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**CUSTOMER ORIENTED AND PROACTIVE SELLING IN SMALL FINNISH
COMPANIES**

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<p>Abstract</p> <p>Solving the customer’s “pain” is a well-known mantra in business, as is taking the initiative. Customer orientation describes the former in terms of understanding the customer’s needs and striving to satisfy them. The latter is many times associated with being proactive when acting. Both these traits have been associated with higher performance and other positive effects in sales. Small businesses often face difficulties competing against larger firms due to lack of resources and knowledge when navigating their environments. Customer orientation and proactiveness in their approach to sales could help them partly overcome these difficulties by providing a way to increase sales performance. This study seeks to uncover whether customer orientation and proactiveness are more prevalent in certain types of small businesses and to add to the understanding of small business sales.</p> <p>The study examines customer orientation and proactiveness literature along with literature about the divisions in the marketing and sales of B2B versus B2C and products versus services. The construct of customer orientation includes customer service orientation, solution orientation and an emphasis on analysing customer behaviour. The proactiveness categories are whether the firm acquires new sales via its action, the customers action, or the action of both. The aim is to understand whether higher levels of the two traits are associated with a certain type of customers or offerings and to shed light on their coexistence and their effect on sales performance. The study utilizes a questionnaire distributed to various small companies in the Oulu region of Finland, to assess their sales capabilities. Answers to questions pertaining to the above traits were selected and statistically analysed to identify inferences in the data about the previous associations. Altogether, the analysis looked at 242 respondents from 32 companies, from various industries. The study is part of the “Sales is a King” project, which is being conducted by the University of Oulu and the MicroENTRE research body.</p> <p>The data analysis showed interesting results. It suggests that the existence of higher customer orientation levels is not related to a more proactive sales approach and vice versa. Also, the two behaviours do not vary between customer and offering types and only proactiveness is associated with higher sales performance. Although, using the customer orientation construct yielded the above results, further analysis on the customer service orientation and solution orientation items showed otherwise. The former was higher in B2B firms than those that sell to both customer types and in product selling firms as opposed to those that sell both offering types. For the latter, companies that sold products exhibited higher solution orientation levels than those that sold both offerings. The study contributes to researchers and practitioners alike, by enhancing the understanding of customer oriented and proactive selling in small businesses.</p>			
Keywords customer orientation, proactiveness, small businesses, B2B sales, B2C sales, mixed customer sales, product sales, service sales, mixed offering sales			
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1 INTRODUCTION

1.1 Subject of the thesis

It would not be unfair to say that throughout the European Union there is a general feeling on a public scale, that small enterprises are of special importance (European Commission, https://ec.europa.eu/growth/smes_en). When there is mention about the importance of small businesses, it is often said that they are the “backbone” of the economy, implying that they are what supports it. According to the European commission’s Small Business Act (2019), micro and small businesses made up a total of 98.4% of businesses in Finland and accounted for 46.3% of total employment. These figures seem to offer at least partial support to the previously mentioned public consensus. Therefore, this study aims to shed light on customer orientated and proactive sales practices of micro and small firms (under 50 employees as per the previous report), due to their importance in the Finnish and greater European economy.

This is done by focusing on the key area of sales. Small businesses often operate in very competitive and dynamic environments (Buli, 2017), and as will become more apparent in later parts of the thesis, sales play an important role in business performance. Therefore, they provide a crucial area for research into small businesses and their competitiveness. The thesis’ attention is on the differences in customer orientation (CO) and proactiveness of sales in small firms in Finland. CO underscores how important the company and its employees view serving the customer’s needs as opposed to solely focusing on stimulating demand for those products (Saxe & Weitz, 1982) and sales proactiveness determines how the company pursues its sales (Brehmer and Rehme, 2009). More specifically (and simplistically), companies and salespeople are customer-oriented when they have the customer as their focus point and are proactive when they actively pursue sales instead of waiting for customers to approach them first. The benefits the literature shows these two behaviours to be associated with, makes them a good reference point to use when investigating the sales capabilities of small businesses.

There are multiple studies indicating a positive relation between both CO (Sing & Venugopal, 2015; Zablah 2012; Homburg, Muller & Klarmann, 2011; Jamarillo &

Grisaffe, 2009; Saxe & Weitz, 1982, and others) and proactiveness (Murphy & Coughlan, 2018; Mallin et. al., 2014; Pitkanen et. al., 2014; Pitt, Ewing & Berthon, 2012 and others) and sales performance. On the other hand, there are also studies that show customer orientation to have drawbacks associated with it, that inhibit firm and salesperson performance (Homburg, Müller and Klarmann, 2011; Franke & Park, 2006; Saxe & Weitz, 1982). Proactiveness has also been associated with certain negative effects regarding employee-manager relationships (Murphy & Coughlan, 2018; Campbell, 2000). The positive and negative effects of both behaviours will be explored in the literature review chapter, since they provide justification on whether small businesses and their employees should adopt these behaviours.

These behaviours will be examined across businesses, depending on the types of offerings they sell and customers they serve. The different typologies of firms examined are whether they sell products or services or both and whether they sell to other businesses (B2B), directly to consumers (B2C) or if they serve both markets. A large amount of the relevant literature supports that there are differences in the practices of these typologies of businesses (Coviello, Brodie, Danaher & Johnston, 2002). Therefore, the differences in the practices among these typologies could be associated with differences in the levels of CO and proactiveness. The aim of this study is to uncover whether such differences occur in small business sales activities, since identifying them will assist managers and create an incentive for them to review their sales practices depending on the nature of their business.

The thesis will also cover whether customer orientation and proactiveness influence the sales performance of these firms by using the objective measure of changes in sales figures. Therefore, sales performance will be examined from both distinct angles. This is done to identify any relevance of the two factors in small business growth, since as seen above, many studies advocate enhanced business performance due to these factors. However, due to many studies focusing on larger firms, it will be interesting to see if the same is consistent with small firms. Also, the thesis will examine whether the presence of customer orientation also coincides with proactiveness in the sample population. Although not examined in the thesis, many personality traits and environmental influences are shared between customer oriented and proactive employees and firms, such as personal motivation (co: Schepker, 2003; p: Mallin,

Ragland & Finkle, 2014) and low management control (co: Schwepker, 2003; p; Grant & Ashford, 2008). Thus, somewhat indicating that the presence of one may coincide with the presence of the other.

1.2 Research gap

The focus of most studies around sales being on large companies or SMEs in general, increases the value of the findings for practice and future research in small businesses. Identifying whether the type of their offering (product or service) or the type of their customer (business or consumer) affects small firms' handling of their customers, could change the view of both academics and managers towards small business sales. Therefore, this thesis addresses the lack of research in small companies that are often overlooked. Additionally, there seems to be a gap in the literature regarding companies that sell to both customer types or sell both offerings. Therefore, this thesis also includes businesses that fall on both ends of the spectrum simultaneously.

Another interesting area that provides justification for this study and needs further exploration, is that most studies in the field of sales are focused on companies and salespeople from countries in Central Europe or an Anglo-Saxon background. Therefore, studying the sales practices of firms in a country that does not fit in the above categories could yield different results. Furthermore, although there have been studies that show positive effects of customer orientation (Appiah-Adu & Singh 1998, Appiah-Adu 1997; Pelham & Willson, 1996) and proactiveness (Spillecke & Brettel, 2014; Kreiser et. al., 2013; Li, Zhao, Tan & Liu, 2008) on small and medium businesses, there seems to be limited research to associate the two in the same study and examine their coexisting relationship. Therefore, in this thesis paper, apart from their effects on the objective sales performance of small firms, it is also attempted to identify whether there is a pattern of coexistence between the two within the same companies. Due to multiple common antecedents, this could form a basis for future research into common behavioural traits of salespeople.

Also, looking at whether customer orientation is associated with sales proactiveness in the above contexts, offers a relatively new dimension to proactive and reactive customer orientation (Atuahene-Gima, Slater and Olson, 2005). This is an important

and interesting concept if we also consider Williams and Attaway's (1996) idea of procreation in salespeople, which they define as salespeople's ability to create offerings that are "tailor-made to the precise needs of the buyer" (p. 5). This idea of procreation holds some inference that proactive salespeople may also be customer oriented. Atuahene-Gima, Slater and Olson (2005) had suggested that there had to be a further exploration of proactive and reactive market orientation behaviors in different contexts and this study offers a relatively new viewpoint, due to the specific characteristics of the environment the sample is from and the division of the companies into distinct groups to conduct the statistical analysis.

Additionally, the theoretical construct and measures used to determine the level of CO in salespeople, offer a new approach to measuring salespeople customer orientation. There have been multiple other measures and the development of the SOCO scale (Sales Orientation – Customer Orientation) by Saxe and Weitz (1982), offered researchers and academics a practical (and often customized) tool for doing so (Thomas, Soutar, & Ryan, 2001). But since the scale developed in this study is based on much of the subsequent literature, it also has value due to its novel approach. The construct selected for CO in the thesis includes items focusing on how firms analyse their customer behaviour. Although not specifically addressed in the SOCO scale, Saxe and Weitz also make important reference to this element of customer orientation. Therefore, it was selected as a component to form the construct and adds to the novelty of this study.

1.3 Objectives of the study

The study aims to analyse sales behaviour of small companies and increase understanding about how they approach and deal with their customers. It seems that throughout the literature there is global embrace and movement towards the marketing concept, which implies a strong shift from a sales orientation to a customer orientation. Moncrief and Marshall (2005) frame the traditional seven steps of selling (Dubinsky, 1980/1981) in a more customer-oriented focus, claiming that Dubinsky's original paper reflected a more sales-oriented approach on behalf of the firm. The above trends lead to the first objective which is seeing whether small firms adhere to the above-

mentioned concepts through exhibiting customer orientation and proactiveness and whether these two behaviours co-exist and affect company performance.

Since the study does not focus on specific classifications of firms according to industry, it provides a holistic view when the interest is on other characteristics such as size. By taking samples from a wide range of industries, it is possible to get a more consolidated view of small businesses. Therefore, although the study only concentrates on correlations and comparisons between groups and not the causal effects of firm characteristics, the variety in the sample allows for better focus on the sales practices of small businesses.

Following the above, the second objective of the thesis, regarding academia, is to advance the interest in exploring the sales practices of small companies. More specifically, small businesses have different characteristics from most large firms (Hudson, Smart & Bourne, 2001). Therefore, what applies to one category of companies may not apply to the other regarding CO and proactiveness in their sales activities.

The third objective is that the thesis will hopefully prove useful to managers and other professionals in small firms. The approach of the study does not intend to give clear cut answers on specific sales tactics and practices. It does however strive to provide generalizable information on the sales habits of small companies to motivate practitioners in better understanding their organization and ultimately make more informed decisions in their work. To summarise, this study will hopefully be important for both researchers and sales practitioners alike in progressing the theory and knowledge in small business sales behaviours.

1.4 Research questions

There are three sets of questions addressed in the thesis. Firstly, as explained above, the relation between customer orientation and proactiveness in sales of small companies, is a relatively unexplored area. Hopefully, this study will be able to shed some light on the coexistence of these behaviours and will prove helpful for further research into the topic. Therefore, the first question to be answered is whether higher

levels of customer orientation are positively associated with proactiveness in small companies.

Additionally, the thesis builds upon the dichotomies between types of offerings and types of customers served. As presented in sections 2.3 and 2.4 of the thesis, there is literature that points to differences in the marketing and business practices between these two dichotomies (Parvinen, Aspara, Kajalo & Hietanen, 2013; Coviello et al., 2002; Simkin, 2000; Bryson, 1997). The present study is investigating whether there is a difference in CO and proactive selling behaviour among firm categories. Therefore, the second set of questions to be answered is whether there is an observed difference in the levels of CO and proactiveness in small companies depending on whether they sell products, services or both, or whether they sell B2B, B2C or both.

