

MARKET ORIENTATION, INNOVATION, AND DYNAMISM FROM AN OWNERSHIP AND GENDER APPROACH: EVIDENCE FROM MEXICO

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ABSTRACT

For businesses where resources are scarce and civil conditions are currently unstable, such as the Mexican state of affairs, striving for business practices that embrace a market orientation (MO) becomes critical to maintaining market share or even business survival. This paper addresses whether MO, innovation, and dynamism levels substantially differ among small businesses in Mexico, from an ownership (manager vs. owner) and gender approach. Our results show that there are no gender differences about market orientation. However, women in small business settings seemed to be more attuned with the need for businesses to be innovative and dynamic. Owners and managers demonstrated a similar degree of market orientation, innovation, and dynamism; reflecting the importance placed on small businesses to be a source of income despite being an owner or manager.

JEL: M16

KEYWORDS: Market Orientation, Innovation, Dynamism, Small Business, Gender, Ownership Approach, Mexico

INTRODUCTION

One key variable to creating and sustaining a successful business is observing a market orientation. Market orientation has been linked in many prior studies to a superior firm performance ranging from Kohli and Jaworski (1990), Narver and Slater (1990), and Diamantopoulos and Hart (1993) to more recently Kirca, Jayachandran, and Bearden (2005) and Megicks and Warnaby (2008). Market orientation has been identified as a source of competitive advantage for small businesses (Byrom, Medway & Warnaby, 2001; Logan, 1994; Megicks, 2001). Such positive support arises from the fact that market orientation is centered around the firm who is seeking growth opportunities, reduces delays in responding to those opportunities, and it is not easily replicated (Kirca, Jayachandran & Bearden, 2005). Byrom, Medway and Barnabi (2001) have suggested that small businesses may have a key opportunity to implement market orientation due to their flexibility and close ties to their customer base. Adopting a market orientation by small businesses may be increasingly important due to rapid technological change, globalization, and increasingly sophisticated competitors. For small businesses, this orientation can facilitate the creation of market based strategies, which enhance the opportunities for survival (Megicks & Warnaby, 2008) or defending market share. It is important to point out that empirical studies have primarily focused on large U.S. businesses and researchers, such as Pelham (1997, 1999, 2000), Pelham and Wilson (1995, 1996), Verbees and Meulenberg (2004), and Tzokas, Carter and Kyriazopoulos (2001), are advocating studies of market orientation on non-U.S. businesses. Thus, for businesses where resources are scarce, such as Mexican businesses, embracing a market orientation becomes a critical success factor. Therefore it becomes essential to investigate and further enhance our understanding of the market orientation behavior and other related constructs of small businesses in developing economies.

Rather than focusing on the market orientation-performance relationship which has received abundant support in the literature (for a meta-analysis see Kirca, Jayachandran & Bearden, 2005), this study focuses on as the constructs of dynamism, and innovation, and whether differences exist in the practice of

these constructs with respect to ownership and gender. As pointed out by Renko, Carsrud, and Brannback (2009), studying innovation and market orientation along with other variables, such as dynamism, can provide a unique contribution as we learn more about how market orientation is interrelated to other constructs and its relative importance. Innovation has also been considered a “missing link” for organizational performance. Han, Kim and Srivastava (1998) found evidence that innovation is linked to market orientation which, in turn, positively impacts organizational performance.

Researchers are also exploring market orientation and its interaction with other constructs, such as gender (Zweimuller, Winter-Ebmer & Weichselbaumer, 2008). In the early 1990’s, Daily and Dollinger (1991) suggested that differences in ownership and control of firms affect the way they are managed. Such differences have been confirmed in studies such as Amit and Villalonga (2004), Daily and Dollinger (1993), McConaughy, Matthews, and Fialko (2001). These studies reveal that differences, in the way a business operates, can be found when comparisons are made between the owner’s and professional manager’s styles. Therefore, one objective of this study is to test whether the way market orientation is practiced, differs between owner operated businesses and manager operated businesses. Additionally, gender differences are viewed as an important factor that produces variation in management styles. According to Sonfield, Lussier, Corman, and Mckinney (2001), the existing literature about male-owned small businesses and entrepreneurship is inconclusive. With the increasing number of small business owned by women, there is an impetus to investigate whether these small businesses differ from the male-owned businesses (Perry, 2002).

