THE IMPACT OF CUSTOMER SATISFACTION AND CUSTOMER ORIENTATION OF THE COMPANY ON THE VERGE OF GAINING

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ABSTRACT

Alike majority of places around the globe part of free operation markets, Kosovo’s firms and companies struggle to catch up with close competition in one hand and against big companies on the other hand, though. In today’s business competitive environment companies must strive to have an advantage over their competitors, such as satisfaction of consumers, as opportunity and orientation of the company on the verge of gaining. The new perspective comprises the need for changes aiming moving personal firm towards cutting edge trends led by contemporary costumers’ tastes, needs and wishes. Fast shifting trends compel trade-ups insofar as they are required to deeply analyze and indentify both internal and external factors in order to survive and prevail as main objective. Based upon the choice they take trades may decide or wish staying small and earning big or growing and earning big too; therefore, every singly business inescapably ought a strategy to be found since merely luck isn’t enough to be relied on when it comes to success. This paper argues that customer satisfaction is the best way of gaining a sustainable competitive advantage and discusses the aspects of competitive advantage attained in this way. Customer-oriented companies have to consider several such as: how customer satisfaction is attained, how to control customer expectations and how to effectively manage customer feedback. All of these things are essential for the customer satisfaction approach to work properly the company on the verge of gaining.

Keywords: Satisfaction, impact, customer, orientation, verge of gaining, internal, external, market, company.

DEFINITION OF CUSTOMER SATISFACTION

There is growing managerial interest in customer satisfaction as a means of evaluating quality. High customer satisfaction ratings are widely believed to be the best indicator of company’s future profit. Satisfaction can be broadly characterized as a post-purchase evaluation of product quality given pre-purchase expectation. Customer satisfaction can be experienced in a variety of situations and connected to both goods and services. It is a highly personal assessment that is greatly affected by customer expectations. Satisfaction also is based on the customer’s experience of both contacts with the organization and personal outcomes. Some researchers define a satisfied customer within the private sector as “one who receives significant added value” to his/her bottom line—a definition that may apply just as well to public services. In today's competitive business environment marketing managers are more influenced from customer expectation and meeting the demand for customer satisfaction is very important for them. Every organization must define customer satisfaction regarding their market. So customer satisfaction could not be defined only standard or quality of product. Customer satisfaction is about relationships between the customer and product or service and the provider of a product or service.
Costumer satisfaction, orientation and its dimensions