Finally, although this is one of the more researched aspects of this study, it is still important to identify whether CO and a proactive selling orientation have an impact on the sales performance of small firms. As mentioned above, there are some indications from previous research that point to positive effects of the two factors on overall company and sales performance. Also, there are studies that associate the two factors with negative effects in businesses. Therefore, the third and last set of questions pertains to whether higher levels of CO and proactiveness are positively associated with higher levels of sales growth in small businesses. Hopefully, the research questions and research design will assist in accomplishing the objectives laid out in the previous section.

1.5 Research method

The study follows a deductive reasoning approach, whereby it first reviews the existing literature, then hypotheses are made and finally it progresses to test those hypotheses and relate them to the existing theories (Ragab & Arisha, 2017). The study utilizes data from a questionnaire distributed to employees of the companies and stakeholders associated with them. The companies are small sized firms (under 50 employees) from the Oulu region of Finland and come from varying business sectors. The study sets out to identify correlations and make comparisons of sales behaviours in different categories of companies. Therefore, the data was used to run a series of statistical

correlation and comparison tests using computer software, to identify patterns and relations in the data. The results are then reported and compared to previous literature on the subjects. Quantitative analysis was chosen since the objective of the study was to make comparisons and correlations in a large data sample, which would not be feasible with qualitative techniques such as interviews. The analysis showed mixed and interesting results, which are discussed in more detail in the discussion section of the conclusions chapter.

1.6 Structure of the thesis

The thesis next progresses with a short but concise literature review and an explanation of the main concepts behind the topics covered. It introduces various aspects of each topic and helps explain the formulation of the questions and the constructs. This chapter forms the theoretical basis for the study and determines the angle from which the data will be examined. After this chapter, the methodology of the study is explained, with a more in-depth look at how the study was conducted. It explains in more detail, how the data was collected and how it was analysed. Thereafter is the results chapter that presents the key findings from the data analysis. In this chapter the main hypotheses are tested along with additional exploratory tests. This is the core part of the study, since to a large extent it determines its outcomes. Lastly the conclusions are presented, and the results are discussed in conjunction with previous literature. This chapter makes an interpretation of the results and explains the thesis' theoretical and practical contributions. The conclusions also include the limitations of the study and suggestions for future research.

2 LITERATURE REVIEW

2.1 The context of small businesses

As mentioned in the previous chapter most studies and the extant literature focus on larger organizations (Keskin, 2006). Due to inherent differences between company size distinctions, it is hard to generalize studies conducted on large firms to smaller businesses (Linder, 2019). Small businesses have simpler organizational structures, fewer product lines and customers, are undercapitalized and lack formal planning (Pelham& Wilson, 1996) to name just a few differences. Linder suggests that it is harder for SMEs to build higher-order manufacturing capabilities due to liabilities of smallness, scarceness of resources and having a smaller business network. Differences span many aspects of business in organizations, starting for example from the absence of a formal business plan and lack of market research in micro-businesses (Greenbank, 2000). This is consistent with the notion that large companies invest more in knowledge management and hold it higher in regard than SMEs (McAdam and Reid, 2001).

A study conducted on various sized companies in Canada and New Zealand found that SMEs have more informal market planning and fewer ways to measure performance (Coviello, Brodie & Munro, 2000). They also found however that they were more relational than large firms in marketing communication and primary customer contact. Similarly, large firms are more likely to engage in transactional marketing than smaller ones (Coviello & Brodie, 2001). Keskin (2006) also postulated that SMEs do not conduct market research and that their market orientation is less formal than larger businesses. However, due to their structure, he does suggest that research shows SMEs are closer to customers and exploit their needs faster, they are able to transfer customer intelligence quickly and implement the marketing plan fast. However, consistent with Linder (2019), he did not find a direct link between market orientation and firm performance, but that this relation was mediated by learning orientation.

Contrary to the above however others have found a significant relation between market orientation (MO) and increased profitability in small businesses, suggesting that MO could offer a strong competitive advantage to them (Pelham and Wilson, 1996). As

mentioned previously a positive relationship between CO and SME performance has been found and it is suggested that CO could be a way of strategic planning for SMEs due to their short-term focus (Appiah-Adu and Singh, 1998). Also, because they lack formal coordinating systems, a strong MO could be a good alternative in giving a focus and discipline to their business functions (Appiah-Adu, 1997). Furthermore, it is indicated that a strong market orientation in SMEs could be an important competitive advantage for them since they lack resources for low-cost or R&D based strategies but are more capable of focusing on customer contact instead (Pelham, 1999). Also, as mentioned in the introduction, small companies often operate in very competitive environments. Some research shows that CO is positively associated with firm sales in competitive markets (Pekovic & Rolland, 2016). Thus, leading to the logical assumption that it may be a beneficial quality for small firms and their salespeople to have.

Somewhat contradictory to the above is the proposition that large and very large firms are more MO than medium sized firms (Liu, 1995). However, this result should be seen with some caution regarding this study, since as explained in the next subchapter, CO can be viewed as only one component of MO and the greater resources of large firms could aid them in collecting market intelligence on the market in general, and not just about customers. There is a significant variation in the findings throughout the literature on various facets of MO, with the comparison between small, medium and large businesses included (Raju, Lonial and Crum, 2011). In a literature review on MO in SMEs, these authors support that structural and cultural antecedents of MO point to them having a stronger MO than larger firms and that the MO–performance relationship may be higher in small and medium sized businesses.

Regarding proactivity exhibited in SMEs, some studies did not find any difference in sales growth between firms of passive and proactive entrepreneurs (Avlonitis and Salavou, 2007). However, other studies have shown that proactiveness has a positive effect on SMEs and their performance, either directly or indirectly. Proactivity and anticipating future demand in sales departments could lead to them being more successful when time-to-market is more critical (Spillecke & Brettel, 2014). This is because even in market-oriented firms, SMEs that fail to be proactive could miss opportunities that arise in the market (Li, Zhao, Tan & Liu, 2008). Li et.al. also show

that proactiveness mediates market orientation's positive effects on performance. Finally, results from Kreiser et. al. (2013), suggest that proactiveness in SMEs has a positive effect on performance and they theorize that proactive firms have better market awareness, creating new opportunities and exploiting existing ones faster than their competition.

It is also important to note that there are also differences between micro-enterprises (less than 10 employees), small businesses (10 – 49 employees) and larger SMEs (50 – 249 employees). These differences can play an important role of the business capabilities of firms depending on their size. For example, the fact that micro-enterprises are usually financed by their own resources, constrains their knowledge of credit conditions compared to larger SMEs (Belas, Bartos, Kljucnikov & Dolezal, 2015). This could greatly inhibit micro-companies' ability to finance their operations and reduce their competitiveness. Additionally, it has been found that small enterprises perform worse than medium-sized enterprises when it comes to managing their purchasing activities (Paik, 2011). The above findings indicate that among SMEs, size can play a significant role in their business practices.

The rest of chapter digs deeper into the existing literature regarding the individual concepts of the thesis, to provide better understand of them, before finalizing with an integration of the concepts and forming the hypotheses. Namely the next four subchapters will examine customer orientation, sales proactiveness and the differences between selling products or services and selling to other businesses or to consumers.

2.2 Customer orientation

For decades there has been a focus from companies and managers towards the marketing concept in order to enhance company performance. The marketing concept is tightly associated with customer orientation, which is the attempt of the company to direct its efforts towards serving the customer's needs (Appiah-Adu & Singh, 1998) . There have been various definitions for customer orientation, one of which is the following from Deshpandé, Farley, and Webster Jr., (1993, p. 6), which defines it as "The set of beliefs that puts the customer's interest first, while not excluding those of all other stakeholders such as owners, managers, employees, in order to develop a

long-term profitable enterprise". It can be deduced from the previous definition, that customer orientation directs all the organization's efforts towards the customer's needs and providing solutions for them while trying to maintain a balance in the organization and pursue its interests.

There has also been some discussion in the literature on whether market orientation (MO) and customer orientation (CO) are the same or if they have different meanings (Morales Mediano & Ruiz-Alba, 2019) . For example, Deshpande et al., (1993) see MO and CO as being synonymous, whereas Narver & Slater, (1990), suggest that customer orientation is one of three components (along with competitor orientation and inter-functional coordination) of market orientation. The latter determine MO, as an organizational culture that creates necessary behaviours that in turn create superior value for the customer and superior business performance. They subsequently define CO as the understanding of an organization's target buyers, to continuously deliver superior value to them. Despite these distinctions, it seems safe to say that in the two previous definitions, the customer is in the direct focus of the organization's operations and that market orientation, by definition, implies customer orientation. In this thesis paper, following Deshpande et al.'s view, market orientation and customer orientation will be treated as both focusing on the customer needs, which is a sufficient conceptualization for the purpose of this study.

While discussing these distinctions, it would be noteworthy to mention that there is also a separate stream of research that focuses on customer centricity. According to Habel et al., (2020) there is a difference between customer orientation and customer centricity in that CO focuses on addressing the customer's needs whereas customer centricity puts the customer's interests at the centre of the organization's actions by prioritizing them. Although acknowledging the distinction made by Habel and his colleagues between the two, this study will focus on customer orientation of the firms examined and will not proceed further to evaluate their customer centricity.

Apart from customer focus, the additional core element of customer orientation is information gathering about the customer to better serve their needs (Kohli & Jaworski, 1990; Narver & Slater, 1990; Saxe & Weitz, 1982). In this study three main aspects of customer orientation are examined, to identify the level of customer

orientation in the firms participating and to create the CO construct. They are solution orientation, customer service orientation, and customer analysis. The purpose was to measure and identify any potential differences between the various types of firms, in respect to the main construct that was constructed based on the literature.

Solution orientation pertains to how focused the company is on addressing the needs of its customers. Based on the literature (Habel et al., 2020; Appiah-Adu & Singh, 1998; Kohli & Jaworski, 1990; Narver & Slater, 1990; Saxe & Weitz, 1982), this seems to be the essence of CO and thus forms a key component of it. Customer service orientation is similar to solution orientation but focuses on providing assistance and addressing needs of the customer regarding the actual sale and use of the offering. Customer analysis points to the gathering of intelligence (information) about the customer and their needs. The items used to measure customer analysis look at customer purchasing behaviour and their use of the offering. There has been evidence that small-sized companies in Thailand under-utilize their customer-oriented intelligence-gathering capabilities when it comes to generating new ideas (Racela & Thoumrungroje, 2019). So including this aspect of customer orientation in the construct is important to see whether the same would apply to small firms when it comes to their sales and improving sales performance. Analysing customer behaviour is a vital part of customer orientation of a company, since it will help it identify the customer's needs it has to address. As previously mentioned, and as seen below there is an abundance of support for this view in the literature.

For example, there is support that market orientation (which includes CO) is an organization-wide generation, dissemination, and responsiveness to market intelligence and that it entails taking actions based on that intelligence to address customer needs (Kohli & Jaworski, 1990). Consistent with this view, customer orientation entails gathering information about customers to satisfy their needs (Franke & Park, 2006). Therefore, analysing customer behaviour in order to gather information (intelligence) about them is a critical element for companies adopting a CO (Adams et al., 2019). It has been found that the generation and dissemination of information allows employees to understand customer needs and leads to greater customer orientation (Conduit & Mavondo, 2001). Therefore, strong engagement in

gathering intelligence about customers, through analysing their behaviour, is also a vital indicator of a company's customer orientation.

