

Strategy, Market Orientation and Entrepreneurship: Proposition and Test of Rival Business Performance Prediction Models

ABSTRACT

The studies over factors intervening on the companies' performance and their relations to entrepreneurship and innovation have been acquiring interest from a great number of researchers. This study explores the relation existing between the potential entrepreneur profile, innovation, market orientation, environmental turbulence and the performance of small companies. The fundamental premise is that internal factors in the company, such as market orientation, innovation and the entrepreneurs' profile, jointly with factors external to the company are determinant to its performance. In order to verify these hypothesis, a *survey* was conducted, with a sample of 1,552 entrepreneurs. The results demonstrated that the entrepreneur profile may act as the determinant of market orientation and innovation, which have significant impact on firm's performance.

Keywords: Market orientation; entrepreneurship; innovation.

1 INTRODUCTION

Modern society is an enacting source of the entrepreneur spirit, be it by necessity of work, by lack of job alternatives or by a native instinct of being manager of one's own destiny. There are evidences that the world's economical scenario dynamics impels, ever more, individuals to seek, by their own resources, the work means capable of guaranteeing their survival and feed their needs of professional and personal fulfillment (DRUCKER, 2003; OLIVEIRA, 2007).

This way, the individual with greater potential to enterprise is highlighter among the crowd due to his innovative spirit, perseverance and resolve in seeking their goals. This type of individual gives impulse to the economy, providing new consumption goods and innovative production means and offers to the market (SCHUMPETER, 1982; TIMMONS, 1989).

Nevertheless, the challenges faced by the entrepreneurs many times overcome their potential: exogenous factors, such as the general strategic context and environmental turbulence, are capable to undermine the dreams and end closing ideas and efforts.

In this scenario, two lines of study converge inside the entrepreneur strategy's context. In a first instance, we highlight of the relevance of the individual profile for acquirement of good financial and market results, revealing that a considerable part of businesses' success is due to the personality and lifestyle characteristics of the entrepreneurs (McCLELLAND, 1961). In this line of thought, the study of the entrepreneur's profile, of its relation to the enterprise strategy's definition (MINTZBERG, 2001) and its impact over the business' performance, is revealed to be a advantageous branch and which arises interest by private and public entities, and by society as a whole.

On the other hand, a group of traditional studies seek to integrate environmental factors and the strategy adopted by the business. The goal is to evaluate how such elements contribute to the enterprise's performance. In this line of thought, we approach how market orientation is reflected over business performance. Another approach seeks to identify how factors external

to the company, such as the sector's reactive and aggressive environment (environmental turbulence) presents a reflex over the observed results in the companies.

Joining the previous views, we arrive to a point of confluence among related theoretical fields, but still little explored in a joint manner. After all, what will be the existing relation between the entrepreneur profile, innovation, market orientation, environmental factors and the joint effect of these over business performance?

After a brief introduction on the relevant terms in this field of studies in strategy, we will present this study's conceived methodology, as well as evaluate the quality of two tested rival theoretical models. At the study's end, managerial and theoretical conclusions will be drawn, jointly with the discussion over the limitations and precautions which the following approach reveals to the reader.

2 LITERATURE REVISION

2.1 ENTREPRENEUR'S PROFILE

There are an infinite number of studies which sought to identify the entrepreneur profile and we tried, through classical authors and empirical researches performed in the scientific and managerial mean, to do an abstract over the theme. In 1961, McClelland began his studies over the theme of entrepreneurship, which were broadened in 1982, through a *survey* with entrepreneurs of 32 countries, and corroborated by many posterior researches and experiments. A test of motivational evaluation was utilized – the TAT – Thematic Aperception Test and problem resolution tests, whose results demonstrated that the entrepreneur individual has a motivational structure differentiated by a marking presence of a specific necessity: the necessity of fulfillment. For the researcher, the motivation through fulfillment together with the ten characteristics of entrepreneur behavior – CCEs, are the essential factors for the economical growth of the individuals and contribute to explain the apparent indifference of many and sensibility of a few for economical opportunities which present themselves at the environment. (McCLELLAND, 1961).