To cope with external environmental conditions such as globalization and increased competition, or the impact of the financial crisis continued economic reviews, as well as to support their competitiveness and survival of firms in a country and moreover those countries development will necessarily have to identify opportunities and threats to be more entrepreneurial, more innovative and more suitable (Appiah-Adu & Singh, 1998; Barringer & Bluedorn 1999; Friesen 1978; Miller & Slater & Narver 1994; Mintzberg 1973, as it is quoted in aktan & Bulut, 2008). Competitive Advantage. Company Competitive Advantage Can only gain by either over Its rivals at a Lower Costs Performing or Performing in a way, That LEADS to differentiation (Porter & Millar 1985), Which Creates Superior Customer value (Huber, Herrmann and Morgan 2001). Reichheld, Markey and Hopton (2000) defines that a Company's Competitive Advantage is explained by having relatively lower than Its Competitors retention rate. Comes from Sustainable Competitive Advantage Strategic Operational effectiveness or positioning. THUST, a Company must be what The Other Companies are doing soft Better, in a sense of cost structure, or the Company must deliver unique value by doing things Differently than Its Competitors. It allows a Company to outperform the average competitor (Porter 2001). Barney (1991) argues That Organization has it, when- it is Implementing a strategy Creating value that isn’t simultaneously Being Implemented by Any Other Organization. As Sciascia and De Vita, (2004) have described the venture is a concept that defines how the start-up of new companies known as 'start-up Entrepreneurship ', as well as new strategic initiatives of existing businesses known as enterprise the corporate governance. According to Morris and Kuratko, (2002) undertaking research studies are shifting from individual characteristics more on the qualities and characteristics of entrepreneurial organization, referring to entrepreneurship as a managerial style (as quoted in Sciascia & De Vita, 2004). Although the concept of entrepreneurship is used by many researchers in the field or very diverse contexts, in my study of the phenomenon of entrepreneurship will be used in organizational context, and just under a research approach that links the phenomenon of entrepreneurship at the firm with its financial performance. The problem is already the subject of entrepreneurship and intellectual academic study since about the 19th century, but Katz (2003) has shown that the more important this issue is dedicated to the late 20th century. Projections have more entrepreneurial origins in America, although recent years these studies have been extended to other countries, Sweden (Wiklund & Shepherd 2003, 2005), Slovenia (Antonic & Hisrich, 2001, 2004; Antonic 2006), Africa South (Goosen, De Coning, & Smith, 2002), China (Chen, Zhu, & Anquan, 2005), Greece (Dimitratos, Lioukas, & Carter, 2004), Finland (Jantunen, Puimalainen, Saarenketo, & Kyläheiko, 2005 ), Germany (Walter etc. 2006), Vietnam and Thailand (Swierczek & Ha, 2003), the Netherlands (Kemelgor 2002; Stam & Elfring 2008), England (Hughes & Morgan, 2007) and Turkey (Kaya, 2006, as quoted in Kraus, Rigtering, Hughes, & Hosman, 2012). Today's business environment is very dynamic, and so that small and medium enterprises to be more competitive to support survival or the achievement of short and long term objectives they need to change and adapt constantly in relation to the environment.

To firms and moreover those small and medium must be so constantly attentive to every potential of opportunity appearing in the market and the environment in which they operate. But the ability and capacity to evaluate an opportunity depends on the level of entrepreneurial orientation that the firm owns (Waldron, 2004). Among the many definitions and conceptions about orientation entrepreneur found some of the authors have conceived entrepreneurial orientation as the decision-making styles, practices, processes and behaviors that lead to entry
into a new market with an existing or new products and services or existing (Lumpkin & Dess 1996; Walter, Auer & Ritter, 2006; Wiklund & Shepherd, 2003). While referring to studies about the organization and development of Albanian SMEs, most of them are more focused on the demographic characteristics of entrepreneurship, business profiles, the problems encountered by them, obstacles or success factors in their development, ways of financing, government assistance programs, the problems of starting a business, competitiveness of SMEs, entrepreneurs and owners characteristics etc. (Eg. Aidis & Sauk, 2005; Luthans, Cox, & Sommer, 1996; Kume, Koxhaj, & Kume, 2009; String, Sallaku, & Tabaku, 2009; Pockets, 2006). So in this study will be monitored in detail the role played by style or orientation of an SME entrepreneurs is in financial performance and the fulfillment or realization of financial goals of the firm. The orientation of the study in this field will mainly help their owner-managers to manage better and to become more competitive SMEs that they manage, as well as government and government agencies to identify and design strategic plans to help, as well as to make them more stable these business units.

Although in many of the studies on entrepreneurial orientation has proven that there is a positive correlation between entrepreneurial orientation and firm performance, also according to Rauch, Wiklund, Lumpkin, and Fres (2009) and Wiklund and Shepherd (2005) found other studies in certain circumstances have proven the contrary, proved a weak link and insignificant between entrepreneurial orientation and performance (eg. Dimitratos, Lioukas, & Carter, 2004; Hart, 1992; Lumpkin & Dess, 2001; Smart & Conant, 1994; Zahra, 1991). Given the findings in relation to this matter vary, to Lumpkin and Dess (1996) have proposed that studies be carried out yet to study the connection and relationship that exists between firm performance and its entrepreneurial orientation, mainly at the MSE. Frequent problems of financing small firms, hampering its development (Stanworth & Grey, 1991; Storey, 1994; Winborg & Landsström, 2000, as quoted in Wiklund & Shepherd, 2005), but firms that are oriented towards innovation and aim high performance will have a greater need for financial resources (Greene & Brown, 1997, as quoted by Wiklund & Shepherd, 2005). Wiklund (1999) also notes that most of the researchers on the issue of entrepreneurial orientation agree that entrepreneurial orientation is mainly a combination of three orientations of the firm, ie innovation, proactivity and risk taking.

