policy, and process management have a direct effect on revenue, market development and overall business performance. Investing TQM resources by improving management can secure market share, reduce costs, and increase profits (Demirbag et al., 2006; Pinho, 2008). Thus,

H5. TQM has a direct positive effect on business performance.

2.6.6 The mediating role of TQM

There has been an emphasis on the literature regarding entrepreneurial orientation and market orientation with business performance (Li, Zhang, & Chan, 2005; Zelbst et al., 2010), but a single resource may not adequately explain the mechanism of this relationship. Management

literature confirms that several TQM practices such as company quality culture, people and customer management, partnership with suppliers, operation quality planning, education and training, work culture and customer satisfaction orientation (Ali et al., 2017).

Entrepreneurial orientation encourages the company's ability to build TQM systems and practices such as management leadership, training, product design, supplier partnerships, information communication, customer management, and quality culture to ensure customer satisfaction can be improved (Rad, 2006; Sahoo & Yadav, 2017). The success of TQM will result in improved communication, quality, productivity, customer satisfaction, position in the market, and competitive advantage (Al-Dhaafri et al., 2016).

Furthermore, effective market orientation practices lead to the adoption of TQM with improved communication, quality, productivity, customer satisfaction, position in the market, and competitive advantage (Samat et al., 2006). An inclusive TQM method that combines all organizational activities to meet and even exceed customer expectations so that overall company goals can be achieved effectively (Ramayah, Samat, & Io, 2011; Demirbag, Tatoglu, Tekinkus, & Zaim, 2006). If entrepreneurial orientation behavior and market orientation are combined with TQM practice interventions, it can result in better SME business performance. In this regard, TQM appears to play an important role in increasing the strength of the relationship between entrepreneurial orientation and market orientation on business performance. Thus, the following hypotheses are proposed:

H6. Entrepreneurship orientation has an indirect positive effect on business performance through learning TQM.

H7. Market orientation has an indirect positive effect on business performance through TQM.

2.7 Research framework

Following the literature review, the proposed conceptual model is presented in Figure 1.