Research into organizations' customer focus has revealed that it is positively associated with company performance. There is a positive relation between customer-rated customer orientation of the marketer and business performance (Deshpande et al., 1993). Additionally, market orientation of a business is an important determinant of its performance (Jaworski and Kohli, 1993). More recently a study by Appiah-Adu and Singh (1998) on SMEs in the United Kingdom found that customer orientation indicated a significant positive effect on product success and sales growth of companies. They also found that it has a significant and positive effect on profitability, and they suggest that this can be logically derived from customer orientation positively impacting the other two factors.

Furthermore, it has been found that there is a positive relation between customer orientation and innovation performance (Adams, Freitas and Fontana, 2019). The above studies affirm that focusing on the customer's needs will favourably impact multiple measures of organizations' performance as also highlighted by Slater and Narver (1994). Further to the above and more closely related to the topic of this paper, research regarding customer orientation in SMEs also showed that there is a positive relation between a company's innovation orientation and customer orientation (Appiah-Adu and Singh, 1998). MO in SMEs has also been shown to increase their performance in new product success, sales growth and profitability (Appiah-Adu, 1997). For small firms in particular, it was found that making investments into customer-oriented practices has a direct positive influence on their performance (Pekovic & Rolland, 2016). CO is considered important for small firms since it has the potential to be a source of competitive advantage for them over large firms since there is support that it positively influences small firm performance (Brockman, Jones & Beckerer, 2019).

Although this is not a focal point of the thesis it is worth briefly considering what facilitates market or customer orientation on an organizational level. The connectedness among an organization's departments, its reward system, centralization of decision-making and interdepartmental conflict all affect an organization's MO

(Jaworski & Kohli, 1993). Jaworski and Kohli also suggest that top management's emphasis on MO facilitates it, through continuously reminding their employees of its importance. It has also been shown that management support, personnel management and internal customer orientation positively impact external market orientation (Conduit and Mavondo, 2001). The previous research on the positive effects of CO on small firm performance could be encouragement for them to adopt these organizational elements.

Regarding the sales aspect of CO, Saxe and Weitz (1982) state that customer-oriented selling is the practice of the marketing concept at the salesperson and customer level. They suggest that salespeople with a customer-oriented mindset help their customers make purchasing decisions that will satisfy their needs. Also, that they engage in behaviours that satisfy and build long term relationships with the customers and avoid others that dissatisfy them, like pressuring them into the sale. Saxe and Weitz also make the distinction between the marketing concept, which is as per their above view tied to CO, and a sales orientation. They refer to the former as the organization trying to identify the market needs and adapt in order to address them. Whereas in the case of the latter they indicate that a sales orientation tries to stimulate demand for the products organizations produce, rather than adapting them to the customer's needs.

The positive effects of customer orientation on sales performance is an interesting topic, since there is evidence from studies that offers varying levels of support to this idea. Saxe and Weitz conclude that CO can have a positive effect on salespeople's performance when the sale is associated with complex problem-solving conditions and there are close and trusting personal relationships between the salespeople and their customers. This positive effect is achieved by the customers continuing to place orders and the reduction of sales costs. Franke and Park (2006) also found that CO has a positive effect on salespeople's self-rated performance and job satisfaction but not manager-rated and objective performance. These findings are also consistent with more recent studies that also show that CO is related to self-rated but not manager-rated performance (Jaramillo & Grisaffe, 2009; Zablah et al., 2012). This might suggest that CO only leads to the perception of increased performance in salespeople due to increased job satisfaction (Franke & Park, 2006).

There is however consistent and strong evidence that CO could have a positive impact on various measures of sales performance, both as a mediating factor and as an antecedent to other variables. CO is shown to enhance salesmanship skills and emotional regulation in salespeople, which in turn lead to higher sales performance (Sing & Venugopal, 2015). Furthermore, CO decreases a person's willingness to leave a job and it is an antecedent to job engagement and lower stress levels which in turn lead to more positive job outcomes (Zablah et al., 2012). It has also been shown that customer orientation triggers customer reactions that increase revenues and profits through higher sales volumes and prices (Homburg, Müller and Klarmann, 2011). Additionally, Homburg et al. showed that it has a positive effect on customer attitudes towards the salesperson and the offering, which lead to higher customer satisfaction and subsequently higher sales performance. Finally, it is thought that CO improves adaptive selling behaviour which in turn leads to a higher level of sales and that CO increases sales growth trajectories of salespeople over time (Jaramillo & Grisaffe, 2009).

Customer orientation however may also require some trade-offs from the part of salespeople and their organizations in order to maintain a focus on their customers and best address their needs. As mentioned above, Saxe and Weitz (1982) proposed certain conditions for which CO is positively related to salesperson performance. This, they suggest might be due to opportunity costs derived from sacrificing short-term for long-term sales, although in some circumstances short-term selling may be more beneficial. This is because CO salespeople tend to spend more time gathering information about customer needs and persuading customers that they can serve those needs as opposed to using that time to persuade or acquire new customers. This is in line with the suggestion that the benefits of CO should be weighed against potential costs. CO salespeople spend more time identifying customer problems and solutions, have reduced margins and higher service costs in order to satisfy customers and lose sales from less aggressive sales approaches (Franke and Park, 2006). Franke & Park also mention that salespeople may not be aware of the actual costs of a customer oriented selling approach.

Homburg et al. (2011), propose that there is an optimum level of customer orientation after which it has a negative effect on sales performance. They provide evidence for a

non-linear relation between CO and sales performance (the graph resembles that of an inverted U), suggesting that after some point the diminishing returns from a customer-oriented behaviour and increasing costs to maintain it produce a negative effect. Thus, it seems that although customer-oriented behaviours have been shown to have a significant and positive effect on sales, whether directly or through some sort of mediation, they do come at a potential cost for the company that may have to be assessed. There is also however some evidence that CO and performance may not be linked at all, particularly in SMEs (Linder, 2019). Perhaps this can be thought in relation to what was presented by Homburg et al. (2011), where too much of anything can have negative effects. Perhaps, companies focusing too much on serving their customers lose the bigger picture of increasing financial profitability, thus ultimately negatively impacting their bottom line.

Additionally, since the study will examine customer orientation's association with company characteristics it is worth shortly mentioning some factors that facilitate it in salespeople. There is a positive effect of adaptive selling behaviours and to a lesser extent experience, on customer orientation in salespeople (Franke & Parke, 2006). Moreover, empathy (Widmier, 2002) and natural reward strategies (Sing and Venugopal, 2015) positively influence frontline employee CO. In his review of customer orientation literature, Schwepker (2003) makes propositions for various factors that affect customer orientated selling. He proposes that the more ethical a company's climate is, the more customer-oriented salespeople are, but that there is a negative effect of outcome-based control systems on salespeople's CO. Furthermore, on a lower management level, supervisors' capability orientation and provision of positive behavioural feedback both positively influence it. Therefore, since communication in small firms is more direct and there is a more immediate impact on employees (Gray & Mabey, 2005), this could be a key facilitator for customer orientation in small businesses. Lastly, salespeople's moral values and a higher level of customer trust also increase customer-oriented selling. Throughout the thesis the main focus will be on how CO is facilitated by sales proactiveness and company characteristics, namely customer and offering types. So even though these factors will not be studied, they do indicate that the phenomenon examined is influenced by situational variables.

To summarize, an examination of the literature encompassing market and customer orientation shows that there are positive outcomes from adopting such a perspective in an organization and in its sales specifically. Although it can bring about desired outcomes it may also be attached to potential costs that have to be examined and mitigated. Finally, the literature has shown that there are also cultural approaches and situational variables in organizations that promote and facilitate CO. The next subchapter will examine the other main behavioural attribute in the thesis which is sales proactiveness.

2.3 Sales proactiveness

Tying into the above, proactiveness has the advantage of making firms more aware of customer needs (Hughes & Morgan, 2007). As per Bateman and Crant (1993) “proactive behaviour is a personal disposition – that is, a relatively stable behavioural tendency” (p. 2). They indicate that different people are predisposed to act with different degrees of proactivity towards their situations and that proactive behaviour directly alters environments. Proactive behaviour is also defined as “taking the initiative in improving the current circumstances or creating new ones” (p. 2) and it is suggested that it involves challenging the status quo rather than conforming to it (Crant, 2000). Grant and Ashford (2008) call it an “anticipatory action” (p. 2) taken by employees that impacts themselves and their environment. Since the aforementioned authors all imply that proactive behaviour affects the environment of those who exhibit it, there is valid reasoning for managers’ concern on the proactiveness of employees.

Apart from the tendency to impact their environments, there are several behaviours that proactive employees engage in. Although this is not an exhaustive list of all the proactive behaviours that employees can exhibit, many of them are related to salespeople’s’ roles. Such behaviours are problem solving, relationship building, taking action to correct deficiencies and team building (Mallin, Ragland and Finkle, 2014)). Others are identifying opportunities, creating favourable conditions, feedback seeking and issue selling (Crant, 2000), which could enhance salesperson performance. Crant mentions as an example that sales agents might proactively look for feedback on their closing techniques to improve their job performance.

Like with customer orientation two categories of antecedents of proactive behaviour (PB) appear in the literature (Crant, 2000). One is individual differences between employees, which encompasses four main constructs prevalent in the literature - proactive personality, personal initiative, role breadth efficacy and taking charge. The other category is contextual factors that affect employee proactive behaviour, which are related to the environment they work in. Such factors are environmental elements like organizational culture, situational cues, management support and others. Other antecedents are being accountable in a situation, situational ambiguity and situational autonomy (Grant and Ashford, 2008). Also, flexible role orientation and job autonomy are positively related to proactive behaviour (Parker, Williams & Turner, 2006).

Turning to sales specifically, various situations where salespeople must be more proactive, could give rise to varied personality traits that increase performance (Warr, Bartran & Martin, 2005). Mallin and colleagues (2014) study into the proactiveness of younger salespeople, focuses on 3 antecedents of proactive behaviour in younger salespeople and suggest that intrinsic motivation and task confidence increase the proactiveness of employees while their propensity to avoid risk decreases proactive behaviours. It has been suggested that proactive salespeople are intrinsically more motivated, they are more confident in sales tasks and willing to take calculated risks, as well as being high performers (Mallin, 2016). In start-ups, founders who have stronger commercial capabilities are likelier to exhibit a more proactive sales orientation (Pitkänen, Parvinen, and Töytäri, 2014). Although what causes proactiveness in salespeople and in sales situations is not the focus of this thesis, it is important to understand the contexts that give rise to proactive behaviours since many of them tie together with the precursors of customer orientation shown later in the chapter.

There is substantial evidence that proactive behaviour and having a proactive personality can have positive outcomes for the employees and their organization. Crant's (2000) review of proactivity literature concluded that a proactive personality has positive effects on career outcomes, leadership, entrepreneurship, organizational innovation, team performance and individual job performance. A study on 131 real estate brokers, found that a proactive personality accounted for 8 percent variance in job performance and suggested that this could be because more proactive people tend

to create situations that favour higher job performance (Crant, 1995). Although this study is focused on a very specific industry, it is consistent with other studies related to proactivity's impact on job performance. Also, a proactive personality has been shown to be positively related to job performance through the mediation of initiative taking, and that network building, which is another proactive behaviour, also increased job performance (Thompson, 2005). A meta-analysis of 103 independent samples, indicated that a proactive personality, personal initiative and taking charge all had beneficial outcomes on overall performance (Thomas, Whitman & Viswesvaran, 2010). Whereas apart from job performance, a proactive personality had a positive relation with task performance and job satisfaction (Spitzmuller et al., 2015).