So besides another orientation entrepreneurial orientation that can be found and studied in a small firm as an alternative orientation of the small business owner determined by Carland, Hoy, Boulton, and Carland (1984) known as the 'small business orientation '. Yet empirical studies mainly between the link that exists between this orientation and firm performance compared with studies on entrepreneurial orientation are still few in number.

Entrepreneurship and entrepreneurial orientation

As quoted Kraus Rigtering, Hughes, and Hosman (2012), though the term has been used for decades enterprise today still has no real consensus about the definition of the enterprise (Williams, Round, & Rodgers, 2010). And referring to the entrepreneurship literature can be found many ways around this concept, but the most common conceptions of the term 'enterprise' are, for example. Wealth creation, enterprise creation, creation of innovation, creating change, creation of employment, value creation and growth creation (Morris, Kuratko, & COVIN, 2008). Precisely because of these diversity definitions recently attempts have been made to give a symmetrical definition, for example. Morris, Kuratko, and COVIN (2008) prepared an analysis of key words about entrepreneurship and testified that approximately 18 keywords about entrepreneurship are used at least five times. Thus these
authors defined entrepreneurship as defined by Stevenson and Jarillo-Mossi (1986) who stated that the 'entrepreneurship is a process of creating value through the teaming of a special resource envelope for the use of a of opportunity' (p. 10), the fact that this definition includes all enterprise keywords found in their study. Kraus Rigtering, Hughes, and Hosman (2012) point out that this definition does not limit the types and kinds of organizations that can display entrepreneurial activities for entrepreneurial behavior is not something that appears or occurs only to firms or new ventures, but now firms functional regardless of their size and age (Kraus, Kauranen, & RESCHKE, 2011). And various studies entrepreneurial activities already established firms and existent are described and defined by some definitions as' corporate venture '(Burgelman 1983; Zahra 1993),' entrepreneurial orientation "(Lumpkin & Dess 1996; Wiklund 1999), or 'inter venture' (Antonicic & Hisrich, 2001, 2004; as cited in Kraus, etc., 2012). The firm's entrepreneurial orientation is mainly related to innovation, precedence and willingness to take risk, being thus an important indicator of the implementation of certain competitive strategy (Ahmad & Ghani 2010). Miles and Snow (1978) have considered the problem of entrepreneurship as a fundamental issue facing firms of all, the solution that determines the structure of the organization, product-market relations, as well as its firm commitment of resources. Upcoming Lumpkin and Dess (1996) have addressed these as strategic management issues primarily related to performance problems of management processes, decisions and actions at the firm. Results of research on the characteristics of the firm's organizational entrepreneurship (Khandwalla 1977; Miller & Friesen 1982; Miller 1983; Mintzberg 1973) have encouraged so many other studies (Davis, 2007; Dickson, 2004; Lumpkin & Dess, 1996; COVIN & Slevin, 1989) about the strategy of the firm's entrepreneurial orientation. In studies on this issue, researchers (Miller & Friesen, 1983; COVIN & Slevin, 1991; Lumpkin & Dess, 1996; Zahra & COVIN, 1995) have confirmed that the strategy of orientation entrepreneurial firm has provided what competitive advantages to increase performance. While Kraus Rigtering, Hughes, and Hosman (2012) explained that a firm that is characterized by entrepreneurial orientation is a firm that focuses on the new and existing markets, or even in the innovation of new and existing products, while facing the risk and uncertainty prominent of these actions. In this sense between entrepreneurial orientation and business performance are discovered and witnessed different trends and relationships, for example. Rauch, Wiklund, Lumpkin, and Fres (2009) in their meta-analysis of 51 articles analytical witnessed a significant positive link between entrepreneurial orientation and business performance. Also in this study showed that the cultural differences between continents were insignificant, indicating that the relationship between entrepreneurial orientation and business performance no significant differences in different cultural contexts. Kraus Rigtering, Hughes and Hosman (2012), after study based on previous studies Wiklund and Shepherd (2005) concluded that the comparison between entrepreneurial orientation studies reflected that quite often, though not always, affects firm performance improvement. However meta-analysis of Rauch, Wiklund, Lumpkin, and Fres (2009) concluded that there is a link aggregate important between entrepreneurial orientation and business performance. So from these studies it is clear that the value of entrepreneurial orientation can be different and it remains necessary to better evaluate researcher’s dispute in which the entrepreneurial orientation used by firms (eg. Stam & Elfring 2008; as quoted in Kraus etc. .. 2012). In some writings of academic literature (COVIN & Slevin, 1991) but also of the print media (Peters & Waterman, 1982, as quoted in Lumpkin & Dess, 1996) entrepreneurship is argued as an essential feature of high-performance firms.