Schumpeter (1982) was one of the first thinkers which, at the beginning of the XX century, sought to translate the meaning of entrepreneurship, when he described the entrepreneurs' contribution in forming richness as the process of creative destruction. The author affirms that the essence of entrepreneurship is in the perception and exploration of new opportunities, in the field of business, utilizing resources in an innovative manner. For the author, without innovation there are no entrepreneurs; without investments, there is no capital return and capitalism is not propelled. From this analysis, the economists began to see entrepreneurs as business opportunity detectors, company creators and risk assumers.

Carland, Carland and Hoy (1992) developed an instrument to measure an individual's entrepreneur potential, measured by the CEI - Carland Entrepreneurship Index, that is being improved and applied in other research groups. The authors concluded that entrepreneurship is an integration of five elements: necessity of fulfillment, creativity, tendency to innovation, to risk and strategic stance, reported by the authors as the search for opportunity. According to Carland, Carland and Hoy (1992) the higher or lower presence of these characteristics in an individual define his potential according to the CEI scale - Carland Entrepreneurship Index, which gives points to the respondents with values from zero to 33 points, contained in three fields: micro-entrepreneur, entrepreneur and macro-entrepreneur. CEI is a questionnaire of

auto-response with thirty-three phrases combined and affirmative in pairs, in a format of forced choice and its main objective is to identify the entrepreneur profile of the responding entrepreneurs. Carland (1996) and his team of researchers identifies in the research's results three main characteristics of an entrepreneur personality such as: the tendency to assume risks, the preference for innovation and by creativity and the necessity of fulfillment. These three factors integrated, identified in the CEI research - Carland Entrepreneurship Index, comprise the entrepreneur's profile perceived by him and his comprehension has grounded the construction of researches over the entrepreneur potential (CARLAND, 1996).

The GEM research – Global Entrepreneurship Monitor, applied in 35 countries, since the year 2000, seeks to identify the TEA – Entrepreneurship Rate, in the participant countries, considering the reasons which lead the entrepreneurs to enterprise be it for necessity or opportunity. 54 criteria are applied in the research which also seeks to evaluate the conditions of competition between the countries, the factors which contribute to the entrepreneur activity and the public policies which stimulate the entrepreneur activity. Brazil, which also participates in the research, has been occupying the following positions in relation to the other countries: 2006 – 5th, 2005 – 7th; 2003 – 6th, 2002 – 7th; 2004 – 8th (GEM/SEBRAE, 2006).

Past evidences demonstrate that there is a considerable relation between the entrepreneur profile and the performance in business. In the work of VEIT, GONÇALVES-FILHO and GONÇALVES (2007), they arrived at an estimate in which approximately 25% of the variance in the companies and businesses' performance can be explained by the entrepreneur. Nevertheless as some authors suggest (OLIVEIRA 2007, and MINTZBERG, 2001), the entrepreneur profile may be considered as a factor which brings the managers to define more well adjusted business strategies. In this direction, are suggested the hypotheses that *there is a positive relation between the entrepreneur profile and performance* or that *this relation is mediated by market orientation*. Such conceptions will be defined in the presentation and test of the rival models in the conducted research.

2.2 Strategy and Organizational Performance: the influence of Market Orientation, Environmental Turbulence and Innovation

The concept of *marketing* was introduced around the beginning of the 50s and its philosophical grounding promotes the idea in which organizations must orient themselves towards their clients' necessities in order to obtain a better performance (JAWORSKI and KOHLI, 1993). Since then, researches which aim to verify the extension to which companies have been applying the *marketing* concepts, as well as this organizational stance's consequences and antecedents, have been becoming popular (JAWORSKI and KOHLI, 1993).

In this direction, it may be pointed out that companies which desire to generate superior value for its clients and obtain sustainable competitive advantages must have a business capable of having a culture which generates market oriented behaviors. In this direction, they define market orientation as being an organizational culture which has as objective to create, in an efficient and effective manner, behaviors which generate higher value for the clients, and, consequently, better results in the market. Thus, a market oriented company would be that which is always evaluating alternatives capable of generating sustainable competitive advantages, opting by those capable of generating higher present and future value for the target public.