An overview of the literature in the small business area indicates that differences between managers and owners of small businesses are likely to be discovered when studying these businesses. This paper will address whether MO, innovation, and dynamism levels substantially differ among small businesses in Mexico from an ownership (manager vs. owner) and gender approach. Overall, this study is aimed at answering the following questions: (1) Are small business owners and managers leading their businesses by adopting MO in Mexico? (2) Are there any differences in the practice of market orientation, innovation, and dynamism between businesses run by the owners as compared to those run by professional managers among small businesses in Mexico? (3) Are there any gender differences in the practice of MO, innovation, and dynamism among small businesses in Mexico?

We begin this study with a review of the literature on market orientation, innovation, and dynamism. An overview of the current state of entrepreneurship in Mexico is also addressed in order to place this study in context. Market orientation, innovation, and dynamism are the conceptual basis used to develop and propose hypotheses on how ownership (owner vs. manager) and gender (male vs. female) differences may interact with these three variables. Following our hypothesis the methodology and results are presented along with a discussion of the findings and implications of our research. We conclude with a discussion of the study’s limitations and opportunities for future research.

LITERATURE REVIEW

Market Orientation in Small Businesses

Kohli and Jaworski (1990, p.3) defined market orientation as “the organization-wide generation of market intelligence, dissemination of intelligence across departments, and organization-wide responsiveness to this intelligence”. Kohli and Jaworski’s (1990) conceptualization, while stressing the importance of information generation and dissemination, and a firm’s overall responsiveness to this information processing, did not take into account any cultural aspect of this concept. Narver and Slater (1990) suggested a five dimensional operationalization of the market orientation concept, which consists of three behavioral and two decision-making principles. The three behavioral dimensions included customer orientation, competitor orientation, and inter-functional coordination. The two decision-making

dimensions included long-term and profit focus. Narver and Slater (1990, p.21) define market orientation as “the organizational culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and, thus, superior performance for the business.” This definition emphasizes the cultural norms and values adopted by organization-wide employees as a means of gaining a competitive advantage.

Empirical support for market orientation and its association and significance with business performance has been addressed by several researchers (Jaworski & Kohli, 1993; Narver & Slater, 1990; Slater & Narver, 1994) and it has expanded to include many non-western cultures: from the Arab world (Bhuiyan, 1998), India (Subramian & Gopalakrishna, 2001), Taiwan (Horng & Chen, 1998), and the United Kingdom (Megicks & Warnaby, 2008) among others. The most recent accounts of the positive influences of market orientation show that market orientation supports; overall business performance, profits, and market share. These positive influences are organized under four categories: organizational performance, customer consequences, innovation consequences, and employee consequences. Analysis also demonstrated that manufacturing firms showed evidence of higher market orientation–performance associations than do service firms (Kirka, Jayachandran & Bearden, 2005). There have also been studies conducted in the United Kingdom, however, which indicate a contradictory market orientation–performance relationship (Greenlay, 1995; Diamantopoulos & Hart, 1993). A longitudinal study about small business performance found that market orientation did not have a significant impact on growth or market share even though it did significantly impact new product success (Pelham & Wilson, 1996). Nonetheless, the concept continues to evolve and now acknowledges the need to have a proactive orientation in which customers’ latent needs are understood and considered (Narver, Slater & MacLachln, 2004). This development came as a result of questioning the market orientation context in technology ventures and its lack of attention towards the customers’ latent needs and to a long term approach.

While market orientation and its importance to firm performance is acknowledged through studying large industrial firms, the significance of this concept has been corroborated by research examining small to medium sized businesses (Kara, Spillan & Deshields, 2005; Martin, Martin & Minillo, 2009; Megicks & Warnaby, 2008; Pelham & Wilson, 1996; Pelham, 1997, 1998). Evidence of a market orientation – performance connection has been supported across different industries, such as manufacturing firms (Pelham, 2000), biotechnology ventures (Renko, Carsrud & Brannback, 2009) and agricultural and consumer goods (Armario, Ruiz & Armario, 2008). Pelham stated (1998, p.34): “Market orientation may be especially important for small firms, because market-oriented firms can leverage their potential advantages of flexibility, adaptability, and closeness to their customer base into superior, individualized service.” His study on small manufacturing firms explored the significance of market orientation, suggesting that small firms, as they have advantages, related to closeness to customers and flexibility and adaptability also have disadvantages, related to scarcity of resources. The study theorized that smaller firms might gain and sustain a competitive advantage through adopting a strong market orientation culture. Small firms that fully adopt a market orientation will have fewer defects, lower costs, greater customer satisfaction, and higher profitability (Pelham & Wilson, 1995). Adopting a market orientation has also been shown to generate additional advantages for the firm: they are more likely to establish management systems oriented at initiating and rewarding market-oriented behaviors among employees (Martin, Martin & Minillo, 2009), not to turn a “blind eye” to salespersons behaviors and monitor their behaviors (Mallin & Serviere-Munoz, 2012), and to facilitate the acquisition of knowledge and improve the likelihood of a positive foreign market performance (Armario, Ruiz & Armario, 2008).

