

**A SYNTHESIS MODEL OF MARKET ORIENTATION
FOR A DEVELOPING COUNTRY – THE CASE OF
BANGLADESH**

by

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DECLARATION

I declare that this thesis is less than 100,000 words in length, exclusive of tables, figures, appendices and references. This thesis contains no material which has been accepted for the award of any other degree or diploma. To the best of my knowledge and belief, it contains no material previously published by another person, except where due reference is made in the text.

Mostaque Ahmed Zebal

To the “Allah Almighty”
who gave me this beautiful life
and made me understand the meaning of education

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ABSTRACT

Despite the substantial importance of the marketing concept and its implementation in the modern business arena extensive research has not been undertaken in developing countries. Market orientation models have only been developed and tested for developed countries. This need for a market orientation model that is applicable to developing countries underlies the principal purpose of this research to develop a synthesis model of market orientation and test it in a developing country. For this purpose, the researcher revisited the five leading market orientation perspectives including decision-making perspective (Shapiro, 1988), market intelligence perspective (Kohli and Jaworski, 1990), culturally based behavioural perspective (Narver and Slater, 1990), strategic perspective (Ruekert, 1992) and customer orientation perspective (Deshpande et al., 1993). Two synthesis issues, initial and vital, were identified from the five different perspectives that embodied the synthesis model of market orientation. The vital issues of the synthesis market orientation model were identified from the large body of literature, and a conceptual framework of market orientation was proposed. The conceptual framework considered internal and external factors as antecedents or determinants, and economic and non-economic performance as consequences, of market orientation and its four components (customer emphasis, intelligence/information generation, intelligence dissemination or interfunctional coordination and intelligence responsiveness or taking action). This framework was then tested in order to identify the linkage between market orientation and its antecedents and consequences.

Such efforts have been observed in the previous market orientation literature but this study is different from those of the previous studies on several grounds. Firstly, this study was done on a new dimension of market orientation, the synthesis dimension. Secondly, this study considered external factors as antecedents of market orientation along with internal organisational antecedents. Thirdly, this study considered both the economic and non-economic performance measures as consequences of market orientation. Finally, this study was done on a developing country market (Bangladesh) where no market orientation study has yet been carried out.

Both quantitative and qualitative research methods were used to arrive at a valid and convergent conclusion about the market orientation and its relationships with

antecedents and consequences. For this purpose, quantitative survey data were obtained from high officials of both marketing and non-marketing departments of the consumer goods manufacturing companies in Bangladesh. A total number of 120 companies participated. Two interviews from each company were undertaken and 216 usable questionnaires were received. Ten companies were selected for a qualitative case study and in-depth interviews were conducted with the chief executive officer (CEO), or with a designated high official assigned by the CEO, for each company. Hypotheses of the study were tested using stepwise regression analysis and multivariate analysis of variance (MANOVA). Inductive reasoning technique was used for coding and categorising the qualitative data, and the case study method was used for presenting the research results.

The findings of the study supported the hypotheses of the study and confirmed the applicability of the proposed market orientation framework. The findings of the study indicated that the market orientation of the consumer goods manufacturing companies in Bangladesh is determined by seven internal (top management emphasis, management training, centralisation, political behaviour, market based reward system, interdepartmental conflict, and interdepartmental connectedness) and three external antecedents/factors (competition, market turbulence, and general economy). The study also identified a significant effect of market orientation on both the economic and non-economic performance of business. The findings of this study are mostly consistent with the previous market orientation studies undertaken in developed countries.

At the final stage, the first synthesis model of market orientation for a developing country, Bangladesh, was offered on the basis of the findings of this study. This first synthesis model of market orientation for a developing country, that confirms the extended form of the vital issues, is still to be established as a generic model. Therefore, in order to verify its generic application, it is hoped that this model will be used as a starting point for further studies and be tested in other countries in the world, both developed and developing.

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CHAPTER 1

MARKET ORIENTATION – A KEY TO BUSINESS SUCCESS

1.1. INTRODUCTION

The marketing concept originated in the western developed countries after the industrial revolution. Over a period of many decades the concept of marketing has changed, evolved and passed through two distinct stages, production and sales orientation. At the end of the 1940s, production efficiencies were regarded as essential for achieving and maintaining a successful and prosperous business activity but in the 1950s researchers began to argue that marketers should pay more attention to the customers' needs and wants (Svensson, 2001). This fundamental principle is often referred to as the 'marketing concept', which replaces the product (emphasising product quality), production (emphasising product availability), and selling (emphasising sales volume) oriented philosophies.

McKitterick (1957) asserted that the marketing concept is a business philosophy that challenges the previous concepts. According to him, marketing concept is a customer oriented, integrated and profit oriented philosophy of business. Consistent with McKitterick (1957) other authors identified three aspects of the marketing concept: (1) the customer as a focal point of business activities, (2) the necessity of integrating marketing activities across functions, and (3) the need for a profit orientation (Barksdale and Darden, 1971; McNamara, 1972). According to McNamara (1972), marketing concept is a philosophy of business management; based upon a company-wide acceptance of the need for customer orientation, profit orientation, and recognition of the important role of marketing in communicating the needs of the market to all major corporate departments. Kotler (1998) also supported the work of Barksdale and Darden (1971) and McNamara (1972) stating that, the key to achieving organisational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors. According to Kotler (1998), marketing concept rests on four pillars: (1) target market, (2) customer needs, (3) integrated marketing, and (4) profit through customer satisfaction. In this connection, Walker et al. (1992) also asserted that the marketing concept is the most effective means of attaining and sustaining a competitive advantage and of

accomplishing company objectives, that initiate the planning and coordinating all activities for satisfying customer needs and wants. That is under marketing concept a company should place a major emphasis on the analysis of target market's needs and wants and deliver the desired satisfactions more efficiently and effectively than competitors in order to maximise its current profit.

Considering the above discussion, marketing concept can be defined as a consumer orientation represented by the ability to recognise targeted customers' generic wants, needs, and preferences and satisfy them by continuously creating and delivering superior value backed by an organisation-wide integrated effort of all functional areas within the organisation in order to achieve long-term corporate goals and objectives.

The marketing concept has been of substantial importance for many years in marketing and is one of the most significant and popular concepts that has been developed in the marketing literature (Svensson, 2001). Despite the importance of this concept and organisations' effort to achieve success through being oriented to their customers, it was not until the 1970s and 1980s that attempts were made to clarify implementation issues (Kotler, 1977; Shapiro, 1988). Since then, a new perspective for viewing marketing concept as implementation has emerged within the marketing literature. In this context, five different perspectives have been advanced that visualised market orientation as the implementation of marketing concept. These are: decision-making perspective, market intelligence perspective, culturally based behavioural perspective, strategic perspective, and the customer orientation perspective (Shapiro, 1988; Kohli and Jaworski, 1990; Narver and Slater, 1990; Ruekert, 1992; Deshpande et al., 1993).

While these five perspectives are discussed extensively in Chapter 3 in order to provide a clear understanding of market orientation and to develop a synthesis model of market orientation, an introduction to each perspective is outlined below.

The Decision-Making Perspective

One of the market orientation perspectives identified in the literature is the decision-making perspective proposed by Shapiro (1988). He conceptualised market orientation as an organisational decision-making process and specified three characteristics that

make a company market driven: (1) information on all important buying influences permeates every corporate function, (2) strategic and tactical decisions are made interfunctionally and interdivisionally, and (3) divisions and functions make well-coordinated decisions and execute them with a sense of commitment.

The Market Intelligence Perspective

Kohli and Jaworski (1990) proposed this perspective of market orientation and it has been well accepted among marketing scholars (Jaworski and Kohli, 1993; Raju et al., 1995; Selnes et al., 1996; Caruana et al., 1998; Pulendran et al., 2000). This perspective visualised market orientation as the implementation of marketing concept from the practitioner's point of view. This study concluded that a market-oriented organisation is one in which the three pillars of the marketing concept (customer focus, coordinated marketing, and profitability) are operationally manifest. This market orientation perspective posits that a market orientation entails: (1) one or more departments engaging in activities geared toward developing an understanding of customers' current and future needs and the factors affecting them, (2) sharing of this understanding across departments, and (3) various departments engaging in activities designed to meet selected customer needs. They defined market orientation as the organisation-wide generation of market intelligence pertaining to customers' current and future needs, dissemination of the intelligence across departments, and organisation-wide responsiveness to it.

The Culturally Based Behavioural Perspective

Narver and Slater (1990) proposed a conceptualisation of market orientation that considered profitability as a long-term objective of a firm. According to Narver and Slater (1990) market orientation consists of three behavioural elements: (1) customer orientation, (2) competitor orientation, and (3) interfunctional coordination. They defined market orientation as the organisational culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus, superior performance of the business continues.

The Strategic Perspective

Ruekert (1992) proposed the strategic perspective of market orientation. According to him, the level of market orientation in a business unit is the degree to which the business unit obtains and uses information from customers, develops a strategy considering customer needs, and implements that strategy by being responsive to customer needs and wants.

The Customer Orientation Perspective

Deshpande et al. (1993) proposed a divergent view of market orientation suggesting that it is synonymous with customer orientation. According to them, customer orientation is the set of beliefs that puts the customers' interest first, while not excluding those of all other stakeholders such as owners, managers, and employees, in developing a long-term profitable enterprise.

When these five perspectives are analysed/compared, several similarities can be identified that reflect a general agreement as to what constitutes the basis for a new dimension of market orientation, the synthesis dimension. Thus, these five perspectives are analysed in Chapter 3 in order to identify the general areas of agreement and to offer a synthesis dimension of market orientation.

1.2. RESEARCH CONTEXT

In the recent years, market orientation has been considered to be a critical issue for business success. In this connection, Narver and Slater's (1990) study was the first to identify market orientation as the determinant of a company's profitability and later (Slater and Narver, 1994a) even identified a stronger relationship between the market orientation and business performance (profitability, customer retention, sales growth, and new product success). Jaworski and Kohli (1993) also found market orientation to be an important determinant of business success and declared it to be the key to business success. Webster (1994) proposed market orientation as the survival element of the competitive business world. He noted that, to survive in the future, every business has to be customer-focused, market driven, global in scope, and flexible in its ability to

deliver superior value to customers whose preferences and expectations change continuously as they are exposed to new product offerings and communications about them. Considering the importance of market orientation, it has become an influential ingredient in today's market practice, marketing literature and marketing thought (Svensson, 2001). Thus, there has been a realisation in the modern business world that business undertakings should be customer oriented and marketers should pay close attention to the customers' needs and wants in order to achieve and maintain a successful business relationship.

The problem arises when a company needs to select a particular perspective from the different market orientation perspectives, as each of these perspectives faces a number of criticisms in the market orientation literature. In this connection, Cervera et al. (2001) noted two contributions/perspectives of market orientation that have been fundamental in leading to later studies (Kohli and Jaworski, 1990; Jaworski and Kohli, 1993; and Narver and Slater, 1990; Slater and Narver, 1994a, 1994b) are subject to criticisms in the literature. Cadogan and Diamantopoulos (1995) compared these two previous contributions/perspectives analysing convergences and divergences for each of the proposed conceptual and operational dimension and suggested that they must be considered as complementary and not as mutually exclusive. Thus, Cervera et al. (2001) proposed that, despite their importance and acceptance, both of these perspectives must be revised.

Dreher (1993) argued that Narver and Slater (1990) and Slater and Narver (1994a) defined market orientation as a culture, as a behaviour, as a decision criterion, and as a way to conceive management, but they did not specify the chosen paradigm to conceptualise culture and did not even operationalise market orientation as a culture.

Narver and Slater (1990) claimed that their conceptualisation of market orientation is consistent with Kohli and Jaworski's (1990) market orientation construct but this was opposed by Deshpande et al. (1993) who argued that the conceptual distinction made by Narver and Slater (1990) between a customer orientation and a market orientation is not entirely consistent with Kohli and Jaworski's (1990) definition. Deshpande et al. (1993) argued that a market is defined as the set of present and potential buyers of a particular

product (Kotler, 1991). Thus, they visualised customer and market orientation as being synonymous and distinguished customer orientation from a competitor orientation.

Kohli et al. (1993) also criticised Narver and Slater's (1990) operationalisation in three concrete points. Firstly, they claimed that, Narver and Slater's (1990) study identifies the market only as customers and competitors without considering the factors that influence them (environmental factors). Secondly, the study does not consider the speed with which market information is generated and disseminated across an organisation. Thirdly, their scale items do not reflect specific activities and behaviours that reflect a market orientation.

Kohli and Jaworski's (1990) conceptualisation is also questionable. Pelham (1993) noted that to embrace all dimensions of the market orientation construct as market intelligence generation and recognise it as a key element of market orientation is possibly too limited as it does not guarantee the comprehension of customers' needs, the response to those needs, and the capability of the organisation to provide value for its customers. At the same time, Kohli et al.'s (1993) MARKOR has also been criticised. Oczkowski and Farrell (1997) made the following criticisms: firstly, market orientation scope is based on an ambiguous and inconsistent conceptualisation of both market orientation and the marketing concept; and secondly, the scale does not include consumer and intermediaries' perceptions. Mavondo and Farrell (2000, p. 224) also criticised Jaworski and Kohli (1993) and Kohli et al. (1993) stating that, "their final model did not reach any level of acceptability and can be criticised for forcing an extraneous concept (respondent type) into the model".

Shapiro (1988) emphasised interfunctional involvements in every step of their conceptualisation but did not mention specifically about the profitability or consequence of market orientation. Though he mentioned about the understanding of the strength and weaknesses of the competitors, this was not included in the market orientation construct. This exclusion of competitors from the conceptualisation goes against the market orientation as Kotler (1994) mentioned that the key to achieving organisational goals consists in determining the needs and wants of the target markets and providing the desired satisfactions more effectively and efficiently than competitors. Thus, competitors should get an appropriate consideration in the market orientation construct.

Ruekert (1992) suggested obtaining and using information from the customer in order to set goals and objectives. In this connection, he identified the customers as the most critical external environmental factor and ignored the competitors in his conceptualisation.

The above limitations, criticisms and arguments suggest that none of the market orientation perspectives is comprehensive enough to determine the real picture of the market orientation of an organisation, and even if it is, it will be subject to doubt and criticisms. In this connection, Brownlie and Saren (1992); Nilson (1992); and Gummesson (1987) suggested that revising, updating, and revisiting market orientation should be done on a continuous basis. Thus, there is a need for revision of the different market orientation perspectives and for a new dimension to be proposed. Therefore, in this study of market orientation the researcher revisited the five different market orientation perspectives in order to develop a new dimension of market orientation on the basis of their areas of agreements.

Despite the criticisms and inherent differences among the different perspectives, today market orientation has been well implemented by the developed countries. However, with few exceptions, developing countries are far behind. In order to understand the current scenario of market orientation in a developing country, examination of market orientation in a country like Bangladesh, which was established as an independent nation in 1971, is necessary. In this respect, Bangladesh has been selected as appropriate, firstly, because it is the most densely populated country in the world (50 times higher than that the USA and six times higher than China) and one of the most populated developing countries (Salequzzaman and Stocker, 2001). The current population of Bangladesh exceeds 110 million (BBS, 1995), and is expected to increase to over 170 million by the year 2010 (World Bank, 1992). Secondly, the researcher himself is a Bangladeshi and more familiar with the Bangladesh culture than with other cultures and that will greatly enable the researcher to have a clearer understanding of the data.

As far as this researcher is aware, no research has been conducted to study market orientation in Bangladesh. In order to fill this gap an investigation needs to be carried out. For this purpose, consumer goods manufacturing companies have been selected as

appropriate because the marketing concept originated from within manufacturing firms and it was not until later on that it spread into other types of organisations (Liu, 1995). In addition, business orientation in manufacturing firms is more clearly reflected in the process of their product/business development and thus it is easier to measure than in non-manufacturing firms (Liu, 1995). In this connection, McNamara (1972) stated earlier that the consumer goods companies adopt and implement the marketing concept to a greater degree than industrial goods companies. Therefore, selecting consumer goods manufacturing companies in Bangladesh for this study is appropriate and rational.

1.3. RESEARCH PROBLEM

1.3.1. General Research Problem

Market orientation is critical for a firm's superior performance and long-term success in today's highly competitive business environment. Some authors have even argued that the adoption of the marketing concept is all but essential for survival in today's competitive environment (Levitt, 1960; Kotler, 1977; Crawford, 1983; Kotler and Anderson, 1987; Day, 1994). In this connection, research has been conducted in the USA, UK and in other industrialised countries that has clarified the importance of market orientation in business performance (Narver et al., 1993; Jaworski and Kohli, 1993; Slater and Narver, 1994a; 1994b; Raju et al., 1995; Greenly, 1995b; Pitt et al., 1996; Sargeant and Mohamad, 1999).

Despite the significant attention to market orientation in the marketing literature, three general problems can be identified. Levitt (1960) purported that marketing concept is not a 'fixed point in space', nor is its implementation always successfully achieved. Hence, Brownlie and Saren (1992) suggested that the practice of market orientation must be continually revised and revisited. Nilson (1992) also stressed the importance of revising the marketing concept. Gummesson (1987) stated that the present concept of marketing is unrealistic and requires a replacement. Rapp and Collins (1990) claimed that the traditional methods of marketing are not working as well as they used to. McKenna (1991) treated the marketing concept as a traditional approach to marketing and doubted that it could keep up with real customer wants and demands or with the

harsh competition. Thomas (1993) also doubted the continuing efficacy of the present market orientation.

Considering the replacing, revising and revisiting suggestions made for market orientation by the above studies, it is now necessary for a new dimension of market orientation to be proposed. For this purpose, the five different perspectives of market orientation developed in the literature including decision making (Shapiro, 1988), market intelligence (Kohli and Jaworski, 1990), culturally based behavioural (Narver and Slater, 1990), strategic focus (Ruekert, 1992), and customer orientation (Deshpande et al., 1993) can be targeted and taken into consideration in developing a new dimension. A new dimension is needed as the many alternative perspectives of market orientation may confuse organisations when they are not sure which one is the most appropriate for them to select. Further, these different market orientation perspectives are subject to criticisms (Dreher, 1993; Deshpande et al., 1993; Kohli et al., 1993; Pelham, 1993; Cadogan and Diamantopoulos, 1995; Oczkowski and Farrell, 1997, Mavondo and Farrell, 2000). The criticisms and doubts about the different perspectives and the confusion regarding the selection of a particular perspective from the many, can create pre and post-implementation dissonance within the organisation about the success of a selected perspective.

Thus, in order to overcome the dissonance and arguments about the revision and replacement of the market orientation perspectives, a new dimension of market orientation needs to be developed. Therefore, the aim of this study is to develop a synthesis dimension of market orientation from the five different market orientation perspectives and to propose an alternative conceptual framework of market orientation in order to identify the market orientation of the consumer goods manufacturing companies in Bangladesh.

Barksdale and Darden (1971); McNamara (1972); and Kotler (1998) asserted that, under the marketing concept, the goal of an organisation is to determine the needs and wants of the target markets and deliver the desired satisfaction more effectively and efficiently than competitors. When providing desired satisfaction better than the competitors, the question is, can that be achieved by implementing the marketing concept? As far as this researcher is concerned, this question has not yet been resolved in the market orientation

literature by investigating the link between market orientation and customer satisfaction for the profit organisations, specifically, for the consumer goods manufacturing.

Kotler (1988) asserted that a market orientation leads to greater customer satisfaction and that results in repeat purchase. In this connection, Sargeant and Mohamad (1999) suggested that future study should consider customer satisfaction as a performance measure and explore the market orientation-customer satisfaction link. Pulendran et al. (2000) argued the case for a broader spectrum of performance measures (especially, non-economic measures), but that is yet to be explored.

Although, Kohli and Jaworski's (1990) field study suggested that the economic performance (profitability) and non-economic performance (employees' organisational commitment and esprit de corps, and customer response including customer satisfaction and repeat business) are the possible consequences/outcomes of the market orientation, it is notable that, as far as this researcher is aware, very few studies have focused on identifying the market orientation and non-economic performance relationship (Jaworski and Kohli, 1993; Gainer and Padanyi, 2002). In addition, customer satisfaction is yet to be considered and statistically tested as the consequence of market orientation. Thus, this study of market orientation among the consumer goods manufacturing in Bangladesh explored customer satisfaction along with other economic and non-economic performance measures.

A significant number of studies have been done on identifying the link between market orientation and its antecedents and consequences. While identifying the link between market orientation and its consequences, some of the studies examined the moderating effect of external variables on the relationship between market orientation and profitability and some of them identified the direct relationship without considering the external factors. As far as this researcher is aware, very few (Avlonitis and Gounaris, 1999; Cervera et al., 2001) of the market orientation studies to date have considered the external factors as antecedents of market orientation in determining the relationship between market orientation and economic or non-economic business performance. Cervera et al. (2001) viewed all the environmental variables as environmental turbulence and found this significant in determining the level of market orientation. Hence, they suggested considering other external variables as antecedents to check if all

of them contribute to the determination of the level of market orientation in the same manner. Although, Jaworski and Kohli (1993) only considered internal organisational factors as antecedents of market orientation, they noted that both internal organisational as well as external factors could be considered as antecedents of market orientation. Thus, it is a rational step to consider the external factors as antecedents along with the internal organisational factors when determining the level of market orientation.

Apart from the above general problems, there are also other research problems that can be identified in developing countries and in Bangladesh. Thus, the next two sections will explore the research problems in developing countries and in Bangladesh.

1.3.2. Research Problem in Developing Countries

Despite the importance of market orientation in the modern business world, the need for market orientation investigations in the developing countries is still ignored by researchers. As far as this researcher is aware very few efforts have been taken to study market orientation comprehensively in a developing country market. One study (Akimova, 2000) on Ukrainian firms investigated the competitiveness of industrial firms and its relationship with the level of market orientation. It was found that different levels of development of market orientation (agnostics level that is almost no marketing activities, developed market orientation level, production orientation level, and sales orientation level) represented different levels of practicing marketing functions by the managers. These findings support those of Kotler and Levy (1969), and Marinov et al. (1993) who argued that the adoption of marketing is a gradual process which starts from the agnostic stage and passes through production orientation and sales orientation stages towards a well-developed market orientation stage.

Another market orientation study carried out in China by Deng and Dart (1999) was limited to the adoption of market orientation and found that the state-owned firms were becoming increasingly involved in marketing because they were no longer allocated production inputs and their outputs were not assigned to prearranged buyers. In this connection, they also asserted that China is far from being a typical market economy.

None of these studies explored the factors that determine the market orientation nor did they check the consequences of market orientation. In addition, these studies cannot be generalised for other developing countries as both were done in a transition economy.

Bhuiyan (1996) noted the differences in the dynamics of the developing country markets to those of developed countries and transition economies but later contradicted his earlier statement by directly replicating the Jaworski and Kohli's (1993) study in Saudi Arabia (Bhuiyan, 1997; 1998). In addition, Harris and Piercy (1999) postulated that the market orientation study in a single country might produce findings that are culture-specific and suggested that it would be inappropriate to generalise them to other settings. By the same reasoning, it would also be inappropriate to directly apply a market orientation model from a developed country to a developing country. The literature review indicates that the market orientation literature still lacks a market orientation model that can be implemented in both settings, that is in both developed and developing countries.

Therefore, to fill this research gap a generic market orientation model/framework needed to be proposed that can be applied to any settings in developed or developing countries, and it was the purpose of this study to propose a new framework of market orientation. While this study tested the applicability of the proposed framework for a developing country (Bangladesh), further study will be required to examine the applicability of this framework in developed countries.

A market-oriented company is one that successfully implements or applies the marketing concept (Blankson and Stokes, 2002). However, the successful implementation of the marketing concept in an organisation requires certain internal and external conditions to be fulfilled (Kohli and Jaworski, 1990; Jaworski and Kohli, 1993; Harris and Piercy, 1997; Harris, 2000; Pulendran et al., 2000). Once these conditions are fulfilled or met by an organisation, market orientation is developed and that leads to better business success (Narver and Slater, 1990; Jaworski and Kohli, 1993). Thus, a complete framework of market orientation should consider three issues: firstly, the components of market orientation, secondly, the conditions of implementing the marketing concept, and finally, the business success indicators. Therefore, the proposed market orientation framework in this study considered the components of synthesis

market orientation derived from the different market orientation perspectives, the conditions that determine the level of market orientation, and the success indicators that result from market orientation.

1.3.3. Research Problem in Bangladesh

Since Bangladesh has been selected for the study among the developing countries, it is important to clarify the research problem for this country, where a small number of case studies (Zebal, 1999; Zebal, 2000) have been conducted to examine the practice of the marketing concept. In one case study in Bangladesh, a local manufacturing company was found to have failed to provide appropriate support and leadership for adopting and implementing the marketing concept, even though, the company was leader in that particular sector in terms of market share, employees, and turnover (Zebal, 1999).

On the one hand, general anecdotal observations by the researcher of the present study indicate that most of the consumer goods manufacturing companies in Bangladesh generally do not care about customer satisfaction but are concerned with their own interests and as a result, in most cases, neither customer satisfaction nor better business performance is achieved. On the other hand, in 1996, a specific anecdotal event witnessed that, a soap company in Bangladesh, 'Aromatic Soap Company', introduced a 'Halal Soap' considering the religious sentiment of the country and captured a significant proportion of the market share from multinational company 'Lever Brothers'. 'Lever Brothers' brought a lawsuit against the 'Aromatic Soap Company' to justify the authenticity of the 'Halal Soap', and after a vigorous testimony and examination, the court dismissed the case in favour of the defendant (Aromatic Soap Company). 'Aromatic Soap Company' emphasised the needs, wants and the religious sentiment of the Bangladeshi consumers prior to introduction of the 'Halal Soap'. This event actually is contrary to the general anecdotal observations and so questions the extent of the market orientation of Bangladeshi companies because of the lack of detailed market orientation research.

The literature review indicates that, to date, no study has been conducted in Bangladesh to develop a framework of market orientation that provides guidelines on the conditions required for implementing the marketing concept or to determine the level of market

orientation. Further, there has been no research undertaken to investigate whether implementing the marketing concept or the level of market orientation leads to better business success. The lack of quality, detailed research in this area not only hinders the policy makers in developing effective strategies but it also hinders the consumer goods manufacturing companies in Bangladesh who are still not aware about the conditions for becoming market-oriented, and would not realise even if they were market-oriented. This study, therefore, will break new ground for an understanding of market orientation of the consumer goods manufacturing companies in Bangladesh by investigating the above areas, and will be worthwhile both for the consumer goods manufacturing companies and the economy as a whole.

1.4. OUTLINE OF THE THESIS

This thesis contains eleven chapters. Chapter two provides an overview of market orientation. In Chapter three the five different market orientation perspectives are explored and a synthesis dimension of market orientation is developed. Chapter four provides a literature review on the identification of the antecedents and consequences of market orientation. In Chapter five a conceptual framework of market orientation is proposed based on literature review. Chapter six provides a detailed discussion on the research design for this study. In Chapter seven the preliminary data analysis for the quantitative research is explored. In Chapters eight and nine the quantitative and qualitative research findings are reported. A comparison of the research findings of the quantitative and qualitative research together with a discussion of the consistency of the quantitative results with previous research findings are reported in Chapter ten. Finally, in Chapter eleven conclusions are drawn and recommendations are made for further research.

CHAPTER 2

MARKET ORIENTATION – AN OVERVIEW

The aim of this chapter is to provide an overview of market orientation. This chapter provides an outline of the general issues including the historical evolution of market orientation, the superiority of marketing concept over other aspects, a brief history of market orientation literature, and finally, the distinction between market orientation and marketing orientation.

2.1. HISTORICAL EVOLUTION/STAGES OF MARKETING CONCEPT

In order to understand market orientation related issues clearly, a short study of marketing history reveals some important guidelines. In early 1952, General Electric (USA) stated that their new marketing philosophy would take ‘the marketing man’ to the beginning of the production cycle rather than to the end of it and integrate marketing into each phase of business (Berkowitz et al., 1989). Dalgic (1998) asserted that General Electric was the first US company to officially accept the marketing concept as the company philosophy, emphasising customers needs and wants. Bartels (1962) noted that in 1950s there was a growing need for problem-solving salespeople who could understand the customers’ needs and offer solutions. This need actually created the practice of customer problem-solving. It required a new approach and expected the ‘salesmen’ to be closer to their customers in order to understand their needs and problems. This understanding of the customers and their needs slowly spread into all activities of business and it was the manifestation of a new marketing philosophy; the marketing concept and later marketing or market orientation. This marketing concept/marketing or market orientation obviously has evolved through a number of stages.

