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A Structural Equation Model on Business Performance of Micro-Enterprises

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Abstract: *The primary aim of this research endeavor was to come up with a model for business performance as influenced by market orientation, organizational learning, and entrepreneurial orientation. A descriptive-causal design utilizing Structural Equation Modelling (SEM) was employed. Through a stratified random sampling method, there were 420 business owners and employees in Region XI who were surveyed using an adapted questionnaire. Findings revealed that market orientation and entrepreneurial orientation obtained a very high level of mean scores while organizational learning gained a high level of mean score. Further, a relationship exists between market orientation, organizational learning, entrepreneurial orientation, and endogenous business performance. The generated model exhibited a causal relationship between business performance, market orientation, organizational orientation, and organizational learning orientation. The model also expressed a new concept showing that the endogenous business performance of micro-businesses was determined by the two remaining measures: measure and analysis and innovation and learning which is further influenced by the exogenous market orientation defined by its retained indicators: customer orientation and inter-functional coordination which is substantiated by entrepreneurial orientation as evidenced by the remaining constructs: proactiveness and competitive-aggressiveness and finally reinforced by organizational learning orientation supported by the internal acquisition of knowledge and external acquisition of knowledge.*

Keywords: Business performance, Market orientation, Organizational learning orientation, Entrepreneurial orientation, Micro-enterprises

I. INTRODUCTION

For the past decades, micro-enterprises have been facing a huge challenge. Osalor (2012) posits that the most disturbing challenge affecting SME's performance is funding/finance. Fewer abilities or skills also adversely affect small and medium enterprises' performance (Herliana, 2015). In the Philippines, Aldaba (2008) highlighted that finance, technology, skills, information gaps, product quality, and marketing are the constraints that affect the development of SME's in the country. With these, the performance of SME's (small and medium sized enterprises) is almost impossible to achieve (Ekwem, 2011).

Business performance is typically measured by how successful or unsuccessful a company is in attaining its objectives. It may be characterized in multiple ways. According to Wood (2006) and Chittithaworn, Islam, Keawchana, and Yusuf (2011), a firm's performance may be defined as its capacity to provide acceptable results on its entrepreneurial activities. Furthermore, a company's future success may be predicted by its performance, that pertains to its capability to efficiently realize plans in order to meet organizational goals and targets (Randeree & Al Youha, 2009).

The Magna Carta Law for SME's in the Philippines, otherwise known as RA 9501, acknowledges the importance of Micro and small enterprises in producing jobs and economic growth while also ensuring the country's industrial independence (MSMED, 2011). Based on 2011 MSMED plan, MSME's employed 61.2 percent of private-sector workers in 2008, and others worked for huge corporations. Micro, small, and medium-sized businesses provide for the majority of jobs for Filipinos. Sustainable small business management in industrialized nations and some emerging countries, such as the Philippines, has led to economic progress (Dugguh, 2015). Even though small enterprises have historically been the primary source of new development and small firms are somehow motivated by their innovative capacities (Eurostat, 2014) and have contributed to the economic growth of a nation (Kruja, 2013; Obi, Ibidunni, Tolulope, Olokundun, Amaihian, Borishade, & Fred, 2018) in general, there appears to be an important element which gains unwanted attention among the business researchers, the business performance. More on that, Adebisi and Gbegi (2013) specified that about eighty percent of micro enterprises did not make it in their first 5 years in business

Thus, on the basis of the aforementioned reasons, the researcher was prompted to conduct the study to investigate the business performance among micro-enterprises in Region XI, which can give a clear picture of this sector in the Philippine economy.

II. METHODOLOGY

Research Design

A quantitative non-experimental design was utilized in this study. Quantitative research relies on collecting and analyzing statistical data to explain and describe variables of interest (Gay, Mills, & Airasian, 2009). The primary concept on quantitative research is the belief that the world is uniform and stable. We may be able to measure and gain understanding and come up with a generalization. Moreover, researchers employing quantitative design focus on the belief that evidences and moods may be separated. The universe exists in a single truth that may be realized through measurement and/or observation (Fraenkel, Wallen, & Hyun, 2012). Because the goal of this study was to discover if the exogenous factors had a causal link with the endogenous variable, it used a correlational research technique.