Furthermore, Kohli and Jaworski (1990) and Slater and Narver (1994) acknowledge the significance of other complementary orientations such as market dynamism and an entrepreneurial orientation (i.e. Innovativeness). Dynamism is considered an environmental factor and includes both the rate of unforeseeable environmental change and the stability of the environment (Dess & Beard, 1984). Dynamic markets have also been found to have a significant impact on entrepreneurial behavior at the firm level

(Miller, Droge & Toulouse, 1988). If managers perceive their external environmental conditions as being dynamic and uncertain, they are more likely to be proactive and innovative (Miles & Snow, 1978). Therefore, such dynamic environments lead small businesses to develop externally oriented actions as a means of identifying and satisfying customer needs and closely monitoring competitor actions, all of which are components of a marketing orientation.

Dynamism and market instability may be derived from rapidly changing consumer preferences as well as technological turbulence, which all necessitate a stronger focus on market orientation as suggested by Egeren and O'Connor (1998). In their study on service firm performance, they found that firms in highly dynamic environments exhibit a higher degree of market orientation, as opposed to firms in low dynamic environments. There is substantial support in the literature on environmental factors, such as market dynamism, having a strong influence on market orientation-performance relationship (Slater & Narver, 1994; Greenlay, 1995) and a firm's market-oriented activities (Byrom, Medway & Warnaby, 2001; Diamontopoulos & Hart, 1993; Megicks, 2001; Pelham & Wilson, 1996).

Regarding innovation, its impact has been previously researched as part of market orientation and business performance studies. Han, Kim, and Srivastava (1998) support the market orientation – innovation link that ultimately impacts performance. However, most studies in this area have been limited to models aimed at examining its association on large businesses (Jaworski, Kohli & Sahay, 2000; Connor, 1999; Slater & Narver, 1994, 1995). Considering that innovation in large firms differs from innovation in small firms (Audretsch, 2001; Eden, Levitas & Martinez, 1997), the exploration of this concept within the small business context would further help understand the importance of innovation and its impact in small businesses. Verhees and Meulenber (2004), contend that an owner's innovativeness is a vital component of entrepreneurial orientation that also leads to innovativeness in small businesses. The owner's interest in a specific domain (e.g. product or service innovation) led to the conclusion that the innovativeness of small firm owners has a critical influence on market orientation, innovation, and performance (Verhees & Meulenber, 2004). Innovativeness is defined as "the notion of openness to new ideas as an aspect of a firm's culture" (Hurley & Hult, 1998, p.44). Specifically, in small firms innovativeness is defined as the "willingness of the owner to learn about and adopt innovations, both in the input and output markets" (Verhees & Meulenber, 2004, p.138). From this perspective one can conclude that the degree of innovativeness in a small business will vary based on the owner's disposition towards innovations. Verhees and Meulenber (2004) state that small business owners can be interested in a particular domain with a conservative style while approaching other domains with a more innovative style. This is possibly due to limited resources in financing options or research and development capacities. It has also been reported that market orientation is positively related to innovation for products and processes (Mavondo, Chimhanzi & Stewart, 2005). Kirca, Jayachandran, and Bearden (2005) linked market orientation with new product performance. In light of the evidence, it is conclusive that market orientation should be accompanied by innovation and dynamism all of which are critical concepts for the survival, growth, and expansion of small businesses.

For the purpose of this study, small businesses were defined as "those which are of small size in the context of their particular industry and have independent and principal decision making residing in a single individual. Usually this power was vested in ownership and not necessarily in management" (Jocumsen, 2004, p.660). The term "professional manager" was used to make a distinction of the family manager from the non-family one (for a similar approach see Daily & Dollinger, 1993).