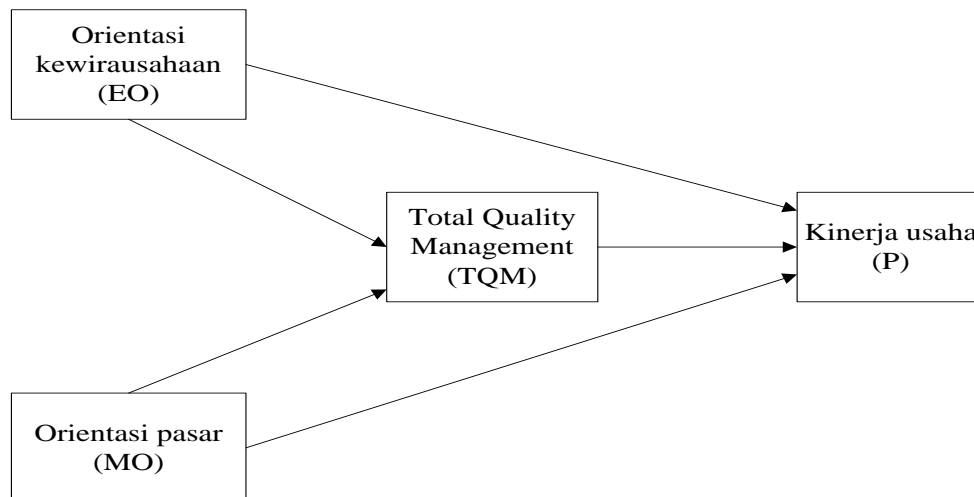


Figure 1. Research framework

3. Research methods

3.1 Procedure and data collection

The study uses a quantitative approach to test the proposed hypotheses. The survey method uses a questionnaire to collect data from fisheries SMEs in Bali, Indonesia. The unit of analysis is the organization, so managers who are considered key informants and understand the strategy of SMEs were asked to complete the survey items. Citing data from the Directory of the Central Statistics Agency of Bali Province, there are 70 companies with legal entities (limited companies) operating in the fisheries sector (export orientation). Therefore, to get a reliable sample of 70 questionnaires that have been filled in, in accordance with the recommendations of Krejcie & Morgan (1970), the study decided 50% of the 70 that was 35 companies. The aim is to compensate for the possible unavailability of respondents and anticipate efforts to achieve acceptable and reliable results. Then, considering the research objective is to predict the dependent variable, the paper proceeds to statistical analysis using partial least square (PLS) path modeling to test the theoretical model (Joseph F. Hair, Jr., G. Thomas M. Hult, Christian M. Ringle, 2013).

3.2 Questionnaire development

Entrepreneurial orientation. Items on the scale reflect actions, decision-making styles, methods, practices, aimed at exploiting new opportunities. Five items were adapted from previous studies (Masa'deh, Al-Henzab, Tarhini, & Obeidat, 2018; Gruber-Muecke & Hofer, 2015; Sahoo & Yadav, 2017; Rad, 2006) with minor modifications according to the scope of the study to measure entrepreneurial orientation. We measure entrepreneurship by asking respondents and assessing the respondents' level of agreement on five-point Likert scale (1=completely disagree, 5=completely agree) (Umrani et al., 2018). Sample item is: In our company, the company acts aggressively to maximize potential.

Market orientation. Five items were adapted from previous empirical studies to measure market orientation practices (Suliyanto & Rahab, 2012; Al-Ansaari et al., 2015). Participants were asked to respond to items related to the company's tendencies, attitudes and abilities to acquire, disseminate and respond to market opportunities to create superior customer value. All measurement items in the scale on five-point Likert scale were on a Likert scale anchored from strongly disagree to strongly agree. Sample of item is: Our company builds proactive dialogue and reciprocal relationships with customers.

TQM. The nine items adapt previous empirical studies to measure TQM practices (Demirbag et al., 2006; Samat et al., 2006; Pinho, 2008). Participants were asked to respond to items that reflected the ability to align high-quality marketing and operations to respond to customer expectations and demands. The sample of item is: our company measures results and performance continuously. All measurement items in the scale on five-point Likert scale were on a Likert scale anchored from strongly disagree to strongly agree.

Business performance. Three items measure business performance that adopt previous empirical studies (Pinho, 2008; Ndubisi & Iftikhar, 2012; Laukkanen, Nagy, Hirvonen, Reijonen, & Pasanen, 2013). Informants are asked to respond to three items that indicate the extent to which the company is achieving. One of the sample items is: Expansion of our company's market share, over three years, in the scale n five-point Likert scale were on a Likert scale anchored from strongly disagree to strongly agree.

4. Data Analysis

Data analysis uses PLS to test the research model, specifically using the SmartPLS 3.0 software. PLS technique was used for primary analysis and mediation. PLS as a multivariate technique can simultaneously use two steps: 1) evaluation of the measurement model (measurement of validity and reliability to measure the relationship between constructs with appropriate indicators) and 2) testing of structural models for data analysis (Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014; Hilman et al., 2020).

4.1 Evaluation of measurement model

Convergent validity shows the extent to which construct items measure the same and appropriate concept. Convergent validity of the measurement model with reflexive indicators is checked through factor loadings. Individual reflexive measures are categorized as high if they are correlated with a value of more than 0.70 with the construct being measured. As recommended (Hair et al., 2014), the study also uses composite reliability (CR), an indicator block that measures constructs that can be evaluated with Cronbach's alpha and using average variance extracted (AVE). The recommended value is said to be good, if loading > 0.5, the CR must be above 0.7, and the CR must be greater than 0.7. Figure 2, Tables I and II show the factor loading of all items and the reliability of all indicators exceeds the recommended value, thus indicating a good convergent validity value.