To determine the best fit model, the researcher employed the structural equation modeling (SEM) method. In past years, structural equation modeling has become more widely employed in scientific investigations in different areas of social sciences. The fact that a single model can quantify both direct and indirect correlations among causative factors is the most essential reason for the growth of this statistical method (Meydan &Sesen, 2011). The statistical approach of structural equation modeling (SEM) examines the links between observable and latent variables.

A system of linear equations was used in structural equation modeling. The key to doing a regression study is to determine how much of the variation of the dependent variable may be affected by the independent variable/s (Kline, 2011). Another factor for this technique's acceptance is its capacity to account for measurement mistakes and the correlations between faults in the observed variables. SEM establishes the compatibility of the gathered data of the connections to the theoretical model, thereby reducing measurement errors (Bayram, 2013).As a result, SEM is more suited for hypothesis testing compared to other approaches (Karagöz, 2016).

Locale

This research was carried out in Region XI, often referred to as Davao Region. The area has six cities namely Tagum, Panabo, Davao, Samal, Mati, and Digos. The region has a total land area of 20,357 square kilometers. Its capital city, Davao City, has a total size of 2,443.6 square kilometers. Within the larger geographical context, the Regions XI is bordered to the east by Micronesia and to the south by Eastern Indonesia.

Sample

The participants of this study were the owners and employees of registered micro business enterprises classified by sector the region. Respondent-owners have been in the business for at least 3 years, employed not more than 9 regular employees, and the total assets are less than 3 million pesos. These enterprises are usually engaged in general merchandising and agribusiness activities. The employee-respondents are regular employees who assumed either a supervisory, or managerial positions and have been employed in the business for at least 1 year. Unregistered businesses, informal sectors, and entrepreneurs who belong to small, medium, and large scale businesses (as defined by the Magna Carta law) and employees of big or multinational corporations were not be considered in this research. A total of 420 respondents joined in this study. Savalei and Bentler (2005) suggested that a sample size of 400 or above can collect the information needed in structural equation modeling. As this study contains many indicators, Wolf, Harrington, Clark, and Miller (2013) showed that having more indicators per factor leads to smaller required sample sizes. Hence, a minimum of 400 respondents is enough.

III. RESULTS AND DISCUSSIONS

Level of Market Orientation

Shown in Table 1 is the level of market orientation among micro-businesses in Davao Region. The overall mean is 4.22 with an SD of 0.411, described as *very high*. It is critical to recognize that consumer orientation is an important approach for small and micro businesses to use as a viable edge to differentiate themselves from larger corporations (Brockman, Jones, & Becherer, 2012). Because of their physical closeness, SMEs prefer to be closer to their consumers to satisfy their needs, wants, and desires and can readily analyze customer data (Maurya, Mishra, Anand, & Kumar, 2015).

Table 1
Level of Market Orientation

Indicators	SD	Mean	Descriptive Level
Customer Orientation	0.419	4.38	*Very High*
Inter-functional Coordination	0.446	4.23	*Very High*
Competitor's Orientation	0.645	4.06	*High*
Overall	**0.411**	**4.22**	***Very High***

Level of Organizational Learning Orientation

Shown in Table 2 is the level of organizational learning orientation of micro-businesses in Region XI. As displayed in the table, the overall mean is 4.17 and an SD of 0.457, which is described as *high*. It could be seen that researchers contended that entrepreneurs needed to captivate and grow new information by dedication to knowledge, allow workers to share liability with the business through clear organizational vision, and contribute fresh concepts with a flexible and innovative imagination to improve organizational capability (Gomes & Wojahn, 2017; Hung, Yang, Lien, Mclean, & Kuo, 2010).