As Narver and Slater (1990) highlight, market orientation is a result of three stances: client orientation, competition orientation and cross-function coordination. This approach's premise is that for a company to orient itself for its clients and competitors it would be necessary that the information fluxes from the internal and external environment would transit with fluidity. Therefore, managing the client and competitor knowledge becomes fundamental modalities to propitiate the marketing knowledge's growth stimulating an adequate and effective market orientation. In synthesis the market orientation according to the proposition of Narver and Slater (1990) may be seen in FIGURE 1.

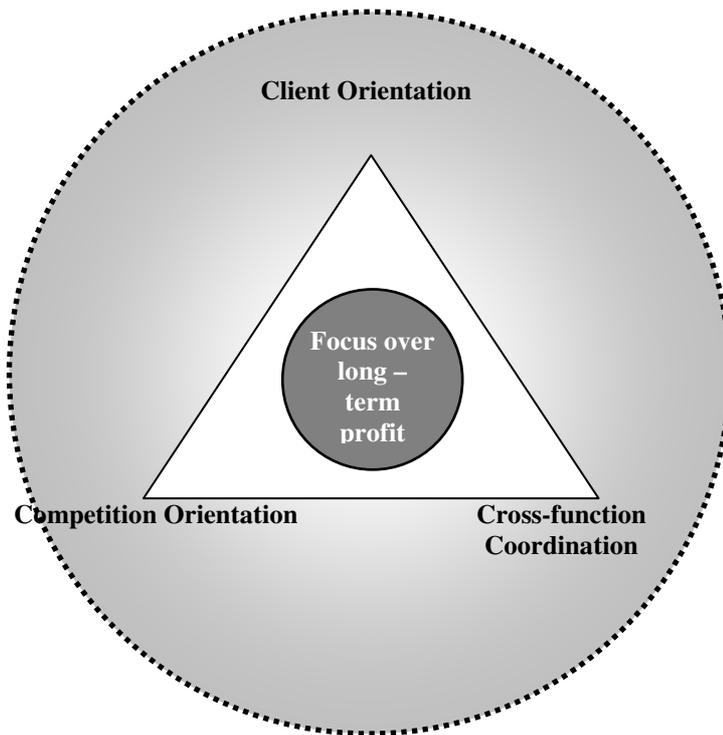


FIGURE 1 – Market Orientation
SOURCE - Narver and Slater, 1990.

Using the concepts of the authors previously cited, *client orientation* may be defined as the degree in which the organization seeks to comprehend its target market in as to offer superior value to its clients. By competition orientation, they mean the degree of comprehension of the competition's strengths and weaknesses and those of the company itself, as well as the understanding of the capacities and long-term strategies of the other players in a market. Lastly, cross-functional coordination is directed to the organized utilization of organizational resources as to provide to the clients products and services of higher aggregate value and provide effective strategies facing the competition's interpositions.

Evidences demonstrate that market orientation as a cross-department effort directed in a long-term base generates superior results in terms (JAWORSKI and KOHLI, 1993).

However, not only internal factors influence organizational performance. According to Jaworski and Kohli (1993) orientation walks side-by-side with factors such as environmental turbulence and competition intensity. As the authors proposed, such elements may sometimes supersede the strategy that was internally determined in the organization undermining the positive effects which could emerge from a market oriented action.

Another fundamental element in this context would be the organization's capacity in managing the knowledge produced in direction to innovations in its products, services and processes. As Han, Kim and Srivastava (1998) suggest, it would not be possible to talk about market orientation and performance without considering innovation's effect in this context.

3 METHOD

This study is characterized as of a conclusive descriptive nature which was applied through an electronic auto-filled *survey*, of vertical type (CHURCHILL and IACOBUCCI, 2003). The data was obtained from an auto-generated sample obtained from SEBRAE *mailing* containing entrepreneurs registered at the institution. The population of interest was current entrepreneurs which act in all national territory. The research instrument was elaborated from the adaptation of the scale developed by Veit, Gonçalves-Filho and Gonçalves (2007), depurated by Oliveira (2007), that is derived from the studies of Carland, Carland and Hoy (1992) . The list of the items initially added to the scale may be seen in CHART 1.