Table I. Convergent validity

Construct	Item	Loading	Composite Reliability	AVE
Entrepreneurship orientation	EO1	0.873	0.884	0.686
	EO2	0.853		
	EO3	0.678		
	EO4	0.845		
	EO5	0.876		
Market orientation	MO1	0.826	0.886	0.688
	MO2	0.811		
	MO3	0.779		
	MO4	0.897		
	MO5	0.829		
TQM	TQM1	0.798	0.944	0.692
	TQM2	0.871		
	TQM3	0.820		
	TQM4	0.746		
	TQM5	0.852		
	TQM6	0.793		
	TQM7	0.885		
	TQM8	0.819		
	TQM9	0.889		
Business performance	BP1	0.846	0.842	0.761
	BP2	0.849		
	BP3	0.921		

Source: Research data analysis (2021).

Table II. Cross-loading

Construct items	BP	EO	MO	TQM
BP1	0.846	0.765	0.768	0.790
BP2	0.849	0.730	0.766	0.785
BP3	0.921	0.778	0.844	0.868
EO1	0.726	0.873	0.704	0.713
EO2	0.744	0.853	0.626	0.663
EO3	0.531	0.678	0.576	0.526
EO4	0.738	0.845	0.638	0.699
EO5	0.822	0.876	0.736	0.749
MO1	0.840	0.812	0.826	0.764
MO2	0.618	0.543	0.811	0.627
MO3	0.736	0.585	0.779	0.726
MO4	0.830	0.687	0.897	0.826
MO5	0.711	0.633	0.829	0.651
TQM1	0.818	0.688	0.691	0.798
TQM2	0.853	0.727	0.772	0.871
TQM3	0.703	0.689	0.669	0.820
TQM4	0.661	0.674	0.710	0.746
TQM5	0.757	0.610	0.675	0.852
TQM6	0.728	0.650	0.789	0.793
TQM7	0.805	0.709	0.665	0.885
TQM8	0.772	0.669	0.756	0.819
TQM9	0.870	0.677	0.799	0.889

Source: Research data analysis (2021).

4.2 Structural model assessment

To assess the predictive ability of the structural model, R2 is calculated. R2 shows a variant that can be explained by exogenous variables (Amin et al., 2016), where the three variables (entrepreneurial orientation, market orientation, and TQM) are able to explain 0.928 percent.