Research Context: Small Businesses in Mexico

Small and medium enterprises are an essential part of a nation's economy (Mallin & Serviere-Munoz, 2012). Among other benefits, they are a source for business growth for entrepreneurs and the customers they serve (Mallin & Serviere-Munoz, 2012), as well as a source of employment and advancement to the

people they employ. The Mexican business environment is experiencing an entrepreneurial culture that continues to evolve and prosper, showing the importance of small and medium business as part of their economy. In 2009, the Secretaria de Economia, equivalent to the Department of Commerce in the U.S., reported that in Mexico there were 5,144,056 businesses in the country and that 99.8% of those were considered to be within the small and medium sized category; most of these businesses provide services (47%), commercial activities (26%), and manufacturing (18%) (Secretaria de Economia, 2010a). The Mexican government has recognized for a while the need for constant improvement and an environment open to innovation in order to sustain progress. It has also given priority to economic strategies intended to strengthen the domestic economy, domestic market, and the capacities of communities and families (Fox, 2004). As a result, an agency for small and medium businesses has been created with three core goals: increase governmental purchases, facilitate commerce, and promote innovation (Secretaria de Economia, 2010b). The Mexican government made a commitment to buy a significant amount of the supplies needed for the conduct of government from small and medium sized businesses. In 2009, the government reported that 31% of their supply budget was allocated to these businesses. In an effort to facilitate commerce, the government simplified both the tax structure for imported and exported goods, which also reduced the uncertainty felt by these businesses involving customs procedures. Overall, the entrepreneurial force in Mexico is called to remain competitive and strive for individuals that are market oriented and lead their business towards excellence. Due to the support that small businesses are receiving in Mexico, and the fact that Latin American research has not received the same attention as other areas, we believe it would be an excellent opportunity to further the understanding of gender and ownership dynamics that would help elicit future theory developments.

HYPOTHESES

Previous Research in Ownership

Ownership structure is one of the six significant factors that should be considered when conducting research with small businesses (Storey, 1994). Several studies have been conducted to explore the existing differences between owner-managers and professional managers. Prior research has shown that professional managers rely in a greater degree in the use of formal internal control systems (Daily & Dollinger, 1993) and tend to seek their personal gain in the advancement, promotion and monetary aspects within a business (Gomez-Mejia, Tosi & Hinkin, 1987).

Other studies have taken a dual-category approach comparing family vs. non-family managed businesses. This dual category approach is the one adopted in this study. Following this dual approach, Gallo (1995) determined that family businesses had a slower growth rate than the non-family ones when studying the role of family business and its behavior in an industrial setting. In an earlier study, Donckels and Frohlich (1991) showed that family businesses were rather conservative in their strategic activities and that owner-managers had a decreased concern for profits and growth than managers did in non-family firms. Daily and Dollinger (1993) hypothesized that some firm characteristics, such as size, age, strategy pursued, and the use of internal control systems, would serve as discriminating agents between the family-owned and managed versus professionally managed businesses. Their study was based on the possible differences in styles and motivations between the owner-manager and the professional manager. All four firm characteristics were found to be a significant discriminant function.

The findings of recent studies have contradicted the results of two earlier studies. For example, McConaughy, Matthew, and Fialko (2001) found that family firms had greater value, were managed more efficiently, and were financially better off than other firms. In addition, Gudmundson, Tower, and Hartman (2003) found that family managed businesses implemented and initiated more innovations than their counterparts. This later finding was believed to be the result of a more supportive and empowering culture in the family managed business. Gudmundson, Tower, and Hartman's (2003) study contradicts

Donckels and Frohlich's (1991) results, which determined that family businesses placed less importance on creativity and innovation. Overall, previous work offers a wide array of findings, most of them being mixed in nature, which indicates that fruitful work can still be accomplished in this area. Following Sonfield et al. (2001), we used a null hypotheses approach in this research. The use of a null hypothesis was employed by Sonfield et al. (2001) when testing gender differences in strategic decision making of the entrepreneurial strategy mix. Therefore, we propose:

H₀₁: There are no differences between owners and professional managers in their orientation towards market orientation regarding their small businesses.

H_{01a}: There are no differences between owners and professional managers in their orientation towards innovation regarding their small businesses.

H_{01b}: There are no differences between owners and professional managers in their orientation towards dynamism regarding their small businesses.

Previous Research on Gender Differences

In the last decade we have seen two significant increases in entrepreneurship; the number of women business owners and their contribution to economic growth and job creation, as well as the number of studies being conducted on female entrepreneurship (Verheul, Risseeuw & Bartelse, 2002). Even though the number of studies on female entrepreneurs keeps rising, this does not mean that the study of women entrepreneurs has been insignificant in the past literature. According to Powell and Ansic (1997), work completed prior to the 1980's stated that differences exist based on gender in entrepreneurial strategic behavior. Most of those studies concluded that females were more cautious, less confident, less aggressive, had less leadership skills, and were easier to persuade (Johnson & Powell, 1994).