CHART 1– Constructs, indexes and study sources

INDEXES AND CONSTRUCTS	QUESTIONS
RISK	I have a capacity to deal with uncertainty and risks.
	In order to be better than others in business I need to assume some risks.
	In order to grow professionally I need to assume some risks.
	I take some decisions without having information which guarantees the best path to follow.
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FORMAL PLANNING	I establish rules and standards for my daily and professional activities.
	One of the most important things for success is planning.
	Describing goals and objectives is crucial for success.
	A plan must be written to be effective.
Well-defined operational proceedings are fundamental for doing a good job.	
<hr/>	It is important to establish rules and processes for having success in business.
ANALYTICAL THINKING	I like to approach situations from an analytical perspective.
	I am a person who likes to think logically.
	When I have a problem I analyze the situation in detail before taking a decision.
	Decisions must be taken quickly in order to be effective and have results.
<hr/>	I think it's important to be logical.

CHART 1– Constructs, indexes and study sources (continued)

INDEXES AND CONSTRUCTS	QUESTIONS
INOVATION	I seek new solutions and innovations to attend the necessities of the people I work to.
	I think I am in imaginative person.
	I appreciate the challenge of inventing more than anything else.
	I like to thing I am a creative person.
	I prefer to work with creative people.
	I always look for different forms of doing my daily work. In daily activities I seek to reinvent work tasks and routines, changing processes.
RELATION-SHIP	I have a good relationship with my work colleagues.
	People think of me as someone easy to relate with.
	I worry about the feeling of the people I work with.
	My work colleagues are like my second family. I consider myself to be a friend of the people that work with me.
CHALLENGE	I work tirelessly in seeking to fulfill my professional dreams.
	I will not rest until I achieve my professional dreams.
	The challenge of succeeding is as important as making money.
	I love the idea of competing and overcoming others.
	I appreciate solving problems in may professional day-to-day.
	I face work as a challenge which I like to overcome daily. I would be frustrated in case my work did not offer me challenges anymore. I like the idea of overcoming problems and difficulties daily.
DEDICATION	Professional success is my main priority in life.
	One of the most important things in my life is having professional success.
	My personal objectives rotate around professional success.
	For professional success I would give up some time with my family and friends.
	The people who know me almost always give me counsel to dedicate myself less to work and profession in order to have some time available for friends and family. I am willing to work a lot for my professional success.
	Many times I work in days and times of rest in my business project. My life is centered on my profession.
STRATEGIC COMPETENCE	I act in a proactive way when being under pressure by circumstances or threats.
	I use the personal contacts network to achieve my professional objectives.
	I have responsibility in concluding my works inside stipulated deadlines and periods.
	I trust in my competence to enterprise as source of success.
	I assume responsibility for solving problems which may jeopardize my success.
	I like to work with a team in tasks to fulfill deadlines.
	I trust in my capacity to face and overcome challenges and obstacles. I maintain my objectives with focus even when facing initially unsatisfactory results.

Source: research data.

Beyond these questions, the research instrument presents questions on the respondent's profile and about Market Orientation from Narver and Slater (1990), its environmental turbulence (JAWORSKI and KOHLI, 1993) and its degree of innovation.

Subjective measures of performance were used contemplating market participation measures, profitability, increase of sales income, return over assets, general performance and innovation capacity, in conformity to the works of Narver and Slater (1990), and Kohli and Jaworski (1990). Such choice is due to evidences that there are no significant differences between

objective or subjective performance measures (PERIN and SAMPAIO, 1999), the necessity to contemplate different industries and segments (SLATER and NARVER, 1994) and seeking to make obtaining answers easier.

3.1 DATA ANALYSIS

Data analysis was divided in four blocks adopting the software SPSS 13.0[®], AMOS 5.0[®] and Microsoft Excel[®].

3.1.1 Description of the sample's profile

Initially were excluded repeated cases (individuals who answered more than once) and respondents with excessively repeated answers (60 cases which used the same grade for over 80% of the questionnaire, two standard deviations above average) a final sample was obtained of 1552 current entrepreneurs both formal and informal (entrepreneurs with informal business – without register with CNPJ). From these 86% had business in the state of Minas Gerais. The main reason highlighter for opening a business was the opportunity seen in the activity and market growth.