A firm is defined as entrepreneurs if "engaged in product innovation market, undertakes somewhat risky venture, and is the first to appear with innovations 'proactive', noting hitting competitors" (Miller, 1983, p. 771; as It is quoted in Lumpkin & Dess, 1996), thus offering
the definitions origin of the entrepreneurial orientation dimensions that can be used to describe and study the entrepreneurship of a firm.

Orientation entrepreneur is defined as a multidimensional index (Lumpkin & Dess, 1996; Kreiser Marino, & Weaver, 2002a) of venture firm. In many studies entrepreneurial orientation has been increasingly contributing a central concept in his determination as representative of the firm undertaking the theoretical and practical perspective (COVIN, Green & Slevin, 2006, as quoted in Rauch, etc., 2009).

Entrepreneurial orientation and performance

Kraus Rigtoring, Hughes, and Hosman (2012) also point out that according to Lumpkin and Dess (1996) entrepreneurial orientation dimensions can vary independently and as they have proposed any dimension contributes not necessarily in all cases in business performance. Yet despite this reasoning that paved Lumpkin and Dess (1996), in the majority of studies to measure the OS is using a combined indicator of the dimension of risk taking, innovation, and before-trend.

Yet despite various findings in this study will be tested entrepreneurial orientation as through a multidimensional model including the structure of entrepreneurial orientation of three dimensions described in the literature review, in line with other previous studies (eg. Kraus, etc., 2012; COVIN, Green, & Slevin, 2006; COVIN & Slevin, 1989) and even as a single structure.

In many studies in this field and on this issue, demonstrate that the performance of the firm is regarded as a dependent variable, while its entrepreneurial activities as an independent variable. So basically a good part of the researchers agree on the fact that the final result is improvement of entrepreneurial activities firm performance. Researchers claim that the high level of entrepreneurial orientation activities generates a better performance (Wiklund & Shepherd, 2005; Wiklund, 1999; Pearce & Carland, 1996; Zahra, 1991; Zahra & COVIN, 1995). So in many previous studies it pointed out that there is a positive correlation between entrepreneurial orientation and business performance. For example, if we refer to the study of Zahra and COVIN (1995, as cited in Kuhn, Sassmannshausen & ZOLLI, 2010) proved the existence of a significant positive link between entrepreneurial orientation and business performance, which is supposed to grow over time.