Table 2
Level of Organizational Learning Orientation

Indicators	SD	Mean	Descriptive Level
Knowledge Interpretation	0.488	4.31	*Very High*
Knowledge Distribution	0.569	4.19	*High*
Internal Acquisition of Knowledge	0.588	4.17	*High*
External Acquisition of Knowledge	0.459	4.12	*High*
Organizational Memory	0.640	4.06	*High*
Overall	**0.457**	**4.17**	***High***

4.3 Level of Entrepreneurial Orientation

The level of entrepreneurial orientationis shown in Table 3. The overall mean is 4.21 with an SD of 0.458described as *very high* level. In today's competitive business environment, an enterprise must regularly innovate, consider risk, allow for independence, be resourceful, and vigorously compete to maintain or gain a new position in the market (Omisakin, Nakhid, Littrell, & Verbitsky, 2016), as it is critical to a firm's success in a competitive environment (Zainol & Daud, 2011) and can be regarded a survival strategy (Omisakin, Nakhid, Littrell, & Verbitsky, 2016).

Table 3
Level of Entrepreneurial Orientation

Indicators	SD	Mean	Descriptive Level
Innovativeness	0.465	4.33	*Very High*
Proactiveness	0.615	4.28	*Very High*
Risk-Taking	0.626	4.20	*Very High*
Autonomy	0.553	4.16	*High*
Competitiveness-aggressiveness	0.726	4.08	*High*
Overall	**0.458**	**4.21**	***Very High***

4.4 Level of Business Performance

Reflected in Table 4 is the statistical result for the construct, business performance. As shown in the table, the overall mean score of *business performance*is 4.12 with an SD of 0.398, which is described as *high*. Assuch, staff skills and knowledge, tangible technological systems, management systems, and norms and values all contribute to the business performance of the small scale enterprises through customer satisfaction and loyalty, internal processes, and learning and development (Wang, He, & Mahoney, 2009). In the context of the environment, the firm's external environment has a direct impact on enterprise performance (Machuki & Aosa, 2011). More specifically, the business setting is composed of standards, norms and ethics, legal and administrative frames, and general policy requirements that froms rules for business transactions and influence negatively or positively the result of markets, investment flow, overall productivity, and the cost of operations, which can emerge from both internal and external environments (Essia, 2012).

Table 4
Level of Business Performance

Indicators	SD	Mean	Descriptive Level
Capability	0.471	4.36	*Very High*
Environment	0.446	4.20	*Very High*
Process	0.453	4.19	*High*
Strategy	0.505	4.17	*High*
Measure and Analysis	0.543	4.16	*High*
Innovation and Learning	0.557	4.12	*High*
Resource	0.556	4.10	*High*
Overall	**0.398**	**4.12**	***High***

4.5 Correlation Between Market Orientation and Business Performance

Reflected in Table 5 is the significant relationship between market orientation and business performance among micro-businesses in the Davao Region with the overall computed r-value of 0.567 and a p-value of 0.000, which is lower than the 0.05 level of significance; hence, there is a significant relationship between market orientation and business performance. Several studies have provided scientific evidence of a affirmative association between market orientation and business performance (Ahmad, 2011; Eris & Ozmen, 2012; Hanzaee, Nayabzadeh, &Jalaly, 2012; Chao & Spillan, 2010; Hoq & Chauhan, 2011; Julian, Mohamad, Ahmed, &Sefnedi, 2014; Nayebzadeh, 2013; O'Sullivan & Butler, 2009; Osman, Rashid, Ahmad, & Rajput, 2011; Sørensen, 2009). Sørensen (2009) discovered that both competition and customer orientations have a favorable and considerable influence on the entrepreneurial performance of Danish manufacturing enterprises. Furthermore, Ramayah, Samat, and Lo (2011) discovered that market orientation had a favorable influence on the business performance of Malaysian service sectors. According to Julian, Mohamad, Ahmed, and Sefnedi (2014), market orientation is an effective marketing approach that companies may use to improve the firm performance.