With a specific regard to sales, proactive behaviours are shown to have a positive effect on sales performance and sales job involvement (Mallin et al., 2014). It has been found that increased proactiveness leads to increased levels of internal and external collaboration and increased performance in salespeople (Murphy & Coughlan, 2018). Furthermore, Pitt, Ewing and Berthon's (2002) study of industrial salespersons in a European vehicle manufacturer, showed that there is a positive relationship between proactive behaviour and manager-rated salesperson performance. Although these results are significant, some caution must be taken due to the limitations of the sample being from one company. A proactive sales orientation in start-ups was found to be positively related to the importance of their first sale (Pitkänen et al, 2014) and proactiveness has been shown to impact product performance in terms of sales (Hughes & Morgan, 2007). Thus, although general intuition would lead to the belief that proactiveness facilitates increased sales performance, the same is also confirmed by the literature.

Based on the above, there is strong evidence that a proactive personality and exhibiting proactive behaviours can lead to positive outcomes and specifically to enhanced job performance. However, it may be important to highlight that there are possible trade-offs to highly proactive behaviour manifested by employees. It has been suggested that proactive employees trying to change their work environment could be problematic for managers and could challenge their decisions (Murphy and Coughlan, 2018). Also, the same authors suggest that for less proactive managers, proactive employees could be distractions or even as threats. Campbell (2000) called this the initiative paradox,

whereby organizations aspire for their employees to show initiative and independent judgement but also to think the same as their superiors. So, although it is clear for their employees to exhibit some characteristics related to proactive behaviour, such as job competency and organizational orientation, there is a grey area regarding initiative, judgement and speaking out.

Turning to proactivity exhibited on an organizational level, and in relation to customer orientation discussed earlier, there is reference in the literature on proactive and reactive customer orientation and how the level of proactivity may affect the outcomes of such an orientation. Narver, Slater and MacLachlan (2004), determine reactive market orientation as the ability of a company to satisfy a customers' expressed needs, whereas proactive market orientation is its attempt to discover, understand and satisfy their latent needs. This is consistent with the idea that proactive market orientation, is also the continuous search for future needs, that may even result in the proposition of solutions before the customer may even realize they had them (Blocker, Flint, Myers & Slater, 2011). The same authors also suggest that customers expect the company to operate in such a manner and serve their current expressed needs, while at the same time try and find new ways to offer value to them.

A study conducted by the former on various business units in 25 companies, showed that proactive customer orientation had a more positive impact on new product success compared to reactive customer orientation. Whereas the latter's study on 800 business customers from 5 different countries found that proactive CO offered significantly more value to customers compared to reactive CO and that it had a significant effect on customer loyalty. Although they show that proactive and reactive CO can work in tandem to increase customer value, they suggest that high responsiveness to customer needs even with a strong value proposition may not be enough to sustain a competitive advantage. Atuahene-Gima, Slater and Olson (2005), also support that firms engage in both reactive and proactive market orientation at the same time and that they both can have positive effects on new product performance. However, they have a negative relational effect on each other, meaning that when one is high, the other must be low and vice versa, to realize their positive impacts.

A study by Brehmer and Rehme (2009), on three key account management programs (KAM) at ABB, proposed three different approaches to proactiveness by sales departments. One was a proactive program which was driven by sales opportunities and increasing market share and share of wallet of the customers. The second was a reactive program, driven primarily by customer demands and adjustment to how the customer operates. The third was an organization-based program which was driven by a customer centricity, whereby the company focused on the customers key demands and requirements but through communication with the customers also managed to identify key areas it could increase sales in. This categorization forms the basis for the measure of proactiveness in the companies participating in this study. Since this study was conducted on small companies (as opposed to the multinational corporation used in the article), the three distinctions were simplified. Therefore, the question asked is whether the company's new sales come from company activity towards its customers, its customers' activity towards the company or if both sides are active. It offers an effective way of evaluating the proactivity of a company and its sales personnel without having to delve too deep into their characteristics and behaviours presented in the above literature.

Concluding the above, proactiveness has been shown to aid companies and salespeople in their performance. It is facilitated by various individual and organizational factors, which will later be linked to those that facilitate customer orientation. The next two subchapters will cover the situational variables that underpin the study. To uncover any potential differences in the levels of customer orientation and proactiveness depending on the offering and customer types of firms, the next two sections will address the literature on the distinction between these dichotomies.

2.4 Selling services versus selling products

There has been some discussion in the literature over the past decades (as seen throughout this subchapter) regarding the differences in selling services versus selling products. Various characteristic differences between the two have been highlighted, mainly due to the physical nature of either type of offering. Some of the most common include the intangibility and heterogeneity (non-standardization of output) of services, their perishability (inability to be stored) and inseparability of production and

consumption (Vargo & Lusch, 2004b). However, a more recent view casts doubt on the aforementioned distinction, supporting that the transaction characteristics between goods and service selling may not differ that much after all (Wynstra, Rooks & Snijders, 2018). But there are also differences cited in the literature that refer to marketing factors, like for example service marketing being considered more relationship based than goods marketing (Coviello et al., 2002). Since services are intangible and more perishable, stronger relational ties can reduce effects of customer uncertainties (Arli, Bauer & Palmatier, 2018).

There have been varying levels of differentiation between sales of services and products in the literature and different focus points regarding the methods and techniques used in each instance. An older study conducted on both product and service firms in the consumer market found some differences between the two types of firms related to marketing in general (George & Barksdale, 1974). However, the two main findings were that service firms had a less structured marketing function and lower marketing expenditure than product firms. Also, it was found that service firms are less likely to conduct transactional marketing and more likely to engage in relational marketing than goods firms (Coviello et al., 2002). This was especially true with service firms serving other businesses, where firms in this category were more likely to practice relational marketing than firms in the products sector or in consumer markets.

It is interesting and important to identify how product and service salespeople each perceive the importance of various selling techniques throughout 7 steps of selling. This was done by Dubinsky and Rudelius (1981) who found that the responses from both groups were mostly consistent with a few differences. The two main differences identified were firstly, that the products salespeople ranked items related to the tangibility of the product, such as presenting it to the customer, higher than service salespeople. Secondly, service salespeople appealed more to the emotions of the customers to make sales, ranking techniques such as referrals from other customers and using past customers to obtain new sales leads higher than product salespeople did. Prior research into customer perceptions and what is considered more important to them in B2B markets (Gordon, Calantone & di Benedetto, 1993) is somewhat consistent with the aforementioned differences regarding the intangibility of services,

as is more recent research (Arli, Bauer & Palmatier, 2018). In services procurement, criteria related to the service provider were of higher importance to customers than criteria related to the goods vendor in product procurement. This could again indicate that the salesperson's interactions with the customer may have a more significant role to play in service selling compared to product selling, although there were not any other significant differences found between what was valued in each of the two sectors. One limitation to be noted is that this study was focused only on the telecommunications industry. In the present study, the aim is to broaden the scope of differences across many sectors, focusing on small businesses in general as opposed to the distinction in one given industry, whose nature may differ from the norm in other industries.

These findings relate to research on value and quality perceptions of customers in B2B firms (Kumar & Grisaffe, 2004). It was found that quality perceptions influenced behavioural intentions more in the goods sector than the service sector and noted that this could be due to the intangibility of services and the inability for customers to judge quality as easily as with goods. Furthermore, these results showed that increased focus on the customer had a higher effect on customer perceived value in services than in goods sales. The authors mention that this could be because in services there is more interaction between a firm's employees and its customers. Additionally, services encompass more customization and customer involvement in the final offering as opposed to goods, which are comprised mostly of standardized offerings. More recently, support was given to a more relational approach to selling services as opposed to products (Parvinen et al., 2013). The authors argue that service selling is based more on building lasting relationships with customers and is more customer specific, with more room for implementing techniques such as adaptive selling. Thus, they support that with the growth of service dominant logic, firms and salespeople transitioning from a goods to a service orientation should change their sales process strategies to accommodate deeper relationships with customers.

Service dominant logic has been a growing stream of research that has evolved over the past two decades and is still gaining momentum in marketing research (Brodie, Löbner & Fehrer, 2019). The S-D logic views products only as appliances through which a company offers its services to its customers, whereas the goods-dominant

logic focuses on the products sold and the efficiency of their production (Vargo & Lusch, 2004). A service-centered view implies customization of the firm's offerings and identifying its internal and external resources to better suit the customer needs (Sheth & Sharma, 2008). This view is shared by Vargo and Lusch (2004a), who also mention the service-oriented view as a constant learning process and a constant effort by companies to make better value propositions than their competitors. They frame service-orientation as customer-centric, with value being co-created by the firm and its customers and the main goal of the firm being the benefit of the consumer. Both these views show very strong similarities with customer orientation by heavily highlighting the customer's needs as the key focus point of the firm.

Amid the transition to a S-D logic are companies that have a hybrid of both product and service offerings and companies in the products sector transitioning to offering services that complement their products. Managers consider that there are differences regarding the sales activities of firms with hybrid offerings compared to firms that offer only products, with sales teams struggling to adapt to the new mixture (Uлага & Reinartz, 2011). Whereas product offerings have pre-defined customer specifications, the specifications of hybrid offerings are a lot less defined and rely heavily on customer involvement. There are many more actors involved in these sorts of offerings and network coordination, both internally and externally, is more challenging. It is argued that sales of hybrid offerings emphasize cocreation rather than the more traditional model of persuasion and are in line with the service dominant logic discussed previously. Also, selling hybrid offerings is more relational than selling pure goods and is more about building customer relations than continuously pursuing sales volume (Uлага & Loveland, 2014).

It seems from the consensus in the literature that there are differences between selling services, goods, and hybrid offerings. Selling services is believed to rely more on the relationship element of sales and the salesperson carries a lot more weight in the selling process compared to selling products, where the product itself plays a more distinct role. It is suggested from the previous that this could be due to the intangibility of services and the difficulties this entails in evaluating the quality of the service. The tangible characteristics of products give customers a better reference point for evaluating the quality of an offering.

Whilst product selling involves best serving the customer's need for certain specifications, mixing-in services and producing hybrid offerings concerns identifying opportunities for adding customer value and better understanding the customer's business (Ulaga & Loveland, 2014). Therefore, customer orientation could be more prevalent in organizations and salespeople who sell services, since the specifications of products can be more easily defined by the customer in order to serve their needs. The emergence of service dominant logic and studies into hybrid offerings also suggest that the level of proactiveness could be higher with service salespeople due to the extant need for deeper customer understanding. From the above it would be reasonable to assume that companies that sell services or focus on a service dominant logic will be more inclined to analyze their customer behavior. From a proactiveness perspective, this can be viewed as a proactive attempt to better adjust their offering and overall service to the customer's needs and increase the value offered.

2.5 Business-to-Business and Business-to-Consumer

The other dichotomy found in marketing and sales literature that will be addressed is the difference in market characteristics when a company serves businesses or consumers. This is because as will be seen in this subchapter, some differences between the two have been identified. In the latter case, the literature refers to Business-to-Consumer marketing or B2C and in the former it refers to Business-to-Business marketing or B2B. For the case of marketing to other businesses, the term "Industrial Marketing" was more prevalent in older literature (Brennan, 2012). Attempts to uncover the distinguishing characteristics between the two have been present for decades, although some authors have argued that this distinction is overstated. There are also other business models with mixed customer types, where a firm serves both business and consumers and the B2B2C business model, where the firm tries to manage the experience of the end consumer although its customer is another intermediary firm (Wiersema, 2013). This subchapter will discuss the distinctions made between B2B and B2C marketing and selling, to identify whether the distinctions between the two customer types merit a distinction in their customer orientation and proactiveness in sales activities.