Keith’s (1960) article is one of the earliest articles in the marketing literature on marketing concept. He stated that the production era was an era when the demand for goods generally exceeded the supply and the primary focus of the business was to efficiently produce large quantities of products. He noted the philosophy of the Pillsbury company which characterises the production stage: “Blessed with a supply of the finest North American Wheat, plenty of water power, and excellent milling

machinery, we produce flour of the highest quality. Our basic function is to mill high-quality flour, and of course (and almost incidentally) we must hire salesmen to sell it, just as we hire accountants to keep our books” (p. 37). He also suggested that movement from the production phase through the sales phase and later through the marketing phase has been an evolutionary process and that this leads to any organisation becoming a stronger entity. Houston (1986) mentioned that this evolutionary process is the correct one for all organisations. Thus, a detailed understanding of this evolutionary process is critical in order to identify the origin of the marketing concept, which is discussed below.

2.1.1. The Evolutionary Process

The Production Oriented Phase

The production era dates from about 1870 until 1930. Fullerton (1988, p. 108) stated that, “For more than a generation the concept of the production era dominated the understanding of marketing’s past held by students and scholars”. According to him there are several characterising features of the production phase.

Firstly, firms focused their attention largely on physical production in order to overcome age-old constraints on supply. They used new technologies and more efficient management techniques, and in this phase distribution was a secondary concern, left to the independent wholesalers and retailers. Secondly, research regarding customer needs was less important in this phase as output consisted of limited product lines whose conception and design reflected production requirements more than research into customer needs. Thirdly, insight into customer needs was not crucial in this phase because demand exceeded supply and disposable income and desire for any available products grew rapidly on a continuous basis among the broad populace. Fourthly, in this phase there was little competition in each product market. Finally, under this phase, wholesalers and retailers did not need to develop sophisticated methods because ‘products sold themselves’ without much effort and distributors were peripheral to business enterprises, especially retailers whose locus was manufacturing firms.

The production era has been considered as a major component of the minimal marketing history taught to marketing students in the USA and UK. Fullerton (1988) mentioned

that, in a sample of eleven American texts, nine have explicit descriptions of it (Stanton, 1984; Assael, 1985; Berkowitz et. al., 1986; Evans and Berman, 1985; Mandell, 1985; Mentzer and Schwartz, 1985; Rachman, 1985; Schoell, 1985; Kinnear and Bernhardt, 1986). The other two texts are less explicit but convey a similar message (Bagozzi, 1986; Cravens and Woodruff, 1986). Recently, Kotler (1998) also described the production concept in a similar way. According to him, under the production concept, managers used to believe in mass production and making productions widely available so that people can buy without much effort. In Britain, Oliver (1980) presented the production concept explicitly and Smallbone (1972) implicitly. Miller and Layton (2001) stated that the manufacturers in the production oriented stage typically focused on increasing output while assuming that customers would look for, and buy, reasonably priced, well-made products.

This production oriented form of organisation predominated until about the start of the Great Depression in the 1930s in Western countries and is still to be found today in some countries in the world (Miller and Layton, 2001).

The Sales Oriented Phase

The depression in the 1930s changed the perceptions of the production era. Mass production or growing enough no longer remained the focus, but rather how to sell the products or services. This phase started with the poor economic conditions in the 1930s and ended in the 1950s when some desperate firms were motivated to pursue 'hard selling'. In this phase managers began to realise that if the customers were left alone they would not normally buy and so massive promotional efforts were required to sell products or services. Thus, the sales oriented stage was characterised by the reliance on massive promotional activities to sell the products or service. In this connection, Fullerton (1988) mentioned that 'Selling Delco Light', circa 1925, was also encouraged by the Great Depression and became motivated to 'hard sell' through using some of the sales manuals that influenced the buyers regarding their purchases. Hence, Comyns and Jones (1927, p. 147) noted that, "obvious pressure to buy may lose the customer for the future even though it makes the immediate sale". In this phase, selling developed an unsavoury reputation in the eyes of many, it was the period of overly aggressive selling – the 'hard sell'. Apart from the 'hard selling' approach, some unscrupulous tactics for

example 'selling more increases profit', 'selling is the goal and not customer satisfaction' also evolved during this period (Miller and Layton, 2001). At the beginning of the 1950s, with the recovery from the depression, business organisations started realising that it is almost impossible to face competition with this type of company philosophy and exist in the market place for a long period of time. This realisation pushed the business organisations into satisfying customers better than the competitors do, and accepted this as a new philosophy of doing business, called marketing concept. Though, marketing concept has become the prescription for facing competition, "old habits die hard" (p. 11) and even to date some organisations still believe that they must use the 'hard-sell' approach for business success and prosperity (Miller and Layton, 2001).

The Marketing Concept Phase

As mentioned earlier, this phase holds that customer needs and wants should be the starting point for any marketing process and no longer the aggressive sell. In this connection, McKitterick (1957) stated that the principal task of the marketing function in a management concept is not so much about being skilful in making the customer do what suits the interests of the business as to be skilful in conceiving and then making the business do what suits the interests of the customer. Keith (1960, p. 35) asserted that, "Our attention has shifted from problems of production to problems of marketing, from the product we can make to the product the consumers wants us to make, from the company itself to the market place." Levitt (1960) described another concept related to the marketing concept called 'marketing myopia'. He argued that, marketers believe that, because the current situation is profitable, they do not realise that changes in the market place must be handled with great respect and thus, they neglect the changes. In addition, the concept of marketing mix has also been recognised (McGarry, 1950; Frey, 1961; Lazer and Kelley, 1962; Borden, 1964; McCarthy, 1964; Booms and Bitner, 1982; Kotler, 1986; and Judd, 1987). However, these two contemporary concepts should not be viewed as separate concepts as 'marketing myopia' is the negative consequence of the absence of marketing concept and the concept of marketing mix is a precondition of the marketing concept.

Though the principle of marketing concept was mentioned in the literature at the beginning of the twentieth century, the realisation of developing marketing concept as a company philosophy was witnessed in the 1950s, and the acceptance of it started in the mid-1960s (Day and Wensley, 1983; McGee and Spiro, 1988). In this connection, Shaw (1912, p. 736) noted that, “goods are being made to satisfy rather than to sell.” He also mentioned that, “today the more progressive business man is searching out the unconscious needs of the consumer, and is then producing the goods to gratify them” (p. 708). Fullerton (1988) capitalised on Shaw’s (1912) argument and offered a new periodisation of modern marketing’s historical development. This new historical development of modern marketing by Fullerton (1988) is briefly discussed below.

2.1.2. Fullerton’s (1988) Historical Development of Modern Marketing

Setting the Stage: The Era of Antecedents

The long gestational period began in the 1500s in Britain and Germany and in the 1600s in North America as the continent began to be settled (Fullerton, 1988). According to Schumpeter (1936), important breakthroughs in business thinking and practice were made in a very difficult environment in this stage as innovations were taking place vigorously without which modern marketing could not have developed later. The observations in this era are detailed below:

(1) Capitalism was in its early stage of development and the dominant value system held commerce to be little better than criminality. (2) Most of the basic facilitating institutions of finance and distribution did not exist and means of production and transportation were primitive. (3) Political, religious, and social forces resisted almost any increase in the prevailing low levels of consumption. (4) 75-90% of the populace was self sufficient, rural, and viscerally opposed to change. (5) Business people were unable to develop a mass market. (6) The early capitalist business people cultivated markets for luxury goods among the nobility and small but growing urban middle class, for armaments among governments, and for textiles and some staples among 10-25% of the population. (7) Profit-making commerce became more respectable due to the capitalist attitude (Hirschman, 1977; Hernandez, 1985). (8) The early versions of key distributive institutions such as fixed location retail shops, advertising, wholesale trade, and travelling salespeople originated in this era. (9) Finally, financial institutions

(banks, stock exchanges, paper money, and formal credit mechanisms) were also developed at this time (Fullerton, 1988). These observations collectively became the antecedents of modern marketing.

Modern Marketing Begins: The Era of Origins

This era started in Britain about 1750 and in Germany and in the United States around 1830. This period marks the beginning of extensive attention to stimulating and meeting demand among nearly all members of society. This attention to stimulating and meeting demand among all the members of all the societies characterises modern marketing. This modern marketing is the result of the onset of the ‘Industrial Revolution’ in production and of the highly aggressive attitudes of high capitalism in business life. The following observations can be made about this period:

Firstly, large-scale markets were developed because of the improvements in production and transportation. Secondly, taking vigorous promotion, identifying target markets for special attention, and designing products to appeal to the potential buyers took place in this era. Finally, competition intensified in this era and as a result the pervasiveness and impact of marketing activities increased. Marketing began to be considered as one of the central activities of everyday life.

The era of origins was over in Britain by 1850 and continued in the United States and Germany till 1870 (Fullerton, 1988).

Building a Superstructure: The Era of Institutional Development

This era started in Britain from 1850 and in Germany and in the United States from about 1870 and lasted until 1929 in all three countries. Many of the practices of modern marketing appeared for the first time in this era. Braitwaite and Dobbs (1932) and Hirsch (1925) mentioned that the major institutions and marketing activities were changed in this era because of experience from the previous era, e.g. the changes in production and transportation necessitated changes in marketing practices and, especially, changes in institutions. The observations in this era are detailed below:

Firstly, there was an increase in the physical separation between producer and buyer and the need for intermediaries to effectively understand, communicate and distribute products to the present and potential customer. Secondly, the presence of advertising, market research, better physical distribution, and expanded retailing helped in the identification of the customer requirements. Finally, marketing activities occupied more of the workforce.

Thus, in this era conservative reaction against modernity made marketing (especially advertising) a prime target, resulting in some regulatory restraints as well as a body of criticism (Fullerton and Nevett, 1986).

Testing, Turbulence, and Growth: The Era of Refinement and Formalisation

The present period is the era of refinement and formalisation, which started from about 1930. Current marketing is a result of continuous development through turbulent episodes and prosperity. It has survived from some severe attacks like consumerism and other distrustful movements during the depression decade of the 1930s and again during the late 1960s to mid 1970s. Market analysis is the most important element in this era where methods of gathering, measuring, and evaluating market information are subject to continuous improvements. The customer has become a formal issue of any organisational objective and thus, companies are searching for innovative tools to serve their customers better than their competitors do. Hollander (1986) stated that the marketing concept has become a formally articulated firm goal, whereas earlier it had been practiced more than was realised but not articulated. Thus, marketing concept was implemented by the business organisations in the earlier periods but the difference between marketing concept of the current era and earlier eras is the nature of its implementation. Currently it is considered as a formal issue whereas previously it was an informal issue.

While there are differences of opinion regarding the evolution of marketing concept, it is generally recognised that marketing concept is the key to modern business success (McKitterick, 1957; McNamara, 1972; Narver and Slater, 1990; Jaworski and Kohli, 1993).

2.2 THE ACCEPTABILITY OF MARKETING CONCEPT OVER OTHER PHILOSOPHIES

There are several business philosophies available in the market place from which organisations select their own on the basis of their interests and objectives. It has been argued that the implementation of the marketing concept in organisations requires the maintenance of a particular managerial philosophy or orientation (Levitt, 1960; Drucker, 1973; Bonoma, 1985; Masiello, 1988; and Day, 1990). Payne (1988) noted that most organisations exhibit a range of conflicting philosophies that provide problems for the implementation of such a concept. Thus, in order to achieve its organisational objectives it is important for a company to choose a particular philosophy. The prominent managerial philosophies that are identified in the literature are: (1) cost philosophy, (2) product philosophy, (3) production philosophy, (4) sales philosophy, and (5) marketing philosophy.

The acceptability of marketing concept in the modern business world has grown over time because of its superiority and also has been identified as the best business philosophy (McKitterick, 1957). A short review of each philosophy is required in order to justify the superiority and acceptability of marketing concept over the other philosophies.

(1) Cost philosophy: Managers working under this philosophy believe that the only way to improve profits is to reduce marketing and production costs. Thompson (1993) mentioned that the cost concept is generally considered to be short-term and is a 'disinvestment' approach commonly used as a strategy of retrenchment.

(2) Product philosophy: Managers working under this philosophy believe that the quality of the product allows the product to sell itself and the customer will always need quality products. This means that product quality is the tool to attract customers. Dixon and Diehn (1992) noted that the product philosophy is reflected in organisations that have aggressive research and development.

(3) Production philosophy: Managers working under this philosophy believe in making the product widely available so that consumers will buy more. The main theme of this

concept is 'the more we make the more profitable it becomes'. This means that the production philosophy is concerned with capacity creation and volume production (King, 1985). Baker (1983) suggested that this approach requires the identification and development of markets and manufacturing and production issues assume much greater significance in decision-making.

(4) Sales philosophy: Managers working under this philosophy believe in placing a major emphasis on selling and promotion efforts to ensure sales. The theme of this concept is that if the customers are left alone normally they will not buy. Therefore a massive promotional effort is required. Houston (1986) noted that the sales philosophy engages an organisation to seek out customers aggressively and persuade them to consume existing offerings. The idea here is to sell more in order to make more profit.

(5) Marketing philosophy: Managers working under this philosophy believe in placing a major emphasis on the analysis of target market needs and wants and deliver the desired satisfactions more efficiently and effectively than competitors. Raymond and Barksdale (1989) purported that the marketing concept provides a single prescription for running a successful business. Thus, the consumer must be recognised and accepted as the focal point for all business activities, and knowledge of customer needs and wants should be the starting point for all major business decisions. Marketing concept is the combination of some specific techniques by which a company seeks to identify and satisfy customer needs (McGee and Spiro, 1988). The concept involves what is commonly referred to as the marketing mix, the marketing tools a manager combines in a specific way to deal with a specific marketing situation.

Webster (1994) defined marketing concept as an involvement of 15 interrelated ideas that includes: (1) creating customer focus throughout the business, (2) listening to the customer, (3) defining and nurturing distinctive competence, (4) defining marketing as market intelligence, (5) targeting customers precisely, (6) managing for profitability, not sales volume, (7) making customer value the guiding star, (8) letting customer define quality, (9) measuring and managing customer expectations, (10) building customer relationship and loyalty, (11) defining the business as a service business, (12) committing to continuous improvement, (13) managing culture with strategy, (14) growing with partner and alliances, and (15) destroying marketing bureaucracy.

According to Webster managers under the marketing concept are guided by the above ideas, which serve as guidelines for the market driven manager.

Thus by capitalising on above discussion, the following arguments can be made in favour of the marketing concept:

(1) Reduction of marketing cost suggested by the cost concept in fact involves the reduction of marketing activities such as, marketing research and development, promotional activities, and intermediary activities. It is true that production cost can be reduced by minimising marketing cost but enough sales cannot be ensured without marketing activities. In the long term, reduction of production cost in fact depends on the large volume of production and this cannot be achieved without initiating appropriate marketing activities. Marketing research helps in identifying customer needs and wants and suggests what to produce and not to produce. Promotional activities such as advertising let the consumers know about the products and services and at the same time persuade them to buy. Sales departments make sure of achieving the target sales, and intermediaries fill the gap in between the manufacturer and consumer. Insurance bear the risk of the manufactured product. This means that marketing activities are critical in every aspect of business function, starting from the beginning of production to consumption and even after consumption to build a manufacturer-customer relationship.

(2) Manufacturers should consider the needs and wants of the customers while providing quality products, otherwise they will suffer from 'marketing myopia', that results in a loss of market share to the competitors (Levitt, 1960). Levitt (1960) argued that, when considering only the current profitable situation, manufacturers neglect the changes in the marketplace that require much attention and care. As a result competitors who pay attention to changes capture the market share. Thus, not only making the quality product but also customer needs and wants should be a priority.

(3) Customers in this era do not purchase if a product does not match their requirements regardless of its wide availability and low cost. They purchase only if a product meets their requirements. This means that meeting the customers' requirements is the most important precondition of the wide availability and low cost of a product.

(4) Kotler (1991) stated that the selling concept assumes that consumers typically show buying inertia or resistance and have to be coaxed into buying, and that the company has available a whole battery of effective selling and promotion tools to stimulate more buying. But a product that is not required by the customers cannot be sold with mass promotional efforts. Therefore, companies have to change their attitude from 'selling what they make' to 'selling what the market wants'.

(5) None of the philosophies, except marketing concept, considers customers needs and wants in making a product. Business performance is in fact a consequence of the marketing concept. Thus both economic and non-economic performance including profitability, repeat business, customer satisfaction, large-scale advantage, employees' organisational commitment and team spirit are the results of marketing concept (Kohli and Jaworski, 1990; Jaworski and Kohli, 1993; Narver and Slater, 1990).

It can be concluded from the above discussion that marketing concept is the best philosophy to be implemented by any kind of organisation. Akimova (2000) supported this conclusion when he examined the relationship between performance and different philosophies and found only marketing concept related to business success. Marketing concept has attracted the attention of many marketing scholars because of its superiority over other philosophies. Thus, the next section will provide a brief history of market orientation literature.

2.3. MARKET ORIENTATION LITERATURE: A SHORT HISTORY

Liu (1996) identified three chronological periods of market orientation literature dated from the late 1950s to the early 1990s. However, a fourth chronological period can be identified from the subsequent literature concerning the major market orientation issues. These four chronological periods can be named as era of introduction, era of barriers and revision, era of conceptualisation and operationalisation, and era of establishment and replication.

2.3.1. Era of Introduction (late 1950s to the early 1960s)

In this period, the literature mainly focused on the meaning, implication, and implementation of the marketing concept (Togesen, 1956; Borch, 1957; McKitterick, 1957; Smith, 1958; Allen, 1959; Felton, 1959; Keith, 1960; Levitt, 1960, 1962; King, 1963; Lear, 1963).

2.3.2. Era of Barriers and Revision (late 1960s to the early 1980s)

From the late 1960s, attention turned to the problems or barriers in the adoption of the marketing concept and ways of surmounting them within the organisation (Saunders, 1965; Levitt, 1969; Ames, 1970; Kaldor, 1971; Shapiro, 1977; Stampfl, 1978). The application of the marketing concept started to spread beyond conventional consumer-packaged-goods industries to other industries, such as retailing (Fram, 1965), aerospace business (Reynolds, 1966), health service (Zaltman and Vertinsky, 1971), fund raising (Mindak and Bybee, 1971), the promotion of social objectives (Kotler and Zaltman, 1971), nursing (Lewis, 1977), library and information services (Oldman, 1977), and service or non-profit organisations in general (Kotler and Levy, 1969; Kotler, 1972). Issues on consumerism associated with the marketing concept were addressed (Buskirk and Rothe, 1970; Bell and Emory, 1971; Kotler 1972; Rothe and Benson, 1974). Kotler (1972) proposed a 'societal marketing concept' to respond to the new consumerism. The marketing concept was seen as outmoded, and so a 'new concept' was proposed (Dawson, 1969; Lavidge, 1970; Rothe and Benson, 1974). The adoption of the marketing concept made companies increasingly reliant on customer oriented sources for new product ideas, and resulted in a proliferation of imitative products at the expense of technological breakthrough (Bennett and Cooper, 1979; 1981; Riesz, 1980; Hayes and Abernathy, 1980).

2.3.3. Era of Conceptualisation and Operationalisation (1980s to the early 1990s)

Corporate culture influences the transformation of corporate information (Lorsch, 1986). Empirical research showed a positive correlation between the corporate culture and a customer orientation and marketing effectiveness (Dunn, Norburn, and Birly, 1985). The traditional marketing belief that corporate orientation has experienced a

transition from production to sales and finally to marketing was challenged (Fullerton, 1988) and an alternative model concerning the historical marketing evolution has been proposed (Fullerton, 1988). The marketing concept has further been examined from a viewpoint of information. This examination has concluded that the marketing concept has been established as the optimal management philosophy when it is not necessarily so in all instances, and there are many examples of poor marketing practices which have been adopted in the name of the marketing concept (Houston, 1986).

In response to the previous criticism of the marketing concept, numerous researchers have sought to refute the challenges to the marketing concept and to defend its validity (Lawton and Parasuraman 1980; Parasuraman, 1981; Webster, 1981; 1988; Gaski, 1985; McGee and Spiro, 1988). In the late 1980s and early 1990s five different perspectives were advanced in the literature to operationalise the market orientation construct including decision-making perspective, market intelligence perspective, culturally based behavioural perspective, strategic focus perspective, and customer oriented perspective (Shapiro, 1988; Kohli and Jaworski, 1990; Narver and Slater, 1990; Ruekert, 1992; and Deshpande et al., 1993).

2.3.4. Era of Establishment and Replication (early 1990s to date)

The relationships of market orientation with its antecedents and consequences were established and interest in replicating the different market orientation perspectives has grown tremendously during this period. Most of the market orientation studies were carried out following the work of Shapiro, 1988; Kohli and Jaworski, 1990; Narver and Slater, 1990; Ruekert, 1992; and Deshpande et al., 1993. The market orientation studies carried out in this era are as follows.

Glazer (1991) and Glazer and Weiss (1993) were built on the work of Shapiro (1988). While Glazer (1991) considered information or knowledge as an asset to be managed, and a variable to be researched with a conceptual framework and a series of research propositions, Glazer and Weiss (1993) identified the importance of the decision process and the time sensitivity of information in a turbulent environment.

Several studies have been built upon the work of Kohli and Jaworski (1990). Cervera (1998) chose to investigate the intelligence perspective with some adaptation and proved the behavioural model to be reliable and valid for local governments. In a more recent study Cervera et al. (2001), in order to understand the market and satisfy the citizens of the country again identified the activities of information generation, information dissemination and response to market information. Avlonitis and Gounaris (1999), placed emphasis on the company's behaviour to collect intelligence, disseminate intelligence company-wide and designing company's response on the basis of collected market intelligence and suggested that a company should perceive these market-oriented activities as a prerequisite. In an earlier study by Avlonitis and Gounaris (1997) a positive relationship between market orientation and business performance was indicated. Cadogan et al. (1998) capitalised on the intelligence perspective in order to identify the market-oriented behaviours, antecedents, and performance consequences in the export sector in two different countries. While identifying the market orientation and its antecedents and consequences, they also examined the moderating effect of the export environment and found the intelligence perspective positively related to performance.

Hart and Diamantopoulos (1993) found a positive relationship between market orientation and business performance and suggested that this should be adopted in daily business practice. Jaworski and Kohli (1993) tested their earlier intelligence perspective model (Kohli and Jaworski, 1990) and found it to be positively related to business performance. The study also identified a positive relationship between market orientation and its antecedents. Kohli et al. (1993) revised the Jaworski and Kohli's (1993) 32-item market orientation scale and developed a 20-item MARKOR scale. Maltz and Kohli (1996) worked on intelligence dissemination and identified non-linear effects of both dissemination frequency and formality on perceived intelligence quality. Their study also found that the frequency with which market intelligence is disseminated is related to interfunctional distance, joint customer visits, sender's personal power, receiver's organisational commitment, and trust in a sender. Jaworski and Kohli (1996) have worked on refining and redirecting the intelligence perspective of Kohli and Jaworski (1990).

Selnes et al. (1996) conducted a cross-cultural study of market orientation of companies in the USA and in Scandinavia. Their study identified that the organisational antecedents are affected by national context (culture and political-economy of the country), that the effects of the antecedents are similar in the USA and in Scandinavia, and that market orientation affects overall performance and esprit de corps in both cultures.

Cadogan and Diamantopoulos (1995) worked on the integration and internationalisation of Narver and Slater (1990) and Kohli and Jaworski's (1990) market orientation construct. They compared the conceptual and operational dimensions of both constructs and commented that they are complementary and mutually exclusive. Diamantopoulos and Cadogan (1996) in their study discussed the respondents' view with regard to intelligence generation essential to market orientation, dissemination of intelligence, responsiveness to that intelligence and its coordination. The study concluded that export firms that demonstrate a high degree of market orientation are involved in generating, disseminating, and responding to market intelligence.

Han et al. (1998), basing their work on that of Narver and Slater (1990), examined the effect of market orientation on organisational performance using banking industry data and found a substantial positive relationship between these two variables. Earlier, Siguaw et al. (1994), in their study on market orientation, followed Narver and Slater's (1990) perspective and found no significant association between market orientation and organisational commitment of employees. Siguaw and Diamantopoulos (1995) further investigated Narver and Slater's (1990) three-component scale on measuring market orientation and found a significant influence of market orientation on salesperson customer orientation and job attitudes. Slater and Narver (1992; 1994b); Narver and Slater (1998); Narver et al. (1998) carried out further research based upon Narver and Slater's (1990) study and found market orientation to be both supportive and effective in achieving organisational objectives.

Ruekert (1992) examined the relationship between the degree of market orientation from an organisational strategy perspective and organisational process, individual attitudes, and long run financial performance at the business unit level (e.g., different levels in an organisation) of analysis. Firstly, the study identified that the degree of

market orientation varies across business units within large-scale organisations. Secondly, it found the degree of market orientation to be positively related to the broader organisational process including 'recruiting, training, and wages'. And finally, it also identified market orientation to be positively related to business unit's long-term performance.

Day (1994) followed the strategic perspective and provided a complete picture of the attributes of a market-driven organisation, highlighting the roles of culture, information utilisation, and interfunctional coordination. Day and Nedungadi (1994) suggested at least four distinct managerial representational modes, characterised by their relative emphasis on customer and competitor dimensions. They labelled these as self-centred, competitor-centred, customer oriented, and market-driven orientations. Gatignon and Xuereb (1997) also followed the strategic orientation approach and found a positive relationship between strategic orientation and new product performance. Further, Morgan and Strong (1998) found that a firm's proactiveness, analysis and futurity in strategic orientation to be positive and significant in their association with market orientation and thus, they claimed that market oriented activities and behaviours are related to a proactive search for market place opportunities, a problem solving analytical approach to organisational learning, and long term planning and future positioning considerations.

Consistent with Morgan and Strong (1998), Webster (1992) in his research on the changing role of marketing in the corporation, focused on managing strategic partnership and positioning the firm between vendors and customers in the value chain with the aim of delivering superior value to customers. He argued that marketing might merge with strategic planning or, more generally, the strategy development function, with shared responsibility for information management, environmental scanning, and coordination of network activities. In addition, Moorman (1998) suggested the importance of information in order to help competitive responses and consumer dynamics.

Deshpande et al. (1993) developed the customer orientation perspective on the basis of their literature review and at the same time examined the relationship between customer orientation and business performance. The study used both the managers' and

consumers' assessment and found customer orientation and performance relationship positively significant in both cases.

Deshpande and Farley (1999) conducted a study based on the work of Deshpande et al. (1993). Their study examined how organisational dimension, corporate culture and market orientation affect major Indian and Japanese firms. The study identified similar business performance in both countries despite the different economic environments.

2.4. MARKET ORIENTATION VERSUS MARKETING ORIENTATION

Although market orientation and marketing orientation are seen by some researchers as being synonymous, with no distinction made between the two (Doyle et al., 1984; 1986; 1989; Brown, 1987; Payne, 1988; Lichtenthal and Wilson, 1992; Golden et al., 1995), market orientation is really an expanded form of marketing orientation (Shapiro 1988; Webster 1988; Kohli and Jaworski, 1990). The reasons for this expansion/broadening are threefold: (1) market orientation is not simply a concern of the marketing department, but should be organisation-wide, (2) the level of market orientation can avoid overemphasis on the marketing department within an organisation, and can facilitate coordination and responsibility sharing between the marketing department and the other departments, (3) market orientation means focusing attention on the market instead of just on specific customers (Kohli and Jaworski, 1990).

Slater (2001) supported Kohli and Jaworski's (1990) distinction. According to Slater (2001), a market orientation is not a marketing orientation, and a business is market-oriented only when the entire organisation embraces the values implicit therein and when all business processes are directed at creating superior customer value. This argument can be augmented by the third component of the Narver and Slater's (1990) market orientation construct that interfunctional coordination typically involves more than the marketing department in creating superior value for the buyers. Therefore in this study the term 'market orientation' rather than 'marketing orientation' will be used.

In the next chapter the different market orientation perspectives will be discussed in order to develop a synthesis dimension of market orientation.

CHAPTER 3

MARKET ORIENTATION – A SYNTHESIS DIMENSION

In this chapter the five different perspectives of market orientation including decision-making, market intelligence, culturally based behavioural, strategic, and customer orientation perspective are discussed in order to develop a synthesis dimension of market orientation. The chapter also progresses towards the building of a theoretical model of market orientation components including all the elements resulting from the five perspectives.