Research work conducted after 1990 has continued to produce results comparing the female and male entrepreneur and has covered a wide range of activities. Research on gender differences with respect to strategic management has demonstrated that differences do exist (Chaganti & Parasuraman, 1996; Powell & Ansic, 1997; Sonfield et al. 2001; Verheul et al. 2002). Females rely more on social networks and less on individual practices (Brush, 1992; Cuba, De Cenzo & Anish, 1983; Hisrich & Brush, 1984; Moore & Buttner, 1997). In the real estate business, male entrepreneurs seemed more opportunity driven and more inclined to offer additional services, while female entrepreneurs were less prone to pursue a growth strategy but were better able to maintain or enhance the loyalty of key employees (Verheul et al. 2002). Communication styles based on gender are another area that has received attention within the body of research. It has been hypothesized that communication styles are influenced by gender differences, and when combined with entrepreneurial behavior, have an impact on the company's workforce (Freeman & Varey, 1997). It was determined that communication styles were largely influenced by gender differences. The results concluded that women accentuate "voice" over "vision" and the value of a two-way communication. Women are also found to be more nurturing of talent, encouraging rather than imposing, influencing rather than commanding (Freeman & Varey, 1997).

Specifically referring to female entrepreneurs, published research studies have also covered a wide range of topics; from psychological and demographic studies to perceived start up obstacles (Hisrich & Brush, 1984; Sexton & Bowman-Upton, 1990; Sexton & Kent, 1981). Females are less inclined to compartmentalize personal and business responsibilities but rather fuse them into one area. They coningle the interests of family, business, and society, and perceive their businesses as a supportive network of relationships (Brush, 1992). In addition, they have higher traits towards autonomy and change, refuting the perception of female entrepreneurs based on earlier studies (Sexton & Bowman-Upton, 1990).

Another stream of research offers mixed results suggesting more similarities between genders than differences. Comparisons among entrepreneurs in strategic decision making found no significant differences in venture innovation/risk situation, nor in strategies selected by business owners based on gender (Sonfield et al. 2001). Chaganti and Parasuraman (1996) also found support that differences between men and women do not exist. Overall, no significant differences were found between men and women in the areas of performance, management practices, and strategies. Furthermore, Perry (2002) found that gender does not appear to make much difference in the strategies, management practices, performance and survival of a small business. The earlier studies of Eagly (1995) and Hollander (1992) agreed that both genders are equally effective in their leadership roles. Johnson and Powell (1994) determined that when faced with decision making under circumstances of risk, both genders were equal in achieving success. Sexton and Bowman-Upton (1990) studied the difference between genders in reference to psychological characteristics. Their study found no significant differences in five of the nine measured traits. Similar to ownership research, previous work concerning gender offers a wide array of findings most of them being mixed in nature. To test whether men and women have similar or different management practices towards market orientation, we propose the following:

H₀₂: There are no differences between men and women when applying market orientation in their small businesses.

H_{02a}: There are no differences between men and women in their level of innovativeness with their small businesses.

H_{02b}: There are no differences between men and women in their level of dynamism with their small businesses.

METHODOLOGY

To test whether ownership and gender have an impact on small businesses market orientation, innovativeness, and dynamism we conducted a two factor multivariate analysis of variance (MANOVA). MANOVA was selected because the purpose of the study was to analyze a dependence relationship represented as the variation or difference in a group of dependent variables across groups formed by one or several non-metric independent variables (Hair, Anderson, Tatham & Black, 1998). The dependent variables were the market orientation, dynamism, and innovation variables and the independent variables were ownership (owner and manager) and gender (male and female). The responses were collected through a field survey of small businesses in two northern cities of Mexico. Interviewers visited the business where they would contact the owner or the manager of the business. Along with the survey, interviewers presented a cover letter explaining the research project.

Scales

Previously established scales were used for the study. Pelham's market orientation scale, which is originated from Narver and Slater's (1990) measure, is utilized for the purposes of this study. To include the two additional attributes, innovativeness and dynamism, it was determined that Donthu and Gilliland's (1996) innovativeness scale and Sinkula, Baker, and Noordewier's (1997) dynamism scale adequately represented the concepts we were measuring and offered a high degree of reliability. The innovativeness scale is a three-item, Likert type scale measuring the extent to which a person expresses a desire to take chances and seek new things. The dynamism scale (Sinkula, Baker & Noordewier, 1997) is a three-item, Likert type scale used to evaluate how frequently a business changes its marketing and sales strategies, and its offering of products or brands (See Appendix 1).

Development of the Spanish Version Questionnaire

We constructed a Spanish version of the questionnaire using the back-translation method. The questionnaire was first developed in English using English-language developed and tested scales then translated into Spanish. The questionnaire was back-translated into English by independent translators to confirm that the original meaning was not lost as recommended by Bhalla and Lin (1987). The translators were two first generation Mexican immigrants that possess a post-graduate college education and a business background. Both individuals worked for several years before emigrating to the U.S. and still return to Mexico occasionally. The surveys were also reviewed for style to ensure that the terms employed reflected colloquial terms.