In another earlier study of Rauch, Wiklund, freesia, and Lumpkin (2004), which is used in research philosophy meta-analysis, also confirmed that as entrepreneurial dimensions: innovation, pro-activity, and competitive aggressiveness they have significant positive impact on firm performance. Despite reviewed literature and studies and mentioned that theoretically present positive correlation between entrepreneurial orientation and business performance; this is not confirmed in all the works or empirical research. In some other studies the link between entrepreneurial orientation and business performance was not important and sometimes even negative (Brown, Davidsson, & Wiklund, 2001; COVIN, Slevin, & Schultz, 1994; Kaya & Seyrek, 2005; as cited Davis, 2007).

Kaya and Agca (2009) mentioned that the first orientation or entrepreneur is considered by many researchers as a very important component of successful firms (Antonic & Hisrich, 2001; COVIN & Slevin, 1991; Lumpkin & Dess, 1996; Pinchot, 1985 ; Wiklund, 1999). They mention that in many studies it is established that the OS is very much connected with
the growth and profitability of the firm (Antoncic & Hisrich, 2001; Zahra, 1991; Zahra & COVIN, 1995; Zahra & Garvis, 2000; Wiklund & Shepherd, 2005). This proven and verified positive impact in different contexts and environments business (Russell, 1999). Eg. Zahra and COVIN (1995) have claimed that the OS has a positive influence on the performance of the firm in terms of its growth and profitability, and particularly in the context of an unfavorable business environment.

According to Kaya and Agca (2009), researchers (Zahra & COVIN, 1995; Wiklund, 1999) have shown that the entrepreneurial orientation of firms besides its impact on short-term performance, positive impacts on sustainable growth and financial performance the firm in the long term. However, the findings of some studies do not support this hypothesis, namely, that OS positively affects firm performance. For example, COVIN and Slevin (1989) have found that entrepreneurial orientation does not have a significant bearing on the degree of financial performance as measured by an index variable, although they had confirmed a positive correlation between these same indications in a previous study (COVIN & Slevin, 1986).

Even other researchers as Smart and Conant (1994) it was impossible to discover a positive relationship between the OS and firm performance. In this sense Kaya and Agca (2009), also remember that Hart (1992) has argued that some entrepreneurial strategies under certain conditions, can cause even and firm lead to a poorer performance.

However, if we refer to the number of studies in most of their researchers has demonstrated a positive connection between the OS and performance, versus the number of studies that contradict this. Therefore, we can say that firms that engage in entrepreneurial activities achieve higher performance than firms that do not engage in entrepreneurial activities. On the other hand, the measurement of the absolute performance of the company is very difficult because its performance is complex and multidimensional. For this reason Kaya and Agca (2009) recall, that for measuring a complex structure so researchers have suggested that the use of multiple indicators of performance (Atkinson, Waterhouse, & Wells, 1997; Kaplan & Norton, 1996; Lumpkin & Dess, 1996; Zahra, Neubaum, & El Hagrasy, 2002; Wiklund, 1999).

The most recent studied in this field (Keller & Fay 2012) shows that positive word-of-mouth of the key element of sales. People are much more willing to buy a service, when it is recommended by a friend than an advertisement. As 75% of consumer conversations about brands happen in face-to-face, companies should not ignore its value (Keller & Fay 2012). The researchers suggest that marketing is only to create the conversations and word-of-mouth is the factor, which will effect on purchasing behavior.

**Ordinal analysis of consumer choice**

The literature of management offers a similar approach than TQM. The idea behind customer relationship management is very similar because in the same way, it relies on organizational processes, but only those that are centered towards customers. CRM is defined by many different ways but usually the focus is on customer relationships (Nguyen & Mutum 2012) and IT-solutions for enhancing them (Payne & Frow 2005). This study is more interested on the holistic view of CRM, in other words, the customer focused approach. IT-solutions are easier to copy by the competitors, thus sustainable competitive advantage can’t be built on those (Grönroos 1996; Powell 1995; Porter 1996).
The competitive advantage is gained by creating a relationship with customers, built on quality, innovation, dialogue and learning (Nguyen & Mutum 2012; Grönroos 1996). This is considered more sustainable strategy and it’s mostly inimitable by competitors. In essence, a strategy, that can create a long-term competitive advantage (Grönroos 1996). Consumer goal is that by spending his earnings maximize the total benefit; To determine what to purchase, the consumer compares the marginal utility (MU), or additional satisfaction you get from the consumption of an additional unit of product or service, the marginal benefit to be received from the consumption of other goods. Consumer choice is determined by the marginal benefit and not the total benefit.