Over the years, market orientation has been considered as the central ingredient of a successful organisation's culture (Houston, 1986; Lusch and Laczniak, 1987; Peterson, 1989; Wong and Saunders, 1993; Baker et al., 1994; Hunt and Morgan, 1995; Slater and Narver, 1995). While much of the research on market orientation was carried out in the USA, the importance of this orientation has been addressed worldwide too and found to be critical in achieving business success (Mitchell, 1984; Hooley et al., 1990; Marinov et al., 1993; Ennew et al., 1993; Greenly, 1995a; 1995b; Selnes et al., 1996; Cox et al., 1998; Gray, Matear, and Matheson, 1998; Caruana et al., 1999).

Most of the studies to date, that have been carried out on market orientation have been based upon the five different perspectives developed by Shapiro (1988), Kohli and Jaworski (1990), Narver and Slater (1990), Ruekert (1992), Deshpande et al. (1993). Despite the acceptance of these studies in the market orientation literature, no effort has yet been made to test the 'synthesis dimension' of market orientation that can be derived from the work of these authors.

The 'synthesis dimension' is a dimension that combines the general areas of agreement that result from the analysis of the five different perspectives. The 'synthesis dimension' is required because, the current market orientation perspectives are subject to criticism (Dreher, 1993; Kohli et al, 1993; Deshpande et al, 1993; Cadogan and Diamantopoulos, 1995; Oczkowski and Farrell, 1997; Mavondo and Farrell, 2000) and these can be reduced by combining the general areas of agreement among the different perspectives.

Other researchers have emphasised that the current market orientation needed revisiting, revision, and replacement (Gummesson, 1987; Rapp and Collins, 1990; McKenna, 1991; Nilson, 1992; Thomas, 1993; Cervera et al., 2001). Pitt et al. (1996) stated that there has not been complete agreement as to what constitutes market orientation and thus, implementation of market orientation differs considerably. Therefore, it is preferable to develop a market orientation construct synthesising all the five different perspectives so that the criticisms and differences among the market orientation perspectives may be reduced. This new dimension of market orientation will also produce a better and comprehensive picture of market orientation within an organisation because it intends to include the necessary components that may be lacking in a particular perspective.

In addition, this researcher is dealing with a developing country setting where economical and cultural differences to a developed country are notable. Thus, it might be more worthwhile working on the synthesis dimension of market orientation instead of dealing with a particular perspective that may produce an irrelevant and inappropriate picture of market orientation. Therefore, in the next section the five different perspectives will be discussed in detail in order to identify the general areas of agreement for the development of a synthesis dimension/model of market orientation.

3.1. MARKET ORIENTATION PERSPECTIVES

3.1.1. The Decision-Making Perspective

Shapiro (1988) considered to be the ‘promoter’ of this decision-making market orientation perspective, as he stated that, “After years of research, I’m convinced that the term ‘market-oriented’ represents a set of processes touching on all aspects of the company, it’s a great deal more than the cliché getting close to the customer” (p. 120). Hence he proposed that three characteristics make a company market driven. Firstly, information on all-important buying influences permeates every corporate function; secondly, strategic and tactical decisions are made interfunctionally and interdivisionally; and thirdly, ‘divisions and functions’ make well-coordinated decisions and execute them with a sense of commitment.

Shapiro (1988) conceptualised market orientation as an organisational decision-making process starting from information and proceeding to execution. At the centre of this process is a strong commitment by management to share information interdepartmentally and to practice open decision-making between functional and divisional employees. However, considering the above characteristics, the following arguments are notable in Shapiro's decision-making perspective.

(a) Markets and customers must be understood. A company can be market-oriented only if it completely understands its markets and customers and also the decision makers who decide whether to buy its product and/or services. In some cases, wholesalers, retailers, and other parts of the distribution channel have a profound influence on the choices that the customers make. Therefore, it is also important to understand the trade (intermediaries).

(b) Information needs to permeate into every corporate function. The information that is generated regarding the markets, customers, trade partners and decision makers through various mechanisms such as market research reports, taped customer responses, industry sales analysis, and trade show visits by the top executives should be disseminated to every corporate function.

(c) Ability to make strategic and tactical decisions is important. A market or customer oriented company must possess the ability to make strategic and tactical decisions interfunctionally and interdivisionally in spite of potentially conflicting objectives that mirror differences in modes of operation.

(d) There must be an open decision-making process. For a company to be a market driven, 'functions and divisions' must be willing to listen to each other and should express their ideas in an open and honest manner. In order to make wise decisions, functions and divisions must recognise their opinions and differences with due respect and also be willing to exercise an open decision making process.

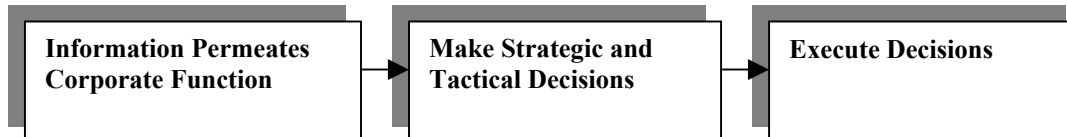
(e) Decisions must be well co-ordinated. Emphasis must be placed on well-coordinated decisions among the different divisions and functions of an organisation, and those decisions must be executed with a sense of commitment. A market-oriented company

can formulate its strength and power by joint sharing of ideas and discussions of alternative solutions. Hence, it is argued that the powerful internal connections make clear communication, strong coordination, and high commitment, while poor coordination results in misuse of resources and failure to seize market opportunities.

(f) Strength and weaknesses of competitors must be understood. Although decision-making perspective did not include competitors in its conceptualisation, however, it was recognised that understanding the strengths and weaknesses of competitors is a part of being a market-oriented organisation. Thus, a market-oriented company should consider the competitors and collect and analyse information regarding competitors accordingly.

Finally, it is important to mention that this perspective found no meaningful difference between market driven and customer orientations, both could be used interchangeably. The decision-making perspective is shown in Figure 3.1.

Figure 3.1. Decision-Making Perspective



Source: Shapiro (1988)

3.1.2. The Market Intelligence Perspective

Kohli and Jaworski (1990) developed the intelligence perspective of market orientation. They viewed market orientation as the implementation of the marketing concept. According to them, market orientation is a mixture of three activities: organisation of market intelligence pertaining to current and future needs of the customer, dissemination of intelligence within the organisation and also responsiveness to it. Their perspective of market orientation entails the following three key elements: (1) intelligence generation, (2) intelligence dissemination, and (3) intelligence responsiveness.

According to Kohli and Jaworski (1990), the starting point of market orientation is market intelligence. Their analysis of the above elements resulted in the following arguments that are notable in their perspective of market orientation.

(a) Effective market intelligence involves not just customers' current needs but also future needs and so it should go beyond the verbalised needs and preferences of customers.

(b) Market intelligence also includes monitoring competitors' actions and their effect on customer preferences as well as analysing the effect of other factors such as government regulation, technology and environmental forces.

(c) The generation of market intelligence relies on both formal and informal mechanisms such as customer surveys, meetings and discussions with customers and trade partners, analysis of sales reports, and formal market research.

(d) Intelligence generation is not the exclusive responsibility of the marketing department. Therefore, all the functional departments in the company such as R&D, manufacturing and finance, production and engineering should also obtain information regarding customers and competitors.

(e) In order to create an effective communication and dissemination system within the organisation, the collected information should be disseminated effectively and efficiently in all parts of the organisation.

(f) This dissemination and communication of information is important as it provides a shared basis for concerted actions by the different departments of the company.

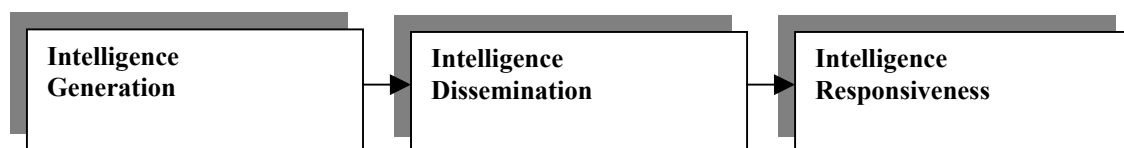
(g) The company should respond according to market needs, for example according to collected and disseminated information. Responsiveness takes the form of selecting target markets, designing and offering product/services that cater to their current and anticipated needs, and producing, distributing, and promoting the products in a way that elicits favourable end-user response.

(h) Finally, responding to market trends in a market-oriented company is not only the responsibility of the marketing department but of virtually all departments in the company. Therefore, all the departments of the company should be well coordinated in order to be responsive to the market trends.

The proposed definition of market orientation under the intelligence perspective suggests that a measure of market orientation need only assess the degree to which a company is market-oriented, that is, generate intelligence, disseminate intelligence, and takes action accordingly (Kohli and Jaworski, 1990). In this connection Wood and Bhuian (1993) noted that intelligence generation, dissemination, and responsiveness determine the nature and extent of market orientation of a company individually and collectively.

This perspective of market orientation was basically built as a result of a literature review in marketing and related fields and from field interviews with managers in diverse functions, hierarchical levels, and organisations. In this connection Kohli and Jaworski (1990) used a discovery-oriented approach suggested by Deshpande (1983) and Mahrer (1988), and similar to the qualitative practitioner based approach used by Parasuraman et al. (1985). In addition, their research was designed to tap the ‘cause and effect’ maps of managers (Zaltman et al., 1982). The intelligence perspective is shown in Figure 3.2.

Figure 3.2. Market Intelligence Perspective



Source: Kohli and Jaworski (1990)

3.1.3. The Culturally Based Behavioural Perspective

Narver and Slater (1990) defined market orientation as the organisational culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and thus, continuous superior performance for the business. According to them, market orientation consists of the three behavioural components.

These are: (1) customer orientation, (2) competitor orientation, and (3) interfunctional coordination.

Since 1990 further studies have been undertaken to develop a greater understanding of these components (Slater and Narver, 1992; 1994a; 1994b; 1995; Slater, 1997; Narver and Slater, 1998; Narver et al., 1998). It has been shown that the key requirements for a company to become market-oriented are as follows.

(a) There must be a sufficient understanding of target buyers to be able to create continuous superior value for them (Narver and Slater, 1990).

(b) A seller must understand a buyer's entire value chain (Day and Wensley, 1988) today and in the future subject to internal and market dynamics.

(c) A company must create value by increasing benefits to its buyers or customers while decreasing their costs (Narver and Slater, 1990).

(d) A company must acquire information about customers or buyers in the target market and disseminate the acquired information throughout the company (Kohli and Jaworski, 1990).

(e) A company must understand the economic and political constraints at all levels in the channel (Narver and Slater, 1990).

(f) A company must understand the short-term strengths and weaknesses and long-term strategies and abilities of both the current and potential competitors (Porter, 1980; 1985; Aaker, 1988; Day and Wensley, 1988).

(g) The competitor orientation must parallel the customer orientation in information gathering and include a thorough analysis of the competitors' technological capabilities in order to assess their ability to satisfy the same buyers (Levitt, 1960).

(h) A company must be coordinated in utilising its resources in order to create superior value for the target customer. Thus, anyone in the organisation can potentially create

value for the buyer (Porter, 1985). This means that creating value for buyers is much more than a marketing function, concurring with the findings of Kohli and Jaworski (1990).

(i) The coordinated integration of the company's resources in creating superior value for buyers must be tied closely to both customer and competitor orientation (Narver and Slater, 1990).

(j) Given the multidimensional nature of creating superior value for customers, marketing's inter-dependencies with other business functions must be systematically incorporated in a business marketing strategy (Wind and Robertson, 1983).

(k) In developing effective interfunctional coordination, marketing or any other suggested department must be extremely sensitive and responsive to the perceptions and needs of all other departments in the company (Anderson, 1982).

(l) Finally, if a company lacks proper interfunctional coordination, it must strive to develop it by stressing the advantages inherent to the different areas in cooperating closely with each other.

Narver and Slater (1990) developed this perspective of market orientation through a major conceptual literature review on both sustainable competitive advantage (SCA) and market orientation (e.g. Levit, 1960; 1980; Kotler, 1977; 1984; Porter, 1980; 1985; Anderson, 1982; Ohmae, 1982; Peters and Waterman, 1982; Day, 1984; Aaker, 1988). This perspective also incorporated two decision criteria of market orientation: long term focus and profitability. The culturally based behavioural perspective is shown in Figure 3.3.

Figure 3.3. Culturally Based Behavioural Perspective



Source: Narver and Slater (1990)

3.1.4. The Strategic Focus Perspective

Ruekert (1992) defined the strategic focus perspective of market orientation as the degree to which a strategic business unit obtains and uses information regarding its customers, develops a strategy considering the obtained information regarding customers needs satisfaction and implements that strategy meeting those needs and wants. Ruekert (1992) borrowed information and responsiveness aspects of his perspective from Kohli and Jaworski (1990) and Narver and Slater (1990).

Firstly, this perspective focused on the business unit in an organisation (identifying market orientation in each unit of an organisation) rather than the whole organisation or individual market as the unit of analysis. Secondly, it emphasised strategy development and implementation in responding to the customer needs and wants. This perspective followed Walker and Ruekert's (1987) earlier work where they focused on marketing's role in the implementation of business strategies. The strategic focus consists of the following elements:

(a) The approach recommends managers to collect and interpret information from the external environment in order to set goals and objectives and to allocate resources to programs in the business unit on the basis of what is needed for each program to succeed.

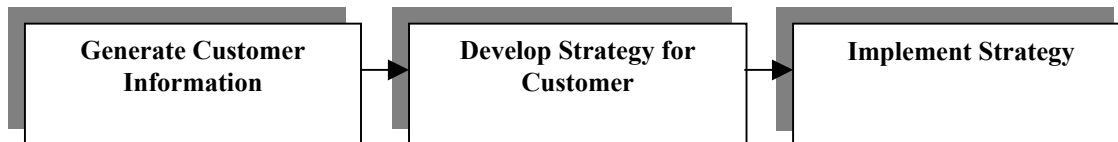
(b) The most critical aspect of the external environment in developing a market orientation is the customer. Hence, the needs and wants of the customer should be investigated on a regular basis.

(c) The next dimension of this perspective is the development of a plan of action or a customer focused strategy. It considers the degree to which the strategic planning process considers customer needs and wants and development of particular strategies to satisfy them.

(d) Finally, the customer-oriented strategy is implemented and executed by the organisation to respond and take care of the needs and wants of the target market.

Thus the strategic focus perspective rests on three basic issues: generating customer information, developing strategy for customer, and implementing the strategy. This perspective is shown in Figure 3.4.

Figure 3.4. Strategic Focus Perspective



Source: Ruekert (1992)

3.1.5. The Customer Orientation Perspective

Deshpande, Farley, and Webster (1993) developed this customer orientation perspective. They proposed that, in order to develop a long-term profitable venture, a company should put the customers' interest first, while not excluding all the stakeholders such as owners, managers, and employees. They further noted that, "we see customer orientation as being a part of an overall, but much more fundamental, corporate culture" (p. 27). The key points of this perspective are as follows:

- (a) The study utilised Kotler's (1991) definition of the market as 'the set of all present and potential customers of an organisation'. Thus, it viewed market orientation as synonymous with customer orientation.
- (b) It is argued that a competitor orientation can be almost antithetical to a customer orientation and thus, excludes the competitor focus from the market orientation concept.
- (c) It is acknowledged that interfunctional coordination is consistent with customer orientation and should be part of its meaning. This concurred with Narver and Slater (1990) and Kohli and Jaworski (1990), who stated that the essence of customer orientation is the coordinated utilisation of company resources in creating superior value for target customers.

(d) Customer orientation is viewed as being part of the overall corporate culture whose values reinforce and perpetuate this focus, as in the culturally based behavioural perspective (Slater and Narver, 1995).

(e) The perspective argued that the set of values and beliefs that consistently reinforce customer focus should be considered, as without considering these values and beliefs information about the needs of actual and potential customers is useless.

Two synthesis issues, initial and vital can be developed combining the similarities from the elements of these five different perspectives that reflect the general areas of agreement as to what constitutes the basic building block of synthesis model of market orientation. The next section will discuss the synthesis model of market orientation.

3.2. SYNTHESIS MODEL OF MARKET ORIENTATION

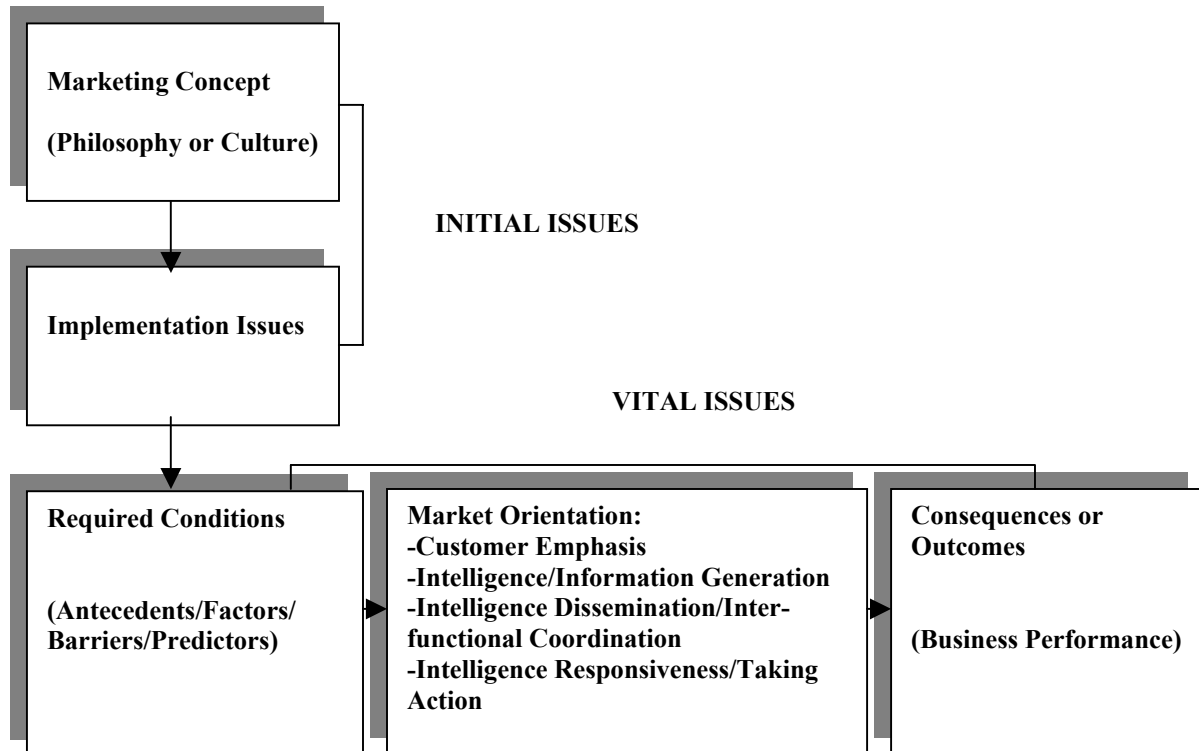
The proposed synthesis model of market orientation is shown in Figure 3.5. At the beginning of this model is the marketing concept, which embodies a company philosophy or organisational culture. The second step of the model is the implementation issues and the third step is the conditions that are required in order to implement the marketing concept. These required conditions are linked to market orientation, and market orientation is linked to business success.

Marketing concept and implementation issues in the model are labelled as ‘initial issues’ of market orientation, and the required conditions, components of market orientation, and the business success factors/outcomes are labelled as ‘vital issues’.

At the centre of the vital issues is market orientation and its components that are derived from the general areas of agreement within the five different perspectives. The model views marketing concept as an initial issue because market orientation depends on the implementation of the marketing concept. Thus, in order to become market-oriented, the first condition of an organisation is to accept marketing concept as its philosophy or culture. The reason for this argument is that some of the organisations may not accept marketing concept as their organisational philosophy or culture, rather, they may choose

other concepts such as production, product, selling, or cost as their organisational philosophies or culture.

Figure 3.5. Synthesis Model of Market Orientation



An organisation may choose the marketing concept as its organisational philosophy, but it cannot be a market-oriented company until it effectively implements the marketing concept. Thus, an organisation should consider the implementation issues with the acceptance of marketing concept as its philosophy of doing business. Again, implementation of the marketing concept requires certain conditions to be fulfilled and once these conditions are met or considered, an organisation becomes market-oriented and that leads to better business success or performance.

The acceptance of marketing concept and its implementation issues are the primary concern of an organisation, thus, these are called ‘initial issues’. The required conditions, market orientation components, and success indicators/outcomes are called ‘vital issues’ because certain conditions determine the level of market orientation of an organisation and that level of market orientation determines the level of success. If the right conditions that determine the level of market orientation are not considered

appropriately, market orientation is hampered and, in turn, so is business success. Therefore, an organisation should clearly identify which conditions must be fulfilled or considered and which conditions must be given priority over the others, because not all the conditions significantly determine the level of market orientation. Again, not necessarily all the conditions should work in a positive way, some of the conditions may foster market orientation and some of them may discourage it. These are 'vital issues', because they are linked to each other and the presence or absence of the first one determines the presence or absence of the second one and the presence or absence of the second one determines the presence or absence of the third one.

The marketing concept is viewed as company philosophy or organisational culture in the model. There were agreements regarding this issue among the different perspectives. Kohli and Jaworski (1990) viewed marketing concept as a 'culture' in their definition of market orientation. Similarly, Narver and Slater (1990) also defined marketing concept as an organisational culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers. Deshpande et al. (1993, p. 27) described this "as being a part of an overall, but much more fundamental, corporate culture".

Sathe (1983) defined organisational culture as the set of important understandings that members of a community share in common. According to Daft (1989), an organisational culture is defined as the values, guiding beliefs, and understandings that members of an organisation share. Turner and Spencer (1997) stated that culture provides organisational participants with a clear understanding of how to act and think. Thus, marketing concept can be viewed as company culture as it directs and guides an organisation how to act and think appropriately.

McKitterick (1957) stated marketing concept as a philosophy of business. He viewed marketing concept as a customer oriented, integrated and profit oriented philosophy of business. McNamara (1972) also purported that marketing concept is a philosophy of business management. Baker (1985), Bernard (1987), and Brown (1987) have augmented this arguing that marketing is clearly an organisational philosophy – an approach to doing business. Hooley et al. (1990) postulated that marketing is seen as a set of activities confined to the marketing department or, alternatively it may be seen as

a guiding philosophy for the whole organisation. Similarly, other authors also viewed marketing concept as a philosophy of doing business that can be the central ingredient of a successful organisation's culture (Houston, 1986; Wong and Saunders, 1993; Baker, Black and Hart, 1994; Hunt and Morgan, 1995). Most recently, Miller and Layton (2001) asserted that, marketing concept is a philosophy of doing business that recognises customer orientation and coordination of marketing activities in achieving the performance activities in an organisation. Thus, viewing marketing concept as a philosophy or culture in the model is appropriate.

The implementation issues in the model depend on the internal policy of an individual organisation. When a company implements the marketing concept then that becomes the behaviour of that particular company. There were also agreements regarding this implementation issue among the different perspectives. Kohli and Jaworski (1990) and Narver and Slater (1990) identified market orientation as the implementation of the marketing concept. Shapiro (1988) indicated that three characteristics make a company market driven including information permeating to corporate function, interfunctional and interdivisional strategic and tactical decisions, and the execution of well-coordinated decisions. These characteristics are nothing but the implementation of the marketing concept.

Deng and Dart (1994) synthesised the perspectives of Kohli and Jaworski (1990) and Narver and Slater (1990), and defined market orientation as the implementation of a particular business philosophy, the marketing concept. Pitt et al. (1996) asserted that the level of market orientation of a firm depends on the degree of implementation of the marketing concept. McCarthy and Perreault (1984; 1990) considered market orientation as the implementation of the marketing concept. Wrenn (1997) made a distinction between marketing concept and market orientation. He purported that the marketing concept is a way of thinking about the organisation, its products, and its customers whereas market orientation is doing those things necessary to put such a philosophy into practice. Pitt et al. (1996) asserted that the level of market orientation of an organisation depends on the degree of implementation of the marketing concept.

The model shows that the implementation of marketing concept requires certain conditions to be fulfilled by an organisation. Agreements regarding this issue were

observed among the different perspectives. Shapiro (1988, p. 120) noted, "I'm convinced that the term "market oriented" represents a set of processes touching on all aspects of the company". This statement made by Shapiro (1988) indicates that the marketing concept implementation conditions are also a part of the aspects mentioned by him. Narver and Slater (1990, p. 21) defined market orientation as an organisational culture that "most effectively and efficiently creates the necessary behaviours for the creation of superior value". The stress on creating the necessary behaviour indicates the importance of considering the conditions necessary for implementation of the marketing concept. Deshpande et al. (1993, p. 27) noted that, "a simple focus on information about the needs of actual and potential customers is inadequate without consideration of the more deeply rooted set of values and beliefs that are likely to consistently reinforce customer focus and pervade the organisation". This set of values and beliefs that reinforces and pervades the organisation is similar to the conditions that are required for the implementation of the marketing concept. Although Kohli and Jaworski (1990) did not mention these conditions in their perspective however, they separately stressed the need for these conditions and labelled them as antecedents of market orientation. These conditions are also known as barriers to market orientation (Felton, 1959; Harris and Piercy, 1999; Harris, 2000), or determinants of market orientation (Avlonitis and Gounaris, 1999).

Felton (1959) suggested that inexperienced executives, incomplete integration of functions, lack of management ability, and certain power related problems are the barriers to integrated marketing. Hence, he suggested overcoming these barriers in order to implement the marketing concept. Jaworski and Kohli (1993) postulated that the market orientation of an organisation is significantly determined by the several antecedent factors some of which work in a positive way and some in a negative way. Thus, the appropriate implementation of marketing concept depends on the successful identification of the favourable and unfavourable conditions.

Harris and Piercy (1999) suggested that certain management behaviours significantly determine the successful implementation of marketing concept. Thus, they argued that these behaviours should be considered in achieving market orientation. Harris (2000) argued that the organisational structure, strategy, and system characteristics ensure the implementation of the marketing concept. Hence, he suggested that a company should

consider these conditions when becoming market-oriented. Avlonitis and Gounaris (1999) indicated company specific factors, management factors, and market specific factors as the conditions of implementation of the marketing concept. In this connection, they suggested that the successful market orientation of an organisation depends on the successful application of the determinants of market orientation.

Therefore, in order to become market-oriented, an organisation should accept the marketing concept as its organisational philosophy, consider the implementation issues and meet the required conditions.

Again, through the implementation of the marketing concept, an organisation can adopt any of the five market orientation perspectives of decision-making (Shapiro, 1988), market intelligence (Kohli and Jaworski 1990), culturally based (Narver and Slater, 1990), strategic focus (Ruekert, 1992), and customer orientation (Deshpande et al. 1993). With the selection of a particular perspective, a company then adopts that perspective in its market-oriented behaviour in acting or operating, competing, and surviving into the market place (Gray et al., 1998).

The synthesis model in Figure 3.5 presents a better, common and comprehensive perspective than a single perspective from the many market orientation alternatives. The model includes four key elements common to the five different perspectives of market orientation including customer emphasis, intelligence generation, intelligence dissemination/interfunctional coordination, and intelligence responsiveness/taking action.

Customer Emphasis

Customer emphasis is at the centre of each of the five different perspectives. Since market orientation is the operationalisation and implementation of the marketing concept, it follows that the fundamental premise of satisfying the needs and wants of a firm's customers should be inherent in any basic conceptualisation of market orientation (Lafferty and Hult, 2001). The following components can be drawn from the five different perspectives regarding the customer emphasis.

Firstly, market orientation stresses the need for the company to understand its markets and customers (Shapiro, 1988). Secondly, market intelligence is a broader concept that goes beyond the verbalised needs and preferences of customers and effective market intelligence involves not just current needs but future ones. Thus, an organisation should meet the customer needs 'now and in the future' (Kohli and Jaworski, 1990). Thirdly, the customer orientation element requires a sufficient understanding of the customer in order to create products and superior value for them (Narver and Slater, 1990). Fourthly, develop a strategy in order to meet customer needs and wants (Ruekert, 1992). Finally, put the customers interest first (Deshpande et al., 1993).

Thus by combining these components it can be concluded that, a company should put the customers' interest first and understand them in order to create value and meet their current and future needs.