The sample presented the following profile: most part of the respondents have companies in corporate form (45%), also 26% being family companies (with spouse) and only 27% individual companies (2% are third party companies). Among the companies with associates 66% have two associates, 9% one associate and 95% have six associates or less. As to the business' nature 27% are commercial, 53% are services, 4% industry and 1% agriculture (7% are other activities). As to the initial resources applied in the business, most part invested less than R\$ 5.000,00 (29.6%) and 16% invested more than R\$ 50.000,00. The average lifetime of the companies was 6.5 years (deviation=7.79; minimum=0.02; maximum=87), being that 78% are less than 10 years old and 34% less than 2 years old.

As to the demographical characteristics, 64% of the entrepreneurs were male; the average age was 36 years old (deviation=10.01; minimum=18; maximum=86), most part has incomplete (22%) or complete (27%) higher education; 62% are married and 29% are single. As to income; 66% have a monthly average family income of less than R\$ 5.000,00

3.1.2 Preliminary Analyses

As there were no absent data in the database (electronic *survey* with obligatory answer) the data's normality was analyzed and were shown those which do not behave according to the normal distribution. However, considering the expressive size it may be said that the proceeding o inference of maximum likelihood, despite not completely dispensing normality, produce more consistent results than other available alternatives such as WLS, PLS and ADF.

As to the outliers, 2,597 univariate extreme answers were found, by the criteria of interquartile range, dispersed over 826 cases representing 2.3% of the database. Such values were substituted by less offensive values as Kline (1998) suggests. Even so 215 extreme multivariate cases remained which were maintained to verify their effect over the general adjustment estimates of the model.

When linearity was analyzed, through dispersion diagrams, and multicollinearity (VIF values – variance inflation factor – lower than 10) there were no problems detected in the database.

Afterwards we proceeded to evaluating dimensionality of the market orientation, innovation and environmental turbulence scales. The Entrepreneur Profile Potential scale – EPP was analyzed in detail in a previous study (VEIT *et al.*, 2009) of instrument validation.

The Factorial Exploratory Analysis – AFE was applied with factor extraction by main axis (objective to find the latent dimensions to the scale) and using the analysis criteria of scree plot. For the market orientation scale, a solution was found with three dimensions and adequate adjustment (KMO value=0.929; 64% of variance explained). For the innovation and environmental turbulence scales two distinct factors were found (KMO value=0.748; 61% of variance explained) demonstrating the scale’s stability.

The scales’ reliability, evaluated through Cronbach’s Alpha, remained above the suggested limits of 0.70 (MALHOTRA, 2001). The convergent validity was accessed by the evaluation of the factorial charges’ significances standardized in the Confirmatory Factorial Analysis – AFC as Bagozzi *et al.*, (1991) suggest. Using the estimation of maximum likelihood (as to avoid errors of multivariate non-normality) all constructs’ indexes had significant factorial charges in their respective constructs in the measuring model.

In order to evaluate discriminative validity, the extracted average variance of the indexes was compared to the square of the correlation coefficient between the latent constructs in AFC, as Fornell and Lacker (1981) suggest. Using this procedure, the discriminative validity was only not obtained for the *value in consumption* and *quality* constructs. Using the chi-square difference test suggested by Bagozzi *et al.*, (1991), evidences of discriminative validity between the *in consumption* and *quality* constructs was found ($\chi^2_{dif} = 7,318$), indicating that both may be considered as different, but related constructs. A summary of the validation steps may be seen in TABLE 1.

TABLE 1 – Correlation matrix, extracted variance percentage, correlations to square and quality indexes of the constructs