RESULTS

General Profile of the Respondents

The responses were collected through a field survey of small businesses in two northern cities of Mexico. The researchers trained interviewers as to how to conduct the surveys. The total number of usable responses was 203 responses. Please see Table 1, general profile of the respondents, for further sample details.

Table 1: General Profile of the Respondents

Business	Mexico		Respondents	Mexico	
	N	Percent		N	Percent
Services	107	52.7	Owner	129	63.5
Products	96	47.3	Manager	74	36.5
Other					
			<i>Gender</i>		
<i>Legal Formation</i>			Female	117	57.6
Business Society	60	29.6	Male	86	42.4
Sole proprietorship	52	25.6			
Other	91	44.8	<i>Age</i>		
			<30 years	84	41.4
<i>Business Life</i>			31-50 years	101	49.8
<5 years	96	47.3	>51	18	8.9
5-10 years	58	28.6			
>10 years	49	24.1	<i>Workers</i>		
			1-5	128	63.1
<i>Work Load</i>			6-10	48	23.6
20hrs week	39	19.2	11-15	17	8.4
40hrs week	68	33.5	16-20	5	2.5
50hrs week	25	12.3	21>	5	2.5
60>hrs week	71	35.0			
			<i>n= 203</i>		

This table shows the general characteristics of the sample used in this study. The profile for businesses includes type of business, legal formation, business life, and work load; the profile for respondents includes position, gender, age, and number of workers that work for the respondent.

Hypotheses Testing

Prior to any data analysis, the normality of each of the dependent variables was assessed by means of skewness tests and histograms (Hair et al. 1998). Skewness values were within the recommended limits for each variable and the histograms showed a normal distribution of the data as well. The internal consistency of the scales was confirmed using Cronbach’s alpha. The computed alpha values for the Mexican sample were within the satisfactory range: MO= .81, Innovation= .86, and Dynamism= .81. To test for differences between the means of the selected groups, owner vs. manager and female vs. male, on the dependent variables the Wilk’s Lambda test was conducted. The Wilk’s Lambda test examines whether there are significant differences between the selected groups of subjects on a group of dependent

variables and is one of the most widely used test statistics when conducting MANOVA analysis (Crichton, 2000). The initial MANOVA findings (Table 2) showed that there were overall differences between the gender groups but not between the ownership groups. The Wilk's Lambda test results indicated that for the grouping variable ownership there were no significant differences in how owners and managers engaged in market orientation, innovation, and dynamism practices. However, the Wilk's Lambda test showed significant differences between females and males indicating that the grouping variable of gender accounts for a large portion of the variance. This result is significant at the $p < .05$ level and indicates that there is an effect from the grouping variable, gender, and that the groups, females and males, have different mean values (Crichton, 2000).

Table 2: Multivariate Tests

Mexico Effect		Value	F	Sig.
Owner/Manager	Wilk's Lambda	1.000	0.032	0.992
Gender	Wilk's Lambda	0.758	20.926	0.000*

*This table contains the results of the multivariate tests performed on the Owner/Managers and Gender categories. Gender was the only significant category with significant effects. $n=203$. * $p < .05$.*

To determine the validity of our hypotheses, the tests of between-subjects effects was reviewed. As illustrated in Table 3, the MANOVA findings reveal that there were no differences in the likelihood that market orientation ($F = .022$, $df = 1$, $p = .882$), innovation ($F = .026$, $df = 1$, $p = .872$) and dynamism ($F = .028$, $df = 1$, $p = .867$) are practiced by owners and managers in small businesses (Table 3). Therefore, H_{01} , H_{01a} , and H_{01b} were supported. A further examination of the groups' means and their standard errors can be found in Table 4. A close inspection reveals that the mean values are very close to each other. For example, mean values for owners and managers regarding market orientation were 5.042 and 5.025 respectively. Such close similarity in mean values denotes the lack of significant differences within the grouping variable "ownership" in all of the three tested variables: market orientation, innovation, and dynamism.