Importance of Intelligence/Information Generation

The second element of the synthesis dimension is the importance of information/intelligence generation, which can be approached in two ways, firstly, agreement on information generation regarding customers and factors that affect the customers, and secondly, information regarding competitors.

i) Agreement on the intelligence/information generation regarding customers and factors affecting customers

Firstly, a market driven company is one which acquires and utilises information on the all-important influencing factors that affect the customers (Shapiro, 1988). Secondly, market orientation involves the organisation-wide generation of market intelligence pertaining to current and future customer needs (Kohli and Jaworski, 1990). Thirdly, in order to create value for the customer, a level of understanding is required which involves acquiring information about the customers or buyers (Narver and Slater, 1990). Fourthly, the extent to which a company obtains and uses information from customers determines the level of market orientation of that company (Ruekert, 1992). Finally, a simple focus on information about the needs of actual and potential customers is inadequate without consideration of the more deeply rooted set of values and beliefs

that are likely to consistently reinforce such a customer focus and pervade the organisation (Deshpande et al., 1993).

ii) Agreement on the intelligence/information generation regarding competitors

There is a general agreement on the importance of information generation regarding the competitors among the different perspectives with the exception of Deshpande et al. (1993) and Ruekert (1992). The following agreements are observed among the other three perspectives.

Firstly, market intelligence also includes monitoring competitors' actions in order to determine their effect on the consumer (Kohli and Jaworski, 1990). Secondly, in order to become market-oriented, a company should understand the strengths and weaknesses of its current and future competitors as well as their long-term capabilities and strategies (Narver and Slater, 1990). Finally, a market-oriented company should also assess the competition and acquire information accordingly (Shapiro, 1988).

Thus by combining these above components it can be concluded that, in order to become market-oriented, a company should collect information regarding the customers and the factors influencing customers as well as the information regarding competitors. The reason for collecting information is to make sure that the company serves its customers better than its competitors in considering the needs and wants of the customers. This will actually result in both customer satisfaction and continuing prosperity of the market-oriented company.

Intelligence Dissemination/Interfunctional Coordination

The third element of the synthesis perspective is the interfunctional coordination or dissemination of intelligence/information within the organisation. The following agreements are notable among the different perspectives.

Firstly, information should permeate the entire firm and also strategic and tactical decisions should be made and executed interfunctionally (Shapiro, 1988). Secondly, the generated information should be disseminated effectively to all parts of the company

(Kohli and Jaworski, 1990). Thirdly, interfunctional coordination is a key component and is equally weighted as customer and competitor orientation (Narver and Slater, 1990). Fourthly, in order to create superior customer value, there is a need for interfunctional coordination (Ruekert, 1992). Finally, interfunctional coordination is consistent with customer orientation and should be part of its meaning (Deshpande et al., 1993).

Thus, in order to become market-oriented, adoption of interfunctional coordination among the various departments of the company is required. This coordination is also known as intelligence dissemination that shares activities (market intelligence) across the various parts/departments of the company.

Intelligence Responsiveness/Taking Action

The fourth element of the synthesis model is the action taken in responding to the customers needs and wants. Of the five perspectives four agreed upon the responsiveness part of the company, the exception was Deshpande et al. (1993). The following agreements can be seen among the four different perspectives.

Firstly, companies should execute well-coordinated decisions with a sense of commitment (Shapiro 1988). Secondly, Kohli and Jaworski (1990) emphasised corporate wide responsiveness to market intelligence. Thirdly, utilisation of company resources should be coordinated in developing and creating value for its target customer (Narver and Slater, 1990). Finally, in order to be responsive to the needs and wants of the marketplace an organisation should implement and execute its corporate strategy (Ruekert, 1992).

Thus, in order to become market-oriented, a company should focus on responding to the customers' needs and wants, as well as to gathering and disseminating information.

In the last stage of the model, market orientation is linked to business success. As the marketing concept is implemented through fulfilling a greater variety of conditions, performance of the company should improve as a result. Narver and Slater (1990), in their perspective of market orientation incorporated superior performance of business

that includes two decision criteria, long-term focus and profitability. The motivational point of Deshpande et al.'s (1993) perspective was the development of a long-term profitable enterprise. This indicates a linkage between their perspective of market orientation and long-term business success. Kohli and Jaworski (1990) viewed business success as the consequences of market orientation. Thus, considering the agreements among the different perspectives regarding the market orientation and business success relationship, the linkage between market orientation and consequences (business performance) in the model is appropriate.

Prior studies have shown that higher degrees of market orientation, which result from executing or implementing the marketing concept, are associated with more favourable outcomes (Jaworski and Kohli, 1993; Narver et al., 1993; Slater and Narver, 1994a; Pelham and Wilson, 1996).

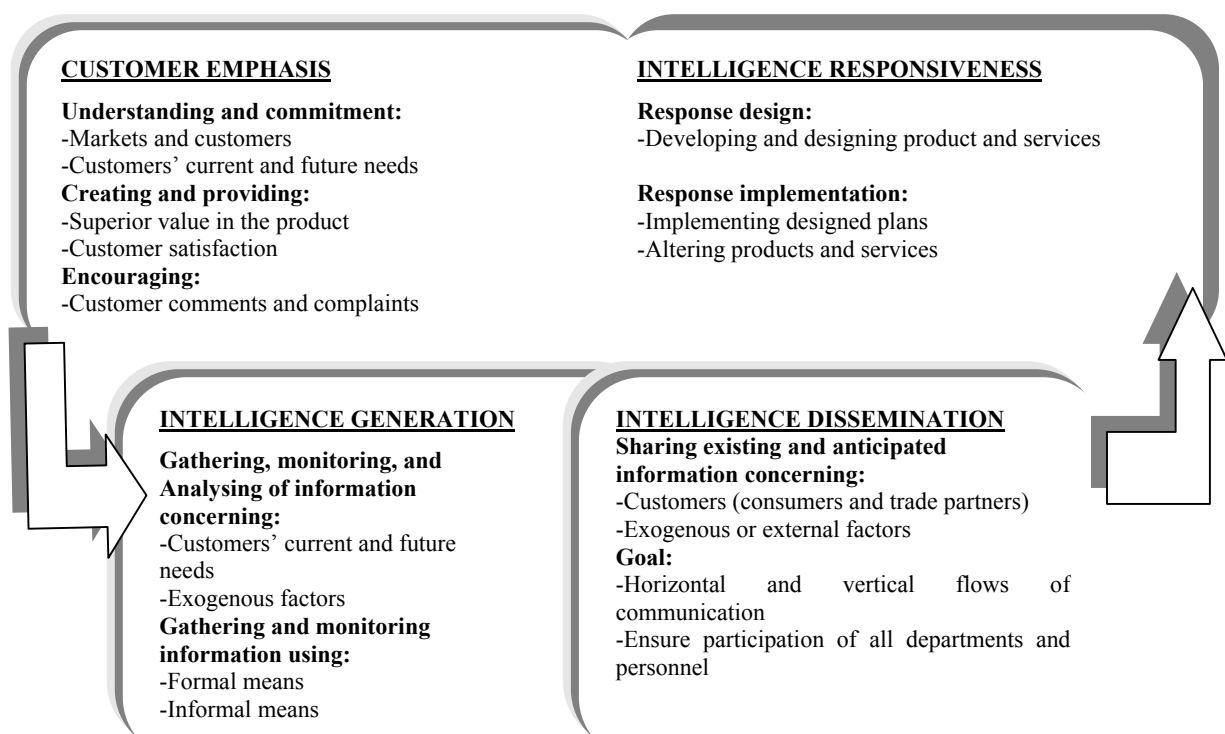
The synthesis model of market orientation explains about the implementation issues of the marketing concept, emphasises considering certain conditions in becoming market-oriented, and also indicates that the market orientation is linked to the business success or performance. Since, this study of market orientation developed a comprehensive conceptual framework of market orientation, these antecedents and performance indicators needed to identify. The identification of these variables was critical because market orientation does not develop by itself but once it is developed, it leads to better business performance.

In order to develop the conceptual framework of market orientation three areas were considered. These areas included firstly, the market orientation components, secondly, the antecedent variables or conditions of market orientation, and thirdly, the consequences of market orientation. While the next chapter will focus on identifying the antecedents and consequences of market orientation, the following section offers a theoretical model of market orientation components that incorporates the aspects of each component of market orientation.

3.3. THE THEORETICAL MODEL OF MARKET ORIENTATION COMPONENTS

This theoretical market orientation model has four components. Customer emphasis is at the heart of the model. The other three elements are intelligence/information generation, intelligence dissemination or inter-functional coordination, and intelligence responsiveness or taking action. The theoretical model of market orientation components is shown in Figure 3.6.

Figure 3.6. Theoretical Model of Market Orientation Components



Source: Wood and Bhuian (1993) and extended on the basis of the literature review

3.3.1. Customer Emphasis

“Customer orientation has become a familiar slogan with pride of place in the strategy statements of many organisations” (Nwankwo, 1995, p. 5). Dalgic (1998) purported that market orientation is a straightforward and logical idea that places the customers at the centre of overall activities of an organisation. Insufficient and inappropriate understanding of the customer can lead to problems for many companies. These

problems may lead a company to question whether it can exist in the market place. According to the model, customer emphasis involves three strategies; understanding and commitment to the customers, creating superior value for the customers, and encouraging customers' comments and complaints.

i) Customer understanding and commitment

Nwankwo (1995) stated that insufficient understanding of the customer will lead to problems or, at best, superficial changes in organisational practice and such changes endanger a company by creating "an illusion of proactivity that leads to organisational smugness and strategic drift" (p. 5). Capon et al. (1991) noted that a customer emphasis is essential but difficult to sustain. Therefore, an organisation should make sure that it places emphasis on the customer on a continuous basis, but this continuation is impossible without being committed to the customers. Thus, an organisation should place emphasis on to its customers with proper understanding and commitment. This customer understanding and commitment helps to sustain the organisation in the marketplace and also to keep the same customer groups. Therefore, a company should have an understanding of its market, customers, customers' current and future needs, and at the same time it should show its commitment to fulfil those current and future needs and wants of the customers. Hence, it was purported that this effort would result in business profitability (Narver and Slater, 1990; Williamson, 1991; Hall, 1992; Donaldson, 1993; and Ganesan, 1994). Therefore, to become market-oriented, a company should understand and show commitment to its customers.

ii) Creating superior value and providing satisfaction

The next element of customer emphasis is to create superior value in order to provide maximum satisfaction to the target customers. Narver and Slater (1990) emphasised creating customer value in order to become market-oriented while Miller and Layton (2001) defined the value as the ratio of perceived benefits to price and any other incurred costs. That means, in offering a product, a company should make sure that the price of the product matches with the perceived benefits of the product. It is argued that perceived benefits result in customer satisfaction, as it is believed to be associated with fruitful customer behaviour from the company's point of view (Soderlund, 1998). This

customer satisfaction actually has a positive relationship with loyalty (Fornell, 1992; Anderson and Sullivan, 1993; Rust and Zahornik, 1993; Taylor and Baker, 1994). Therefore, a company should create customer value in such a way that it can provide maximum customer satisfaction in order to create more loyal customers.

iii) Encouraging customer comments and complaints

Customer comments and complaints should be encouraged because they help a company to evaluate itself and for it to perform well. In this connection Deng and Dart (1994) placed even greater emphasis on customer comments and complaints in measuring market orientation and suggested that these are critical for company success. Thus, the model of market orientation includes customer comments and complaints in order to put more weight on customer emphasis.

3.3.2. Intelligence/Information Generation

In order to serve the market better than competitors, market orientation requires the availability of all the various kinds of information regarding existing and latent needs and wants of the customers and the factors affecting the fulfilment of those needs and wants. In this connection, Gounaris and Avlonitis (2001) suggested that, having made this information available; a company-wide mobilisation to satisfy customers' needs and wants should follow. Thus, availability of information on customers' needs and wants at a company-wide level becomes a major issue in the development of market orientation (Narver and Slater, 1989; Kohli and Jaworski, 1990; Slater and Narver, 1994a). Therefore, intelligence/information generation in the model is a broader concept than customers' verbalised needs and preferences. It includes the following three elements:

i) Gathering and analysing information regarding customers' current and future needs

Modern marketing requires a customer focus with a systematic study of customer needs using appropriate data gathering and data analysis techniques. Deshpande and Webster (1989) and Kohli and Jaworski (1990) asserted that effective market intelligence

requires a focus on both current and future needs, and a market-oriented organisation is characterised by proactive responses based on anticipated changes in customer needs. This idea echoes Houston's (1986) assertion and reflects a departure from conventional views (e.g. 'find a need of customers and fill it').

ii) Monitoring and analysing exogenous factors

Kohli and Jaworski (1990) indicated that a market orientation includes monitoring factors, such as government regulations and competition that influence the needs and preferences of a company's customers. They again said that, though market intelligence pertains to customer needs and preferences, it includes an analysis of how they may be affected by exogenous factors such as government regulations, technology, competitors and other environmental forces.

iii) Gathering and monitoring of market intelligence through formal and informal means

The generation of market intelligence relies not only on customer surveys, but also on a range of complementary mechanisms. Intelligence can be generated through a variety of formal as well as informal means for example informal discussion with trade partners/distributors (Kohli and Jaworski, 1990). Dobni and Luffman (2000) defined formal and informal intelligence as the extent to which the organisation's employees and systems formally and informally generate information on customers, competitors, and industry. Wood and Bhuian (1993, p. 13) noted that, "a random sharing of a cup of coffee with relevant groups or an elaborate marketing research undertaking such as a sophisticated customer attitude survey can both be effective". This information generation through formal or informal means can involve collecting primary data and/or consulting with secondary sources. Thus, the theoretical model of market orientation components includes the mechanisms for gathering and monitoring market intelligence.

3.3.3. Intelligence Dissemination or Interfunctional Coordination

Responding effectively to a market need requires participation of all departments in an organisation. Ignacio et al. (2002) argued internal integration and coordination must be

a faithful illustration among the organisations' members in developing a group of activities aimed at the satisfaction of the target market. In this connection, Kohli and Jaworski (1990) suggested that, for an organisation to adapt to market needs, market intelligence must be communicated, disseminated, and perhaps even sold to relevant departments and individuals in the organisation. It entails two distinct aspects:

i) Sharing existing and anticipated information throughout the organisation

Intelligence dissemination suggests that an organisation should share existing and anticipated information concerning customers' current and future needs, and exogenous factors. Here the goal is to ensure vertical and horizontal flows of communication within and between departments (Wood and Bhuian, 1993). According to Kohli and Jaworski (1990), various means can be used to disseminate intelligence within organisations including periodic newsletters, formal meetings, and informal story telling. Further, Zeithaml et al. (1988) stated that, to facilitate the different means, both the "vertical communication" system and the "horizontal communication" system are necessary.

ii) Ensuring effective use of disseminated information

Encouraging participation of all departments and personnel in sharing information regarding customers' current and future needs and exogenous factors can ensure information dissemination (Wood and Bhuian, 1993). Once this dissemination of market intelligence originates from a department or from an individual, the rest of the departments of the organisation should be actively attuned to it. If this does not happen, the dissemination process will be hampered. Since organisational success depends on the appropriate and smooth dissemination procedure, all the departments and employees of the organisation should understand the importance of the effective use of disseminated information and make a favourable climate for using this information through interfunctional coordination.

3.3.4. Intelligence Responsiveness or Taking Action

The fourth and last element of market orientation is responsiveness to market intelligence. Jaworski and Kohli (1993) defined the responsiveness component as being composed of two sets of activities: (1) response design (e.g. using market intelligence to develop plans), and (2) response implementation (e.g. executing such plans). This means that responsiveness involves developing, designing, implementing, and altering products and services in response to customers' current and future needs.

The four market orientation components (customer emphasis, intelligence/information generation, information dissemination or interfunctional coordination, and responsiveness or taking action) adopted in the synthesis market orientation model (Figure 3.5) in this study are similar to those found by Lafferty and Hult (2001) who also synthesised the five different perspectives of market orientation and developed a conceptual framework of market orientation perspectives. According to them, the similarities are: "an emphasis on customers, the importance of shared knowledge (information), interfunctional coordination of marketing activities and relationships, and being responsive to market activities by taking the appropriate action" (p. 100).

Day (1994) also identified these four general areas as principle features in market orientation. According to him market orientation is a set of beliefs that puts the customers' interest first (Deshpande et al. 1993) which is equivalent to customer emphasis; the ability to generate, disseminate and use superior information regarding customers and competitors (Kohli and Jaworski, 1990) which are equivalent to intelligence generation and intelligence dissemination or interfunctional coordination; and the coordinated application of interfunctional resources to the creation of superior customer value (Shapiro, 1988; Narver and Slater, 1990) which is equivalent to intelligence responsiveness or taking action.

As mentioned earlier this study of market orientation developed a conceptual market orientation framework in order to identify the market orientation of the consumer goods manufacturing companies in Bangladesh. For this purpose, three issues were considered when developing the conceptual framework of market orientation: first, the theoretical model of market orientation components; second, the antecedents or conditions that

determine the level of market orientation; and third, the consequences/outcomes of market orientation. Thus, the next chapter will focus on a literature review for the identification of the antecedents and consequences of market orientation.

CHAPTER 4

MARKET ORIENTATION – ANTECEDENTS AND CONSEQUENCES

Theoretically, there are two key research topics that are relevant to the study of market orientation. The first topic examines the conditions required for implementing the marketing concept or antecedents/barriers/predictors of market orientation (Kohli and Jaworski, 1990; Kelly, 1992; Ruekert, 1992; Jaworski and Kohli, 1993; Wood and Bhuiyan, 1993; Gounaris and Avlonitis, 1997; Avlonitis and Gounaris, 1999; Harris, 1999; Harris and Piercy, 1999; Cervera et al., 2001). The second topic relates to the business success or consequences/outcomes of market orientation (Narver and Slater, 1990; Deshpande, Farley and Webster, 1993; Jaworski and Kohli, 1993; Sigauw, Brown and Widing, 1994). The synthesis model of market orientation in Chapter 3, Figure 3.5, requires identification of the factors that determine the level of market orientation and the business success indicators that are rewarded by market orientation. Thus, this chapter will focus on these two issues. In order to identify these two issues, the chapter will be divided into two different sections. In the first section, there will be an extensive literature review on the antecedents of market orientation and in the second section; the possible consequences of market orientation will be discussed.

4.1. ANTECEDENTS/BARRIERS/CONDITIONS OF MARKET ORIENTATION

This section will focus on the antecedents of market orientation and specifically identify the principal types of senior management characteristics, organisational characteristics, interdepartmental dynamics, and external factors that affect the extent to which a company can successfully achieve market orientation. The aim of this part is to develop, identify and review the principal antecedents/factors that foster or discourage market orientation.

4.1.1 Senior Management Characteristics

The critical role of senior management in fostering a market orientation emerged in numerous studies in the late 1980s and early 1990s (Espy, 1986; Webster, 1988; Kohli and Jaworski, 1990). In general these studies viewed senior management as highly influential on intelligence/information generation, intelligence dissemination or

interfunctional coordination, and intelligence responsiveness or taking action where customer emphasis was the centre point in all these studies.

In this connection, Felton (1959) called market orientation an appropriate state of mind and suggested that the only way to attain this state is through the positive intentions of the board of directors, chief executives, and top-echelon executives. Concurring with Felton (1959), Kohli and Jaworski (1990, p. 7) added that, “the commitment of top managers is an essential prerequisite to a market orientation”. In addition to the above authors, Levitt (1969) presented the implementation of the marketing concept. He emphasised the presence of the exact signal from the chief operating officer to the entire organisation regarding its ongoing commitment to the marketing concept.

Similarly, Webster (1988) suggested that, in order to attain market orientation, the chief executive officers (CEOs) must provide clear signals and establish clear values and beliefs regarding serving the customer. Thus, he again argued that market orientation develops with the top management and the responsibility of top management includes customer oriented values and beliefs. In addition, Hambrick and Mason (1984) stated that chief executive officers (CEOs) and senior managers significantly affect the performance of others as organisational leaders. This was augmented by Chaganti and Sambharya (1987) who claimed that the background commitment and ability of top managers impacted greatly on the orientation of an organisation. Hence, Harris (1996) postulated that the recalcitrant executives are the ones who basically inhibit the development of market orientation. In this connection, Harris and Ogbonna (2001) further proclaimed that management behaviour is the key barrier to developing a market-oriented culture in an organisation. Thus, they emphasised the importance of positive behaviour of management in improving the levels of market orientation. Therefore, in order to develop market-oriented values and beliefs throughout the organisation, the positive role of top management is unavoidable. Several characteristics of senior management may foster or discourage the formation of a market orientation including top management emphasis, risk aversion, management training, and formal marketing education.

Top Management Emphasis

Without a clear signal from top management regarding the importance of being responsive to customer needs, an organisation is not likely to be market-oriented (Levitt, 1969; Webster, 1988). Muffatto and Panizzolo (1995) recommended that, in order to obtain a total participation of the human resources, the top management of the organisation must commit the organisation to customer satisfaction. Payne (1988) contends that market orientation will only occur when management attitude is in favour of marketing. Jaworski and Kohli (1993) asserted that it is only when the top managers express the importance of a commitment towards satisfaction of consumer needs that the rest of the organisation adopts that orientation. Jaworski and Kohli (1993) showed that the emphasis top management place on market orientation greatly affects each component of market orientation. Bhuian (1998) examined the applicability of Kohli and Jaworski (1990) and Jaworski and Kohli's (1993) market orientation framework in Saudi Arabia and confirmed Jaworski and Kohli's (1993) findings in relation to market orientation and top management emphasis. Similarly, Horng and Chen (1998) who adapted both the Jaworski and Kohli (1993) and Narver and Slater (1990) studies also found a significant relationship between market orientation and top management emphasis on market orientation.

Harris (1998) also argued that weak management support was one of the barriers to market orientation and suggested that positive attitudes and actions of management are important in attaining market orientation by an organisation. Slater and Narver (1994b) also identified general guidelines for managers seeking to initiate customer value strategies. They noted that top management must play a facilitative role through the communication of certain guidelines and encourage contributions from employees. In addition, Pulendran et al. (2000) in their recent market orientation study in Australia also identified a significant relationship between top management emphasis and overall market orientation. In this connection, they claimed that this plays a crucial role in the development of market orientation.

Thus, on the basis of the above arguments, it can be concluded that top management's emphasis on market orientation is critical in order for a company to be a market-oriented since the organisation is not likely to be market-oriented unless it gets a clear

signal from the top managers about being responsive to customer needs (Levitt, 1969; Webster, 1988). This also echoes Lovelock and Weinberg (1984) who stated that managers who view marketing as undesirable are less likely to embrace the marketing concept.

Risk Aversion

Risk averse managers are those who like to take high risks in order to magnify the high rate of return. Thus, they are less likely to emphasise market orientation and give poor attention to customer, information generation and dissemination and responsiveness. In this connection, Wood and Bhuian (1993) stated that, risk averse managers tend to give information generation and dissemination low priority, have moderate track records with regard to market responsiveness, and do not encourage a market orientation. Kohli and Jaworski (1990) argued that, if top managers are risk averse and intolerant of failures, subordinates are less likely to concentrate on gathering, disseminating or responding to intelligence. This has been proved in the study of Jaworski and Kohli (1993) where they identified that risk aversion was negatively associated with the responsiveness element of market orientation. They claimed that market developments entail some amount of risk and, if top managers are unwilling to assume these risks, the organisation is less likely to be responsive to the changing preferences of customers. This actually partly supports the Ansoff (1984) and O'Neill (1989) studies which showed risk aversion is negatively related to a market orientation of an organisation. This inverse relationship between risk aversion and market orientation was also shown by Avlonitis and Gounaris, 1999. However, Pulendran et al. (2000) in their market orientation study in Australia did not find any significant relationship between market orientation and risk aversion.

Although, Pulendran et al.'s (2000) study was exceptional in not finding any significant relationship between market orientation and risk aversion, all the studies discussed above found a significant relationship. Therefore, it can be concluded that risk aversion has a significant influence on determining the market orientation of a particular company and it should be considered as an antecedent of market orientation.

Management Training

Liu and Davies (1997) asserted that training programs help marketing managers not only to develop the skills of serving customers but also ensure that they serve customers better and differently to their competitors. Further, they claimed that, without a formal training facility within the organisation, a company relies on experience or the recruitment of trained managers from outside and thus works as a barrier to the achievement of market orientation. This outside dependency is a barrier because, hiring from outside is time consuming and in some cases it is hard to find appropriate experienced and trained managers. Thus, the vast majority of modern organisations are involved in some form of training and development activities (Harris and Piercy, 1997). Management training can lead to the development of a clear, deeply ingrained appreciation of what marketing is and what it can do (Wood and Bhuian, 1993), and it has been shown that there is a positive relationship with market orientation (Young 1981; Wolf, 1984). In this connection, Levinson (1987) argued that senior management with high levels of management training tend to pay more attention to market evolution, environmental changes, and how a company's resources can be utilised in order to take advantage of each of these factors. Morgan (1990) and Morgan and Piercy (1991) found that lack of training is one of the factors that inhibits marketing. Earlier Wong et al. (1989) stated that limited training is one of the barriers that restricts the development of market orientation.

Subsequently, Ruekert (1992) found management training to be positively associated with organisational market orientation. Concurring with Ruekert (1992), Horng and Chen (1998) argued that overall market orientation could be improved by sending top managers to a marketing training program. Ruekert's (1992) findings were also complemented by the results of Harris (1998) who found that shopfloor employees who have not been trained or educated about market orientation might impede the development of market orientation at a shopfloor level. Thus, in order to become market-oriented a company should send its employees to undertake a training program as this forces managers to look at the 'big picture' (Wood and Bhuian, 1993) and so changes their values and attitudes to support market orientation. Hence, Pulendran et al. (2000) postulated that top management's actions could foster market-oriented activity through the provision of necessary training and resources.

Formal Marketing Education

Formal marketing education is important for a company to become market-oriented and it is commonly believed that marketing knowledge is useful (Gronhaug, 2002). In this connection, Day (1994) emphasised the continuous need to learn about customers and competitors and to exploit such knowledge in order to stay ahead. Slater and Narver (1995) also argued that the acquisition and exploration of knowledge about customers and competitors is important. The question is to how to gather such knowledge. Shanteau (1992) argued that experts perform better than non-experts in recognising and making sense of stimuli and problem solving. Thus, it is important to create experts rather than non-experts and formal marketing education contributes to the creation of such experts.

Wang and Satow (1994) argued that the higher education level of a person increases the positive sense of self-responsibility and leadership style that may modify management and organisational effectiveness. In addition, Meldrum (1996) postulated that organisations require specialist marketing personnel who will be able to use their knowledge and skills in performing functional marketing activities such as conducting marketing research and disseminating consequent product specifications and in recommending better pricing and promotion strategies. Meldrum's (1996) argument reflected the findings of Wong et al.'s (1989) market orientation study among British manufacturing firms that identified that lack of appropriate marketing skills was one of the barriers to market orientation. These arguments indicate the need for formal marketing education of employees in an organisation.

Kohli and Jaworski (1990) claimed that the market orientation of an organisation is a function of the formal marketing education of its senior managers. This claim was further tested by Horng and Chen (1998) who found a strong positive relationship between formal marketing education and overall market orientation. Thus, formal marketing education should be considered as an antecedent of market orientation as Harris (2000) argued that the top managers, whose backgrounds do not predispose them towards a market orientation constitutes one of the barriers to market orientation.

4.1.2. Organisational Characteristics

The next predictor that influences market orientation comprises the organisational characteristics that include centralisation, formalisation, political behaviour of organisational members, and market based reward system. Lear (1963) asserted that a market orientation, while 'better suited to the customer', creates complications in terms of structure. Ruekert (1992) analysed organisational process as a barrier to market orientation and advised that the degree to which an organisation can increase its market orientation is inextricably linked to the organisational structures, systems and processes created to sustain them. Kohli and Jaworski (1990) labelled the organisation-wide characteristics as the organisational system and argued that a set of barriers to a market orientation briefly hinted at in the marketing literature is related to the structural form of organisation.

Centralisation and Formalisation

Two structural forms of organisations, centralisation and formalisation, have been investigated in the marketing literature. Centralisation is defined as the nature and degree of delegation of decision-making (Zeffane, 1989; Martin and Glisson, 1989) whereas formalisation refers to the degree to which rules define organisational roles, authority relationships, communication channels, cultural norms, accepted sanctions, and hierarchical procedures (Zeffane, 1989; Smith et al., 1989). Aiken and Hage (1968) clarified centralisation as the delegation of decision-making authority throughout an organisation and the extent of participation by organisational members in decision-making and Hall et al. (1967) explained formalisation as the degree to which rules define roles, authority relations, communications, norms and sanctions and procedures. This explanation by Hall et al. (1967) is reflected by those put forward by Zeffane (1989) and Smith et al. (1989).