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	CE	R	PA	DE	DS	PF	I	REL	DES	IN	CINT	CI	OCON	OCL
1	0.44	0.09	0.29	0.12	0.38	0.13	0.18	0.17	0.17	0.22	0.03	0.28	0.32	0.41
2	0.30	0.39	0.07	0.05	0.10	0.07	0.16	0.05	0.03	0.04	0.01	0.04	0.06	0.08
3	0.54	0.27	0.40	0.07	0.19	0.20	0.08	0.07	0.05	0.07	0.01	0.17	0.19	0.19
4	0.35	0.22	0.26	0.40	0.17	0.04	0.10	0.02	0.02	0.04	0.02	0.04	0.07	0.05
5	0.61	0.32	0.44	0.41	0.50	0.09	0.25	0.12	0.08	0.13	0.02	0.18	0.20	0.22
6	0.37	0.27	0.44	0.20	0.30	0.41	0.07	0.08	0.02	0.03	0.02	0.05	0.04	0.08
7	0.43	0.39	0.28	0.32	0.50	0.27	0.38	0.11	0.04	0.14	0.03	0.12	0.16	0.18
8	0.42	0.23	0.27	0.15	0.35	0.28	0.34	0.42	0.08	0.08	0.02	0.17	0.15	0.19
9	0.42	0.16	0.22	0.16	0.29	0.15	0.21	0.29	0.59	0.31	0.00	0.21	0.27	0.22
10	0.46	0.21	0.27	0.19	0.36	0.19	0.37	0.28	0.56	0.71	0.00	0.38	0.38	0.36
11	0.17	0.10	0.12	0.14	0.14	0.15	0.17	0.15	-0.05	0.01	0.39	0.01	0.02	0.03
12	0.53	0.19	0.41	0.19	0.42	0.23	0.34	0.41	0.46	0.62	0.12	0.56	0.73	0.50
13	0.56	0.24	0.44	0.26	0.45	0.20	0.39	0.39	0.52	0.62	0.15	0.86	0.53	0.53
14	0.64	0.29	0.44	0.23	0.47	0.28	0.43	0.44	0.47	0.60	0.16	0.71	0.73	0.44
CC	0.82	0.64	0.72	0.84	0.80	0.78	0.79	0.78	0.93	0.88	0.71	0.84	0.82	0.76
AL	0.81	0.72	0.70	0.79	0.75	0.82	0.78	0.77	0.93	0.88	0.73	0.83	0.81	0.74

Source: Research data. Observations: the numbers in the main diagonal correspond to the average variance extracted, according to procedures from Tabachnick and Fidel (2001). The elements below the main diagonal correspond to correlation estimated in AFC. The diagonal’s values are the square of the correlation between the variables. The alpha value and composite reliability (HAIR *et al.*, 1998) are estimates of the constructs’ reliability.

TABLE 1 shows elevated reliability and extracted variance values of all constructs. Taking as basis discriminative validity, only the market orientation construct's indexes violated this assumption. Additional models were tested which verified if a second order factorial structure is more adequate to the Market Orientation and Potential Entrepreneur Profile constructs. Both showed that a second order structure is the best representation for these constructs. Also it was concluded that PPE and OM dimensions have discriminative validity according to the chi-square difference test proposed by Bagozzi *et al.*, (1991). As considerations around the measure's fairness (CHURCHILL and IACOBUCCI, 2002), the reliability and validity of the study's measures could be attested.

3.1.3 Research Models' Test

The hypothetical research model was tested in a strategy of models in competition for structural equations modeling (HAIR *et al.*, 1998). The final sample of 1,552 respondents was inferior to the number of parameters in the input covariance matrix which has 2,485 elements ($70 \times 71 / 2$). Nevertheless, the number of observations in the matrix (2,485) and in the sample (1,552) is higher than the number of estimate parameters in the model (161). This implies in the number of more than 10 elements in the sample for each model parameter (double this value if we analyze variances and covariance of input matrix). We enforce that this reveals a reasonable sample to test the structural model. The model was adjusted by means of maximum likelihood estimators, due to this model's roughness to deviations in multivariate normality when the sample is bigger than 1,000 cases (TABACHNICK and FIDEL, 2001). FIGURE 2 illustrates the obtained results.