Table 5
Correlation between Market Orientation and Business Performance

Market Orientation	Business Performance							
	Capability	Resource	Environment	Strategy	Process and	Measure and Analysis	Innovation Learning	**Overall**
Customer Orientation	.426* (0.000)	.325* (0.000)	.459* (0.000)	.447* (0.000)	.495* (0.000)	.409* (0.000)	.504* (0.000)	.552* (0.000)
Competitor's Orientation	.217* (0.000)	.303* (0.000)	.251* (0.000)	.251* (0.000)	.284* (0.000)	.262* (0.000)	.246* (0.000)	.373* (0.000)
Inter-Functional Coordination	.394* (0.000)	. 446* (0.000)	.460* (0.000)	.400* (0.000)	.430* (0.000)	.360* (0.000)	.488* (0.000)	.539* (0.000)
Overall	**.400* (0.000)**	**.430* (0.000)**	**.453* (0.000)**	**.444* (0.000)**	**.460* (0.000)**	**.397* (0.000)**	**.542* (0.000)**	**.567* (0.000)**

*$p<.05$

Correlation Between Organizational Learning Orientation and Business Performance

Table 6 depicts the correlation between organizational learning orientation and business performance among micro-businesses in Region XI. As shown, the overall computed r-value of 0.662 with a p-value of 0.000 is lower than the 0.05 level of significance. Hence, a significant relationship between organizational learning orientation and business performance exists. Several scholars provided scientific support for the validity of a strong, statistically relevant, favorable relationship between organizational learning orientation and enterprise performance (Azizi, 2017; Hoe & McShane, 2010; Jyothibabu, Farooq, & Pradhan, 2010; Mazlumi, Zamani, Syed, Naqvi, Mir Ali, & Rabbani, Arefeh, 2014; Som, Saludin, Shuib, Keling, Ajis, & Nam, 2010; Jiménez-Jiménez & Sanz-Valle, 2011; Hajipour & Kord, 2011; López, Peón, & Ordás, 2005). Furthermore, the scholars demonstrate that organizational learning entails accumulating tacit and

explicit information, knowledge exchange, and knowledge application. Such learning supports change in behavior that leads to increased performance of the organization. In other words, firms that consistently build their learning processes will outperform their competitors (Hernaus, Škerlavaj, & Dimovski, 2008).

Table 6
Correlation between Organizational Learning Orientation and Business Performance

Organizational Learning Orientation	Business Performance: Capability and Analysis	Resource and Learning	Environment	Strategy	Process	Measure	Innovation	**Overall**
External Acquisition of Knowledge	.279* (0.000)	.481* (0.000)	.410* (0.000)	.426* (0.000)	.386* (0.000)	.401* (0.000)	.540* (0.000)	.535* (0.000)
Internal Acquisition of Knowledge	.437* (0.000)	.477* (0.000)	.555* (0.000)	.509* (0.000)	.412* (0.000)	.519* (0.000)	.642 (0.000)	.647* (0.000)
Knowledge Distribution	.250* (0.000)	.515* (0.000)	.391* (0.000)	.251* (0.000)	.386* (0.000)	.441* (0.000)	.561* (0.000)	.514* (0.000)
Knowledge Interpretation	.250* (0.000)	.443* (0.000)	.484* (0.000)	.348* (0.000)	.363* (0.000)	.387* (0.000)	.443* (0.000)	.492* (0.000)
Organizational Memory	.276* (0.000)	.498* (0.000)	.479* (0.000)	.426* (0.000)	.366* (0.000)	.424* (0.000)	.546* (0.000)	.551* (0.000)
Overall	**.362* (0.000)**	**.582* (0.000)**	**.560* (0.000)**	**.472* (0.000)**	**.460* (0.000)**	**.526* (0.000)**	**.660***	**.662***

Correlation between Entrepreneurial Orientation and Business Performance

Table 7 illustrates the statistical data on the correlation between entrepreneurial orientation and business performance, having an overall r-value of 0.611 with a p-value of 0.000, which is lesser than 0.05. Thus , a significant relationship is evident. Some studies conducted throughout the world found a substantial and meaningful link between entrepreneurial orientation and performance, such as the study conducted by Awang, Khalid, Yusof, Kassim, Ismail, Zain, and Madar (2009) among Malaysian SME's. In Sri Lanka, scholars such as Fairoz, Hirobumi, and Tanaka (2010) discovered a substantial association between entrepreneurial orientation and business performance. In Canada, De Clercq, Dimov, and Thongpapanl (2010) confirmed this association as well.