It has been proposed that the study of marketing is similar when it comes to the broader picture but for individual questions, such as the distinction between B2B and B2C, there are dissimilarities (Simkin, 2000). A three-level hierarchy of differences between the two has also been suggested, comprised of market structure, buying behaviour and marketing practices (Brennan, 2012). Lilien (1987), identifies seven main differences between industrial and B2C marketing and suggests that the two should be approached in different ways. Firstly, demand in an industrial setting is derived, caused by the final consumer's need and not the firm's direct customer. Also, the market is more fragmented, and customers have more specific needs than in B2C markets. Additionally, in industrial transactions there are many individuals making purchasing decisions in the customer's organization, the purchase cycles are longer, transactions are decentralized and go through various channels and systems selling is common, whereby the customer requires a complete solution, integrating additional features such as technical support.

Along the same lines, it is suggested that industrial marketing is more complex than consumer marketing due to their varying characteristics (Cooper and Jackson, 1988). Namely that in an industrial setting, buying decisions are more rational, relationships are longer, the buyer and seller may have to cooperate, and products are more complex and are likely to be customized for a specific customer. Furthermore, transactions involve larger amounts of money and there are more people involved in the buying process. Almost a decade earlier, Webster (1978) had pointed to very similar differences between industrial and consumer marketing but also added that it is a lot more important for a company in an industrial setting to be customer oriented than in a consumer setting. This he says, was due to the more complex problems that B2B customers were facing. He goes on further to state that in industrial marketing, a product is "an array of economic, technical and personal relationships between buyer and seller" (p. 3).

Webster's point of view supports the service dominant logic in industrial and manufacturing firms and is in line with the customer-centric view of the SD logic proposed by Vargo and Lusch (2004a). Additionally, in two studies made on 279 (Coviello & Brodie, 2001) and 308 (Coviello et al., 2002) firms respectively, it was shown that consumer firms engage more in transactional marketing than B2B firms

and that B2B firms engage more in relationship marketing than their B2C counterparts. However, both these studies did not find other major overall differences between B2B and B2C marketing. More recently, the same has been suggested, by framing personal communication in B2B markets being more important than in B2C markets (Reklaitis & Pileliene, 2019).

Contrary to the above, there is support that the differences between the two business models were exaggerated and that most of the differences are either too general to be of use, too specific to be generalized in industrial or consumer markets or that they are not differences at all (Fern & Brown, 1984). Despite this the authors agreed that there is justification for the consensus being that industrial and B2C marketing are different in some respects and pointed out some dissimilarities such as different reward and organizational structures. As time passes and variables affecting businesses change, such as technology and ways of doing business, the lines between B2B and B2C marketing are becoming blurred and the dichotomies of the past are harder to identify (Wind, 2006).

Regarding individual salespeople from various firm sizes, it was suggested that in consumer markets salespeople took a more personalized viewpoint on selling than industrial salespeople and emphasized on techniques like referrals to approach prospects or handling complaints (Hite & Bellizzi, 1985). On the other hand, industrial salespeople preferred resources offered by their company, such as records or other salespeople. Also, industrial salespeople, preferred a more tailored approach to selling whereas in a consumer market they preferred a more standardized template. In a study conducted regarding which social media channels are preferred by B2B and B2C salespeople, the study found that the former preferred more relationship oriented social media, pointing to the fact that B2B salespeople are more relationship oriented (Moore, Hopkins & Raymond, 2013). Consistent with the above, B2B salespeople prefer one-to-one social media channels that are more personal as opposed to B2C salespeople who prefer less personal one-to-many channels (Iankova et. al., 2019). This again points to B2B salespeople being more relational than their B2C counterparts. Interestingly, the same study found that salespeople from mixed and B2B2C business models utilize both approaches due to dealing with customers in both markets.

From the above it can be concluded that the consensus in the field is that B2B and B2C marketing and sales, have differences inherent to the markets that firms serve. For the purpose of this study, it is important to focus on differences regarding the relationships of firms with their customers and their customer orientation. Even Fern and Brown (1984), with their contradiction to the mainstream approach, acknowledge that one difference is the reciprocal relationship between buyer and seller in industrial firms. The reason for consistency of this approach with the service dominant logic, and to a further extent with customer orientation, is the element of co-creation that the authors suggest exists in a B2B market and that is prevalent in both philosophies. Studies have shown that that B2B firms and salespeople are more relational (Coviello & Brodie, 2001; Coviello et. al. 2002; Moore, Hopkins & Raymond, 2013, Iankova et. al., 2019) and others even explicitly mention that they must be more customer oriented (Webster, 1978).

Although being more relational in their transactions, does not make salespeople habitually more customer oriented, it is a strong indication that they might be (Sing & Venugopal, 2015). It is suggested that salespeople who engage in close relationships with their customers better understand their needs and exhibit higher levels of customer orientation (Saxe & Weitz, 1982). Thus, it is reasonable to conclude that based on the previous literature salespeople in B2B settings will be more customer oriented than their counterparts in B2C settings. Additionally, the suggestion by Mallin (2016) that proactive behavior increases the value of relationships between salespeople and their customers, points to B2B salespeople being more proactive than B2C salespeople, in the case that they are more relational.

2.6 Hypothesis development

As seen below, proactiveness and customer orientation seem to have many common personality and individual traits that are underlying antecedents for exhibiting such behaviors. Also, when some situational antecedents are present in organizations, they can help increase both types of behaviors. On the individual level for example, personal motivation plays a role in both customer orientation (Schwepker, 2003) and proactiveness (Mallin, Ragland & Finkle, 2014). Also, experience seems to have a positive effect on both (CO: Franke & Park, 2006; PB; Grant & Ashford, 2008) as does

self-efficacy (CO: Schwepker, 2003; PB: Parker, Williams and Turner, 2006). On an organizational level a supportive environment has been shown to facilitate both behaviours (CO: Boles et.al., 2001; PB: Parker et. al., 2006; Crant, 2000) and so do low management control (CO: Schwepker, 2003; PB; Grant & Ashford, 2008), job autonomy (CO: Stock & Hoyer, 2005; Parker et. al., 2006) and role perceptions (CO: Schwepker, 2003; Parker et. al., 2006). This is just to name a few common antecedents of both behaviours, but it shows a strong propensity of salespeople exhibiting both behaviours simultaneously. Thus, the first hypothesis is:

H1: Higher customer orientation in small companies is positively related with a proactive approach in their sales.

With the previous literature in mind it will be interesting to see which types (depending on their offering and customer types) of SMEs are more customer-oriented or proactive in their sales. Studies have shown that service firms are more relational (Coviello et al., 2002; Parvinen et al., 2013) and the emergence of service dominant logic has based itself on CO. Parvinen et al. (2013) postulate that selling services relies highly on making assumptions about solving customer challenges. This may point to service firms being more proactive since they may have to take initiative to uncover underlying customer needs.

Also, it was shown that mixed offerings require firms to be more relational than when selling only goods (Ulaga and Loveland, 2014). This could point to a higher customer orientation in service firms and firms with both offerings. The same authors also showed that it is more crucial in hybrid offerings to identify opportunities for increasing customer value. Therefore, this could mean that salespeople in firms that sell both products and services are also more proactive. Based on the above, the following hypotheses related to the company offerings are made:

H2: Customer orientation in small companies is higher when they sell services compared to when they sell products.

H3: Sales Proactiveness in small companies is higher when they sell services compared to when they sell products.

The literature has also shown that B2B firms are more relational than B2C firms (Cooper and Jackson, 1988; Coviello & Brodie, 2001; Coviello et. al. 2002; Moore, Hopkins & Raymond, 2013, Iankova et. al., 2019), and that B2B firms should be more customer oriented (Webster, 1978). Intuitively, it is one thing for a firm to be relational with its customers to boost sales and another thing to follow a solution-oriented logic and have the customer as its focus. However, it could be a strong indication that B2B firms are more customer oriented than B2C firms. Therefore, the following hypotheses are to be examined regarding the type of customers companies serve:

H4: Customer orientation in small companies is higher when they sell to other businesses compared to when they sell to consumers.

H5: Sales proactiveness in small companies is higher when they sell to other businesses compared to when they sell to consumers.

As can be deduced from this chapter of the thesis, a large amount of the literature is focused on the implications of customer orientation and proactiveness on business performance. Based on previous references already mentioned, since the majority of studies focus on large firms, the aim is to contribute to the existing literature on small firms, by examining whether the level of CO and a proactive sales orientation indicate any benefits to their performance. Thus, the following hypotheses are made:

H6: Higher levels of customer orientation are positively related to higher levels of sales growth.

H7: Higher levels of proactiveness are positively related to higher levels of sales growth.

This concludes the theoretical background of the thesis which will be used in the methodology chapter to explain the construct used for the study. Below is a simple graphical illustration of the research hypotheses and how they tie together the key concepts and terms of the study.

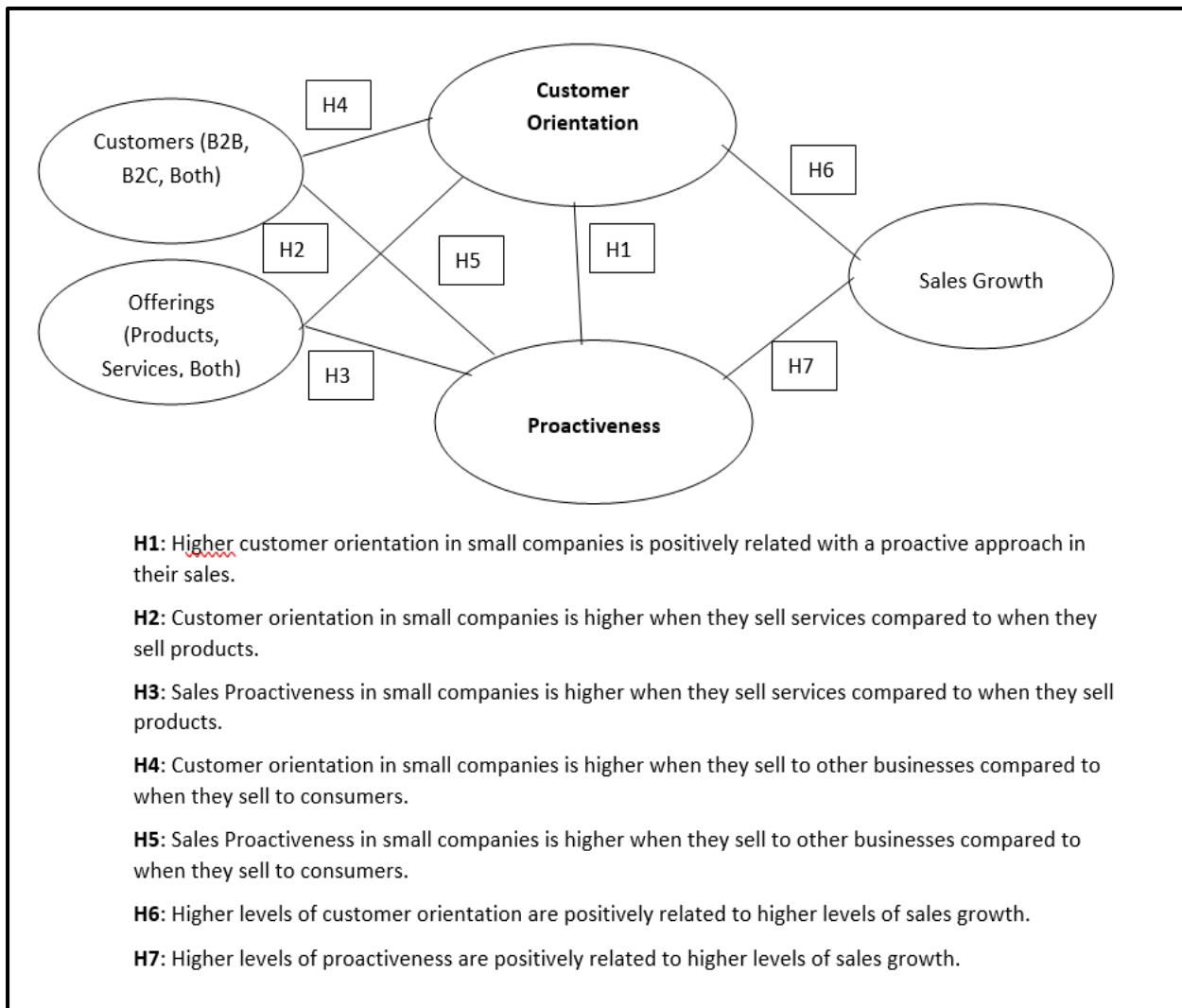


Figure 1 Graphical illustration of the research questions

3 METHODOLOGY

3.1 Questionnaire and measurement items

A deductive approach was used in the development of the study, starting from the literature review and moving to the analysis of the data and the interpretation of the results (Ragab & Arisha, 2017). The data was collected for a study conducted by the University of Oulu and MicroEntre (a research body for small businesses) about the sales practices of small businesses in Finland. The sample used for this thesis was comprised of micro and small businesses in the Oulu region of Finland from various industries. For the questionnaire, a maturity model was created to assess the companies' sales competence. An initial questionnaire was developed and was reviewed by two professionals. Based on their comments a second version was created, that was tested and commented on by 15 professionals before finalizing it. The participants were provided with 38 Likert scale questions from 1 to 5 (1 = "Strongly Disagree", 5 = "Strongly Agree"), 9 open-ended questions and 19 questions on company background information.