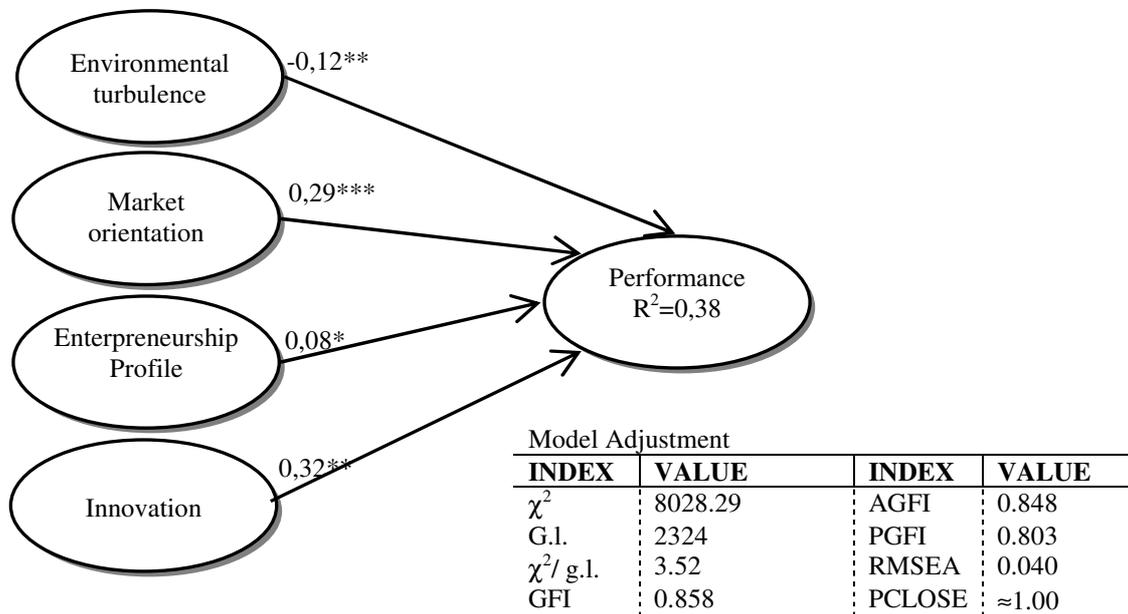


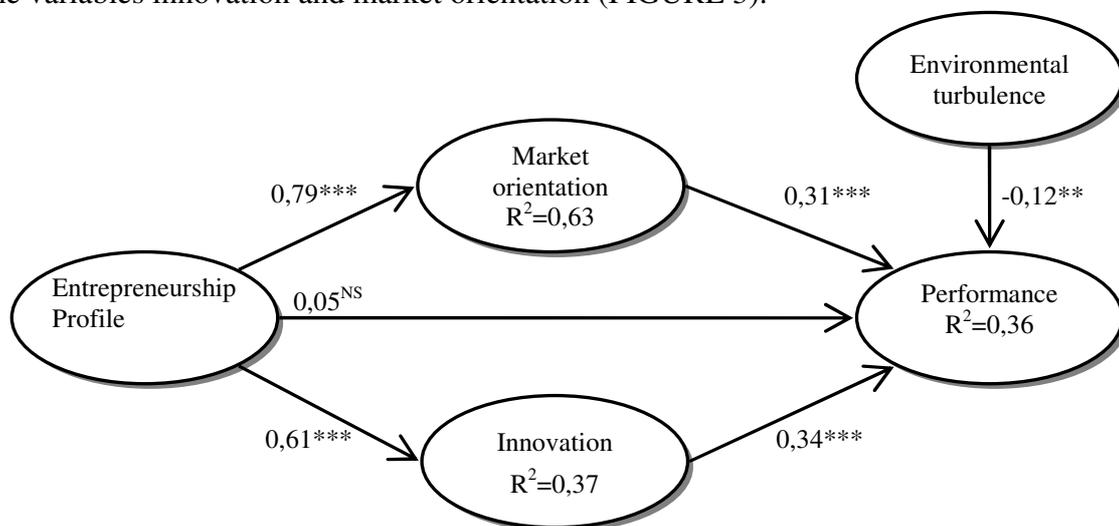
FIGURE 2 – Hypothetical research model

Observations: the values presented adjoining the arrows indicate the value of the standardized charges. ** indicates charge significance at 1% level ($p < 0.01$); *** indicates charge significance at 0.1% level ($p < 0.001$). The R^2 value indicates the explained variance percentage of the endogenous constructs.

In FIGURE 2 a moderate adjustment to the data model can be observed. In a first instance this result may be originated from the inflation of the chi-square statistic due to the absence of multivariate normality, especially due to the sample's expressive size (JÖRESKOG and SÖRBOM, 1998). So, the model's value of the absolute adjustment (GFI), adjusted (AGFI)

and parsimonious (PGFI) may be deflated, being inferior to the suggested limits of 0.90. On the other hand the normalized chi-square ($\chi^2/g.l.$) inferior to 4 indicates a moderate adjustment given the model's complexity (HAIR *et al.*, 1998). Similar evidence is provided by the RMSEA inferior to the 0.06 limit, and the probability of approximately 100.00% of its population value (PCLOSE) being inferior to the suggested value of 0.06 (HAIR *et al.*, 1998). Offensive values were not found, such as non-significant or negative variances. In a general form, the moderate adjustment imposes precaution referring to conclusions in favor of the model's plausibility as a whole, but it does not prohibit punctual general considerations from being drawn.