Other research (Arief, Thoyib, Sudiro, & Rohman, 2013; Davis, Bell, Payne, and Kreiser, 2010; Lan & Wu, 2010; Campos & Valenzuela, 2013), to name a few, have discovered a favorable association between entrepreneurial orientation and business performance. Other scholars have consistently argued that for firms to attain maximum performance, entrepreneurial orientation must be paired with the other business orientations elements such as market, learning, and employee orientations (Grinstein, 2008; Wang, 2008; Idar & Mahmood, 2011; Kwak, Jaju, Puzakova, & Rocereto, 2013).

Table 7
Correlation between Entrepreneurial Orientation and Business Performance

Entrepreneurial Orientation	Business Performance: Capability and Analysis	Resource and Learning	Environment	Strategy	Process	Measure	Innovation	**Overall**
Autonomy	.156* (0.000)	.373* (0.000)	.269* (0.000)	.173* (0.000)	.162* (0.000)	.119* (0.000)	.207* (0.000)	.266* (0.000)
Innovativeness	.427* (0.000)	.442* (0.000)	.564* (0.000)	.530* (0.000)	.385* (0.000)	.398* (0.000)	.507* (0.000)	.589* (0.000)
Risk-Taking	.099*	.438*	.267*	.126*	.361*	.275*	.378*	.357*

(0.000) (0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Proactive-ness	.453* (0.000)	.496* (0.000)	.502* (0.000)	.367* (0.000)	.396* (0.000)	.468* (0.000)	.619* (0.000)	.602* (0.000)
Competitive Aggressive-ness	.395* (0.000)	.463* (0.000)	.399* (0.000)	.291* (0.000)	.333* (0.000)	.455* (0.000)	.548* (0.000)	.528*
Overall (0.000) (0.000)	**.399***	**.579* (0.000)**	**.514* (0.000)**	**.375* (0.000)**	**.428* (0.000)**	**.455* (0.000)**	**.596* (0.000)**	**.611***

Best Fit Model on Business Performance

Figure 1 displays the best fit model for business performance. The generated model showed a causal relationship between business performance, market orientation, organizational orientation, and organizational learning orientation.The generated model represents a relationship between market orientation, organizational learning orientation, and entrepreneurial orientation to endogenous business performance. The goodness of fit model was evaluated using these indices (as shown in Table 8): Chi-square/Degree of Freedom; Root Mean Square of Error Approximation; Normed Fit Index; Tucker-Lewis Index; Comparative Fit Index; and Goodness of Fit Index.

The results showed that the value for all the indices (CMIN/DF= 1.449, p-value =.121, NFI = .985, TLI = .990, CFI = .995 , GFI = .983, RMSEA = .039 and P-close = .663) fall within the acceptable ranges/values set. This model was a good fit considering that all indices, as indicated by its respective values are all within the acceptable ranges. According to Asomaning and Abdulai (2015), customer orientation has a solid direct influence on the business performance of small Ghanaian businesses and for small and medium enterprises in Nigeria too (Asikhia, 2010; Dauda & Akingbade (2010). Similarly, Pongwiritthon and Awirothananon (2014) discovered a favorable and substantial relationship between customer orientation and entrepreneurial performance among Thai small and medium enterprises. As a result, for organizations to be customer-oriented, they must gather knowledge about their consumers, invest in good customer relations, market and consumer familiarity, and focus on collaboration.