Past research had shown that both centralisation and formalisation are inversely related to intelligence generation and intelligence dissemination and are positively related to the responsiveness part of market orientation (Zaltman et al., 1973). Jaworski and Kohli (1993) identified centralisation to be negatively related to overall market orientation and also to the three components of market orientation including intelligence generation,

intelligence dissemination, and intelligence responsiveness. Other authors also found centralisation and formalisation to be negatively related to information utilisation (Hage and Aiken, 1970; Deshpande, 1982; Deshpande and Zaltman, 1982). Earlier, in this connection, Aiken and Hage (1966) claimed that both formalisation and centralisation were negatively related to market intelligence generation and dissemination. However, in a later study Glisson and Martin (1980) found market responsiveness to be positively related to both centralisation and formalisation. Pelham and Wilson (1996) indicated a significant relationship between market orientation and organisational structure (positive relationship with decentralisation and negative relationship with formalisation). Avlonitis and Gounaris (1999) found a negative relationship between formalisation and overall market orientation. In a more recent study, Harris (2000) found both centralisation and formalisation to be negatively related to overall market orientation.

Despite the significant relationship between market orientation and organisational structure (centralisation and formalisation) in the literature, Pulendran et al. (2000) found no significant relationship between market orientation and formalisation, and centralisation. Similarly, Matsuno et al. (2002) suggested that organisations with a high level of entrepreneurial proclivity generally avoid high levels of organisational formalisation and centralisation. Thus, the study identified no significant relationship between market orientation and formalisation, and centralisation.

Although the recent studies by Pulendran et al. (2000) and Matsuno et al. (2002) did not support a significant relationship between market orientation and formalisation, and centralisation, all the studies did identify a significant relationship between them and so, on the basis of the literature, it can be said that both the centralisation and formalisation of an organisation can influence market orientation. In addition, a formalised system was specifically criticised in the literature as this system may possibly facilitate instrumental utilisation processes; reduce information generation, information dissemination and utilisation of such information by weakening myopic interpretations (Imai et al., 1985; Day, 1991; Menon and Varadarajan, 1992; Moorman, 1995).

Political Behaviour

Political behaviour consists of an individual's attempts to promote self-interest and threaten others interests (Porter, Allen and Angel, 1981). Ralston (1985) had the same opinion but discussed the consequences of political behaviour. He suggested that political behaviour is to seek one's self-interest and in theory that may be detrimental to an organisation if it becomes excessive. On the other hand, Kohli and Jaworski (1990) argued that political norm structure is an informal system that reflects the extent to which members of an organisation view political behaviour in the organisation as being acceptable. They suggested that a highly politicised system has the potential for engendering interdepartmental conflict that may inhibit market orientation. In practising political behaviour, organisations differ in the extent to which their members view it as being acceptable or not (Wood and Bhuian, 1993). Thus, this political behaviour should get clear attention since it may result in organisational conflict and ultimately, through over utilisation hamper market orientation. Harris and Piercy (1999) identified a negative association between market orientation and political behaviour of retailing companies. Therefore, in becoming market-oriented an organisation should try to minimise its political behaviour.

Market Based Reward System

A considerable amount of research has been conducted on the relationship between organisational reward systems and subsequent attitudes and behaviour of employees and proved that reward systems are instrumental in shaping such attitudes and behaviour (Anderson and Chambers, 1985; Jaworski, 1988; Siguaw, Brown and Widing, 1994). In this connection Pulendran et al. (2000) purported that the type of measurement and reward systems adopted by the organisation will determine the extent to which market orientation is adopted. They also proved this statement by identifying a significant relationship between market orientation and the reward system. Earlier, Webster (1988) argued that the key to developing a market-driven, customer oriented business lies in how managers are evaluated and rewarded, e.g. the basic requirement for the development of a market-oriented firm is the creation of market-based measures of performance.

Jaworski and Kohli (1993) found a very strong significant relationship between market based reward systems and market orientation and suggested that organisations' that reward employees on the basis of factors such as customer satisfaction and building customer relationships tend to be more market-oriented. Hence, Wood and Bhuian (1993, p. 23) added that, "organisations employing this philosophy tend to reward employees based on positive consumer responses to their marketing efforts as opposed to basing rewards strictly on short-term profitability". In addition, Pulendran et al. (2000) postulated that this type of reward system significantly reduces role conflict and job ambiguity.

4.1.3. Interdepartmental Dynamics

Interdepartmental dynamics are the formal and informal interactions and relationships among an organisation's departments (Kohli and Jaworski, 1990). The critical dynamics are interdepartmental conflict and connectedness.

Interdepartmental Conflict

Several researchers have suggested that the implementation of market orientation is greatly influenced by interdepartmental conflict (Levitt, 1969; Lusch and Laczniak, 1987). In this connection, Wong et al. (1989) described the lack of cooperation and co-ordination between functional units as one of the most common barriers to market orientation. Ruekert (1992) suggested that this lack of cooperation creates frustration among the members of the organisation, especially when individuals perceive that the other party is not behaving in a fair manner. Earlier research also suggested that the organisational conflict among the employees results in reducing interfunctional performance (Weinrauch and Anderson, 1982; Dutton and Walton, 1966). Similarly, Felton (1959) and Levitt (1969) detected interdepartmental conflict as being dysfunctional since it acts as a barrier to market orientation.

Jaworski and Kohli (1993) suggested that interdepartmental conflict reduces the market orientation of an organisation, mainly affecting intelligence dissemination and responsiveness of the organisation. Ruekert and Walker (1987) also claimed that interdepartmental conflict inhibits communication across the departments of an

organisation. Harris and Piercy (1999) identified a negative association between conflictual behaviour within an organisation and the extent of market orientation. Their findings suggested that conflictual behaviour strongly and negatively correlated with market orientation and it inhibits the ability of an organisation to coordinate activities and focus on market dynamics. This was also supported by the findings of Pulendran et al. (2000) who identified interdepartmental conflict as a barrier to overall market orientation. They also suggested that high levels of conflict could create barriers between departments, affecting the flow of communication and the exchange of information. Thus, interdepartmental conflict should be considered as an antecedent of market orientation and an organisation should try to reduce it in becoming more market-oriented.

Interdepartmental Connectedness

Interdepartmental connectedness is the degree of formal and informal direct contact among employees across departments of an organisation (Kohli and Jaworski, 1990). The importance of this variable facilitating market orientation is supported by the evaluation literature (Cronbach and Associates, 1981). This was also documented by Deshpande and Zaltman (1982) who identified interdepartmental connectedness to be significant and positively related to intelligence dissemination and responsiveness. They also postulated that connectedness enables adequate amounts of intelligence to be generated and at the same time allows its appropriate usage.

Blake and Mouton (1964); Lawrence and Lorsch (1967); and Ruekert and Walker (1987) proclaimed interdepartmental connectedness as the perception of an organisation that links different departments and functions in achieving the overall objective of that organisation. Jaworski and Kohli (1993) claimed that interdepartmental connectedness fosters interdependency within the organisation and encourages employees to act in a concerted manner in the processes of knowledge generation and knowledge utilisation. They also purported that interdepartmental connectedness plays a positive role in determining the market orientation components (intelligence dissemination and responsiveness to market intelligence).

Harris and Piercy's (1999) research on barriers to market orientation in retailing companies demonstrated a positive relationship between the organisation's interdepartmental communication and the level of market orientation. The study also suggested that more frequent communication is likely to enable the dissemination of collected market intelligence and facilitate a timely market focused response. Earlier, Wong et al. (1989) claimed that an improper interfunctional coordination system is a barrier to market orientation, as it determines the extent of market orientation of a specific company.

In a recent study of market orientation in Australia Pulendran et al. (2000) found interdepartmental connectedness contributing significantly to the higher levels of market orientation and suggested that this increases the ability of firms to act in a consistent and concerted manner towards their customers.

Most recently, Ignacio et al. (2002) augmented the importance of interdepartmental connectedness by mentioning that the internal integration and coordination must be a faithful illustration of the organisation's members' predisposition. Further, they suggested that interdepartmental connectedness develops group of activities which satisfy the target market. Thus, the leading management of an organisation should ensure that each one of the organisational participants recognises the need for integration and coordination as organisational values. Ignacio et al. (2002) further suggested that coordination must be accomplished in order to combine interests and eliminate barriers to accomplishing the mission of the company. Thus, the presence of appropriate interdepartmental coordination is critical for any organisation in becoming market-oriented and it should be considered as one of the influential factors, because it fosters the level of market orientation of a company.

4.1.4. External Factors

Kohli and Jaworski (1990); Narver and Slater (1990); Jaworski and Kohli (1993); and Slater and Narver (1994b) empirically tested the environmental factors as exogenous variables or moderating variables in order to identify the market orientation and consequences relationship. In only a few studies have the macro-environmental conditions been hypothesised as an antecedent of market orientation (Cervera et al.,

2001; Avlonitis and Gounaris, 1999). Faherty (1985) asserted that the external environment in which organisations operate is highly complex and more volatile. Thus, these external environmental factors are perhaps even more influential in determining the level of market orientation (Wood and Bhuian, 1993). Hence, Au and Tse (1995) argued that market turbulence, technological turbulence, degree of competition, and the general economy all interact in a complex manner that can have an enormous impact on the relationship between market orientation and company performance. Therefore, competition, market turbulence, technology, and the general economy of a country can be considered as the main external factors, which can be claimed to be influential in determining the level of market orientation.

Competition

The competitive environment refers to any group or organisation that competes for the attention, resources, or loyalty of a target group (Wood and Bhuian, 1993). The success of an organisation depends on how well it understands its competitors and to what extent it monitors strategies and tactics of its rivals (Simkin and Cheng, 1997). In this connection, Wong and Saunders (1996) suggested that, in order to gain competitive advantage, a company should design offers that satisfy targeted customer needs better than competitors. Hence, Aaker (1995) argued that it is necessary to gain a clear understanding of the abilities and strategies and current and future activities of competitors through the collection of information about them. Earlier, Kotler and Anderson (1991) identified four major types of competitors in order to serve the target market: ‘desire competitors’ (the competitors that are involved in serving the immediate desires that consumers might want to satisfy), ‘generic competitors’ (competitors that are involved in satisfying the generic or basic needs of customers), ‘service form competitors’ (competitors that are involved in selling their services), and ‘enterprise competitors’ (enterprises that satisfy a consumer’s particular desire). In order to be sustained in the market place, an organisation should recognise these competitors. Organisations that recognise competition and perceive it to be more threatening in achieving their goals have a greater tendency to evaluate it (Schwartz, 1989). Thus, it can be said that the greater the perceived competition, the greater the tendency to adopt a market orientation (Wood and Bhuian, 1993).

Research findings have suggested that a competitive environment could play a moderating role in the relationship between market orientation and performance (Jaworski and Kohli, 1993). However, their study did not support the hypothesised moderating effects for the other variables. Similarly, Avlonitis and Gounaris (1999) in a study that considered competitive intensity as market factor found a strong positive relationship between competition and market orientation.

Houston (1986) and Kohli and Jaworski (1990) stated that, in the absence of competition, a company might perform well since customers are stuck to that company even if the company is not market-oriented. At the same time Jaworski and Kohli (1993) established a reverse argument mentioning that in the case of high competition, customers have many alternatives to choose from and an organisation that is not market-oriented is likely to lose customers. Therefore, organisations in highly competitive environments focus more on learning about competitors, which is a key aspect of market orientation (Han et al., 1998). Thus, competitors' steps should be followed and competitive actions should be taken in becoming more market-oriented and for keeping the customers with the company. Since, the nature of competition of an organisation determines whether that organisation is market-oriented or not, this should be considered as an antecedent in determining the level of market orientation.

Market Turbulence

Jaworski and Kohli (1993) defined market turbulence as the rate of change in the composition of customers and their preferences. The salient role of market turbulence in the development of market orientation has been documented in several studies (Felton, 1959; Levitt, 1960; Kotler, 1977). Levitt (1960) augmented this by arguing that the company does not have to develop a market orientation if it operates in a familiar, stable and predictable market. However a problem arises when markets do not remain stable or predictable all the time and thus a company should take more effort to cope with this instability and unpredictability (e.g. the company should become market-oriented), 'while those who fail to do, simply die' (Day, 1990).

Jaworski and Kohli (1993) asserted that organisations that operate in the more turbulent markets are likely to have to modify their products and services continually in order to

satisfactorily cater to customers' changing preferences. Therefore, they again suggested that the businesses operating in more turbulent markets are likely to have a greater need to be market-oriented. Similarly, reporting experience in developing market economies Lusch and Laczniak (1987) suggested that market turbulence in developing economies requires organisations to modify their products and services on a continuous basis. This was supported by Davis et al. (1991) who identified that environmental turbulence is positively related to a firm's level of market orientation. They further suggested that market turbulence requires an organisation to take action on the basis of the customers' preferences and thus it increases the level of market orientation.

In addition, Pulendran et al. (2000) argued that it is imperative that organisations are highly market-oriented in conditions of market turbulence. And, in such conditions, management must undertake market-oriented activity whilst maintaining the flexibility to shift resources and adapt to potentially variable market trends. Thus, they also suggested that a focus must be placed on listening and responding to customer needs and a failure to adapt will render an organisation competitively unstable. Savitt's (2001) exploratory study on understanding marketing development in a country that is currently recovering from the effect of the socialist system, also suggested the effects of turbulence on the development of marketing, which were considered with those put forward by Pulendran et al. (2000). Appiah-Adu (1997) augmented this by arguing that the influence of market orientation on performance depends on the level of market turbulence. Thus, market turbulence should be considered as an influential factor in determining the level of market orientation.

Technology

Technology is being presented as something new as it drives change at an ever-increasing rate (Chaharbaghi and Willis, 2000) and the correct manufacturing technologies can provide the organisation with considerable operational and competitive benefits (Australian Manufacturing Council, 1990; Sohal, 1995). Grewal and Tansuhaj (2001) argued that both the pace and degree of innovations and changes in technology induce technological uncertainty. Hence, Kohli and Jaworski (1990) argued that market orientation might not be as important as it is in technologically stable industries. They

therefore, claimed that organisations often use technological orientation as an alternative means to market orientation in building sustainable competitive advantage.

Glazer (1991) suggested that firms in high-technology markets tend to allocate greater resources to technology in order to manage the uncertainty created by technological changes, even though a balance between market orientation and emphasis on technological orientation is possible. Earlier, Kohli and Jaworski (1990) noted that it is not that a market orientation is not unimportant in technologically turbulent industries, but rather that it is less important. In this connection, Grewal and Tansuhaj (2001) provided a similar opinion mentioning that the emphasis on technological orientation, as a means of competing, should reduce the importance of market orientation.

Hayes and Wheelwright (1984) purported that the firms in markets characterised by high technological uncertainty compete more on the basis of technology than on the basis of market orientation, compared with the firms in markets characterised by low technological uncertainty. Hence, technological turbulence should be identified as an antecedent in determining the level of market orientation of an organisation.

General Economy

Economic conditions of a country have an impact on spending power and behaviour of the customers of that country. Hence, Kohli and Jaworski (1990) argued that a strong economy is characterised by strong demand and so an organisation may be able to get away with a minimal amount of market orientation. They even suggested that, in a weak economy, customers are likely to be very value conscious and organisations must be more in tune with, and responsive to, customer needs in order to offer good value for money.

Slater and Narver (1994b) investigated the moderating role of the strength of the economy on the relationship between market orientation development and company performance and suggested that the companies that operate in weak economies with stable or decreasing markets are more likely to adopt market orientation than the companies that operate in strong economies. Thus, it is justifiable to consider the general economy of the country when determining the level of market orientation.

On the basis of the literature review, it can be concluded that the conditions that are required for implementing the marketing concept are the factors that foster or discourage market orientation. These conditions/factors are basically the antecedents/barriers/predictors/determinants of market orientation. These are called antecedents because they determine the level of a market orientation of an organisation. Therefore, a company should consider these antecedents in order to become market-oriented. Antecedents that have been identified in the literature review include the following groups of factors: senior management characteristics including top management emphasis, risk aversion, management training, and formal marketing education; organisational characteristics including centralisation, formalisation, political behaviour, and market based reward system; interdepartmental dynamics including interdepartmental conflict and connectedness; and external environmental factors including competition, market turbulence, technological turbulence, and general economy. Pulendran et al. (2000) suggested that additional studies needed to be undertaken including investigation of a more complete set of antecedents that influence the market orientation of an organisation. Thus, in this study of market orientation, all these market orientation antecedents were considered.

4.2. CONSEQUENCES OF MARKET ORIENTATION

The aim of this section is to identify the possible consequences of market orientation and to clarify the relationship between market orientation and its consequences. There are at least three different types of consequences of market orientation that have been identified from the market orientation literature including business performance, employees' organisational commitment and esprit de corps, and customer satisfaction and repeat customer (Kohli and Jaworski, 1990; Jaworski and Kohli, 1993). Raju et al. (1995) purported that an increase in market orientation is expected to result in higher performance in business because it facilitates clarity of focus and vision in an organisation's strategy and generates pride in belonging to an organisation that results in higher employee morale and greater organisational commitment. The further consequence is customer satisfaction that indicates repeat purchases and draws new customers to the business.

Although, many studies have investigated the relationship between market orientation and economic performance (business performance), very few of them have identified the relationship between market orientation and non-economic performance (employees and customer response).

Armstrong and Baron (1998) stated that defining performance is the prerequisite of measuring or managing it. Hence, Otley (1999) argued that performance might be defined in terms of doing the work, as well as in terms of the results achieved. Fitzgerald and Moon (1996) postulated that performance is a multidimensional construct, the measurement of which varies, depending on a variety of factors that comprise it. In this connection, Rogers (1994) argued that performance should be defined as the outcomes of work because they provide the strongest linkage to the strategic goals of the organisation, customer satisfaction, and economic contribution. Matsuno and Mentzer (2000) suggested that performance should be viewed not only as economic performance (business performance) but also as non-economic performance (customer satisfaction, customer retention, social acceptance, corporate image, and employee satisfaction). Earlier, Jaworski and Kohli (1993) considered employees' organisational commitment and esprit de corps as non-economic performance.

Economic performance of an organisation can be defined as the function of some financial indicators such as return on investment, profit, market share, sales volume, revenues, product quality, and overall financial position, while non-economic performance is the function of other outcomes of an organisation rather than financial indicators such as customer satisfaction, customer loyalty, employees' organisational commitment and esprit de corps, company image and social acceptance (Narver and Slater, 1990; Jaworski and Kohli, 1993; Matsuno and Mentzer, 2000).

4.2.1. Economic Performance of Business

A significant number of studies of market orientation have focused on the relationship between the market orientation and business performance and it has been widely assumed for many years that market orientation is linked to better company performance (Dawes, 2000). Dawes (2000) also noted that the theoretical basis for this expected link was elucidated earlier by McKitterick (1957) who highlighted that, in a

competitive environment, organisations must be highly cognisant and responsive to customer needs, otherwise rivals will devise products more attuned to those needs and capture their business. Narver and Slater (1990) augmented this view, debating that strong market orientation within a business will enhance the effort to offer superior value to the buyers which will lead to an advantage over competitors and to better profitability. Okoroafo and Russow (1993) argued that sound marketing practice is an important contributor to performance in economic reform economies. Walker and Ruekert (1987) added to this by saying that organisation performance can be measured on a variety of dimensions, and no single business approach can be expected to have the same effect on all dimensions.

In this connection, Narver and Slater (1990) used subjective measures investigating the market orientation and performance relationship among 140 strategic business units of a major corporation's forest product division (commodity and non-commodity business) and found a significant positive relationship between market orientation and return on investment (ROI). Hence, they proposed a potential explanation that the market orientation-performance relationship might be contingent on some industry situations in which firms operate, such as commodity versus non-commodity and/or competitive versus non-competitive. The study suggested further research for testing the relationship of market orientation to additional performance measures that may affect long-term profitability such as customer retention, new product success, and sales growth.

Slater and Narver (1994a) also investigated the relationship between market orientation and return on assets, sales growth, and new product success among 107 Strategic business units (SBUs) in two corporations in USA and found a positive relationship. This study used subjective measures of performance and suggested that objective measures of performance be used for future research.

Slater and Narver (2000) tested their earlier findings (Narver and Slater, 1990) of the positive relationship between market orientation and business profitability. For this purpose data were collected from 53 single-business corporations of SBUs of multibusiness corporations in three Western cities. Despite the relatively small sample, they conducted a stepwise regression analysis and found market orientation and

business profitability positively and significantly related. This further supports their earlier findings.

Pelham and Wilson (1996) also conducted a market orientation study based on Narver and Slater (1990) among 68 small firms in the USA. The study was drawn to create links between market environment, strategy, business position variables (marketing/sales effectiveness and growth/share), and profitability. The study suggested a positive and significant relationship between market orientation and sales growth/market share, product quality, and profitability. In this connection, Pelham (2000) concluded that the Pelham and Wilson's (1996) model of performance augmented the earlier market orientation models that considered both antecedents and consequences as variables.

Ngai and Ellis (1998) conducted a market orientation and business performance study in Hong Kong among 73 textiles and garment companies, based on the culturally based behavioural approach taken by Narver and Slater (1990). Their study used a multiple linear regression analysis to test the relationship between market orientation and business performance and found a positive relationship between the market orientation of respondent firms and their performance (sales growth/market share growth and long term profitability). Hence, Kotler and Armstrong (1996) argued that the positive relationship between performance and market orientation supports a long-held proposition, which states that the attainment of organisational goals is determined by satisfying the needs of customers more effectively than rivals.

Ruekert (1992) conducted a market orientation study among five SBUs in one company, where he focused on a strategic perspective and found a positive relationship between market orientation and sales growth, and profitability. On the other hand, Jaworski and Kohli (1993) conducted a market orientation study on the basis of intelligence perspective developed by Kohli and Jaworski (1990) where they used two different samples containing 222 companies for the first sample and 230 companies for the second. Their study used a multiple regression analysis and identified a positive and significant relationship between market orientation and market share, return on equity (ROE), and overall performance in the presence of moderating environmental variables.

At the same time, Diamantopoulos and Hart (1993) conducted a study among 87 companies in the UK and found an association between market orientation and sales growth, and profits relative to industry average. Similarly, Pitt et al. (1996) in their study among 161 UK service firms and 200 Maltese firms of various industries adapted the MARKOR (market orientation) scale developed by Kohli et al. (1993). Here, they identified a positive relationship between market orientation and return on current equity (ROCE), sales growth, and subjective impressions.

Raju et al. (1995) conducted a market orientation study among 176 hospitals in the USA using the MARKOR scale developed by Kohli et al. (1993). The objective of the study was to understand clearly the relationship between market orientation and return on investment (ROI), service quality and morality. The performance factors were taken one at a time and regressed against the market orientation factors, and stepwise regression was performed using each performance factor as the dependent variable and market orientation factors as independent variables. The results indicated that market orientation has a significant effect on each of the performance dimensions. However, the study suggested that the market orientation-performance relationship in several industries should be explored in order to examine any inter-industry variances.

Selnes et al. (1996) conducted a study to examine the way in which a country context affects the level of organisational antecedents that drive a market orientation including focus on top management, interdepartmental relations and organisational systems. The study also examined two other areas; level of market orientation and the strength of linkage between market orientation and its antecedents and consequences. Using a multiple-informant survey design, the study collected data from SBUs in USA and in Scandinavia (Denmark, Norway, and Sweden). The findings suggested similar results in both cultures (USA and Scandinavia) that showed a significant linkage between market orientation and its antecedents and overall performance.

Caruana et al. (1998) further adapted the MARKOR scale developed by Kohli et al. (1993) in order to identify the relationship between market-oriented universities and their performance. The study used multiple regression analysis and identified a strong, statistically significant relationship between market orientation and overall performance. The study also suggested that the responsiveness dimension of market

orientation appeared to be more critical to overall performance, while the collection of information and its dissemination are necessary preliminary steps and it is responsiveness to this information that provides the possibility of meeting market needs that in turn results in an improvement in overall performance. The study further argued that future research must be carried out for the development of useful measures of performance, especially in the non-business sector, where measures, such as return on capital employed (ROCE) and return on sales (ROS), are inadequate.

Homburg and Pflesser (2000) in their study of market orientation adapted the MARKOR scale developed by Kohli et al. (1993) and the performance scale from Irving (1995). The study identified a significant positive effect of market-oriented behaviour on market performance. In this connection they argued that a high level of market dynamism makes a market-oriented culture even more important and provides a little more depth to marketing academics' understanding of market orientation's performance outcomes.

Baker and Sinkula (1999) in their study on market orientation also used the MARKOR scale (Kohli et al., 1993) in order to operationalise the market orientation elements. They also used Jaworski and Kohli's (1993) two-item scale for measuring overall performance and Day's (1977) scale item for measuring market share. Again, Baker and Sinkula (1999) used a new scale for new product success that was built on the basis of Moorman's (1995) and Moorman and Miner's (1997) work in the area of new product performance, timeliness, and creativity. The study by Baker and Sinkula (1999) used self-explicated measures of performance similar to Dess and Robinson (1984). These measures were chosen because of consistent evidence that subjective and objective measures of performance are highly correlated. In order to identify the market orientation-performance relationship, they used regression analysis and found a strong significant relationship between market orientation and overall performance, market share, and new product success. Hence, the findings of Baker and Sinkula's (1999) study are consistent with other research in this area (Narver and Slater, 1990; Jaworski and Kohli, 1993; Kohli et al., 1993; Sinkula et al., 1997).

Pulendran et al. (2000), using the scales of Jaworski and Kohli (1993) checked the moderating effect of market turbulence, competitive intensity, and technological

turbulence and identified the relationship between market orientation and profitability arguing that superior profitability can be achieved by undertaking market-oriented activity. In this connection, they suggested further research to determine how market orientation relates to aspects of performance such as self-assessment performance measures, quantitative performance measures, job satisfaction, organisational satisfaction, organisational commitment, role clarity, and self esteem measures.

Based on Jaworski and Kohli's (1993) market orientation scales, Grewal and Tansuhaj (2001) conducted a study in Thailand in which they identified the role of market orientation and strategic flexibility on building organisational capabilities for managing the economic crisis. They suggested that the adverse effect of market orientation on a firm's performance after a crisis is moderated by demand and technological uncertainty and enhanced by competitive intensity. The study also highlighted two important arguments: first, further refinement of Kohli et al's. (1993) MARKOR measure was needed; and second, after a crisis they found that market orientation influences are only useful for managing economic crises in environments characterised by high levels of either demand or technological uncertainty.

Pelham (1997a) conducted a study in which he utilised eight of the nine measures of market orientation adapted from Narver and Slater's (1990) market orientation instrument and one from that of Jaworski and Kohli (1993). In this study, performance measures were based on those used by Gupta and Govindarajan (1983) and Covin, Prescott, and Slevin (1990). The study tested the direct link between market orientation and profitability in a saturated model and identified an insignificant relationship between market orientation and profitability. Pelham (1997a) argued that a possible explanation for the lack of a clear relationship between market orientation and profitability is that it is a more complex relationship than tested for in previous studies. Chakravarthy (1986) found that excellent firms could not be identified by a single measure of profitability and thus, in order to explore the market orientation-performance link effectively, it is necessary to appropriately operationalise both constructs. However, Pelham (1997a) claimed that firms seeking to enhance market-oriented behaviours should see the most immediate consequences in more effective new product development, improved relative product quality, and improved customer retention. Pelham (1997a) suggested that future studies should investigate the measures and

dimensions of market orientation and the relationship of market orientation and performance in large and small consumer goods manufacturing firms, service firms, and retail firms.

Pelham (1997b) conducted another study on market orientation and performance among 160 small industrial manufacturing firms using market orientation measures developed by Narver and Slater (1990) and Jaworski and Kohli (1993). The study used return on equity, gross profit margin, and return on investment in order to measure the overall profitability and found a strong market-orientation performance relationship. Pelham (1997b) suggested that further studies should be undertaken to identify the market orientation-performance relationship across a quadrant for large industrial firms and among consumer goods manufacturing companies and service/retail firms.

Recently, Pelham (2000) conducted another study among 160 small and medium sized manufacturing firms. The study used a market orientation scale adapted from both Narver and Slater (1990) and Jaworski and Kohli (1993). The findings of the study suggested that total market orientation was significantly correlated with marketing/sales effectiveness, growth/share and profitability. Hence, Pelham (2000) claimed that the results of this study are consistent with other market orientation studies including Pelham and Wilson's (1995; 1996), especially for the higher associations of market orientation and performance variables relative to strategy and industry involvement.