From the questions contained in the questionnaire the ones pertaining to customer orientation and proactiveness in the companies were selected for this study. The answers to the questionnaires formed the three types of data used - categorical for the typologies of the firms and their proactiveness level (see table 1), Likert scale data from 1 to 5 for the measures of customer orientation and continuous data for the company sales figures.

The items for the CO construct encompassed the respondent's solution orientation, customer service orientation and analysis of customer behavior (see table 2). The reliability of the 6-item scale was assessed using Cronbach's Alpha of internal consistency. The scale was shown to be reliable with an alpha value higher than .7 ($\alpha = .839$) (Hair, Black, Babin & Anderson, 2014, p. 90). The CO construct is reflective one (Coltman, Devinney, Midgley & Venaik, 2008), since the items selected to measure it represent behaviors that are attributed to a higher level of customer orientation.

The background information on the customer and offering types of the companies was also utilized. The difference in sales figures between financial year 2017 and financial year 2019 were used to find the sales growth for this period, which formed the objective measure of performance for the companies. Sales growth was calculated as percentage difference between the two years and not as an absolute figure, to account for varying firm size. The number of employees at the companies was also used, to identify whether there was a difference in the levels of customer orientation and proactiveness depending on their size.

Table 1 Measure of proactiveness

New sales come due to ...	a) more company's activeness towards customers
	b) both company's and customers' activeness
	c) more customers' activeness towards the company

Table 2 Measure of customer orientation

ITEM	FACTOR
We share an excellent customer service orientation in our company.	Supporting customers
We decide on solution-orientation (vs. product/service offering) based on customer analysis. *The company offerings are carefully considered and personalized if needed.	Solution Orientation
We conduct a preliminary analysis of the prospect before contact.	Customer Analysis
We analyze how customers buy/use products/services through different channels.	
We analyze the process by which a customer purchases/uses our product/service categories.	
We analyze customers' reactions to sales activities.	

* The question was presented only to customers and other external stakeholders.

3.2 Sample

The respondents were CEOs (mainly the entrepreneurs themselves), salespersons and other company employees as well as customers and partners. This is important due to the variation found in the literature between self-rated and third party-rated customer orientation (Zablah et al., 2012; Jaramillo & Grisaffe, 2009; Franke & Park, 2006). Thus, a more comprehensive measurement was obtained. One of the companies was excluded for being larger than the size criteria for small businesses (under 50 employees). For the thesis, a sample size of 242 respondents from 32 companies was used. Out of the 32 firms examined there were 11 B2B firms, 4 B2C firms and 17 that served both types of customers. Altogether, 4 sold only products, 7 sold only services and 21 sold both (see table 3). To account for multiple viewpoints and due to the aforementioned discrepancies between self-rated and third party rated CO, the study investigates the responses of individuals (rather than the companies as a whole) and their perceptions of company CO and proactiveness.

Table 3 Background information about the sample companies

Company No.	Standard Industrial Classification TOL 2008	Number of Employees	Customer Type	Offering Type
1	Home help services for the elderly and disabled	10	B-to-C	Services
2	Other social work activities without accommodation n.e.c.	6	B-to-C	Services
3	Construction of residential and non-residential buildings	10	Both	Both
4	Publishing of newspapers	7	Both	Products
5	Manufacture of office and shop furniture	32	B-to-B	Both
6	Letting of dwellings	0	Both	Services
7	Retail sale of tyres	2	Both	Both
8	Beer and drink bars	3	B-to-C	Both
9	Computer programming activities	42	B-to-B	Services
10	Temporary employment agency activities	14	Both	Services
11	Agents involved in the sale of machinery, industrial equipment, ships and aircraft	2	Both	Both
12	Retail sale of footwear and leather goods	46	Both	Both
13	Other architectural and engineering activities and related technical consultancy	3	B-to-B	Both

14	Retail sale of watches and jewelry in specialized stores	3	Both	Both
15	Manufacture of agricultural and forestry machinery	9	B-to-B	Both
16	Construction of residential and non-residential buildings	16	Both	Both
17	Extraction of peat	25	Both	Both
18	Installation of industrial machinery and equipment	4	B-to-B	Both
19	Construction of residential and non-residential buildings	15	Both	Both
20	Restaurants	21	Both	Both
21	Letting of dwellings	11	Both	Both
22	Manufacture of builders' carpentry and joinery n.e.c.	26	Both	Both
23	Letting of dwellings	2	B-to-C	Services
24	Repair of fabricated metal products	16	B-to-B	Both
25	Other social work activities without accommodation n.e.c.	2	B-to-B	Both
26	Wholesale of electrical equipment and supplies	3	B-to-B	Both
27	Manufacture of other special-purpose machinery n.e.c.	9	B-to-B	Products
28	Growing of vegetables in a greenhouse	2	Both	Both
29	Treatment and coating of metals	5	Both	Services
30	Manufacture of fasteners and screw machine products	4	B-to-B	Products
31	Manufacture of wooden packaging	4	B-to-B	Products
32	Funeral services	2	Both	Both

Quantitative analysis was used to analyze the data, due to its nature and the size of the sample, which did not make qualitative analysis feasible. A series of statistical tests was conducted using IBM SPSS software to examine the hypotheses developed in the corresponding literature review section. The following chapter contains the analysis of the data and the results from the statistical tests used to examine the hypotheses developed.

4 ANALYSIS AND RESULTS

Chi-squared tests were used for comparing the variables with nominal data and analysis of variance and Pearson's correlations were used to compare the variables with Likert scale data. This was done as per common practice in the literature to not treat Likert scale data as ordinal. Using the answers from multiple Likert scale items justifies their use as interval data and allows for researchers to run such complicated parametric tests (Carifio & Perla, 2008).

Before the main analysis of the data which tests the hypotheses, a preliminary analysis was conducted to examine the construct validity of the CO measure. Also as mentioned in the previous section the scale of customer orientation and the measure of proactiveness were both assessed against firm size based on the number of employees, to identify any potential relation of the two measures with firm size.

4.1 Preliminary analysis

The scale of customer orientation that was used in this study was formed by the six items shown in the previous chapter. A Pearson's correlation test was used to examine the relation of the 6-item customer orientation scale with the solution orientation item. As discussed previously in the literature review section, the ability of companies to customize their offerings for their customers and therefore focus on providing solutions for them is the essence of customer orientation. Consequently, the previous literature justifies using the item of solution orientation as a benchmark against which to compare the construct of CO that is proposed. The correlation test showed a strong relation between the overall CO measure and solution orientation, $r(56) = .778$, $p < .01$.

To examine the potential correlation of firm size with the CO measure a Pearson's correlation was used. The firms were then categorized into three groups – micro companies with less than 10 employees, companies with 10 to 25 employees and those with 26 up to and including 49 employees (see table 4). The division of the companies was done primarily to examine the effects of firm size on proactiveness in micro-companies since the lack of formal planning present in these companies (Greenbank,

2000) may reduce their initiative to actively pursue new sales. Further stratification of the firms by splitting those with 10 to 49 employees into two categories offered further control over firm size's effects on proactiveness. The division into three categories also ensured that each category had at least a satisfactory number of observations to run a chi-squared test for the difference in proactiveness between the categories. There was a differing sample size used in the tests compared to the below table due to missing responses for the CO and proactiveness items.

Table 4 Number of observations per firm size category

Number of Employees	Number of Observations
Less than 9	115
From 10 to 25	71
From 26 to 49	56
Total	242

The Pearson's correlation test did not show any relation between customer orientation and firm size based on the number of employees, $r(56) = .033$, $p > .05$. Also, the chi-squared test did not show any difference in proactiveness level with respect to firm size based on number of employees, $\chi^2(4, N=221) = 7.37$, $p > .05$. Thus, it can be assumed that size for companies under 50 employees did not influence the measures of CO and proactiveness. With the above in mind, the following subchapter examines the hypotheses developed in chapter 2.

4.2 Hypothesis tests

The main hypotheses tests examine the seven hypotheses developed in subchapter 2.6. For the first hypothesis (H1), it was proposed that higher levels of CO coincide with companies' proactive approach to sales. The second (H2) and third (H3) hypotheses suggest that small companies are more customer oriented and proactive in sales respectively when they sell services as opposed to when they sell products. Hypotheses four (H4) and five (H5) suggest that small companies are more customer oriented and

proactive in sales respectively when they sell to other businesses compared to when they sell to consumers. Finally, hypotheses six (H6) and seven (H7) propose that higher levels of CO and sales proactiveness in small companies coincide with higher levels of sales growth.

Hypothesis H1 was examined by using analysis of variance (ANOVA) between the measure of customer orientation and proactiveness. A Shapiro-Wilks test was used to identify whether there is a normal distribution for the variable of customer orientation. The test showed a non-significant result (sig. > .05) and therefore the sample is considered normally distributed. Also, homoscedasticity was examined with a Levene's statistic test, showing homogeneity of variance (sig. > .05) for the CO measure. The results of the ANOVA showed that there is no statistically significant difference in CO between the three categories of proactiveness, $F(2,53) = .555$, $p > .05$. Therefore, hypothesis H1 is rejected. Below are the ANOVA table (see table 6) and descriptive statistics for the groups (see table 5).

Table 5 Descriptive statistics for customer orientation relative to proactiveness, customer type and offering type

Proactiveness	N	Customer Orientation	
		M	SD
Firm Active	14	3.10	.46
Customers Active	27	3.08	.84
Both Active	15	2.83	.94
Total	56	3.02	.79
Customer Type			
B2B	14	2.80	.82
B2C	8	2.77	.62
Both	36	3.19	.77
Total	58	3.03	.78
Offering Type			
Products	9	2.89	.86
Services	12	3.14	.63
Both	37	3.05	.82
Total	58	3.03	.78

Table 6 One-way analysis of variance of customer orientation by proactiveness, customer type and offering type

Proactiveness	df	SS	MS	F	p
Between Groups	2	.700	.350	.555	.577
Within Groups	53	33.394	.630		
Total	55	34.093			

Customer Type	df	SS	MS	F	p
Between Groups	2	2.159	1.080	1.830	.170
Within Groups	55	32.439	.590		
Total	57	34.598			

Offering Type	df	SS	MS	F	p
Between Groups	2	.435	.218	.350	.706
Within Groups	55	34.163	.621		
Total	57	34.598			

H2 makes the hypothesis that higher levels of customer orientation are associated with small companies selling services rather than products. A one-way ANOVA was used to examine the difference in levels of CO between the 3 offering types – products, services, and both. As previously mentioned, the Shapiro-Wilks test showed a normal distribution for the CO scale. Levene's test showed homoscedasticity in the sample (sig > .05). The results showed that there was no statistically significant difference in customer orientation between the 3 offering types, $F(2,55) = .350$, $p > .05$ (see table 6). Thus, hypothesis H2 is rejected.

