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EXPLORING THE RELATIONSHIPS AMONG ENTREPRENEURIAL ORIENTATION, MARKET ORIENTATION, PRODUCT QUALITY, AND BUSINESS MODEL INNOVATION

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ABSTRACT
Accelerating changes in the business environment threaten to secure a sustainable competitive advantage and threaten a company's survival. Innovation has long since become a necessity for many companies today rather than an option. Therefore, this study focused on product quality and business model innovation representing corporate innovation and paid attention to companies' market orientation and entrepreneurial orientation that affect these two critical factors. In other words, this article explores the relationships among entrepreneurial orientation, market orientation, product quality, and business model innovation. Through the analysis of previous research studies, my conjecture is the higher the level of a company's market orientation and entrepreneurial orientation, the higher the company's product quality and business model innovation level. If a company incorporates customer needs or needs into its products, is ahead of the competition, and entrepreneurs are willing to take risks and be innovative, it will be reflected in the company's product quality and its business model innovation. This study shows that many companies that want to pursue product quality and business model innovation, which can be the foundation of corporate innovation, need to approach market-oriented companies and increase their corporate orientation despite challenging environments.

KEYWORDS
Entrepreneurial orientation, market orientation, product quality, business model, innovation.

Innovation is the essence of sustainable competitive advantage. JA Schumpeter asserts that the entrepreneur is the driving force of economic development, defining the role of the entrepreneur as innovation and defining the task of the entrepreneur as an innovator who destroys the old and creates a new tradition, that is, a 'creative destructor' (Keiningham et al., 2020).

In the new century, the core of the corporate strategy is focused on innovation. This starts from the point of emphasizing the entrepreneurship developed during the startup economy of the 1980s and 1990s (McDonald & Eisenhardt, 2020). In a rapidly changing business environment, companies must innovate to maintain competitiveness continuously. Amid constant changes in the market, competitors, consumers, and technology, a successful startup organization can create a systematic and continuous stream of innovation (Kara et al., 2004).

Innovative entrepreneurs who create technologically superior, innovative products are virtually impossible to succeed unless consumers are interested in and purchase their innovative products or services. Even if it is an innovative, technologically superior product, consumers are not interested in it. This is because there are cases where it does not lead to a purchase. Ultimately, this leads to the failure of innovative entrepreneurs. Many different causes of this failure can be pointed out, but one of them is the neglect of the supply side of innovation (Budler, Župič & Trkman, 2021).

Oversight in the supply side of innovation is also occurring in previous studies. Many studies on technological innovation and product innovation have mainly focused on the demand side of the invention, whose Indicators are such as patents or R&D budget (McDonald & Eisenhardt, 2020; Jang et al., 2010). These studies do not explain the case where the innovativeness of these products or services is not accepted in the market even if innovative entrepreneurs invest huge R&D budgets to create innovative products or services.

This study explores factors influencing these factors from the supply side of innovation, targeting product quality and business model innovation, which can represent a company's continuous innovation. This is because product quality can represent corporate innovation, and the business model is the foundation on which endless products or services can be produced. On the supply side of invention, simultaneously considering both the enterprise itself and the entrepreneurial factor is necessary. To this end, we want to address how market-oriented the enterprise is and how much risk the entrepreneur takes to run the business.

THEORETICAL BACKGROUND

Entrepreneurial orientation

Entrepreneurial orientation is considered to be a significant factor in the process of finding business opportunities. Entrepreneurial orientation was defined as pursuing product and market innovation and taking some risk. (Wales et al., 2020). In addition, entrepreneurial orientation tends to accept high-risk businesses and bold actions to achieve goals. It is a business activity that takes risks and adjusts resources innovatively to create new values. Similarly, Lumpkin and Dess (1996) defined strategic activities in decision-making styles, methods, and practices to develop innovative new products or services that can differentiate them from competitors.

Although some scholars (Covin and Slevin, 1991; Matsuno and John, 2002) argue that the components of entrepreneurial orientation are composed of five independent elements of innovation, risk-taking, initiative, competitive aggressiveness, and autonomy, many scholars agreed upon two parts of innovativeness and risk-taking (Wales et al., 2020; Covin et al. 2020; Basco et al. 2020; Lumpkin and Dess, 1996; Miller, 1983). This study will classify and present entrepreneurial orientation into two categories.

First, risk-taking tends to take reckless actions such as excessive borrowing and investing considerable resources in a risky venture into an unknown new market or a bold venture for an uncertain outcome (Ciampi et al., 2021). In other words, if it is a pursuit method that seizes opportunities even though risks are involved, the managerial characteristics can be said to be the method of considering the resources possessed first and then building the opportunities within the scope that can utilize the existing resources. Therefore, risk-taking means being willing to commit other resources to a high-risk project. This can devote resources to unpredictable projects in the future, and companies pursuing risk tolerance are not seeking a saturated market (red ocean) but a new venture that no existing competitors and entrants can know. There is a tendency to try adventurous businesses that pursue the market (blue ocean).