Considering the suggestions from Oliveira (2007), and noting that FIGURE 2's model, previously presented, shows the low impact of the entrepreneur profile over performance, an alternative model was tested. In it the relation between PPE and performance is mediated by the variables innovation and market orientation (FIGURE 3).



Model Adjustment			
INDEX	VALUE	INDEX	VALUE
χ^2	8464.26	AGFI	0.844
G.l.	2327	PGFI	0.800
$\chi^2/g.l.$	3.63	RMSEA	0.041
GFI	0.854	PCLOSE	≈1.00

FIGURE 3 – Hypothetical research model

Observations: the values presented adjoining the arrows indicate the value of the standardized charges. ** indicates charge significance at 1% level ($p < 0.01$); *** indicates charge significance at 0.1% level ($p < 0.001$). The R^2 value indicates the explained variance percentage of the endogenous constructs. Indicates a non-significant charge ($P > 0.05$).

FIGURE 3's model shows that, despite a slightly inferior adjustment, presents that the relation between PPE and performance is moderated by market orientation and by enterprise innovation. In other words, in congruence with what was found by Oliveira (2007) it is possible that the entrepreneur profile is not the direct cause of performance, but it is the antecedent of organizational behaviors which lead the companies to having higher business performance.

4 DISCUSSION AND CONCLUSIONS

In the present study, we sought to obtain evidences which allowed a more complete investigation over the relationship between market orientation, enterprise innovation,

environmental turbulence and the potential entrepreneur profile, verifying the impact of these constructs over the companies' performance. Here the main research conclusions are drawn, joining them with the proposed objective as well as locating this study's limitations.

Initially it must be accepted that, according to what was exposed in the referential, the positive impact of market orientation over performance in the researched companies was supported, in the respondents' perspective. The same occurs for enterprise innovation and in a negative manner for turbulence (the higher the turbulence the lower the performance). In the original research model these constructs together with the Potential Entrepreneur Profile – PPE explained 38% (R^2) of variation of the performance construct.

In the alternative model, FIGURE 3, it was obtained support from the results by exhibiting that 36% of performance was explained. Furthermore, PPE was responsible for explaining 63% of the variation of market orientation and 37% of enterprise innovation. Thus, the positive influence of PPE over organizational performance is confirmed, mediated by organizational management variables. This matches the works of Narver and Slater (1995) that defend that the relation of market orientation with entrepreneur values provides the necessary stimulation for innovative actions, demonstrating that both variables should be anteceded by the Potential entrepreneur profile. This way this study justifies and strengthens the conclusions of Narver and Slater (1995) which argued that only market orientation is not capable of stimulation innovative actions: this must be complemented by an entrepreneur culture.

Lastly, market turbulence had a small negative impact, demonstrating that in this model, the entrepreneur profile is the main driver of performance, despite the difficulties found in a determinate field of activity.

In this model, the potential entrepreneur profile did not reveal a significant influence ($\beta = 0.05$) over performance. However, it is fit to highlight that the influence of the potential entrepreneur profile over performance was exercised through market orientation. So, the potential entrepreneur profile may be seen as an antecedent of market orientation and innovation.

Under a managerial point of view, this work revealed that developing and giving incentive to the development of the entrepreneur profile is an adequate stance for obtaining better business results. Thus, the government, teaching institutes and class entities must progressively give incentive to the development of the entrepreneur profile to improve the survival rates and propel the economy, especially in small and medium companies.

In tune with the presented theoretical grounding, the company directors may improve their potential entrepreneur through training, speeches, seminaries and other educational activities, and, as a consequence, imprint a more market oriented and more innovative culture, which will probably lead the organization to a superior performance. It is fit to highlight that the values which orient all organization are originated from the high direction.

In general terms, the obtained results confirm the outlined investigation hypotheses and are coherent to the results found in the literature over company strategies and the profile of the potential entrepreneur.

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