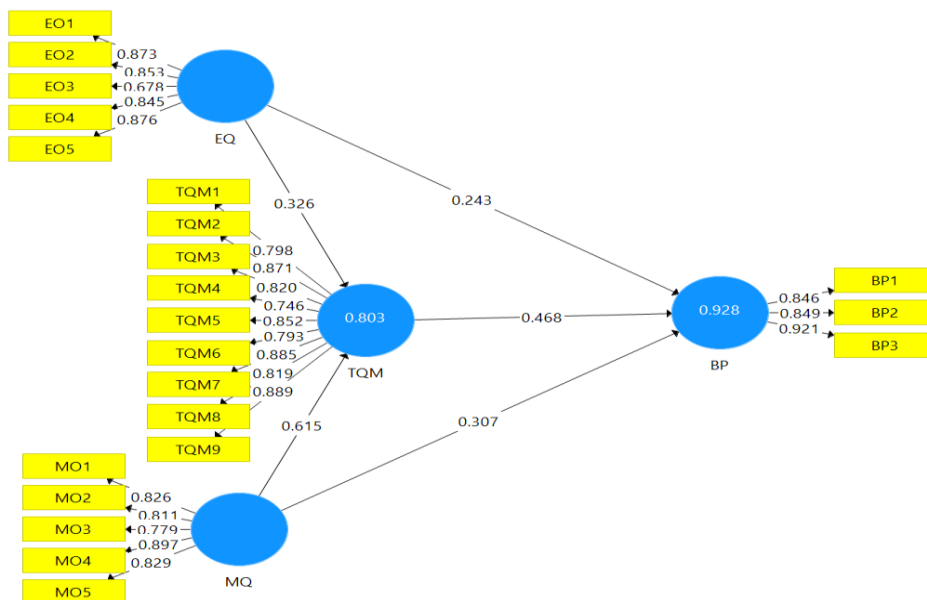


Table III. Hypothesis test

Hypothesis	Path coefficient	t-value	Significance	Conclusion
H1. EO →BP	0.243	2.101	0.036	Support
H2. MO→ BP	0.307	2.238	0.026	Support
H3. EO→ TQM	0.326	2.000	0.046	Support
H4. MO→ TQM	0.615	3.962	0.000	Support
H5. TQM →BP	0.468	3.482	0.001	Support
TQM Mediation:				
H6 EO→TQM→BP	0.153	2.453	0.000	Support
H7. MO→TQM→BP	0.288	3.363	0.001	Support

Source: Research data analysis (2021).

Table III shows the analysis of the structural model. From the analysis, it is known that entrepreneurial orientation is positively related to business performance ($\beta=0.243$, $p<0.05$). Market orientation ($\beta=0.307$, $p<0.05$) is positively related to business performance. Then, entrepreneurial orientation ($\beta=0.326$, $p<0.05$) was positively related to TQM. Market orientation is positively related to TQM ($\beta=0.615$, $p<0.05$). And, TQM ($\beta=0.468$, $p<0.05$) is positively related to business performance. Furthermore, the study examined the mediating effect of TQM in the relationship between entrepreneurial orientation and market orientation on business performance, and the results showed that TQM as a mediator of the indirect effect of entrepreneurial orientation-business performance ($\beta=0.153$, $p<0.05$), and market orientation-business performance ($\beta=0.288$, $p<0.05$), indicating a mediating effect.

5. Managerial conclusions and implications

The study was designed to determine the contribution of entrepreneurial orientation and market orientation to the business performance of SMEs in a dynamic market that is full of challenges. To overcome challenges, businesses need SME management and commitment. This study also examines the mediating role of TQM in the relationship between entrepreneurial orientation and market orientation on business performance. The results of this study found that entrepreneurial orientation has a significant relationship with business performance, thus, supporting Hypothesis 1. Empirical studies have provided evidence of positive effects of entrepreneurial orientation on growth, profits and overall business performance (Yang et al., 2007; Rundh, 2011; Jancenelle et al., 2017). Practically, the results of this study help SME managers and practitioners make decisions to increase growth and market share, through entrepreneurial orientation behavior. The entrepreneurial orientation of SME managers includes culture, values, innovation capabilities, proactive, risk-taking, autonomous, encourages creativity and innovation and is able to create reputation and quality performance (Ndubisi & Iftikhar, 2012).

Consistent with Hypothesis 2, the results of the PLS path modeling show a positive relationship between market orientation and business performance. The results confirm that the ability of SME managers to create superior customer value is an important component in improving business performance and supports the existing literature (Raju, Lonial, & Crum, 2011; Boso et al., 2013; Yousaf et al., 2018). The study results complement the findings of Cronin-Gilmore (2012), which states that SMEs that develop marketing strategies, build quality and realistic marketing knowledge, and share market information in order to satisfy customers are able to increase their market share and sales growth.

Third, this study examines the direct effect of entrepreneurial orientation on TQM, formulated Hypothesis 3. Interestingly, consistent with Hypothesis 3, the results of the PLS pathway modeling show that entrepreneurial orientation is positively related to TQM. This finding is in line with RBV theory which implies that entrepreneurial orientation competitive resources play an important role in TQM practice. This idea is supported by fisheries SME managers empirically. In other words, companies must proactively invest in business process services, aggressively maximize resource potential, and be strong on risky investments with high returns on profits, improve operational quality planning, process improvement, and have a strong quality culture (Weerawardena & Coote, 2001; Al-Dhaafri et al., 2016; Ali et al., 2017).