Appiah-Adu (1997) conducted a market orientation and performance study in the UK that examined whether the market orientation-performance link established in large firm studies also holds for firms in the small business sector. The possible effects of market growth, competitive industry, and market and technological turbulence on any identified relationship were investigated. Pelham's (1993) and Pelham and Wilson's (1996) market orientation scales were adapted for use in this study because of their applicability to small business. Regression analysis was conducted in order to identify the market orientation-performance link. Findings suggested a positive and significant impact of market orientation upon small business performance. The significant and positive impact of market orientation on new product success identified in the study is consistent with the findings of studies undertaken by Pelham and Wilson (1996) for US small business; Slater and Narver (1994a) for SBUs of large US organisations; and

Atuahene-Gima (1995) for large Australian firms. In addition, the significant and positive effect of market orientation on sales growth reported by Appiah-Adu (1997) is consistent with the findings of Slater and Narver (1994a) but inconsistent with those of Greenley (1995b) and Pelham and Wilson (1996). Further, identification of a significant and positive effect on the profitability levels (ROI) of small firms is consistent with the findings of Pelham and Wilson (1996) but inconsistent with those of Greenley (1995b).

Later, Appiah-Adu and Sing (1998) conducted another study among manufacturing and service firms in the UK where they identified a customer orientation and performance relationship. They used regression analysis in order to identify the customer orientation's relationships with new product success, sales growth, and return on investment (ROI). The study identified a positive and significant relationship between customer orientation and all the three performance measures. Thus, Appiah-Adu and Sing (1998) argued that it would be interesting to conduct further research in this area using integrated models with additional organisational variables such as firm structure, coordination, control systems, age, and management characteristics. They also suggested that utilising such an approach would facilitate the testing of possible internal and external influences on customer orientation among organisations.

Matsuno and Mentzer (2000) conducted a study in which they empirically examined the moderating role of strategy type on the relationship between market orientation and economic performance. They measured business performance using market share, relative sales growth, percentage of new product sales to total sales, and return on investment (ROI) and found that strategy type had a moderating role on the relationship between market orientation and those four performance measures. In addition, they suggested that further research on the relationship between market orientation and non-economic aspects such as customer satisfaction, customer retention, social acceptance, corporate image, and employee satisfaction should be undertaken.

Dawes (2000) conducted a study that examined the association between market orientation and company profitability. In this study he incorporated two methodological approaches that have generally not been used in previous research. Firstly, he used 'lagged' company and environmental control variables in the data analysis in order to better discern their effects on profitability and to clarify any relationship between

market orientation and performance. Secondly, he separately analysed the individual components of market orientation and their relationships with business profitability. It was found that competitor orientation, as a component of market orientation, had the strongest association with performance. They argued that, while customer orientation is vital, competitor intelligence activities constitute a key factor in ensuring high performance. Further, it was claimed that each component of market orientation should not necessarily be assumed to have equally strong associations with profitability. Thus, the researcher suggested further research in the absence of a significant association between market information sharing and reported performance.

Deshpande et al. (1993) conducted a study in Japan among public firms and their customers in various industries where they viewed market orientation as customer orientation. The study developed a customer orientation scale on the basis of personal interview and Narver and Slater's (1990) and Kohli and Jaworski's (1990) works. The study investigated the relationship between customer orientation and profitability, size, market share, and relative growth rate and identified a positive and significant relationship in both cases of customers' assessments and managers' own assessments.

Sargeant and Mohamad (1999) conducted a market orientation study among 200 hotel groups in the UK in which they used the scales developed by Parasuraman et al. (1993) in order to measure market orientation and found no direct impact of market orientation on business performance in the hotel sector. It was suggested that future research needed to be carried out to determine the impact of market orientation on variables such as customer or employee satisfaction.

Au and Tse (1995) conducted a market orientation study of the hotel industry in Hong Kong and New Zealand. For this purpose, they modified Kotler's (1977) questionnaire for measuring the level of market orientation. They found no apparent relationship between market orientation and hotel performance in either country. Hence, they suggested that the size, price, market turbulence, technological turbulence, degree of competition, and the general economy all interact in a complex manner that can have an enormous impact on the relationship between market orientation and company performance and thus, much research is required in this area to delineate the complex interplay between these variables.

Tse (1998) conducted a market orientation and performance study on large property companies in Hong Kong, where he used a modified version of Kotler's (1977) questionnaire for measuring market orientation. The study identified no significant relationship between market orientation and business performance, that is no significant difference in the financial performance of companies that are market-oriented and those that are not market-oriented.

Balabanis et al. (1997) conducted a study among 200 top British charity organisations in order to identify the market orientation and its impact on performance. They used the performance scales developed by Lamb and Crompton (1990) for measuring the non-profit performance (effectiveness and efficiency) and the MARKOR scale developed by Kohli et al. (1993) for measuring market orientation. They used confirmatory factor analysis and the findings revealed that the level of present donor-market orientation has no impact on charities performance.

Fritz (1996), in a study on market orientation and corporate success among 144 industrial firms in Germany stated corporate success as the degree to which the corporate goals of 'competitiveness', 'customer satisfaction', 'securing the continuance of the firm', and 'long term profitability' were achieved. Significant correlations between market orientation and three external criteria of corporate success; the relative competitive position of the firm; the economic success in terms of increased ROI and sales Volume, and a decrease in employee fluctuation were identified in the study. Thus, Fritz (1996) claimed that market orientation is the one and only significant factor in corporate success.

Chang and Chen (1998) developed a conceptual model of market orientation, service quality and business profitability and empirically tested the applicability of that model for retail stock brokerage firms in Taiwan. A linear regression model was used in order to identify three relationships; market orientation and service quality relationship, service quality and performance relationship, and market orientation and performance relationship. The findings of the study suggested that market orientation has a positive and significant effect on service quality as well as on business performance, and that service quality also has a positive and significant effect on business performance.

Most recently, Kumar (2002) conducted a market orientation, organisational competencies and performance study among 159 acute care hospitals where he used the market orientation scale constructed and validated by Narver and Slater (1990) and which was revised, refined, expanded and modified to suit the health care industry by Kumar, Subramanian, and Yauger (1998). The findings of the study indicated that market orientation makes a significant contribution to the creation of a number of organisational competencies (market efficiency, employee education and efficiency, effective personnel policies, and operating efficiency) which in turn lead to superior performance in the areas of cost containment and success of new service.

Nakata (2002) conducted a study in a US based multinational pharmaceutical company, which had 100 years of operation, has 40 international subsidiaries and is placed in the Fortune 500 companies. The study involved 32 individuals, mostly country directors, representing 22 cultures that include: 'more and less developed Latin', 'more and less developed Asian', 'near Eastern', 'Germanic', 'Anglo', and 'Nordic'. On the one hand, the findings of the study suggested that greater implementation of the marketing concept is strongly associated with higher organisational performance, which is consistent with past research (Narver and Slater, 1990; Jaworski and Kohli, 1993). On the other hand, in-depth interview findings suggested that none of the respondents agreed upon the full implementation of the marketing concept, rather they argued that reaching this state was difficult. Correlation analysis was used for the study to identify the relationships among the variables. Further research was suggested which used a larger sample and broader range of multinational firms, subsidiaries, and individual respondents in order to conduct regression and other statistical techniques. Regression analysis was suggested because most of the market orientation studies that had a larger sample used regression analysis.

Blankson and Omar (2002) conducted qualitative research on marketing practices among African and Caribbean small businesses operating in London. The study involved 26 small business owners and managers (20 male and 6 female) for face-to-face in-depth interviews. The findings of the study indicated that 70% of the owner-managers reported an improvement in profits from the previous year although there was an indication of a market share drop. It was suggested that further quantitative research be undertaken using a large sample that might strengthen the findings of this study.

Matsuno et al. (2002) investigated the structural influences of entrepreneurial proclivity and market orientation on business performance. The results of the study indicated that entrepreneurial proclivity has not only a positive and direct relationship on market orientation but also an indirect and positive effect on market orientation through the reduction of departmentalisation. The results also suggest that entrepreneurial proclivity's influence on performance is significantly positive when mediated by market orientation but insignificant when not mediated by market orientation.

Although, this literature review suggests that market orientation contributes to the company's economic business performance, none of the studies examined the market orientation-performance relationship considering the external environmental factors as antecedents of market orientation; rather they investigated the market orientation-performance relationship as an effect of environmental mediating factors or just market orientation-performance relationship without considering external environmental factors.

Thus, two valid questions can be raised from the above literature review: one relating to the external environmental factors and the other relating to the measurement of economic performance. Firstly, if the external factors are considered as antecedents of market orientation of an organisation and not as mediating factors, can market orientation be directly related to business performance? Secondly, what indicators (items) should be used for measuring economic performance?

In order to clarify the first question, it can be said that there is a gap in the literature for research that should consider the external factors as antecedents of market orientation. If the market orientation-economic performance relationship is determined by the degree of the presence or absence of mediating variables (external factors), why not consider them earlier as antecedents in order to determine the level of market orientation of a company? This inclusion of external factors as antecedents can provide a better and comprehensive picture of the market orientation of a company that may result in an even stronger and clearer relationship between market orientation and business performance. Thus, this study of market orientation investigated the direct relationship between market orientation and economic performance considering the external

factors/variables as antecedents of marketing orientation along with internal antecedent variables.

In order to clarify the second question, it can be said that it would be difficult to identify the economic performance of a company just by selecting two or three items. In this connection, Uncles (2000) observed that the question of using performance measures has not been resolved in the literature. Walker and Ruekert (1987) argued that no single business expects to have the same effect on every dimension. Caruana et al. (1998) argued that the return on capital employed (ROCE) and return on sales (ROS) were inadequate for measuring business performance and further work must be undertaken to develop more useful measures. Thus, it is necessary to include as many useful indicators/items as possible, but considering the length of the questionnaire and the effectiveness of the available indicators in a developing country a standard number of scale items is justifiable.

Bhuiyan (1998), Appiah-Adu (1998b) and Akimova (2000) measured performance in developing countries using items including return on investment, profit, sales growth, market share, sales volume, revenues, product quality, and financial position. Thus, in order to measure business performance, the above items were adapted in this study. Use of these items for measuring economic performance was appropriate because this study of market orientation also explored a developing country market.

4.2.2. Non-Economic Performance of Business

As mentioned earlier, performance can also be measured by non-economic performance indicators and thus, the possible non-economic indicators/factors and their relationship with market orientation will be reviewed in this section.

Raju et al. (1995) asserted that an increase in market orientation generates pride in belonging to an organisation, resulting in higher employee morale and greater organisational commitment, and ensures customer satisfaction which increases repeat purchases and draws new customers to the business. In addition, Kohli and Jaworski (1990) suggested two major non-economic consequences of market orientation:

employee response (organisational commitment, and esprit de corps), and customer response (customer satisfaction, and repeat business).

The concept of organisational commitment has been defined in a number of ways in the literature. According to Bhuian and Abdul-Muhmin (1997), the first definition viewed organisational commitment as an internal feeling, belief, or set of intentions that enhances an employee's desire to remain with an organisation (Buchanan, 1974; Porter et al., 1976; Hunt et al., 1985; Hackett et al., 1994), the second definition viewed it as a reflection of recognised, accumulated interests e.g. pensions and seniority that bind an individual to a particular organisation (Becker, 1960), and the third definition explored it as the employee's feelings of obligation to stay with the organisation (Allen and Meyer, 1990; Bar-Hayim and Berman, 1992; Meyer et al., 1993; Hackett et al., 1994).

Kohli and Jaworski (1990) argued that market orientation provides psychological and social benefits to employees. Specifically, it leads to a sense of pride in belonging to an organisation in which all departments and individuals work towards the common goal of satisfying customers and that this positive response towards the work situation results in increased organisational commitment. Jaworski and Kohli (1993) statistically proved this by identifying a strong and positive significant relationship between market orientation and organisational commitment. Hence, they postulated that market orientation nurtures a bonding between employees and the organisation, as well as promoting a feeling of belonging to one big organisational family dedicated to meeting and exceeding market needs and expectations.

This statistically significant finding, linking market orientation as an antecedent to organisational commitment, was further augmented by Caruana et al. (1997) who measured market orientation using the MARKOR scale developed by Kohli et al. (1993) and organisational commitment using a 24-item instrument developed by Allen and Meyer (1990). In this study a stepwise regression analysis was conducted that identified a direct effect of market orientation on organisational commitment. Similarly, Blankson and Omar's (2002) exploratory research suggested a relationship between market orientation and organisational commitment. However, earlier work done by Siguaw et al. (1994) found no significant relationship between customer orientation and organisational commitment.

It is difficult to draw a clear picture of the relationship between market orientation and organisational commitment when only few studies have initiated identification of the relationship between them. Hence, Pulendran et al. (2000) suggested that future research was needed to determine how market orientation relates to organisational commitment.

Zeithaml et al. (1988) suggested that esprit de corps reduces the gap between service quality specifications and actual delivery and improves consumers' perceptions of service quality. Kohli and Jaworski (1990) argued that esprit de corps of an organisation could be improved by implementing market orientation. This argument was tested in their later research (Jaworski and Kohli, 1993) where they identified a significant relationship between market orientation and esprit de corps. Shoham and Rose (2001) also examined connections between market orientation and business performance among 250 Israeli food, plastics, constructions, and agriculture firms and identified a positive and significant association between market orientation and esprit de corps. This was previously shown by Selnes et al. (1996) who identified strong effects of market orientation on esprit de corps in both USA and Scandinavian cultures.

The next non-economic performance indicators of an organisation are customer satisfaction and repeat/loyal customer. Doyle (1995) argued that the most appropriate measures of performance are customer satisfaction and customer loyalty. In this respect, he again asserted that the customers who are satisfied with the value being provided repurchase the product and that results in better economic business performance (market share and profitability) for an organisation. Thus, an organisation should always guarantee satisfying its customers current and future needs by showing commitment, creating value in the product, encouraging customers' comments and complaints, collecting information, sharing information among various departments of the company, and by taking action. This organisational guarantee indicates the market-oriented behaviour of a company. This means that a market-orientated organisation does everything possible in order to satisfy its customers. Hence, there is a link between market orientation and customer satisfaction. Kohli and Jaworski (1990) supported this link arguing that market orientation leads to satisfied customers who spread the good word to other potential customers and who keep coming back to the organisation. This idea also reflects Kotler's (1998) assertion that a market orientation is likely to lead to greater customer satisfaction and repeat business.

Although market orientation contributes to customer satisfaction and repeat business, as far as this researcher is aware, none of the market orientation studies to date have statistically identified the significance of the relationship between market orientation and customer satisfaction. In this connection, Sargeant and Mohamad (1999) suggested the need for further research determining the relationship between market orientation and customer satisfaction.

This literature review suggests that though employees' response (employees organisational commitment and esprit de corps) and customer response (customer satisfaction and repeat business) are the possible consequences of market orientation, very few studies have investigated the market orientation and their relationships. Thus, these non-economic performances should be considered in a further study. In this context, Pulendran et al. (2000) argued that, despite a vast body of research on performance, additional study of performance effects is needed to identify the impact of market-oriented activity on a broader spectrum of performance measures (especially non-economic performance measures). Therefore, in this study of market orientation the relationship between market orientation and the above non-economic performance measures, as well as the relationship between market orientation and economic performance were explored.

CHAPTER 5

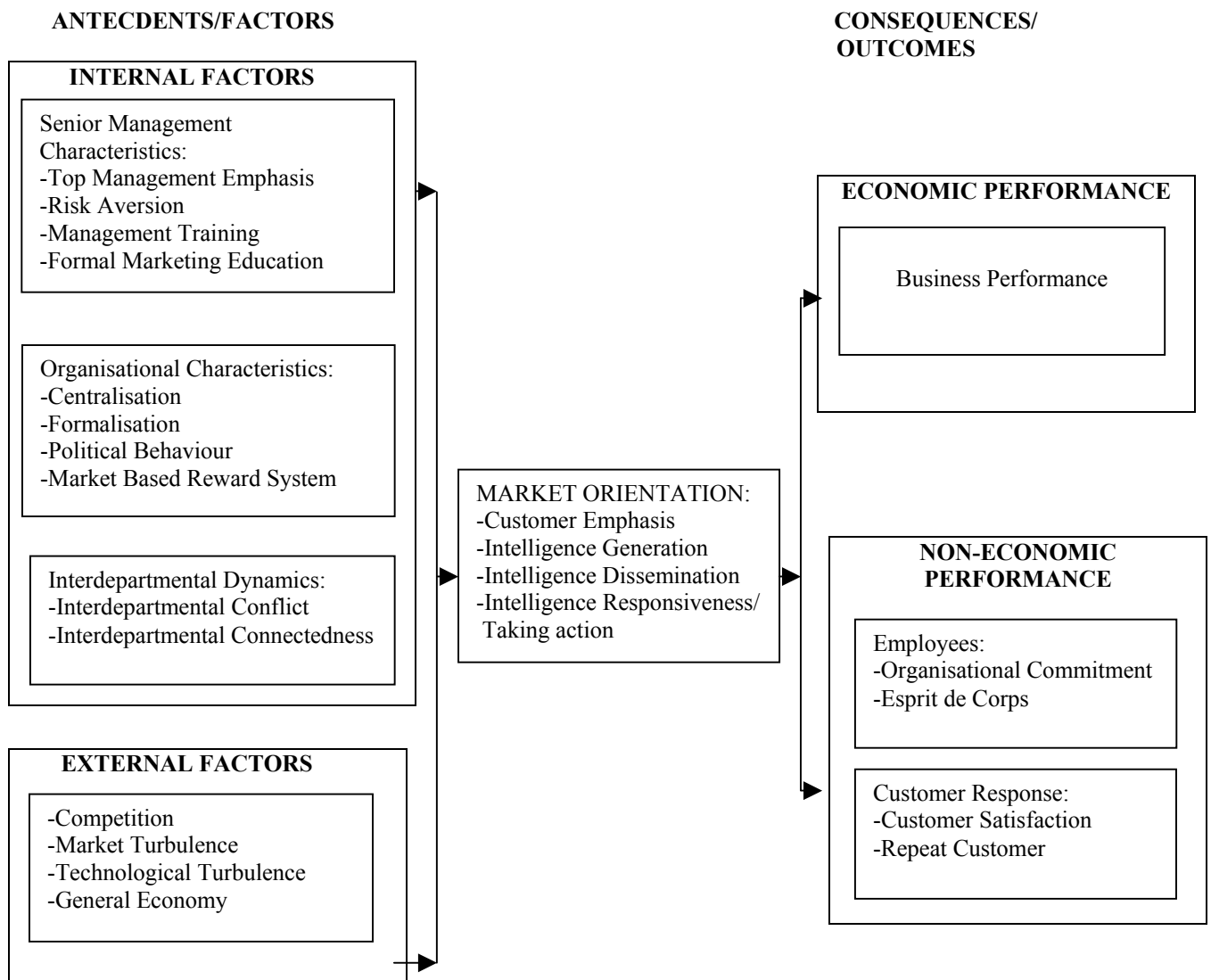
MARKET ORIENTATION – A CONCEPTUAL FRAMEWORK

This chapter proposes a complete conceptual framework of market orientation based on the synthesis model of market orientation (Figure 3.5, Chapter 3), on the theoretical model of market orientation components (Figure 3.6, Chapter 3) and on the literature review (Chapter 3 and Chapter 4). It was mentioned earlier that an organisation needs to consider certain conditions in becoming market-oriented and, once the organisation is market-oriented, it leads to superior performance of the business. Thus, the conceptual market orientation framework in this chapter considers three issues including antecedents/factors/ conditions of market orientation, market orientation and its components, and finally, consequences/outcomes of market orientation. This means that the conceptual framework proposed in this chapter is the extended form of the vital issues of the synthesis model of market orientation (Figure 3.5, Chapter 3). In addition to the conceptual framework, this chapter outlines the research questions, aims of the study, and hypotheses of the study.

5.1. THE CONCEPTUAL FRAMEWORK OF MARKET ORIENTATION

Figure 5.1 displays the proposed conceptual framework of market orientation. An understanding of market orientation and its role in the organisations can be gained within the context of the framework. The framework has three parts. The first part displays the antecedents/factors/barriers/predictors/conditions that influence the level of market orientation; the second part displays the market orientation and its components; and the third part displays the consequences/outcomes of market orientation. At the core of the conceptual framework is the market orientation, which involves customer emphasis, intelligence/information generation, intelligence dissemination or interfunctional coordination, and intelligence responsiveness or taking action. The degree of market orientation of an organisation depends on the presence or absence of some internal and external factors, and in turn the degree of market orientation displayed directly influences the economic and non-economic performance of business.

Figure 5.1. A Conceptual Framework of Market Orientation



Source: Adapted from Jaworski and Kohli (1993) and extended on the basis of the large body of literature discussed in Chapter 3 and Chapter 4.

The conceptual framework in Figure 5.1 shows that market orientation of an organisation is determined by several internal and external factors. These factors are labelled as antecedents of market orientation. The framework indicates that senior management characteristics, organisational characteristics and interdepartmental dynamics are the internal factors or internal antecedents, and competition, market turbulence, technological turbulence, and general economy are external factors or external antecedents. The framework also shows that senior management characteristics including top management emphasis, risk aversion, management training, and formal

marketing education determine the level of market orientation and its components (customer emphasis, intelligence generation, intelligence dissemination or interfunctional coordination, and intelligence responsiveness or taking action). Several researchers viewed senior management as highly influential on intelligence generation, dissemination and responsiveness, and customer emphasis was the core of all of these (Espy, 1986; Webster, 1988; Kohli and Jaworski, 1990; and Jaworski and Kohli, 1993).

Without a clear signal from top management regarding the importance of being responsive to customer needs, an organisation is not likely to be market oriented (Levitt, 1969; Webster, 1988). Payne (1988) noted that market orientation would only occur when management's attitude is in favour of marketing. Emphasis placed by top management on market orientation greatly affects the overall market orientation and its components (Jaworski and Kohli, 1993; Bhuian, 1998; Horng and Chen, 1998; Pulendran et al., 2000). Thus, the conceptual framework proposes that the top management emphasis contributes to the determination of the level of overall market orientation and its components.

The next organisational characteristic displayed in the framework that is proposed as determining the level of market orientation and its components is risk aversion. Risk averse managers are less likely to emphasise market orientation and place poor attention on customer, information generation, dissemination, and responsiveness. Jaworski and Kohli (1993) identified risk aversion to be negatively associated with intelligence responsiveness component of market orientation. Other authors identified risk aversion to be negatively related to market orientation (Ansoff, 1984; O'Neill, 1989; Avalonitis and Gounaris, 1999). Therefore, the conceptual framework of market orientation proposes that the extent of market orientation of an organisation depends on the risk averse attitude of top management.

Management training was found to encourage market orientation (Morgan, 1990; Morgan and Piercy, 1991; Ruekert, 1992). Liu and Davies (1997) noted that a training program helps organisations to develop skills to serve customers better than their competitors. Wong et al. (1989) claimed limited training as one of the barriers that restricts the development of market orientation. Thus, the conceptual market orientation framework in this study proposes that the extent of market orientation and its

components depend on the extent of management training of an organisation. This means that an appropriate training facility encourages market orientation and the lack of a training facility discourages market orientation.

Formal marketing education is the last antecedent in the senior management characteristics displayed in the conceptual framework that is proposed to be determining the extent of market orientation and its components. Kohli and Jaworski (1990) suggested that market orientation of an organisation is a function of formal marketing education. Horng and Chen (1998) identified a strong positive association between formal marketing education and overall market orientation. Thus, it is appropriate to propose that formal marketing education determines the level of market orientation and its components.

The conceptual framework in Figure 5.1 also suggests that the organisational characteristics including centralisation, formalisation, political behaviour, and market based reward system influence the extent of market orientation and its components. Previous research had shown that both centralisation and formalisation are negatively related to overall market orientation (Avlonitis and Gounaris, 1999; Harris, 2000). Previous studies have also shown negative relationships between market orientation components and both formalisation and centralisation (Aiken and Hage, 1966; Jaworski and Kohli, 1993). In addition to the negative relationships between formalisation, centralisation and market orientation, researchers have also identified positive relationships between formalisation, centralisation and intelligence responsiveness (Zaltman et al., 1973; Glisson and Martin, 1980). Thus, the inclusion of centralisation and formalisation in the conceptual framework as determining the extent of market orientation and its components seems to be appropriate and justified.

Political behaviour in the organisation creates interdepartmental conflict and so hampers market orientation (Kohli and Jaworski, 1990). The organisation that has accepted political behaviour seems to promote self-interest rather than customers' interests (Porter, Allen and Angel, 1981). This was statistically tested and a negative relationship was identified between political behaviour and market orientation (Harris and Piercy, 1999). Thus, it can be said that the extent of market orientation depends on the extent of acceptance or rejection of political behaviour of an organisation. Organisations that

view political behaviour as being acceptable do not seem to enjoy the presence of market orientation. Therefore, inclusion of political behaviour in the organisational characteristics is appropriate and justifiable.

Webster (1988) argued that the key to developing a market driven, customer oriented business lies in how managers are evaluated and rewarded. Hence, Jaworski and Kohli (1993) suggested that organisations' that reward employees on the basis of factors such as customer satisfaction and building customer relationships tend to be more market-oriented. This was augmented by Pulendran et al. (2000) who recommended the use of market based reward system for reducing role conflict and job ambiguity. Therefore, inclusion of market based reward system in the organisational characteristics is also appropriate and justified.

The next set of internal factors that is proposed as determining the level of market orientation and its components in the conceptual framework is interdepartmental dynamics including interdepartmental conflict and connectedness. Several researchers have suggested that the implementation of market orientation is greatly influenced by interdepartmental conflict (Levitt, 1969; Lusch and Laczniak, 1987). This was further statistically proved by researchers who identified negative relationships between interdepartmental conflict and market orientation and its components (Jaworski and Kohli, 1993; Harris and Piercy, 1999; Pulendran et al., 2000). High levels of conflict in an organisation create barriers between departments, affect flow of communication and exchange of information, and so inhibit market orientation. Thus, proposing interdepartmental conflict as an antecedent of market orientation and its components in the conceptual framework seems to be appropriate and justified.

The next interdepartmental dynamic proposed to be determining the level of market orientation and its components is the interdepartmental connectedness. Interdepartmental connectedness is an important antecedent, the extent of which significantly influences the extent of market orientation and its components. Several researchers have identified a significant positive relationship between interdepartmental connectedness and market orientation and its components (Jaworski and Kohli, 1993; Harris and Piercy, 1999; Pulendran et al., 2000). Smooth internal communication among the various departments in an organisation ensures placing more emphasis on the

customer, gathering more intelligence, disseminating intelligence, and timely responsiveness to the intelligence. Thus, the role of interdepartmental connectedness is unavoidable in determining the level of market orientation and its components. Therefore, proposing interdepartmental connectedness in the conceptual framework as determining the level of market orientation and its components is justified.

The conceptual framework also proposes that external factors including competition, market turbulence, technological turbulence, and general economy determine the level of market orientation and its components. Consideration of the external factors in determining market orientation and its components is very critical as Faherty (1985) noted that the external environment in which organisations operate is highly complex and volatile. In this context Wood and Bhuian (1993) suggested that external factors are perhaps even more influential in determining the level of market orientation than the other factors. Au and Tse (1995) postulated that, competition, market turbulence, technological turbulence, and the general economy all interact in a complex manner that can have an enormous impact on market orientation. Thus, considering external factors as antecedents of market orientation in the conceptual framework is appropriate.

The success of an organisation depends on how well it understands its competitors and to what extent it monitors strategies and tactics of its rivals (Simkin and Cheng, 1997). Wong and Saunders (1996) suggested that a company should design its offers to satisfy targeted customers needs and wants better than its competitors do. Schwartz (1989) postulated that organisations that recognise competition and perceive it to be more threatening in achieving their goals have a greater tendency to evaluate it. Thus, Wood and Bhuian (1993) suggested that the greater the perceived competition, the greater the tendency to accept a market orientation. Research findings have suggested that a competitive environment can play an antecedent role in determining the level of market orientation (Avlonitis and Gounaris, 1999). Therefore, considering competition as an antecedent of market orientation and its components seems to be justified.