Table 8
Goodness of Fit Measures of Structural Model 4

Index	Criterion	Model Fit Value
P-close	> 0.05	.663
CMIN/DF	0 < value < 2	1.449
P-value	> 0.05	.121
GFI	> 0.95	.983
CFI	> 0.95	.995
NFI	> 0.95	.985
TLI	> 0.95	.990
RMSEA	< 0.05	.039

Legend:

CMIN/DF	-	Chi-Square/Degrees of Freedom
NFI	-	Normed Fit Index
TLI	-	Tucker-Lewis Index
CFI	-	Comparative Fit Index
GFI	-	Goodness of Fit Index
RMSEA	-	Root Means Square of Error Approximation
Pclose	-	P of Close Fit
P-value	-	Probability Level

Illuminating further, the two observed variables under organizational learning orientation, internal acquisition of knowledge and external acquisition of knowledge, highly predict the business performance of these ventures. Hence, learning-oriented cultural environments have become vital for small-scale businesses (Hung, Yang, Lien, Mclean, & Kuo, 2010). To achieve development and growth, small entrants had to absorb and nurture new information along with a dedication to learning, letting workers share accountability with the enterprise through its organizational objectives, advancing the loyalty, and adding fresh concepts with a flexible and innovative imagination to augment the organization's ability to adapt to external environments (Gomes & Wojahn, 2017). Similarly, when businesses have the necessary resources and capabilities, an organizational climate conducive to innovation helps the adoption and launch of new goods and systems and, as a result, innovative outputs (Urgal, Quintas, & Tomera, 2011).

Finally, *proactiveness* and *competitiveness aggressiveness*, the observed variables under entrepreneurial

orientation, are the predictors of business performance in the case of micro-businesses. Many researches have been done to investigate the influence of proactiveness on business performance. According to Casillas and Moreno (2010), the more proactive an enterprise is, the better it can grab new business possibilities, and the higher the growth rates of small and medium enterprises. Wang and Yen (2012) discover a favorable association between proactiveness and Taiwanese businesses' sales in the Republic of China. Similarly, Yeboah (2012) discovered that proactiveness among auto-artisans in Ghana significantly increased firm performance. Proactivity results in launching innovative goods or processes ahead of rivals and requires an active search for such chances (Arief, Thoyib, Sudiro, & Rohman, 2013). In terms of competitive aggressiveness, it is critical to recognize that aggressive competitive tactics used by enterprises to prevent failure assist them in winning and developing their businesses. As we have witnessed, most manufacturing enterprises, particularly the metal and woodwork and the textile industry, are developing enticing designs and new models to attract clients and win the competition in the marketplace (Kosa, Mohammad, & Ajibie, 2018