Hypothesis H3 proposes that sales proactiveness is higher when small companies sell services compared to when they sell products. A Pearson's Chi-squared test was used to examine this hypothesis. The result did not show any statistically significant difference in proactiveness depending on offering type, $\chi^2(4, N=221) = 3.21$, $p > .05$ (See table 7). Therefore, hypothesis H3 is rejected.

H4 suggests that customer orientation in small companies is higher when they sell B2B as opposed to B2C. A one-way ANOVA was used again to identify any potential differences between the groups. Normal distribution for the CO scale is assumed based on the previous examination and Levene's test showed the variance to be

homogeneous ($\text{sig} > .05$). The results showed that there was no statistically significant difference in CO between the 3 customer types, $F(2,55) = 1.830$, $p > .05$ (see table 6). Thus, hypothesis H4 is rejected.

H5 proposes that proactiveness in small companies is higher when they sell to other businesses compared to when they sell to consumers. As with H3, a Pearson's chi-squared test was conducted to identify differences in proactiveness across the 3 customer types. The result did not show any statistically significant difference in proactiveness depending on customer type, $\chi^2(4, N=221) = 8.034$, $p > .05$ (see table 7). Therefore, hypothesis H5 is rejected.

Table 7 Company proactiveness by offering and customer types

Proactiveness	Offering Type			Total
	Products	Services	Both	
Firm Active	11	8	21	40
Customers Active	25	19	69	113
Both Active	15	7	46	68
Total	51	34	136	221

$\chi^2(4) = 3.21, p = .523$

Proactiveness	Customer Type			Total
	B2B	B2C	Both	
Firm Active	12	8	20	40
Customers Active	44	8	61	113
Both Active	20	5	43	68
Total	51	34	136	221

$\chi^2(4) = 8.034, p = .090$

However, further analysis was conducted on the individual items of customer service orientation (CSO) and solution orientation (SO), which is defined in the previous subchapter as a reflection of the essence of customer orientation. ANOVA tests were conducted for each one of the items with the customer and offering categories. Shapiro wilks tests for both items showed statistically significant results ($\text{sig} < .05$), indicating that the samples are not normally distributed.

For the customer service orientation item, Levene's test showed heteroscedasticity about the sample for the division into customer types. Therefore, a Kruskal-Wallis test was also performed to confirm the results of the ANOVA. There was a statistically significant difference shown for CSO between the groups $F(2,222) = 5.154$, $p < .05$ (see table 9), which, as per the post-hoc test, was identified to be between selling B2B and selling to both customer types (see table 8). The same was identified by the Kruskal-Wallis test, $H(2)=9.181$, $p=.01$ and the post-hoc pairwise comparisons. The Levene's test for customer service orientation by offering type showed homogeneity of variance (sig. $> .05$). The analysis of variance test showed a statistically significant difference of CSO between offering types ($F(2,222) = 6.680$, $p < .05$) (see table 9), and the post-hoc test confirmed this difference to be between companies that sell products and those selling both offering types (see table 8).

Table 8 Descriptive statistics and post-hoc tests for the customer service orientation (CSO) item relative to customer and offering type

Customer type	N	CSO		Tukey's HSD Comparisons	
		M	SD	(1)	(2)
B2B (1)	75	4.12	.84		
B2C (2)	21	3.67	1.06	.143	
Both (3)	129	3.68	1.02	.006	.997
Total	225	3.83	.99		
Offering type				(1)	(2)
Products (1)	53	4.25	.85		
Services (2)	35	3.77	1.03	.064	
Both (3)	137	3.68	.98	.001	.868
Total	225	3.83	.99		

Table 9 One-way analysis of variance of the customer service orientation (CSO) item by customer and offering types

Customer type	df	SS	MS	F	p
Between Groups	2	9.684	4.842	5.154	.006
Within Groups	222	208.240	.939		
Total	224	218.240			
Offering type					
Between Groups	2	12.389	6.194	6.680	.002
Within Groups	222	205.851	.927		
Total	224	218.240			

The Levene's test for solution orientation by customer type showed homogeneity of variance (sig. > .05). However, the ANOVA did not show any statistically significant difference among the groups, $F(2, 184) = 2.044$, $p > .05$ (see table 11). For the same analysis depending on offering types, SO showed homogeneity of variance (Levene's test, sig. > .05). Also, there was a statistically significant difference between the offering groups $F(2, 184) = 3.969$, $p < .05$ (see table 11). The post-hoc tests indicated the difference to be between companies selling products versus those selling both offering types (see table 10).

Table 10 Descriptive statistics and post-hoc tests for the solution orientation (SO) item relative to customer and offering type

Customer type	N	SO		Tukey's HSD Comparisons	
		M	SD	(1)	(2)
B2B (1)	68	3.75	.13		
B2C (2)	20	3.30	.28		
Both (3)	99	3.47	.10		
Total	187	3.56	.08		
Offering type	N	M	SD	(1)	(2)
Products (1)	49	3.90	1.07		
Services (2)	31	3.58	1.03	.382	
Both (3)	107	3.39	1.03	.015	.650
Total	187	3.56	1.06		

Table 11 One-way analysis of variance of the solution orientation (SO) item by customer and offering types

Customer type	df	SS	MS	F	p
Between Groups	2	4.52	2.262	2.044	.132
Within Groups	184	203.637	1.107		
Total	186	208.160			
Offering type	df	SS	MS	F	p
Between Groups	2	8.608	4.304	3.969	.021
Within Groups	184	199.552	1.085		
Total	186	208.160			

H6 suggested that higher levels of customer orientation are positively related to higher levels of sales growth. A Pearson's correlation was conducted to identify this relation. Although a Shapiro-Wilks test showed that the sample data for sales growth was not normally distributed ($\text{sig} < .05$), due to the robustness of such parametric tests to the violation of their normal distribution assumptions (Norman, 2010), the Pearson's correlation was considered an acceptable fit in this case. The test results did not show any statistically significant correlation between customer orientation and sales growth in the companies, $r(56) = -.147$, $p > .05$. Thus, hypothesis H6 is rejected.

Respectively, H7 proposed that higher levels of proactiveness are positively related to higher levels of sales growth. An ANOVA was conducted to examine this hypothesis, by comparing the levels of sales growth across the categories of proactiveness. Apart from the violation of normality shown above, a Levene's test also showed heteroscedasticity in the sample for sales growth ($\text{sig} < .05$). Although recent studies show the robustness of ANOVA regarding the violation of its assumptions (Blanca et. al., 2017; Schmider et. al., 2010;), both an ANOVA and a Kruskal-Wallis ranked test were conducted to further confirm the results. The results of the ANOVA showed that there is a statistically significant difference in sales growth across the three categories of proactiveness $F(2,139) = 6.845$, $p < .05$ (see table 13). A Tukey HSD post-hoc test showed that active firms exhibited higher levels of sales growth compared to firms which relied on customer activity (totally or partially) for achieving new sales (see

table 12). The same was confirmed by the Kruskal-Wallis test, $H(2)=8.008$, $p=.018$ and the post-hoc pairwise comparisons. Thus, hypothesis H7 is accepted.

Table 12 Descriptive statistics and post-hoc test for proactiveness relative to sales growth

Proactiveness	N	Sales Growth %		Tukey's HSD Comparisons	
		M	SD	(1)	(2)
Firm Active (1)	28	50.30	93.07		
Customers Active (2)	65	4.52	35.19	.009	
Both Active (3)	49	10.25	50.92	.001	.852
Total	142	15.53	15.52		

Table 13 One-way analysis of variance of sales growth by proactiveness

Source	df	SS	MS	F	p
Between Groups	2	43,095.45	21,547.73	6.845	.001
Within Groups	139	437,587.83	3,148.11		
Total	141	480,683.28			

Analysis was also done for the customer service orientation and solution orientation items in relation to proactiveness and sales growth. An analysis of variance was used to compare the two items across proactiveness groups. Once again Levene's test showed a non-significant result and homoscedasticity for both the items ($\text{sig} > .05$). However, the test results did not show any statistically significant difference for CSO ($F(2, 205) = .107$, $p > .05$) and SO ($F(2, 175) = .538$, $p > .05$) between the proactiveness groups. A Pearson's correlation for both items also did not show any statistically significant relation between sales growth and CSO ($r(223) = .113$, $p > .05$) and SO ($r(183) = -.006$, $p > .05$).

It appears that out of the seven hypotheses proposed, only one of them was confirmed. However, the analysis of the individual items yielded significant results, and although they were somewhat different from the original hypotheses developed, they highlight that selling different types of offerings and serving different types of customers does coincide with different levels of some customer orientation components. However as mentioned previously the analysis only provides observational inferences rather than firm assumptions about direct connections. This concludes the analysis of the data.

Both the hypothesis tests and the additional analysis for the individual customer orientation components yielded interesting results. The next chapter will examine the analysis results and interpret them, along with making propositions for future research.

5 CONCLUSIONS

The primary purpose of the thesis was to explore the sales practices of small businesses in respect to customer orientation and proactiveness. It set out to examine how these two aspects of sales vary among small firms depending on their nature. More specifically, if there are differences observed in CO and sales proactiveness depending on whether the company sells B2B, B2C or both and whether it sells products, services, or both. It also investigated the coexistence of these two elements and if the presence of one tends to coincide with the presence of the other. Finally, the thesis looked at the effects to CO and sales proactiveness on performance, via the objective measure of sales growth. The data used was collected from a questionnaire measuring the sales capabilities of small businesses in the Oulu region of Finland. The questions pertaining to the two above elements were selected and the responses analyzed with inferential statistical methods to identify the previously mentioned relations and comparisons.

5.1 Discussion

Firstly, the analysis showed that there was no difference in the level of customer orientation between the three categories of proactiveness in small companies – those where new sales come solely from company activity, companies where new sales come solely from customer activity and companies that make new sales due to the activity of both the firm and the customer. The most customer-oriented type of proactiveness according to Brehmer and Rehme (2009) is the situation where new sales come from the joint activity of both the company and the customer. However, based on other literature various proactivity levels have benefits for companies, and can also be customer oriented (Blocker et. al., 2011; Atuahene-Gima, Slater, Olson, 2005). Also, as mentioned earlier in the thesis, the fact that CO and proactiveness have common antecedents only indicates that they might co-exist. Other factors may play a role, but their examination is beyond the scope of this research. As Blocker et al. contend, although there is praise given to proactive market orientation in the literature (Narver et. al., 2004), customer requests are based on their expressed needs. Maybe this could be a clue as to why customer-oriented small firms span all three categories of proactiveness. They may be lacking the resources (Linder, 2019; Pelham, 1999) to attend to both expressed and latent needs and focus could be given to what each

individual company considers more important for their customers, thus still being customer oriented whether they are proactive or reactive.