The conceptual framework also proposes that market turbulence works as an antecedent to determine the level of market orientation and its components. The role of market turbulence has been documented in several studies (Felton, 1959; Levitt, 1960; Kotler, 1977). An organisation does not need market orientation if it operates in a

familiar, stable and predictable market (Levitt, 1960), but problems arise when markets do not remain stable or predictable all the time. Thus, an organisation should adopt market orientation to face this instability and unpredictability. Jaworski and Kohli (1993) suggested that businesses operating in more turbulent markets are likely to have a greater need to be market-oriented than the business operating in less turbulent markets. Davis et al. (1991) identified that environmental turbulence is positively related to a firm's level of market orientation. Therefore, proposing market turbulence as an antecedent of market orientation and its components in the conceptual framework is appropriate and justified.

Technology is being presented as something new as it drives change at an ever-increasing rate (Chaharbaghi and Willis, 2000). Sohal (1995) noted that appropriate manufacturing technologies provide an organisation with considerable operational and competitive benefits. In this connection, Kohli and Jaworski (1990) argued that market orientation might not be as important as it is in technologically stable industries. Grewal and Tansuhaj (2001) mentioned that technological orientation of a company reduces the importance of market orientation. Thus, technological turbulence should be brought under consideration prior to determining whether an organisation is market oriented or not. Considering this situation, it can be concluded that, proposing technological turbulence as an antecedent of market orientation in the conceptual framework is appropriate.

Spending power and purchase behaviour of customers depend on the economic conditions of that country. Kohli and Jaworski (1990) argued that, strong economy of a country is characterised by strong demand and so an organisation may get away with a minimal amount of market orientation. Kohli and Jaworski (1990) further suggested that customers are more value conscious in a weak economy than in a strong economy and thus, organisations should be more responsive to customer needs and wants for providing good value for money. Slater and Narver (1994b) identified companies that operate in weak economic conditions with stable or decreasing markets, adopting more market orientation than the companies operating in strong economic conditions. Therefore, it is proposed in the conceptual framework that general economy of a country is an antecedent of market orientation and its components, that is weak

economic conditions foster market orientation and strong economic conditions discourage market orientation.

The conceptual framework of market orientation in this study suggests that whether an organisation is market-oriented or not depends on the antecedents (internal and external factors) discussed above. Once these antecedents are considered, an organisation is likely to be market-oriented. The conceptual framework suggests that four components including customer emphasis, intelligence generation, intelligence dissemination, and intelligence responsiveness make the market orientation complete.

Insufficient and inappropriate understanding of the customers creates problems for many companies in terms of their existence in the market place, as it is difficult for these companies to compete with the competitors that properly understand their customers. Thus, market orientation places the customers at the centre of overall activities of an organisation (Dalgic, 1998). Three issues should be brought forward while thinking about customer emphasis that include customer understanding and commitment, creating superior value for the customer, and encouraging customer comments and complaints.

Insufficient understanding of the customer leads to the loss of customers to competitors and so to a fall in profitability. Thus, it is necessary for a company to understand its customers and place emphasis on them. Capon et al. (1991) cautioned that customer emphasis is essential but difficult to sustain. Therefore, an organisation should make sure that it places emphasis on its customer on a continuous basis. This continuity of placing emphasis on the customer is possible only if an organisation is committed to its customers. Thus, it is important that an organisation understands its customer and shows commitment at the same time.

In order to place emphasis on the customer, an organisation should create superior value for providing maximum satisfaction to its target customers. This effort of creating superior value leads to market orientation (Narver and Slater, 1990). Miller and Layton (2001) suggested value as the ratio of perceived benefits to price and any other incurred costs that result in customer satisfaction (Soderlund, 1998). In addition, customer satisfaction creates loyal customers (Fornell, 1992; Anderson and Sullivan, 1993; Rust

and Zahornik, 1993; Taylor and Baker, 1994). Thus, an organisation should always remember the issue of customer satisfaction while creating customer value.

Customer comments and complaints are important because they help an organisation to evaluate itself and to perform well. While customer comments inform the organisation whether it serves its target customers according to their needs and wants, customer complaints make the organisation aware that it may lose its customers to the competitors at any time if it does not take appropriate actions that set a priority on meeting the customers' existing needs and wants. Thus, Deng and Dart (1994) treated customer comments and complaints as critical issues for organisational success.

Considering the above situation, it is important that an organisation places emphasis on its customers, as it helps the organisation to sustain itself well in the market place through serving the customers better than the competitors.

The next component displayed in the conceptual framework is market intelligence generation. In order to serve consumers better than competitors do, an organisation should generate various kinds of information regarding the existing and latent needs and wants of the customers, and also the factors affecting the fulfilment of those needs and wants. Kohli and Jaworski (1990) noted that a market orientation includes monitoring factors such as government regulations and competition that influence the needs and preferences of their customers. They further suggested that, though market intelligence pertains to customer needs and preferences, it also includes an analysis of how these needs and preferences may be affected by exogenous factors such as government regulations, technology, competitors, and other environmental forces. Intelligence can be generated through a variety of formal as well as informal means such as informal discussion with trade partners and informal sharing of a cup of coffee with relevant groups (Kohli and Jaworski, 1990; Wood and Bhuian, 1993; Dobni and Luffman, 2000). Again, this information generation through formal and informal means can involve collecting primary data and/or consulting with secondary sources.

The next component of market orientation in the conceptual framework is intelligence dissemination or interfunctional coordination. Effective response to the market needs requires the participation of all the departments in an organisation. Kohli and Jaworski

(1990) suggested that in order to take appropriate action to a market need, an organisation should communicate and disseminate market intelligence to the various departments of the organisation. This communication and dissemination can be done through sharing existing and anticipated information regarding customers' current and future needs and exogenous factors among the various departments of the organisation. In addition, with the information dissemination, an organisation should also make sure that the disseminated information is appropriately and effectively used.

Intelligence dissemination originates from any department or from any individual within the organisation (Wood and Bhuian, 1993). Once this dissemination of market intelligence is originated, the rest of the departments of the organisation should be actively attuned to it, otherwise the dissemination process will be hampered. Since organisational success depends on the appropriate and smooth dissemination procedure, all the departments and employees of the organisation should understand the importance of the effective use of disseminated information and make a favourable climate for using their information through interfunctional coordination.

The fourth and final component of market orientation in the conceptual framework is the intelligence responsiveness or taking action on the market intelligence. An organisation may generate and disseminate intelligence placing the emphasis on customers, but it cannot be market-oriented until it responds to that market intelligence. Thus, responsiveness or taking appropriate action considering market needs is important. Intelligence responsiveness involves two activities such as response design or using market intelligence to develop plans and response implementation or executing plans (Jaworski and Kohli, 1993). Thus, an organisation should develop, design, implement, and alter products and services in response to customers' existing and future needs.

In the next step, the conceptual framework displays that the market orientation and its components are linked to the economic and non-economic performance of business. This linkage indicates that the performance of an organisation is a function of the extent of the market orientation of that organisation. The economic and non-economic performances of business are labelled as consequences or outcomes in the conceptual framework.

Economic performance of an organisation is viewed as the function of some financial indicators such as return on investment, profit, market share, sales volume, revenues, product quality, and overall financial position, while non-economic performance is viewed as the function of employees organisational commitment and esprit de corps, customer satisfaction and repeat purchase (Narver and Slater, 1990; Jaworski and Kohli, 1993; Matsuno and Mentzer, 2000). Previous research on market orientation identified a positive relationship between market orientation and performance and suggested that market orientation is critical for any kind of organisational success (Narver and Slater, 1990; Ruekert, 1992; Jaworski and Kohli, 1993; Pelham and Wilson, 1996; Homburg and Pflesser, 2000; Pulendran et al., 2000; Kumar, 2002). Thus, the conceptual framework suggests that market orientation rewards both economic and non-economic performance of business.

A market-oriented organisation does everything necessary to satisfy its customers' better than its competitors do. As a result, a market-oriented organisation wins business from its competitors and also keeps the same customer groups with the business for years as long as it serves the customers better than the competitors do in considering their needs and wants. Thus winning business from the competitors and keeping the same customer groups with the business leads the organisation to achieve superior performance (economic and non-economic performance). Several researchers have documented a positive relationship between market orientation and economic performance of business (Narver and Slater, 1990; Diamantopoulos and Hart, 1993; Jaworski and Kohli, 1993; Pelham and Wilson, 1996; Caruana et al., 1998; Ngai and Ellis, 1998; Homburg and Pflesser, 2000; Pulendran et al., 2000).

A market-oriented organisation involves its employees in different activities on the basis of their responsibilities within the organisation. In addition, an organisation under market orientation also ensures that there is an appropriate internal communication system and this internal communication system in turn builds bonding among the employees within the organisation and makes them view the organisation as a single family unit which results in organisational commitment and esprit de corps. Previous studies on market orientation have identified a positive relationship between market orientation and organisational commitment (Jaworski and Kohli, 1993; Caruana et al., 1997; Blankson and Omar, 2002). A positive relationship between market orientation

and esprit de corps was also observed in several studies (Jaworski and Kohli, 1993; Selnes et al., 1996; Shoham and Rose, 2001).

The next non-economic performance measures displayed in the conceptual framework are the customer satisfaction and repeat customer. Doyle (1995) argued that the most appropriate measures of performance are customer satisfaction and customer loyalty or 'repeat customer', because customers who are satisfied with the value being provided in the product repurchase it and that in turn, results economic performance of business (market share and profitability). Thus, an organisation should always guarantee the satisfaction of its customers' current and future needs by showing commitment, creating value for the product, encouraging comments and complaints, collecting information, sharing information among the organisational departments, and by responding to the information. Kohli and Jaworski (1990) suggested that market orientation leads to satisfied customers who spread the good word regarding the product to others and keep purchasing the product on a continuous basis. This means that market orientation leads to greater customer satisfaction as well as to repeat business (Kotler, 1998).

The conceptual framework in Figure 5.1 proposes that, in becoming market-oriented, consumer goods manufacturing companies in Bangladesh should consider two types of antecedents/factors, firstly, internal antecedents/factors including senior management characteristics of top management emphasis, risk aversion, management training, and formal marketing education; organisational characteristics of centralisation, formalisation, political behaviour, and market based reward system; and interdepartmental dynamics of interdepartmental conflict and connectedness, and secondly, external antecedents/factors including competition, market turbulence, technological turbulence, and general economy. Once these internal and external antecedents/factors are considered, consumer goods manufacturing companies in Bangladesh will be likely to place more emphasis on their customers, generating more intelligence, disseminating more intelligence, and responding more to the intelligence. This means that, whether consumer goods manufacturing companies in Bangladesh are market-oriented or not depends on the extent of the consideration of the antecedents or factors that determine the market orientation and its components.

The conceptual framework also proposes that both economic performance (business performance) and non-economic performance (employees' organisational commitment, employees' esprit de corps, customer satisfaction, and repeat customers) of the consumer goods manufacturing companies in Bangladesh are determined/rewarded by the level of their market orientation. This means that once an organisation becomes market-oriented it enjoys both better economic and non-economic performance outcomes. Therefore, the proposed linkage between market orientation and its antecedents, and market orientation and economic and non-economic performance in the conceptual framework seem to be justified and appropriate.

5.2. RESEARCH QUESTIONS AND AIMS

In light of the literature review in Chapter 3 and Chapter 4, and the conceptual framework in Figure 5.1, this study addresses the following four research questions:

1. What internal and external antecedents/factors significantly determine the levels of the market orientation components (customer emphasis, intelligence generation, intelligence dissemination, and intelligence responsiveness) of the consumer goods manufacturing companies in Bangladesh?
2. What internal and external antecedents/factors significantly determine the level of the overall market orientation of the consumer goods manufacturing companies in Bangladesh?
3. What market orientation components significantly determine the levels of economic and non-economic performance of the consumer goods manufacturing companies in Bangladesh?
4. What effect does the overall market orientation of the consumer goods manufacturing companies in Bangladesh have on economic performance (business performance) and non-economic performance (employees' organisational commitment, employees' esprit de corps, customer satisfaction, and repeat customer)?

Considering the above research questions, four aims were identified for this study:

1. To identify the internal and external antecedents/factors that significantly determine the levels of the market orientation components (customer emphasis, intelligence generation, intelligence dissemination, and intelligence responsiveness) of the consumer goods manufacturing companies in Bangladesh.
2. To identify the internal and external antecedents/factors that significantly determine the level of overall market orientation of the consumer goods manufacturing companies in Bangladesh.
3. To identify the market orientation components that significantly determine the levels of economic (business performance) and non-economic performance (employees' organisational commitment, esprit de corps, customer satisfaction, and repeat customer) of the consumer goods manufacturing companies in Bangladesh.
4. To identify the effect of overall market orientation of the consumer goods manufacturing companies in Bangladesh on economic (business performance) and non-economic performance (employees' organisational commitment, esprit de corps, customer satisfaction, and repeat customer) of business.

5.3. RESEARCH HYPOTHESES

5.3.1. Research Hypotheses (Antecedents/Factors Determining Market Orientation)

The conceptual framework in Figure 5.1 proposes that some internal and external antecedents/factors determine the level of overall market orientation and its components. These antecedents/factors were gleaned from a large body of literature discussed in Chapter 4. In light of the literature review in Chapter 4 and the proposed linkage between market orientation and its antecedents in the conceptual framework, the hypotheses are as follows.

Hypothesis 1:

Internal antecedents/factors including senior management characteristics of top management emphasis, risk aversion, management training, and formal marketing education; organisational characteristics of centralisation, formalisation, political behaviour, and market based reward system; interdepartmental dynamics of interdepartmental conflict and interdepartmental connectedness; and external antecedents/factors including competition, market turbulence, technological turbulence, and general economy significantly determine the levels of:

1.1 customer emphasis;

1.2 intelligence generation;

1.3 intelligence dissemination; and

1.4 intelligence responsiveness of the consumer goods manufacturing companies in Bangladesh.

Hypothesis 2:

Internal antecedents/factors including senior management characteristics of top management emphasis, risk aversion, management training, and formal marketing education; organisational characteristics of centralisation, formalisation, political behaviour, and market based reward system; interdepartmental dynamics of interdepartmental conflict and interdepartmental connectedness; and external antecedents/factors including competition, market turbulence, technological turbulence, and general economy significantly determine the level of overall market orientation of the consumer goods manufacturing companies in Bangladesh.

5.3.2. Research Hypotheses (Consequences of Market Orientation)

The conceptual framework in Figure 5.1 proposes a linkage between market orientation and economic and non-economic performance of business. While the market orientation components were identified in Chapter 3, the linkage between market orientation and economic and non-economic performance of business was drawn from the literature review discussed in Chapter 4. The literature review in Chapter 4 suggested that an increase in market orientation could be expected to result in both higher economic and non-economic performance outcomes of business. Therefore, it is also proposed in the conceptual framework that market orientation and its components are significantly

linked to the level of economic and non-economic performance of business. Thus, on the basis of this proposed linkage, the hypotheses relating to the market orientation consequences are as follows.

Hypothesis 3:

Market orientation components including customer emphasis, intelligence generation, intelligence dissemination, and intelligence responsiveness of the consumer goods manufacturing companies in Bangladesh significantly determine the levels of:

- 3.1 business performance;
- 3.2 employees' organisational commitment;
- 3.3 employees' esprit de corps;
- 3.4 customer satisfaction; and
- 3.5 repeat customer.

Hypothesis 4:

Overall market orientation of the consumer goods manufacturing companies in Bangladesh has a significant effect on economic (business performance) and non-economic performance (employees' organisational commitment, employees' esprit de corps, customer satisfaction, and repeat customer) of business.

In order to determine the applicability of the conceptual framework of market orientation (Figure 5.1) among the consumer goods manufacturing companies in Bangladesh, the above hypotheses were tested in this study. For this purpose, a combination of research methods was used. These methods are discussed in the next chapter.

CHAPTER 6

RESEARCH DESIGN

In order to execute the study and attain its aims, this chapter sets out to discuss the various steps that were necessary. The chapter starts with restatement of the aims of the study followed by an indication of the scope of the study, a discussion of the research design, the survey and in-depth interview process, and finally data analysis techniques.

6.1. RESEARCH AIMS

The aims of the study were to:

1. Identify the internal and external antecedents/factors that significantly determine the levels of the market orientation components (customer emphasis, intelligence generation, intelligence dissemination, and intelligence responsiveness) of the consumer goods manufacturing companies in Bangladesh.

2. Identify the internal and external antecedents/factors that significantly determine the level of overall market orientation of the consumer goods manufacturing companies in Bangladesh.

3. Identify the market orientation components that significantly determine the levels of economic (business performance) and non-economic performance (employees' organisational commitment, employees' esprit de corps, customer satisfaction, and repeat customer) of the consumer goods manufacturing companies in Bangladesh.

4. Identify the effect of overall market orientation of the consumer goods manufacturing companies in Bangladesh on economic (business performance) and non-economic performance (employees' organisational commitment, employees' esprit de corps, customer satisfaction, and repeat customer) of business.

The above aims of the study relate to the hypotheses of the study (presented in section 5.3 in Chapter 5) as shown in Table 6.1 on page 109.

Table 6.1. Relation Between Aims and Hypotheses

| AIMS | HYPOTHESES |
|-------------|-------------------|
| Aim 1 | Hypothesis 1 |
| Aim 2 | Hypothesis 2 |
| Aim 3 | Hypothesis 3 |
| Aim 4 | Hypothesis 4 |

6.2. SCOPE OF THE STUDY

This study has a national focus. Market orientation of the consumer goods manufacturing companies in Bangladesh was investigated in this study. Large convenience and shopping goods manufacturing companies that serve the local market were included in the study and smaller companies were excluded. Pharmaceutical manufacturing companies were completely ignored in this study as the consumption of these products depends upon prescriptions from doctors. The criteria for selecting large companies will be discussed later in this chapter. The researcher decided about the criteria of selecting large companies for this study, as there was no standard in Bangladesh for identifying large companies.

The different variables investigated in this study were those that were identified in the literature and included in the conceptual framework (Figure 5.1) in Chapter 5. The aim was to identify the antecedents/factors that significantly determine the level of market orientation and its components, and the market orientation components that significantly determine the level of economic and non-economic performance of business. In addition, the effect of overall market orientation of the consumer goods manufacturing companies in Bangladesh on both economic and non-economic performance of business, through the application of the conceptual framework, was also tested.

In order to identify the market orientation of different countries, previous market orientation studies (discussed in Chapters 3 and 4) have also examined the relationships between market orientation and its antecedents and consequences. But this study differs from previous studies for three reasons: firstly, this study is based on a developing

country setting where no significant market orientation study has been done before and cultural and economic differences from developed countries are notable; secondly, this study included some additional variables that were not explored in the previous studies; and finally, this study is based on a synthesis dimension of market orientation perspectives that has not yet been tested in any country, developing or developed.

6.3. RESEARCH DESIGN

Research design is a plan to execute the research project. The appropriate design depends on the research aims and the required data in attaining the aims. There is a lot of debate regarding research design. It appears to take place at two levels: philosophical and practical (e.g. methodological and methods). At the philosophical level epistemological issues predominate, while at the practical level issues on the choice of specific methods are addressed. In designing a study, choices have to be made at both levels (Creswell, 1994).

6.3.1. Research Design: A Combination Approaches

Two extreme points of view can be identified in the research methodology, quantitative and qualitative. Those who take the first approach argue that there is a similarity between social and natural phenomena, and similar methods can be used to study both phenomena. They favour the positivistic, quantitative methodology in social science research. Bryman (1984; 1989) indicated that this quantitative research approach is characterised by operational definitions, objectivity, hypothesis testing, causality and replicability. Those who take the second approach believe that social and natural phenomena are different. According to them, a positivistic, quantitative approach is inappropriate for studying social phenomena. They favour a humanistic, qualitative methodology. Bryman (1984; 1989) views this approach as a commitment to viewing the world from the actor's viewpoint that suggests close involvement between the researcher and respondent.

The researcher argues for a better approach than either of the above, involving a combination of two research methods. In this connection, Denzin (1970) suggested the use of triangulation in conducting research that urges confirming findings resulting from

one method by applying a second method. Earlier, Campbell and Fiske (1959) also emphasised the use of data triangulation that mixes qualitative and quantitative methods, including interviews, detailed observations, documentary evidence and questionnaires. Thus, they argued for using more than one method in the validation process to ensure that the variance reflects that of the trait and not of the method. Bryman (1988) believed that multiple research methods strongly support the claims of researchers for validity of their research findings. Creswell (1994) augmented this mentioning that combined methods lead to convergent conclusions on research findings. On the other hand, Fielding and Fielding (1987) suggested multiple triangulation since it “is the equivalent for research methods of correlation in data analysis” (p. 33). Most recently, Amaratunga et al. (2002) also recommended the use of triangulation as it is the combination of methodologies in the study of the same phenomenon. They further noted that “the effectiveness of triangulation rests on the premise that the weakness in each single method will be compensated by the counter-balancing strengths of another” (p. 23).

Runciman (1983) claimed that there is no basic difference between social and natural sciences and hence both could therefore be studied using similar methodology. In addition, Kiggundu et al. (1983) suggested the use of combined quantitative and qualitative research approaches in studying management in developing countries. Similarly, Hart (1987) argued for the appropriateness of both quantitative and qualitative research design in social science. For this purpose, Moyeen and Huq (1999) also argued that a combination of both methods might produce better insights in the Bangladesh context. In addition, a combination method has been used by researchers conducting market orientation studies (Harris and Piercy, 1999; Harris, 2000; Akimova, 2000).

In order to test the hypotheses of the study quantitative data were required (Walker, 1985; Hart, 1987). Again, most of the scales used in this study were adapted from the previous studies where none of the scales had been designed for a developing country. Thus, it might be difficult to test the proposed hypotheses by collecting data using these scales without help from qualitative research. Therefore, it was thought that a combination of both quantitative and qualitative research approaches would be most appropriate for this study in order to verify and compare the findings with each other. In

addition, qualitative data were needed in this study in order to provide a comprehensive picture of market orientation of the country.

On the basis of the above arguments and clarifications, it was decided to choose both qualitative and quantitative research approaches for this study. Again, both quantitative and qualitative research methodologies work in a complementary way. Reichardt and Cook (1979) postulated that researchers should not be restricted to either quantitative or qualitative paradigms, rather, they should be flexible using both methodologies in seeking answers to the same research questions. Thus, this study of market orientation adopted a combination approach that included both quantitative and qualitative methodologies in searching for answers to the research questions.

6.3.2. Research Method: Quantitative and Qualitative Research

The quantitative part of the study in this research involved the collection of primary data from the consumer goods manufacturing companies in Bangladesh. For this purpose, data were collected from the two major 'Divisions' of the country: Dhaka and Chittagong. It is important to clarify that 'Division' in Bangladesh is equivalent to 'State' in Australia. The quantitative research was carried out in order to test the hypotheses of the study derived from the literature review in Chapter 3 and Chapter 4, and from the conceptual framework presented in Figure 5.1 in Chapter 5.

In order to increase the depth of understanding of the current scenario of the market orientation of the consumer goods manufacturing companies in Bangladesh, qualitative research was required. This method is also considered as a means of gaining access to unquantifiable facts. Miles and Huberman (1984) and Tesch (1990) described it as 'words as data'. Berg (1995) claimed that it allows the researcher to share in the understanding and perceptions of respondents. Das (1983) pointed out that organisational phenomena cannot be validly measured without using qualitative methods. Thus, it is appropriate to use qualitative method in this study. In addition, both qualitative and the quantitative research methods are used to increase the depth of understanding of the findings of the market orientation of the consumer goods manufacturing companies in Bangladesh.

6.3.3. Data Collection Method – Selection of Survey and In-depth Interview

Once a particular research design is selected, the data collection method needs to be determined, but no unanimity of opinion regarding the data collection method has been noted in the literature. In this connection, Denzin (1970), Chisnall (1986), and Strauss and Corbin (1990) suggested the use of multiple methods to develop a rich research strategy. That means different data collection methods can be combined in order to enhance effective data collection.

The current study required a two-phase data collection approach including a qualitative phase and quantitative phase. The qualitative phase is the stage of data collection where data are collected in the form of words based on observation, interviews or documents (Miles and Huberman, 1994) and quantitative phase is a stage where numerical data are collected (Nachmias and Nachmias, 1981). Primary data were needed in both phases. In the qualitative phase, the case study method was used and in-depth interviews were conducted using a semi-structured questionnaire. The purpose of using the case study method in the qualitative phase was to obtain information from a few situations that were similar to the researcher's problem situation (Zikmund, 1994).

In the quantitative phase, quantitative data (numerical data) were required to facilitate hypothesis testing. Nachmias and Nachmias (1981) grouped data collection methods into three categories: observational methods, surveys and unobtrusive measures. The survey method was used in order to collect data from many respondents. The reason for using the survey method is its superiority compared to the other two methods. Observational methods are suitable where the phenomena of interest can be observed; relevant events occur within reasonable time and past events are irrelevant. In this research, the observation method could not be used, as past, present, and latent data were required. However, unobtrusive methods are desirable to the extent that they eliminate bias introduced by the researcher-respondent interaction.

After comparing these three methods it was decided to use the survey method for quantitative data collection. Survey data collection methods are also widely used in the market orientation literature (Narver and Slater, 1990; Jaworski and Kohli, 1993; Pulendran et al., 2000)

It is important to clarify two data collection issues; firstly, in measuring business performance it was thought impractical to expect busy respondents to provide actual performance data, even if they were agreeable to divulging such confidential information. In addition, obtaining such data from documentary sources, such as trade and other publications was not a viable alternative for the Bangladesh purpose because of their accuracy. Caruana et al. (1998) noted that obtaining data from documentary sources is often incomplete and is always a minimum of 12 months old. In this connection, Dess and Robinson (1984) who looked at the accuracy of such data recommended considering subjective perceptual measures of organisational performance. Pearce et al. (1987) showed that such subjective evaluations provide a reliable means of measuring performance. Thus, this study considered subjective data in measuring business performance rather than objective data. Secondly, in measuring customer satisfaction and repeat customer the study was limited to only interviewing company officials because of the lack of a customer data base system in Bangladesh.

6.3.4. The Survey – Selection of the Personal Face-to-Face Interview

There are three data collection modes: personal face-to-face interviews, telephone interviews, and mail interviews. Each of these modes has advantages and disadvantages associated with it (Nachmias and Nachmias, 1981; Peterson, 1982; Tull and Hawkins, 1990; Zikmund, 2000). It is difficult to select a particular one from them by comparing the advantages and disadvantages of each. This is because the strong point of one mode tends to be the weakness of the other. In order to overcome this situation, Peterson (1982) stated that the choice of mode should be dictated by the aims of the study and data required to attain the aims. Nachmias and Nachmias (1981) also viewed the situation in the same way and later, Tull and Hawkins (1990) concurred with all of them.

Therefore, in the current study the mode was selected on the basis of its aims and data required. This study required a long interview as many variables needed to be investigated. In this respect it is also important to mention that to accommodate 107 questions, an eight-page survey questionnaire was formed. As busy officials were targeted for the interview, telephone interviews were absolutely impossible because of the use of a lengthy questionnaire. In addition, anecdotal observations indicated that

mail interviews would be impossible in Bangladesh where there is a tendency to discard such mail. Further, surveys carried out in Bangladesh to date have only involved the use of face-to-face interviews implying that it was possibly more difficult to achieve suitable response rates using telephone and mail methods (Hoque, 1999; Islam and Hussain, 2000; Shah and Khan, 2000). Malhotra and Peterson (2001) also noted that the mail interview method is not popular in developing countries, as the postal system is not well developed. Cox (1996) and Huang (1998) suggested that telephone interviews are not possible in developing countries because of the unavailability of telephone and inefficiency of the telephone system.

Peterson (1982) indicated that the personal interview has the potential of yielding the highest quantity and quality of data compared to the other two modes. It also tends to be the most flexible though it is the most expensive method. However, the researcher decided to use this face-to-face method considering the potential increase in quantity and quality of information that could be obtained. In addition, the flexibility of the personal interview more than justifies the increased cost of using it. After considering the above requirements and situation, the researcher felt that the personal face-to-face interview was the most appropriate mode of data collection for this study.

6.4. THE SURVEY AND IN-DEPTH INTERVIEW PROCEDURES

After the research design it was necessary to conduct the survey and in-depth interview in order to collect data both for the quantitative and qualitative purpose. This collection of two types of data was achieved by constructing questionnaires (both for the survey and the in-depth interviews), selecting companies to participate in the survey and the in-depth interviews, and interviewing the various respondents from the selected companies.