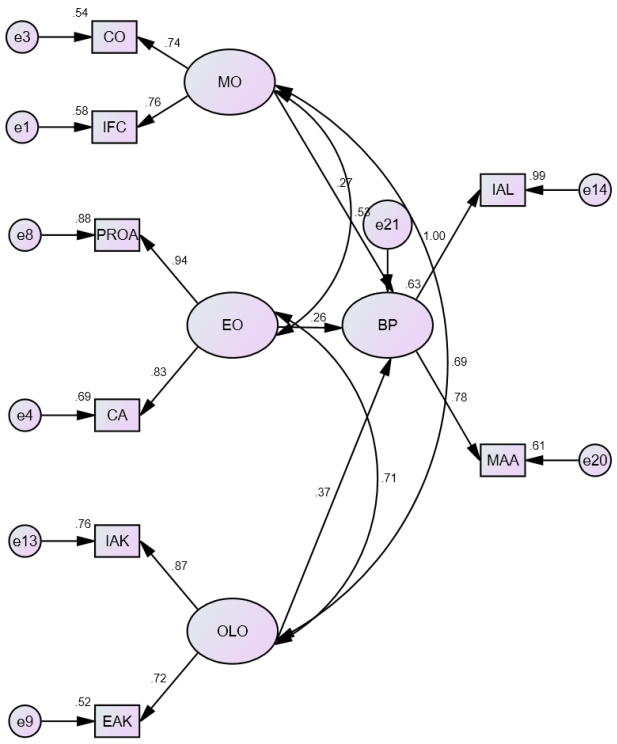

Figure 1. The Best Fit Model for Business Performance

IV. CONCLUSION

Based on the statistical scores, the following conclusions were drawn. First, market orientation and entrepreneurial orientation are of very high levels, while organizational learning orientation and business performance are of high levels, as suggested by their overall mean ratings. This means that micro entrepreneurs' market orientation and entrepreneurial orientation are always manifested; their organizational learning orientation is often manifested, and their business performance is very satisfactory. The test of the relationship between market orientation, organizational learning orientation, entrepreneurial orientation, and business performance revealed that the null hypothesis was rejected. Hence, a significant relationship between the exogenous and endogenous constructs was noted. Therefore, the relationship between market orientation corroborates with the findings of Kirca, Jayachandran, andBearden (2005); Razghandi, Hashim, andMohammadi (2012); Hanzaee, Nayabzadeh, andJalaly (2012); Julian, Mohamad, Ahmed, and Sefnedi (2014); Nayebzadeh (2013); and Sørensen (2009).

The significant relationship between organizational learning orientation and business performance is confirmed by the studies of these scholars (Azizi, 2017; Hoe & McShane, 2010; Jyothibabu, Farooq, & Pradhan, 2010; Mazlumi, Zamani, Syed, Naqvi, Mir Ali, Rabbani, and Arefeh, 2014; Som, Saludin, Shuib, Keling, Ajis, & Nam, 2010; Jiménez-Jiménez & Sanz-Valle, 2011; Hajipour & Kord, 2011; López, Peón, & Ordás, 2005) significantly outlined that organizational learning is the business' capability to maintain or improve performance (Simonin, 2017). For the relationship of business performance and entrepreneurial orientation, these researchers (Arief, Thoyib, Sudiro, & Rohman, 2013; Davis, Bell, Payne, and Kreiser, 2010; Lan & Wu, 2010; Campos & Valenzuela, 2013) confirmed that a link

exists.

V. RECOMMENDATION

Based on the foregoing finding, the following recommendations are offered: First, It is suggested that micro-business entrepreneurs may need to regularly check customer satisfaction through online surveys and customer-feed backing systems. This is a necessary approach to remain competitive in the industry. Banking on reliable customer satisfaction data through regular customer surveys may guarantee sales. It will furnish the necessary information for improvement and even modifications. To reinforce this strategy, good internal communication between and among business units would harmonize this measure. When the 'customer satisfaction' principle is established in every process and communicated in every organization unit, the parallelism of goals and actions are eventually implemented consistently.

Second, entrepreneurs may find it necessary to conduct thorough market research to determine the present market trends and introduce innovations and continuously improve the existing ones. The competitive nature of a business entity may also be considered by the entrepreneurs to aggressively compete and counter the innovations of its competitor to maintain its position in the market and ultimately survive amidst the stiff competition in the ever-changing and dynamic marketplace.

Third, it is suggested that micro-business entrepreneurs may tap existing business incubators in universities and government entities such as Department of Science and Technology and Department of Trade and Industry to incubate their business ideas as these agencies have the experts to help improve, sustain, and fund their viable ideas. The free training provided by the government agencies is the best way to improve and sustain a venture. The possibility of establishing a harmonious relationship between stakeholders is just a few of the surest ways to underwrite external knowledge acquisition. Coupled with this is the improvement of the internal knowledge in crafting a sound research and development policy for the enterprise that supports innovation, organizational processes, and new ideas. Entrepreneurs may also consider continuously experimenting on products/services, business processes, and even an organizational system.

Finally, in terms of business performance, it is suggested that micro-business entrepreneurs might devote more funding to new product development and investing in its human resources in the form of training. The ever-changing customer taste and the fast pace of trends were just a few clues for the business to fund new and innovative products, especially for millennials in the era of consumerism. It is also recommended that to keep abreast with the latest trends in the industry, sending employees for learning and development programs would allow them to quickly respond to the customer needs and requirements and eventually contribute to the aggregate performance of the enterprise.

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