Customers seeking to maximize total utility, but do have the marginal benefit compared with marginal costs. There is a tendency that, when consumption increases the amount of a good, possibly in conditions where other factors do not change, the marginal utility of the last unit consumed comes constantly falling. This trend is known in economics as the law of declining marginal utility.

Example:

We will take as example The number of glasses of lemonade,

Total and marginal utility

<table>
<thead>
<tr>
<th>The number of glasses of lemonade</th>
<th>Total utility (TU) (benefit unit)</th>
<th>Marginal utility (MU) (benefit unit)</th>
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Figure:
In general, consumers will continue to buy until the marginal utility (MU) of the last unit equals the purchase price of the product (P), so MU = P.

In economic realities facing many options consumers occurred and rational choice requires balancing the additional benefits of these alternatives additional costs possible.

Assume that the customer has the option two product groups (A) and (B), and his effort is to choose an optimal combination between these two products A and B when the level of consumer income is X and he must that this very divide between product A and B.

If the two products will have the same price, in determining the choice will rely only marginal benefit.

When we know the price and the marginal utility of the two products compare additional benefits (marginal utility) with additional costs (price)

Figure: Consumer surplus
Table: Area indifferent to products x and y

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<th>Consume</th>
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<td>C</td>
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<tr>
<td>D</td>
<td>4</td>
<td>1.5</td>
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- In the transition from combination B to C, the customer is willing to sacrifice one unit of y to get an additional unit of x and from C to D, is willing to sacrifice y 1/2 units to get additional unit x.
- Declining marginal utility law affects the indifference curve becomes more flat near the horizontal axis.

Figure: indifference curve for products x and y

- To measure the relative value, it used the concept of the marginal rate of substitution (MRS), which measures the amount of a product (for example product y) that the buyer is willing to sacrifice (Δy) to get an additional unit of another product, x (Δx), it is keeping constant the total benefit. So

\[ MRS = \frac{\Delta y}{\Delta x} \]

Figure: Map of indifference
• Assume that the proceeds (m) the customer are 60 euros and used to buy two products x and y, the prices of which are respectively
  • Px = 15 euros / unit and
  • Q = 10 EUR / unit.
  • The data table line build budget which mathematically presented:

\[ Qx \times Px + Qy \times Q = m \]

<table>
<thead>
<tr>
<th>Table Options consumer alternative products X Y</th>
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<tr>
<td>Amount</td>
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*Figure: A straight budget*

*Figure: Fitting straight shift budget*

• To determine the optimal choice facing opportunities preferences.
• The customer is free to move in the strait of budget and to position the point that provides him the greatest satisfaction, exploiting opportunities has, thus spent all his income.
• The slope of the indifference curve also represents the ratio of marginal benefits (in absolute value), while the slope of the budget fitting straight line represents the price ratio (in absolute value). So, on balance we will have:

\[
\frac{M\text{U}_x}{M\text{U}_y} = \frac{P_x}{P_y} \quad \frac{M\text{U}_x}{P_x} = \frac{M\text{U}_y}{P_y}
\]

**Figure: Optimal choice**

**Figure: The effect of substitution and income effects**

**Figure: The benefit of the demand curve**
Conclusion

This study showed that the overall financial performance of SMEs that operate in Kosovo if we refer to the sales growth has been (on average) lower, and even she could fall further if the rate of increase entrepreneurial orientation. Firm performance is affected by entrepreneurial orientation, while dynamic environment and also the adequacy of the firm's financial resources of moderating the impact of the 'entrepreneurial orientation' performance.

REFERENCES