Fourth, the purpose of this study is to examine the direct effect of market orientation on TQM, formulated in Hypothesis 4. The research subjects are SMEs. SME managers should consider market orientation practices such as the intensity of dialogue with customers through social media, market information sharing, communication related to marketing strategies, and rapid response to market dynamics effectively leading to TQM adoption by improving communication, quality, productivity, customer satisfaction, positioning in the market, and competitive advantage (Samat et al., 2006). The inclusive TQM method is to combine all organizational activities to meet and even exceed customer expectations so that overall company goals can be achieved effectively (Ramayah, Samat, & lo, 2011; Demirbag, Tatoglu, Tekinkus, & Zaim, 2006).

Fifth, the results of the study found that TQM has a significant relationship with business performance; Thus Hypothesis 5 is supported. The significance of the relationship between TQM and business performance shows that fisheries SMEs in Bali, Indonesia use TQM practices to support successful growth, profit and market share. The findings are consistent with the point of view that management philosophies, such as TQM that continuously improve quality processes, focus on customers, utilize quality information, and empower quality to satisfy customer needs and expectations are capable of achieving long-term success (Demirbag et al., 2006); Pinho, 2008; Ali et al., 2017; Sahoo & Yadav, 2017).

Sixth, the main contribution of this study is to investigate the mediating effect of TQM on the relationship between entrepreneurial orientation and business performance of SMEs based on RBV theory. Consistent with Hypothesis 6, the results of the PLS pathway modeling found that TQM was able to mediate the EO-business performance relationship. Empirical studies support

RBV. TQM is the ability and resources to add value to the organization (J. Barney et al., 2001; Al-Dhaafri et al., 2016). Strategy orientation such as entrepreneurial orientation as a principle, process, practice, philosophy of how to run a business through a series of efforts involving new ideas, experimentation, creativity, exploring new markets, risky actions (Aloulou, 2019), encouraging businesses to take the best actions in improving product quality, data analysis, strategic planning, process management, and customer satisfaction (Samadi et al., 2018). TQM practices such as quality culture, partnerships with suppliers, quality operations, people and customer management, employee training, work culture, customer satisfaction orientation can improve SME business performance (Tahir, Batool, & Takrim, 2016; Ali et al., 2017).

In addition, this study provides a major contribution to investigate TQM as a mediator on the relationship between market orientation and SME business performance. Supporting Hypothesis 7, the results of the PLS pathway modeling provide evidence that TQM is able to mediate the market orientation-business performance relationship. Practitioners and managers can consider adopting an effective market orientation that leads to TQM practices with a focus on improving quality, internal communication, productivity, customer satisfaction, positioning in the market, and competitive advantage (Samat et al., 2006; Ali et al., 2017). TQM activities that holistically combine continuous improvement processes to create quality products are able to satisfy customers and increase business performance (Demirbag, Tatoglu, Tekinkus, & Zaim, 2006; Ramayah, Samat, & lo, 2011). The management literature resulting from this study shows that TQM makes clearer the ways in which the mechanisms of entrepreneurial orientation and market orientation are positively related to customer growth, sales growth, and market share expansion.

6. Limitations and future research

Although the empirical findings of the research contribute and provide good insight into the management literature, there are still some points that should be highlighted in the future. Future studies should consider a cross-sectional design to examine the theoretical body of the construct over a long period of time, in order to be able to interpret the findings in line with the limitations of the current study. It is quite difficult to generalize the results of the study to the SME population, because the sample is limited. Consequently, it would be preferable for future studies to adopt research models for different types of SME sectors to generalize the research findings. Finally, the presented study has the potential to test TQM as a mediator of the relationship between EO and MO on business performance. Therefore, future research may consider more efforts to define TQM as a resource that focuses on fulfilling customer satisfaction to help organizations improve marketing performance.

7. References

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