Table 3: Tests of Between-Subjects Effects

Source	Dependent Variables	F	Mexico df	Sig.
Owner/Manager	Market Orientation	0.022	1	0.882
	Innovation	0.026	1	0.872
	Dynamism	0.028	1	0.867
Gender	Market Orientation	1.983	1	0.161
	Innovation	62.058	1	0.000*
	Dynamism	5.307	1	0.022*

*$n=203$. * $p < .05$. This table shows the results for the tests of between-subjects effects. Owners and managers did not exhibit significant differences in any of the variables. There were significant differences between men and women regarding innovation and dynamism approaches.*

Regarding gender, the results showed that in our sample there were no differences between males and females when applying a market orientation to their business ($F = 1.983$, $df = 1$, $p = .161$); Therefore, H_{02} was supported. In contrast, differences were found between men and women in their level of innovativeness ($F = 62.058$, $df = 1$, $p < .05$) and in their level of dynamism ($F = 5.307$, $df = 1$, $p < .05$), see Table 3. Thus, data did not support H_{02a} and H_{02b} . To determine which group showed higher levels of innovation and dynamism the mean values presented in Table 4 can be examined. For both variables, innovation and dynamism, women's mean values were higher than their male counterpart; denoting that women place significantly more attention to innovative and dynamic practices that can benefit their

business. Specifically, the mean values for innovation and dynamism in women were 4.896 and 4.267 and for males were 0.514 and 3.832 respectively. A summary of results can be found in Table 5. Overall, the grouping variable of ownership did not account for significant differences while the gender variable showed to have significant effects in innovation and dynamism.

Table 4: Means and Standard Error

Owner/Manager		Mexico	
		Mean	Std. Error
Market Orientation	owner	5.042	0.074
	manager	5.025	0.094
Innovation	owner	4.191	0.109
	manager	4.219	0.138
Dynamism	owner	4.033	0.117
	manager	4.065	0.148
Gender			
Market Orientation	female	5.118	0.083
	male	4.949	0.087
Innovation	female	4.896	0.121
	male	.514	0.127
Dynamism	female	4.267	0.130
	male	3.832	0.137

n=203.

Table four shows the means and standard error for market orientation, innovation, and dynamism. Hypotheses 1, 1a, and 1b, which proposed that there were no differences between owners and managers in their levels or market orientation, innovation, and dynamism, were supported. The mean column for owners and managers depicts how close the means are among these subjects and thus leading to supporting the aforementioned hypotheses. Hypotheses 2a and 2b were not supported. The data shows how females have a stronger orientation for innovation and dynamism than their male counterparts.

Table 5: Summary Results

Ownership		Mexico
H1	Market Orientation	S
H1a	Innovation	S
H1b	Dynamism	S
Gender		
H2	Market Orientation	S
H2a	Innovation	NS
H2b	Dynamism	NS

This table provides a summary of the hypotheses tested and their results. The data shows that there are no statistical differences in the way owners and managers practice market orientation, innovation, and dynamism in small businesses. The table also shows there were no statistical differences between males and females when focusing on market orientation. However, gender differences exist in their practice of Innovation and Dynamism.

DISCUSSION AND CONCLUSIONS

This study further explored the market orientation construct in Mexico from ownership and gender perspectives. Small firms in developing economies need a stronger orientation toward market orientation and other influential factors in order to compete in the global market, maintain market share, and sustain their competitive advantage. Innovativeness and dynamism are two essential components to a market orientation. After a thorough review of the literature regarding gender and ownership, we expected that there would be differences in practicing the principles of market orientation, innovation, and dynamism between owners and managers of small firms in developing economies. We also posited that no difference would exist between men and women in practicing the principles of market orientation, innovation, and dynamism, due to inconsistent results regarding gender in the literature.

The expected differences concerning owners and managers of small businesses in Mexico and their practices of market orientation and their level of innovation and dynamism were supported by the results

of the current study. The results suggest that both owners and managers lead and maintain their businesses toward market orientation, innovativeness and dynamism. The lack of differences reflects a positive picture for small businesses since both types of managers are adopting a market orientation for their businesses. Overall, prior literature suggests that owners and professional managers differ in their personality or style when conducting a business. Results of this study has show that that they are equally disposed towards a market orientation, innovation, and dynamism, which research indicates is most likely to lead to a profitable and sustainable business. Such results reveal the high extent to which both, owners and managers, exhibit a corporate culture that effectively and efficiently creates value for buyers. Business activities such as knowing the business's strength and weaknesses, quickly responding to negative customer satisfaction information, and employing strategies based on creating value for customers are some of the activities that entail the responses exhibited by owners and managers from our sample in Mexico.

As mentioned earlier, owners and managers equally showed an inclination to sustain innovative and dynamic environments within their business. Both owners and managers show a willingness to take chances and seek new things, demonstrating innovative behavior as well as to regularly changing the business's marketing and sales strategies, as well as it's offering of products or brands as part of a dynamic business behavior.