Second, innovativeness refers to the tendency to deviate from the existing system or technology by carrying out and helping new products, new ideas, experiments, and creative processes (Covin et al. 2020). Innovativeness is a concept introduced by Schumpeter. It is a management activity that actively promotes innovative product design, market research, and advertising activities or introduces process innovation and management techniques. In other words, innovation can be defined as the tendency to pursue new opportunities for companies with high technology or product markets. Such innovativeness has helped managers to propose solutions to management problems and challenges. It is considered very important in that it provides the basis for the survival of the organization and the success of future businesses.

In this study, corporate orientation is classified into risk sensitivity and innovation. Corporate orientation is defined as the degree of decision-making ability and propulsion ability to boldly take on risks despite any risks and the degree to which new attempts are accepted and supported.

Market orientation

Market orientation is an activity system in which potential customers' and competitors'

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attitudes and actions according to responses utilize and develop the company's processes, organizations, and management systems. Therefore, a market-oriented leading company can set a goal of strategic establishment and execution of higher customer attraction than other competitors, and there is a research result in existing studies that the organization of a market-oriented leading company has a positive effect on corporate performance (Crick, 2021; Jaworski and Kohli, 1993). There is also a study that employees' level of satisfaction, loyalty, and involvement is greatly improved.

To summarize the concept of market orientation in this study, it can be defined as achieving a company's sustainable competitive advantage, competitor companies establishing countermeasures to meet customer needs, and predicting a market that fits well with changes in demand (Randhawa et al. .2021).

In this study, based on the studies of Crick (2021), İpek and Bıçakcıoğlu-Peynirci (2020), and Narver and Slater (1990), the three concepts of market orientation, customer orientation, competitor orientation, and inter-departmental coordination, were used in this study. In particular, this study composed and presented a survey of market orientation's constituent dimensions, focusing on customers and competitors.

First, customer orientation was defined as satisfying customer preferences and interests by providing a single value/judgmental demand to satisfy customer needs. In other words, customer orientation can be interpreted as a market-integrated approach that gives satisfaction to customers in the short term and builds a surplus mutual partnership between the company and customers in a long time. Ultimately, customer orientation identifies and provides customer needs and customer value, which is judged to be a means to increase customer satisfaction.

Second, competitor orientation refers to the perception of strength and weakness in the short run by competitors existing in the industry and potential competitors in the future, and capability and strategy in the long run. It can be defined as searching for a corresponding point afterward. Entrepreneurs competing for a target market also have the holistic ability to satisfy customers with numerous incentives to meet current and future needs.

Third, inter-departmental coordination can be defined as the internal integration of corporate resources that pursue value creation and profit realization to satisfy customer needs. In other words, it can be determined that this is a value-driven activity that can help customers by adjusting the company's internal human and material resources. In the end, non-profit enterprises require cooperation and communication between departments and other departments to pursue diversified commercialization.

This study classified market orientation into customer orientation, competitor orientation, and inter-departmental coordination.

THEORETICAL FOUNDATION AND PROPOSITION DEVELOPMENT

Product quality

A company's product quality is a prerequisite for success in a harsh market environment (Zhao et al., 2020). In addition, a company's product quality can be used to distinguish it from that of a competitor. At the same time, it can increase consumer loyalty for quality assurance and identification. It can grow products and further increase the likelihood of success of new products (Yura Lee, 2017).

Therefore, all companies strive to improve product quality by introducing various management techniques. In particular, companies that produce cutting-edge products, such as the aviation manufacturing industry, are making great efforts to create high-quality products by introducing innovative management techniques. It is an essential factor in national competitiveness.

Innovation in product quality is increasing in value as a critical factor for the continued success of business operations (Keiningham et al. 2020). Excellent product quality is highly likely to increase consumers' willingness to purchase products repeatedly. Enhancing competitive advantage leads to customers' brand selection and premium price payment, directly impacting corporate performance such as sales and profit increase (Calveras &

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Ganuza, 2018).

Consumer evaluation is the degree of innate or acquired preference for a specific product to be selectively excellent or bad or respond uniformly from start to finish (Perdo & McLean, 2006). Yoo and Kim (2019) define perceived quality as the consumer's judgment on the overall superiority or superiority. It was evaluated by dividing it into experience quality, which is difficult to assess even after purchase, and reliability quality.