Additionally, the customer orientation construct and proactiveness were not shown to vary across companies depending on their customer or offering type. Based on the literature on the dichotomies between selling to businesses or selling to consumers and selling services or selling products, assumptions were made that from both dyads the former required more CO and proactiveness. A large part of these assumptions was based on the relational aspect of selling to businesses and selling services, since stronger relationships enable the flow of information about customer needs to the company (Saxe & Weitz, 1982). Companies that are more communicative with their customers tend to be more customer oriented (Williams & Attaway, 1996). Also, market-oriented firms tend to gather information directly from customers (Blocker et al., 2011). Proactiveness is also associated with increasing relationship value between salespeople and their customers (Mallin, 2016). However, as mentioned before, being more relational and communicative does not automatically imply that a firm is more customer oriented or proactive. It may simply be a tactic to enhance sales, since sales tactics have evolved towards a more relationship selling approach over time (Moncrief & Marshall, 2012).

For the difference in selling B2B, B2C or to both markets, there was no difference found among the three categories for the customer orientation construct nor for proactiveness. Almost four decades ago Fern and Brown (1984) had suggested that the dichotomy between industrial and consumer marketing was exaggerated. Furthermore, although there are differences in sales between the type of customers targeted, the differentiation of the two is becoming more complicated (Cova & Salle, 2008). Lines between sales practices for all customer types are increasingly becoming blurred due to new technologies and business models (Wind, 2006). Additionally, it is reasonable to assume that mixing customer types and B2B2C models (Iankova et al., 2019) are further increasing the complexity of making distinctions. Therefore, the findings of this study could be further proof of the convergence of behaviors in sales irrespective of which markets small companies serve.

Regarding the differences in selling varying offering types, there was no difference in the levels of CO or sales proactiveness depending on whether small firms sell products, services or both. The hypothesis was made that selling services would be related to higher levels of CO and proactiveness, based on the existing theory and the service dominant logic (Vargo & Lusch, 2004b). The S-D logic can be perceived as deriving from the notion that every offering (whether a product or service) is viewed as providing a service to the customer. This notion is strongly intertwined with serving customer needs, hence being a service to the customer. However, the adoption of such a mentality, across industries and business models will logically lead to a convergence of salespeople's attitudes regarding customer orientation and proactiveness. This is directly reflected in the analysis results for customer orientation and proactiveness across offering types in small businesses.

The additional analysis conducted on the customer service orientation and solution orientation items yielded different, but equally interesting results. Customer service orientation seems to be significantly different for companies that sell B2B versus ones that sell to both customer types and for companies that sell only products compared to selling both offering types. Also, solution orientation levels differed between companies that sell products and those which sell both offering types. This seems to contradict much of the theory, however it does have some resemblance to findings that show that customer orientation is positively related to increased sales performance in manufacturing firms but not in service firms (Pekovic & Rolland, 2016). Therefore, it might explain the higher levels of CO in firms that sell products. On the other hand, regarding companies selling both products and services, companies with mixed offerings seem to be more service and solution oriented (Ulaga & Loveland, 2014; Le Meunier-FitzHugh et. al., 2011; Ulaga & Reinartz, 2011). However, as per the previous mentioned theory, these sorts of offerings require more resources as well as expertise from the salesforces. This may imply that small businesses that try to target both market types may choose to sacrifice customer focus or customization in one of the two or even both.

For customer orientation, it has been shown that the importance small businesses ascribe to MO is no different to that of large businesses (Blankson & Cheng, 2005). However, CO did not show any correlation with sales growth in the sample companies.

Much of the research points to CO having positive effects on company and individual salesperson performance. However, as mentioned before, there are studies either highlighting opportunity costs related to CO (Homburg et.al., 2011; Franke & Park, 2006; Saxe & Weitz, 1982) or that dispute its positive effects altogether (Linder, 2019). Although customer orientation has been viewed mostly as an exhibited behavior in this study, there is a stream of research that supports it to be more of a psychological phenomenon (Zablah et. al., 2012). Perhaps this is related to the lack of direct effect CO was shown to have on performance, since it may only have a mediating relationship with other behavioral or psychological traits that impact performance. For example, no significant direct relationship between CO selling and salesperson performance may be shown, but rather CO's positive impact on sales performance may be mediated by value-based selling (Terho et. al., 2015). This examination however is outside the scope of this thesis and is better left to further research into factors mediating customer orientation's effect on sales performance. Nonetheless, both Terho et al. (2015) and Zablah et al. (2012) argue that customer orientation is important for salespeople, so they can create customer value and harness its psychological benefits, respectively.

The only main hypothesis that was confirmed, was related to the positive relationship between proactiveness and sales growth. As mentioned in the literature review section, there are studies that link proactiveness with the increased performance of salespeople (Mallin et al. 2014; Hughes & Morgan, 2007; Pitt, Ewing & Berthon, 2002). Unlike with customer orientation, most of the negative effects of proactiveness are related to internal organizational conflict (Murphy & Coughlan, 2018; Campbell, 2000). Therefore, the results of this study may reflect this, since it is reasonable and intuitive to suggest that proactiveness' link to increased sales growth might be related to the idea that small firms which pursue new sales actively rather than relying on customers to act first, may achieve a greater number of sales, without constraints of being over-active. Although acquiring new sales through the involvement of both sides points to some form of co-creation, possibly in this context, a more aggressive approach to acquiring them is the key to sales success. This may also explain the lack of relation found between sales proactivity and customer orientation, since customer orientated salespeople tend to engage in low pressure selling (Saxe & Weitz, 1982).

The results of the data analysis make for difficult interpretation. On the one hand the construct of customer orientation, which includes four items pertaining to analysing customer behaviour, did not show any relation between CO and proactiveness, customer type, offering type and sales growth. On the other hand, the individual item of customer service orientation showed differences among customer and offering types and the item of solution orientation differed among offering types. Perhaps the key here is the emphasis on analysing customers. As mentioned earlier in the thesis the research points to firms that are customer oriented focusing on analysing customer needs and behaviour (Franke & Parke, 2006; Deshpande et al., 1993; Kohli & Jaworski, 1990; Saxe & Weitz, 1982). However, since the focus of managers on the marketing concept (Appiah-Adu & Singh, 1998) and the widespread adoption of technology in sales (Jelinek et. al., 2013), customer analysis might have become an automated company response. Therefore, the utilization of information gathered and using it to better serve customer needs may be a different matter altogether, and one that still requires a customer focused mindset from individuals and organizations alike.

5.2 Theoretical contribution and managerial implications

On a theoretical level the findings of the study make important contributions to existing literature by tackling aspects of CO and proactiveness in small businesses that were lacking in research. Firstly, although there are studies that look at proactive and reactive market orientation (Blocker et. al., 2011; Atuahene-Gima et. al., 2005; Narver et. al., 2004), and their effects on business performance, there is a lack of research to identify whether the elements of CO and proactiveness are inclined to coexist in organizations. Therefore, this study provides an indication that the two do not have a coexisting relationship and that they manifest independently in small businesses. Secondly, there seems to be a research gap in the literature regarding companies with both customer and offering types. The dichotomies of B2B versus B2C and product versus service sales are well documented. However, companies that lie on both ends of the spectrum are rarely mentioned. Including them into the analysis and particularly the additional analysis with the two individual customer orientation items, uncovered that companies with both customer and offering types may differ in their approach to sales as opposed to the other typologies examined. This may be an indication that the

traditional approach to dichotomizing organizations based on their customers and offerings is becoming more complex.

Thirdly, the additional analysis conducted yielded different results than the ones extracted from using the CO construct itself. These results uncovered that the element of customer analysis may be detached from the core of customer orientation and its emphasis on serving customer needs. This is despite the emphasis given by previous literature on the role of customer information gathering in salesperson customer orientation. Fourthly, the results from the data analysis showed that company sales proactiveness is positively related to sales growth, whereas customer orientation is not. Although both these questions have been thoroughly examined for large businesses, this research contributes to literature pertaining to sales of small businesses. As mentioned in the introduction this is an area that still needs further attention by academia and hopefully these results can contribute to future research.

From a managerial perspective, it was hoped from the start that there would be an important contribution for practitioners. The main objective was to provide managers with an idea on how the nature of their business may be associated with customer orientation and proactiveness in their sales. The findings of the research provide guidance for identifying the existence of the studied behaviours in companies and to form training programs accordingly, as well as indicating areas where sales coaching may be more needed.

If nothing else, it has been shown that proactiveness is related to a positive impact on sales growth. Therefore, it will be important for managers to keep their personnel motivated in being proactive when pursuing new sales. As seen in the literature review section, there are organizational factors that facilitate proactiveness in employees. Maybe managers should strive to create these types of work environments for their salespeople, as some have also been shown to encourage customer orientation. Moreover, companies that serve both businesses and consumers or sell both products and services may want to further examine their approach to customer service and providing solutions to their customers. Also, although there was no statistically significant difference found, firms that sold only to customers or only services may want to do the same. Companies that sold only to businesses scored higher on the first

item and those that sold only products scored higher on both items. This provides managers with food for thought when they are assessing the behaviours exhibited by their salespeople.

5.3 Limitations

Although this research has the above-mentioned contributions, it also has some limitations to it, which hopefully will be overcome in future studies into these areas. Firstly, the questionnaire was developed to assess the overall sales maturity of small companies and not their customer orientation and proactiveness specifically. Therefore, although the questions used to form the customer orientation construct were suited to measure this phenomenon, the number of items used was limited and restricted in context. This could be a potential drawback of the CO construct as opposed to when measured with a more specific scale such as Saxe and Weitz's SOCO scale.

Another limitation is the small sample size used in the study both in the number of respondents and companies. Although the number of respondents is large enough to accurately conduct the statistical analysis and get satisfactory results, it is not ideal. Also, without jeopardising the generalizability of the results, the limited number of companies that the respondents come from may have an additional limiting effect by causing commonality in the responses.

Lastly, as mentioned before, the thesis explores correlations and patterns in the data and does not point to specific causal effects. Although, the comparisons made for the dependant variables among categories of independent variables make direct inferences to the existence or not of the examined differences, it cannot be said that one variable directly affects the other. For example, as has been mentioned in the literature review section there are instances in the literature where customer orientation or proactiveness are mediated by or mediate other variables. Such effects may apply to this case also, where hidden factors may affect the relations between the dependent and independent variables. Thus, although the study is useful for providing indications, the results cannot be interpreted as direct causations.

5.4 Directions for future research

Bearing in mind what has been written previously in this chapter, this study forms a platform for future research into how small businesses and companies in general approach sales. With the ending note in the previous subchapter, it would be important to have further research examine potential mediators for the difference in CO across categories of sales proactiveness. As mentioned above, although direct effects for the relations of the two variables may not have been shown, it is possible that there are other underlying factors that mediate increased CO levels in proactiveness categories. The same can be done for both variables across customer and offering types, since research has not focused on sales for the above dichotomies.

Related to this, it is important for future research to further explore the differences of mixed customer and offering sales compared to sales in only one of the categories. There is sparse literature on the subject that does not address the issue in an in-depth manner. The sale of software to both customer types as seen in the example of Sun Microsystems, is just one area where the customer distinction is blurred (Cova and Salle, 2008). Furthermore, the evolution of the service dominant logic calls for more research into companies offering both products and services.

Thirdly, the construct created for customer orientation had a strong focus on analysing customer behaviour with the premise that it is a core element of understanding customer needs and serving them. However additional analysis conducted on the two individual items not related to customer analysis, yielded different results from the main hypothesis tests. Therefore, further investigation is needed into the importance and relation of analysing customer behaviour with customer orientation. Furthermore, other components can be included in the research into CO, to explore a construct comprised of behaviours exhibited in everyday sales activities. This would further enhance the understanding into CO and provide a more holistic view into behaviours linked to it.

Finally, to confirm the results of this study and improve its generalizability, further research must be conducted on different samples in varying geographical and economic contexts. The study produced important findings in the sales practices of

small companies with varying customer and offering types, but it only remains a snapshot from an area in one developed country. Perhaps companies operating in different economies that are more service dominant for example, have different approaches in acquiring and serving customers.

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