Regarding gender, data also reveal that market orientation is equally practiced among men and women. This equal orientation from both genders towards market orientation reflects once again the high degree to which these individuals exhibit a corporate culture that effectively and efficiently creates value for buyers. The men and women in our sample equally focus on being responsive to their target market and on understanding their customer's needs so that they can base their business strategy on those needs. Mexican men and women managing a small business understood how the entire business can contribute to generating customer value. This result is even more remarkable when considering that one third of the sample is formed of individuals with fairly new businesses (47% of the sample accounted for businesses with less than five years of existence). A disposition towards market orientation also calls for attending to the business' external environment, such as its competitors. Men and women also showed an inclination to pay attention to their competitors, such as responding to their competitors' actions and taking advantage of opportunities based on a competitor's weakness.

The study's sample showed differences in the level of innovation and dynamism practiced by men and women. Specifically, Mexican women showed a higher orientation for innovative practices than their male counterparts. This implies that Mexican women showed a greater inclination towards innovative behaviors such as taking chances, by possibly adventuring just to start a business, experimenting with new ways of doing things and finding value in introducing new products as part of their business offering. Moreover, Mexican women also showed a higher orientation towards practices leading to dynamism in their business environment. A dynamic orientation entails that Mexican women were more inclined to create changes in their product mix and brand offerings and to change in their sales strategies. To make changes in their sales strategies, women would try several different sales promotions and advertising strategies. This would be consistent with an attitude which reflects that they are more comfortable than men with change in general. Such a difference might be worthy of further study.

Global entrepreneurship has become an increasingly important topic in the international business arena. This paper contributes to the expanding knowledge base on this topic from the developing nation perspective of Mexico. It is important to note that market orientation is not to be confused with assuming that small businesses want to compete in a global market by exporting their products. This might come at a later stage as a result of strong growth but is not a required step. Finally, if small businesses in Mexico continue to show a strong direction towards market orientation, innovation and dynamism, as our sample denotes, this will lead better customer relationships, obtaining new customers, sustaining a competitive

advantage in the domestic as well as the global market. Furthermore, firms that adopt a market orientation will enjoy their customers' continuous patronage and loyalty.

LIMITATIONS AND FUTURE RESEARCH

Data collection for this study required a large effort from all the participants, which yielded over 200 responses. However, the study is limited to data representing only two northern cities, which may limit how representative the sample is to the general population. As noted by Serviere (2010), entrepreneurial studies should strive to be representative of the entrepreneur's views and conditions as they are experienced throughout an entire country or region. Studies that include samples from many areas of a country and/or economic regions strengthen our knowledge on entrepreneurial practices as they provide the most useful results for practitioners and researchers (Serviere 2010). Furthermore, all of the businesses sampled were relatively new or young. Additional data collection that captures the practices of older firms is needed.

A future research opportunity still lies in the ownership and gender approaches. Owners and managers, as well as men and women, might differ in other constructs. A further exploration of other constructs will advance our knowledge of any differences in behaviors between men and women acting as owners or managers of small businesses. To explain such possible differences, theories from sociology and psychology could be explored to provide an explanation of the differences observed between subjects. Expanding the research to address the source of such differences will greatly benefit entrepreneurship research by providing a more comprehensive and theoretically based framework than this initial approach to capture the behavior of Mexican businesses.

APPENDIX

Scales and Alpha Levels

Scales	Alpha Levels
Market Orientation (Pelham and Wilson 1996)	
1. All our functions are responsive to, and integrated in, serving target markets	0.81
2. Our firm's strategy for competitive advantage is based on our thorough understanding of our customer needs	
3. All our managers understand how the entire business can contribute to creating customer value	
4. Information on customers, marketing success, and marketing failures is communicated across functions in the firm	
5. If a major competitor were to launch an intensive campaign targeted at our customers, we would implement a response immediately	
6. Our firm's market strategies are to a (moderate/great) extent driven by our understanding of possibilities for creating value for customers	
7. Our firm responds (slow/quickly) to negative customer satisfaction information throughout the organization	
8. How frequently do top managers discuss competitive strengths and weaknesses?	
9. How frequently do you take advantage of targeted opportunities to take advantage of competitor's weaknesses?	
Innovativeness (Donthu and Gilliland 1996)	
1. I like to take chances	0.86
2. I like to experiment with new ways of doing things	
3. New products are usually gimmick (r)* *Reverse item	
Dynamism - Marketing Program (Sinkula, Baker, and Noordewier 1997)	
1. Changes in your organization's mix of products/brands	0.81
2. Changes in your organization's sales strategies	
3. Changes in your organization's sales promotion/advertising strategies	

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