On the other hand, quality can be divided into objective and perceived quality Keiningham et al., 2020). Objective quality is product-oriented quality and can be identified in durability, stability, economic feasibility, serviceability, reliability, and appearance. Accurate quality enables verticalization according to product evaluation so that the relative position of products can be grasped. Perceived quality is the overall net value of a service. It means the sum of costs and sacrifices consumed in acquiring or using the service and the benefits perceived by consumers by the service (Ham et al., 2020). High perceived quality is why consumers recognize the brand's differentiation and superiority and encourage consumers to choose the brand.

Park Sang-hoon (2012) confirmed that financial and non-financial management performance is improved by improving the quality level through quality management in the study on the effect of quality management on management innovation and management performance. A company that is customer-oriented and well aware of the trends of its competitors will have superior product quality, and the more innovative and risk-taking the entrepreneur is, the higher the likelihood of bringing a product of exceptional quality to the market. Therefore, it leads to the following propositions:

Proposition 1: Entrepreneurial orientation will positively impact product quality;

Proposition 2: A company's market orientation will positively impact product quality.

Business model innovation

A company's innovation activity is an essential element for a company's survival. Competition among companies is fiercely competitive not only through price competition but also through technological advancement. Businesses need to develop new technologies to escape from this highly competitive environment, and they need to continuously innovate to win the competition (McDonald & Eisenhardt. 2020).

A business model is a rational and systematic description of how an organization creates, disseminates, and captures value(Osterwalder & Pigneur, 2010). This strategic blueprint can be realized through the organization's structure, process, and system, encompassing the four core business areas (customer, order, infrastructure, and business feasibility analysis).

These business models may include customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, cost structures, etc.

Schumpeter has received a lot of interest in innovation in academia and practice since he presented innovative activities such as the introduction of new products, the introduction of new manufacturing methods, the development of new markets, the securing of raw materials, and semi-finished products, and the implementation of new organizations. Since then, according to the flow of times, companies have been focusing on the experience curve of the 60s and 70s, product portfolio metrics, company-wide quality management in the 80s, outsourcing, reengineering, timely production system in the 90s, technological innovation since the 2000s, and spatial innovation.

Companies are applying and operating management innovation activities by introducing various innovation methods. In particular, technological innovation is recognized as an essential element for a company to gain a competitive advantage or enter a new market in a competitive environment. Corporate innovation activities are necessary (Keiningham et al., 2020).

On the other hand, Kim Geon-sik (2014), in the study between innovation activity and financial performance in the Korean manufacturing industry, found that when innovation activity increases, innovation performance such as new product launch, process innovation, and patent application increases, and innovation performance increases the operational performance of a company.

It was identified that functional performance improves the sales growth rate. In addition, it was verified that the effect of innovation performance on the sales growth rate was higher in small enterprises than in medium-sized enterprises. In the case of medium enterprises, innovation performance positively affected the sales growth rate and affected the operating profit rate. Abd Aziz and Samad (2016) investigated innovation and competitive advantage in food manufacturing companies and found that innovation activities have a significant and very meaningful effect on the company's competitive advantage. Also, Budler et al. (2020) argued that firms could no longer maintain competitive advantage or survive unless they carry out innovative activities differentiated from their competitors.

In recent years, business model innovation has become more critical with the rapid change of the business environment. The existing business model has become obsolete and is no longer effective in the new business environment. Since such business model innovation encompasses all aspects of a company, it is bound to become the ground for continuous innovation (Osterwalder & Pigneur, 2010). Therefore, it is judged that the higher the market-oriented and corporate-oriented, the higher the level of business model innovation. This leads to the following propositions:

Proposition 3: Entrepreneurial orientation will positively impact business model innovation;

Proposition 4: A company's market orientation will positively impact business model innovation.

CONCLUSION

Corporate innovation, which is continuously required, and the acceleration of changes in the business environment, may now have become an essential requirement for survival (McDonald & Eisenhardt. 2020). Therefore, this study explored the relationship between companies' market orientation and entrepreneurial orientation, product quality, and business model innovation. To this end, research focused on product quality and business model innovation representing corporate innovation. It focused on companies' market orientation and entrepreneurial orientation that affect these two critical factors.

It is estimated that the higher the level of a company's market orientation and entrepreneurial orientation, the higher the company's product quality and business model innovation level. This is because if a company has a high market orientation and contains customer needs or needs, and is ahead of the competition, this will be reflected in the company's product quality and also in the company's business model innovation. Likewise, the higher the entrepreneurial orientation, the higher the entrepreneurial risk and the more innovative the company's product quality will be, and the more creative the business model will be.

This study shows that many companies that want to pursue product quality and business model innovation, which can be the foundation of corporate innovation, need to approach market-oriented companies and increase their corporate orientation despite challenging environments. This is a critical way to stay ahead of the competition and promote corporate innovation, an essential requirement for corporate survival.

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