6.4.1. Quantitative Questionnaire Construction (Survey Questionnaire)

This research project addressed 23 variables altogether. Questions for this study have been generated from previous empirical studies and from the researcher's experience (see Appendix A for a copy of the survey questionnaire). In this study existing scales that were available in the literature were used for most of the variables considering their

widely recognition and acceptability in the market orientation literature. Existing scales were used in this study for all the four components of market orientation (customer emphasis, intelligence generation, intelligence dissemination, and intelligence responsiveness). The other existing scales that were used in this study include senior management characteristics of top management emphasis and risk aversion; organisational characteristics of centralisation, formalisation, and market based reward system; interdepartmental dynamics of interdepartmental conflict and connectedness; external factors of competition, market turbulence, technological turbulence; economic performance of business performance; and non-economic performance of employees' organisational commitment and esprit de corps.

Scales that were not well constructed in the literature needed to be developed for the measurement of some variables including senior management characteristics of management training and formal marketing education; organisational characteristics of political behaviour; external factors of general economy; non-economic performance of customer satisfaction and repeat customer. Therefore, the first step entailed the development of new scales for these items. In this connection, these items were viewed as constructs and were operationally defined in order to develop scales.

The researcher generated a large number of items for each of the above constructs. Several items were reverse-scored in order to minimise response set bias. These items were tested for clarity and appropriateness in a self-administered pre-test with 20 managers from marketing and non-marketing departments. These managers were asked to complete the questionnaire and indicate any ambiguity or difficulty that they experienced in responding to the questions. Some items were eliminated and some others were modified on the basis of their feedback. Consultations with two academics in Australia and two academics in Bangladesh were made prior to, and during, the operationalisation of these scales. The items that were developed and refined were subjected to another pre-test involving 30 managers and a reproducibility test discussed later in this chapter.

In order to measure the overall market orientation of the consumer goods manufacturing companies in Bangladesh a 24-item scale was used. As mentioned earlier market orientation entails four components: customer emphasis, intelligence/information

generation, intelligence dissemination/interfunctional coordination and intelligence responsiveness/taking action. Customer emphasis was measured by a 4-item CUSTOR (customer orientation) scale developed by Gray et al. (1998), and the rest of the three elements were measured by a 20-item MARKOR scale developed by Kohli et al. (1993).

The reason for using the CUSTOR scale for this study was because it is a 'parsimonious' measure of customer orientation, which was developed from Narver and Slater (1990) and Deng and Dart's (1994) 8-item scale (Gray et al., 1998). The MARKOR scale was used for this study because the convergent, discriminant and nomological validity was provided for this scale (Kohli et al., 1993). In addition, the authors (Jaworski and Kohli, 1993; and Kohli et al., 1993) reported the results of two single informant samples and reliability alpha coefficient (Cronbach, 1951) of between .89 to .96 for market orientation and of between .71 to .82 for intelligence generation, intelligence dissemination, and intelligence responsiveness. Again, the MARKOR scale is well accepted in the market orientation literature (Raju et al., 1995; Pitt et al., 1996; Balabanis et al., 1997; Caruana et al., 1997; Bhuian 1997 and 1998; Pulendran et al., 2000; Cervera et al., 2001).

Two separate scales were used to measure top management emphasis on market orientation and risk aversion. For both top management emphasis and risk aversion, 8 items (4 plus 4 respectively) were adopted from Jaworski and Kohli (1993).

Organisational characteristics of centralisation and formalisation were measured by 4 and 3 items respectively developed by Aiken and Hage (1966; 1968) and another variable, market based reward system, was measured by a 4-item scale developed by Jaworski and Kohli (1993).

Interdepartmental dynamics of interdepartmental conflict and connectedness were measured by 5 and 4 items respectively. All these scale items in this purpose were adopted from Jaworski and Kohli (1993).

The above scales of Aiken and Hage (1966; 1968) and Jaworski and Kohli (1993) were used in this study because of their wide acceptance and use in the market orientation

literature (Bhuiyan 1998; Avlonitis and Gounaris, 1999; Farrell, 2000; Harris 2000; Pulendran et al., 2000; Carvera et al., 2001).

External factors of market turbulence and technological turbulence were measured on 4 plus 4 item scales that had been developed by Jaworski and Kohli (1993), because of their wide use (Bhuiyan 1998; Pulendran et al., 2000). Competition was measured by a 7-item scale to better fit the competitive situation in Bangladesh. Of these items, three of them were adopted from the COMPOR scale developed by Gray et al. (1998), three of them were adopted from the work of Jaworski and Kohli (1993), and the rest was adopted from the work of Narver and Slater (1990).

In order to measure business performance, eight widely recognised scale items were derived from the work of a variety of authors, as these items were successfully used in developing countries for measuring business performance (Bhuiyan, 1998; Appiah-Adu, 1998b; Akimova, 2000). These items include return on investment (Walker and Ruekert, 1987), Profit (McCarthy and Perreault, 1993), sales growth (Douglas and Craig, 1983), Market share (Collins, 1990), sales volume (Burke, 1984), and revenues, product quality, and financial position (Bhuiyan, 1992).

Finally, employees' constructs of organisational commitment and esprit de corps were measured by two different scales (4 plus 4 items) developed by Jaworski and Kohli (1993). These scales were used considering their wide acceptance in the market orientation literature.

The following variables were measured by using the newly developed scales. Senior management characteristics of management training and formal marketing education were measured by 4 plus 4 scale items, organisational characteristics of political behaviour was measured by a 3-item scale, external factors of the general economy were measured by a 3-item scale, and customer response constructs of customer satisfaction and repeat customer were measured by two separate scales containing 6 and 4 items respectively.

A 5 point Likert scale (strongly agree to strongly disagree) was used in this study for all the scale items as this scale is easy to prepare and interpret, and also simple for

respondent to answer (Zikmund, 2000). In addition, an interval scale is more powerful than a nominal scale, as it allows a researcher to make stronger comparison and conclusions (Churchill, 1983).

6.4.2. Qualitative Questionnaire Construction (In-Depth Interview Questionnaire)

The in-depth interview questionnaire for this study was designed for interviews with case study companies (see Appendix B for a copy of in-depth interview questionnaire). The reason for the selection of the case study method was to provide in-depth insights into market orientation of the consumer goods manufacturing companies in Bangladesh. In addition, it was thought that the use of this method might produce some additional information, which might not be possible by the survey method itself, as the survey in this study was limited to the collection of data using a structured questionnaire. The main reason was to justify the variables proposed in the conceptual framework of market orientation in Figure 5.1 (Chapter 5) and also to examine the applicability of the conceptual framework. The purpose was also to compare the qualitative case study research findings with the quantitative research findings.

Denzin and Lincoln (1998) mentioned that a particular case could be examined in order to provide insights into an issue or for the refinement of theory; the case is of secondary interest; it plays a supportive role. They even stated that the researcher might study a number of cases jointly in order to inquire into a phenomenon, population, or general condition. Therefore, the questions for the in-depth interviews were designed and developed in such a way that the case companies could be properly examined in order to provide a clear insight into market orientation in Bangladesh. Several drafts were made and reviewed with the consultation of two academic supervisors prior to the finalisation of the questionnaire.

The in-depth interview questionnaire started with a set of general questions in order to determine the meaning of market orientation, identify the internal and external factors that foster or discourage market orientation, the desirable and undesirable consequences of market orientation, and the importance of market orientation to the consumer goods manufacturing companies in Bangladesh. The purpose of these general questions was to justify the variables proposed in the conceptual framework of market orientation

presented in Figure 5.1 (Chapter 5). These general questions were mainly adapted from the work of Kohli and Jaworski (1990) considering their wide acceptance in the market orientation literature (Hart and Diamantopoulos, 1993; Blankson and Omar, 2002).

The next section contained major market orientation questions that included whether the participating companies conducted a survey, arranged interdepartmental meetings, shared information, responded to customer needs, encouraged customer comments and complaints, ensured after sales service, showed customer commitment, created customer value, and provided customer satisfaction. Each question also had several sub questions which followed from the answer given by the respondents.

The next part of the questionnaire explored market orientation antecedents. The purpose was to determine the antecedents/factors that determine the market orientation of the consumer goods manufacturing companies in Bangladesh. The respondents were asked about the role of top managers in becoming market-oriented, the attitude of managers regarding risks, management training, and formal marketing education. They were also asked about the organisational structure, political behaviour of the organisation, reward system, internal communication system, competition, technological changes, market turbulence, and general economy of the country. The purpose of all these question/items was to determine if they work as antecedents of market orientation of the consumer goods manufacturing companies in Bangladesh. Again, each question had several sub questions which followed from the answer given by the respondents.

The final part of the questionnaire explored market orientation consequences that enquired about the relationship between market orientation and organisational performance in terms of business performance, employees' organisational commitment and esprit de corps, customer satisfaction and repeat customers.

6.4.3. Sampling the Target Population for Quantitative Survey Research

The population for this study comprised the large consumer goods manufacturing companies in Dhaka and Chittagong that had been in operation for at least three years. Consumer goods manufacturing companies were chosen whose primary objective was to serve the local market and where export (if any) was a secondary objective.

Multinational companies were excluded from this study, as the purpose of this study was to identify the market orientation of the local consumer goods manufacturing companies. The Bangladesh Trade Catalogue (1999), published for the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI), the only one available directory in the country, was used to construct a sampling framework.

It is important to clarify that the consumer goods manufacturing companies were not categorised in the directory, and the total number of manufacturing companies operating in Bangladesh was not mentioned. Therefore, in order to identify/separate the consumer goods manufacturing companies from all the listed trade organisations, the researcher had to manually count and note them down. After double checking, the researcher counted a total of 2358 consumer goods manufacturing companies that were listed in the directory under the Dhaka and Chittagong region. The researcher eliminated all the small, fully export oriented, and multinational companies and remained with 987 large local consumer goods manufacturing companies in total. An unpublished list of registered small companies was obtained from the Bangladesh Small and Cottage Industries Corporation (BSCIC) and an unpublished list of fully export-oriented companies was obtained from the Bangladesh Export Processing Zone (EPZ).

Only registered small companies were listed in the BSCIC and thus, researcher had to develop criteria in order to define the average large companies that were included in the study and to exclude other small companies from the sample that were not listed with BSCIC. Kirkpatrick et al. (1984) defined large companies as those employing more than 50 people. They used the number of employees as a convenient substitute for size. Thus, this criterion is probably a good indicator for determining the management structure (size) of a company. Woodburn (1984) stated that sales turnover would be a strong measure of company size when compared to other measures such as invested capital and labour intensity. Like Woodburn, Kukalis (1991) pointed out that sales turnover was the most popular measure of size in management research. However, Page and Steel (1984) stated that the definition of size had to be related to the purpose at hand. According to them, a company that already had access to capital, credit, technology and established incentives schemes could not qualify as a small company.

Considering the above arguments and the nature of the study, the researcher defined average large companies on the basis of two criteria: turnover and the number of employees. Thus, in order to qualify for participation in this study, companies had to have: (1) 50 or more employees, and (2) a sales turnover of at least Taka 15, 000,000 per year. For this purpose, unpublished information regarding employees and turnover was obtained from the Dhaka Stock Exchange Limited and the Investment Corporation of Bangladesh (ICB). Although unpublished information may lead to inaccuracy, the researcher had no way but to adapt to the local situation.

As soon as the target population was identified the next stage was to determine the sample size. In order to enhance the generalisability of findings, simple random sampling was applied. In addition, the reason for using simple random sampling was that it ensures all the companies in the population have an equal chance of being included in the sample (Zikmund, 2000). A 95% level of confidence and a 5% degree of error were adopted for this purpose. The following formula was used to calculate the sample size suggested by Krejcie and Morgan (1970, p. 607). The initial calculation of sample size indicated that 197 manufacturing companies would be needed in the sample.

$$n = \frac{X^2 NP(1-P)}{[d^2(N-1) + P(1-P)]}$$

Where

- n = sample size
- X^2 = chi – square statistics for one degree of freedom at the desired confidence level
- N = population size
- P = population proportion (variability)
- d = degree of accuracy (also known as precision or sampling error)

$$n = \frac{3.841 \times 987 \times 0.2(1-0.2)}{[0.05^2(987-1) + 3.841 \times 0.2(1-0.2)]}$$

$$n = 197$$

However, since the sampling fraction ($n/N = 197/987 = 0.1995947$) is greater than 5% (rule of thumb), the following correction formula adopted from Monette et al. (1990, p. 149) was applied in order to get an actual/required sample size.

$$n' = n \div [1 + (n \div N)]$$

Where
n' = adjusted sample size
n = sample size estimate
N = population size

$$n' = 197 \div [1 + (197 \div 987)] = 164$$

Thus, the required sample size was indicated as 164 consumer goods manufacturing companies.

It is necessary to clarify why the P value in Krejcie and Morgan's equation was chosen as 0.2. The underlying assumption here was that the population was relatively homogeneous as all the companies were involved in manufacturing consumer goods. In addition, the population was assumed to be homogeneous because their primary objective was to serve the local market. The P value would have been 0.5 if maximum variability had been assumed and that would have required a sample size of 215. However, to be on the safe side and allow for possible non-cooperation from the respondents, it was decided that a sample size of 190 manufacturing companies providing a total of 380 interviews (2 interviews from each company) would be justifiable. Since market orientation is not the sole responsibility of the marketing department, rather it involves all the departments within the organisation (Jaworski and Kohli, 1993), it was considered appropriate to interview one official from marketing department and one from a non-marketing department in order to avoid response bias. Thus, two interviews from each company were considered appropriate for this study. In addition, Bordens and Abbott (1988) were in support of a resource effective sample size suggesting that the researcher should "try to select an economic sample that includes enough subjects to ensure a valid survey, and no more" (p. 192). Thus, the sample size determined in this study was considered to be appropriate

6.4.4. Sampling for Qualitative In-Depth Interview (Case Study Research)

A sample for case study research was also required for this study. Robson (2000) purported that all enquiries are case studies and that they take place at particular times in a particular place with particular people. Thus, the case study research method was used in this study to provide a comprehensive picture of market orientation of the consumer goods manufacturing companies in Bangladesh. For this purpose, the

researcher obtained a purposive sample for the in-depth interviews with the case companies. Considering the timing and expenditure of the research, ten large consumer goods manufacturing companies were selected for in-depth interviews on the basis of their employee size, and turnover. A review of methodological literature indicates that a small sample of in-depth case studies is more appropriate than a large sample (Yin, 1994). Previous market orientation studies also considered a small sample for case study purposes (Harris and Piercy, 1999; Harris 2000). The following criteria were used in order to select companies in the study for in-depth interviews: (1) at least 300 or more employees, and (2) a sales turnover of at least Taka 30, 000, 000 per year.

6.4.5. Questionnaire Refinement – Reproducibility Test

As mentioned earlier that, none of the scales adopted in this study, neither existing nor the researcher's developed scales had been used in Bangladesh prior to this study. Thus, a pre-examination became necessary to justify the reproducibility of these scales. In addition, Zikmund (1991) mentioned that a pre-test of the questionnaire is required for uncovering weaknesses or detecting problems in the questionnaire design. Lussier (1995) suggested that the questions should be concise and easy to understand in order to improve the response rate.

Marketing officials of fifty consumer goods manufacturing companies were contacted by telephone on a purposive basis and thirty of them agreed to participate in the pre-test. The researcher made appointments with each of the respondents individually for this purpose and asked them to complete the survey questionnaire in the presence of the researcher. They were also asked to make comments (if any) on the ambiguity of the questionnaire or any other issues that they believed irrelevant or should be changed. No comments were made regarding the ambiguity or any other issues. However most of the respondents suggested clarifying the meaning of intelligence generation and intelligence dissemination.

Since these scales were going to be used for the first time in Bangladesh, it was necessary to examine the reproducibility of the different scales. Thus, the researcher conducted the Guttman's coefficient of reproducibility test in order to determine the reproducibility of each scale item. Such a test has been carried out before and reported

in the market orientation literature (Chang and Chen, 1998). Prior to conducting this test consultation was made with an academic supervisor in Australia through email.

Calculating the coefficient of reproducibility:

Nachmias and Nachmias (1981) defined coefficient of reproducibility as the extent to which the total response pattern on a set of items can be reproduced if only the total score is known. In the early 1940s Guttman developed this coefficient of reproducibility (CR), which measures the degree of conformity to a perfect scalable pattern. Nachmias and Nachmias (1981) noted that, Guttman suggested the following formula in this purpose:

$$CR = 1 - Se/Nr$$

Where,
CR = coefficient of reproducibility
Se = total number of inconsistencies
Nr = total number of responses (number of responses x number of items)
Se/Nr = error of reproducibility

A CR of .90 is the minimum standard for accepting a scale as unidimensional.

In order to carry out the reproducibility test the above formula was used for this study and a scalogram sheet was used in choosing the cutting points. In the calculation of inconsistencies, each item in the scale was considered independently of all other items. In a perfectly scalable pattern, it was expected for each item to be seen on a downward progression from one column to another, that is from 5 to 1, without ever reversing direction. Deviations were noticed from the pattern in each of the items. In order to count these deviations, cutting points were established, which were the points in the column where the pattern would shift from one response category (column) to another if the items were perfectly scalable. Responses that deviated from the pattern as indicated by the cutting point were circled and counted as errors. The number of errors for each column was recorded in the last row of the scalogram sheet and then the error of reproducibility was calculated.

When the obtained coefficient of reproducibility was below the required .90 criterion, refining procedures were followed by rejecting items that have a relatively high number of errors as well as by collapsing adjacent response categories into one and then

recalculating the coefficient of reproducibility to see if they were up to the standard. This refining procedure was followed until the coefficient of reproducibility reached the .90 criterion. The scale items that had more errors and did not meet this criterion were dropped from the original scale.

6.5. THE INTERVIEW PROCESSES

This study considered the key informants of each company for interview in both the survey and case study stages. The use of the key informant technique involved the collection of data from selected individuals who had specific knowledge about the required information. Hence, the Chief Executive Officer (Chairman/Managing Director or a designated non-marketing high official nominated by the CEO), and one marketing high official were considered for the survey. In addition, the CEO of each company or any designated high official recommended by the CEO, was considered for the in-depth interview. That means that, in conducting the survey two officials from each company were respondents and, in conducting the in-depth interview, one official from each case company was interviewed. This technique is widely reported in the market orientation literature (e.g. Narver and Slater, 1990; Diamantopoulos and Hart, 1993; Appiah-Adu, 1998a; Mavondo and Farrell, 2000).

6.5.1. Personal Interview Arrangement for the Quantitative Survey Research

At the beginning of the interview arrangement process, the researcher tried to contact all of the 190 companies identified from the sampling framework. Only 179 companies could be contacted, the other eleven companies could not be reached by telephone due to the change of telephone numbers/address or close down of the business. The researcher then approached all the 179 companies through mail with a cover letter requesting their participation in the survey. After a week, the researcher started making phone calls to confirm that the companies were interested in taking part. This procedure was followed because follow-up improves response rate (Linsky, 1975).

Though, Kanuk and Berenson (1975) had doubts whether promising anonymity and confidentiality resulted in an increased response rate, the researcher reminded the respondents that the interview would be completely voluntary and that they could

withdraw from the interview at any time by just calling the researcher. They were also promised that these data would be used only for academic purposes and will be kept by the Victoria University of Technology where none will have access to these data except the researcher and his supervisors.

In order to motivate the respondents to participate, they were given the option to name the place of their choice for the interviews. In order to make appointments for the interviews and to keep records of these appointments, two research assistants were hired. In order to maintain the schedule for the interviews, these two assistants accompanied the researcher. Thus, when an interview took more than the anticipated time, these two assistants were sent to the next scheduled interview and the researcher followed them afterwards, as soon as he had finished the current interview. The reason for doing that was to avoid rescheduling, as it would have been difficult with the busy officials.

6.5.2. In-Depth Interview Arrangement for the Case Companies

At first, the researcher mailed all the 10 selected companies with a cover letter to let them know about the research and started making telephone calls afterwards to identify if they were interested in participating in the study. During the phone calls, the researcher asked the respondents if they minded if their interviews were tape-recorded. In order to convince them to participate, the researcher also informed them about the confidentiality policy set by Victoria University of Technology regarding the interviews. These included: (1) that their name and company name will not be on the cassette; (2) that the researcher would be the only person who will listen to the tape-recording; and (3) their interviews will be used only for academic purposes. They were also informed that they might withdraw from the interview at any time just by calling the researcher. They were also told that, if they feel that any of the questions might go against their company policies, they would not have to answer them. It was also pointed out that when the research report was being written up, the material from the interview would be handled in such a way so that the risk of participant identification would be minimised.

At the second stage of the telephone conversation, a mutually convenient meeting time and a location for conducting the interview were also sought from the respondent. The respondents were also promised that they would be sent a copy of the questionnaire in advance so that they could prepare for the interview and answer the questions without much difficulty. Although this could lead to some bias, the researcher had no alternative but to comply with the requirement of the respondents.

6.5.3. Conducting the Interviews – A Field Experience in Bangladesh

Data collection activities took place in Bangladesh from March 4, 2002 with many unanticipated dilemmas. The dilemma started with timing when a single interview took almost more than five times that of the usual time. There was also a problem in conducting interviews due to some other factors including political hortal (general public strike called by the opposition political parties), traffic jam and load-shedding (the manual close down of electricity when the demand is beyond the capacity). In some cases, during the political hortal, the researcher had to walk miles to maintain the scheduled interviews in order to avoid rescheduling. In order to complete the data collection in three months, the researcher had to work at least 12 to 14 hours a day.

6.5.4. Response Rate

Of the 179 companies approached to participate in the survey, 120 (52 convenience goods and 68 shopping goods) companies could be interviewed providing a total of 240 interviews (two interviews from each company). All the questionnaires were checked and a total number of 216 usable questionnaires were available for the data analysis with a response rate of 57%. Regarding an acceptable response rate, Babbie (1990) quoted 60% as 'good' and 70% as 'very good' (rules of thumb only). He further advised that interpretation of the adequacy of the response rate be placed in the context of existing literature for the type of study undertaken. A 57% response rate achieved in this study among the population being sampled is fairly good considering the above statement made by Babbie (1990). In addition, the respondents in this study were busy high officials and each interview took almost an hour because of the lengthy questionnaire.

Appiah-Adu (1997) in a study of market orientation and performance, achieved an effective response rate of 22%; Caruana et al. (1998), in a study of performance of Universities achieved a response rate of 46.2%; Matsuno and Mentzer (2000), researching market orientation and performance relationship achieved a 38.76% response rate; Pulendran et al. (2000), in a study of antecedents and consequences of market orientation in Australia achieved a response rate of 31%; Liu and Davies (1997), in market orientation study in the UK achieved a response rate of 38%; Horng and Chen (1998) a response rate of 15.2%; and Liu (1996) a response rate of 52%. Thus, considering the response rates in the market orientation literature, the 57% response rate in this study was also satisfactory.

6.6. DATA ANALYSIS

Data analysis in this study involved two stages. The first stage dealt with the quantitative survey data and the second stage with the qualitative case study in-depth interview data.

6.6.1. Quantitative Survey Data Analysis

Each completed questionnaire was checked immediately after the completion of each interview. Completed questionnaires were checked once more prior to computer entry to find out if there were any problems. The Statistical Package for Social Science (SPSS) was used for data analysis. SPSS is sophisticated software used by the social scientists and other professionals for statistical analysis. For this purpose, firstly, all the variables were assigned with names and coded for computer entry. Secondly, all the responses were coded to facilitate computer data input. Thirdly, once the data entry was completed, the negatively worded scale items were recoded and assigned with new values. Fourthly, in order to obtain composite scores for items on a scale, target variables were computed. Fifthly, data files were carefully screened in order to minimise the data entry errors. In this connection, frequencies for each variable were checked in order to detect the out-of-range values and values entered that were greater than 5 were rectified after reconciling with the questionnaires.

6.6.1.1. Choice of Data Analysis Techniques

There is an ongoing debate in quantitative research regarding the use of either parametric or nonparametric statistical techniques. Trachtman et al. (1978) suggested that the use of either parametric or nonparametric techniques depends on the assumptions relating to the measurement scale (at least interval), normal distribution, equality of variance and sampling. A researcher can use parametric techniques only if the data were normally distributed, data were collected using a measurement scale, variance-covariance matrices within each cell of the design were sampled from the same population variance-covariance matrix, and the sample size was determined considering the parametric techniques (Hair et al., 1998). Trachtman et al. (1978) argued that one should use parametric techniques if these assumptions hold true, otherwise nonparametric techniques should be used. Siegel and Castellan (1988) and Mendenhall and Reinmuth (1982) noted that one should use nonparametric techniques only if there is serious doubt about the assumptions underlying parametric techniques because a nonparametric technique is less powerful than its parametric counterpart. Coakes and Steed (2001) noted that if the researcher reports serious violations of the distribution assumptions of parametric techniques then he/she should use nonparametric techniques.

This study used parametric techniques for data analysis, as assumptions for parametric technique were met and no serious violations were reported (tests of statistical assumptions are discussed in Chapter 7 as preliminary data analysis). It is important to mention that the selection of data analysis techniques in this study was dominated by the data analysis techniques used in the previous market orientation studies, as the comparison of the results of this study with previous studies will be justified only using the same techniques. In addition, a review of the literature indicated that the variables used in the conceptual framework (Figure 5.1, Chapter 5) were based on the results of multiple regression analysis.

6.6.1.2. Statistical Tools

Multiple Regression Analysis

Multiple regression analysis is a technique for finding an adequate and appropriate model consisting of a set or subset of measured independent variables that estimates the

true, unknown regression function for the dependent variable. It determines the linear associations between a group of independent variables and a dependent variable. Hair et al. (1995) defined multiple regression analysis as a statistical technique that is used to analyse the relationship between a single dependent variable and several independent variables. They further suggested that the aim of multiple regression analysis is to use the independent variables whose values are known to predict the value for the single dependent variable. Jobson (1991) proclaimed this technique as the most commonly applied statistical technique for relating a set of two or more variables. Tabachnick and Fidell (1989) suggested that regression techniques could be applied to a data set in which the independent variables are correlated with one another and also with the dependent variable to varying degrees.

Avkiran (1995) noted that the multiple regression analysis provides an equation to predict the magnitude of the dependent variable, providing values for the independent variables. He further argued that the results of the analysis are easiest to interpret if the independent variables are uncorrelated amongst themselves and highly correlated with the dependent variable. Thus, multiple regression analysis can be used as identifying the smallest number of uncorrelated and linearly related independent variables that explain the largest proportion of variation in the dependent variable. The measure of this explained variation is the multiple Pearson coefficient of determination for a multiple regression model, or simply, 'R' squared in terms of computer output, usually called the coefficient of multiple determination. An 'R' squared of '0' indicates that there is no relationship between the independent variables and the dependent variable. This 'R' squared tells the researcher about the perfectness of the multiple regression model and also how well the independent variables included in the model explain the dependent variable.

The significance of 'R' squared can be tested through the 'F' statistics and its associated probability. The 'F' statistics is a test of the null hypothesis that there is no linear relationship between the dependent and independent variables that is 'R' squared equals to 0.0 (Norusis, 1993). The null hypothesis can be rejected if the 'F' statistics is high and the level of significance is close to zero. This rejection of the null hypothesis suggests the acceptance of an alternative hypothesis that there is a linear relationship

between the dependent and independent variables. The general equation of the linear multiple regression analysis can be written in the following form:

$$Y' = A + B_1X_1 + B_2X_2 + B_3X_3 + \dots + B_kX_k$$

Where Y' = predicted value of the dependent variable
A = value of the dependent variable when all the independent variables are zero, that is, the Y intercept
B = regression coefficient
X = independent variables

While the intercept and the regression coefficients are constants during the examination of a particular sample, different values for the dependent variable are predicted for each case by substituting the corresponding values for independent variables (Avkiran, 1995).

Regression techniques consist of standard multiple regression, hierarchical regression, and stepwise or statistical regression. In order to test the hypotheses 1, 2, and 3 (hypotheses are listed in Chapter 5 and Chapter 8), stepwise regression analysis was used in this study. Thus, a brief overview and justification of the use of this technique need to be explored in the next section.

Stepwise Regression Analysis

Stepwise regression analysis is a data analysis technique that adds independent variables one by one into the regression equation as they meet pre-specified criteria, and may be removed from the equation at any stage of the procedure if their contribution becomes insignificant (Avkiran, 1995). If a researcher has just arrived at a model by dropping a variable, a stepwise method then checks if any variable can be added to the model. Further, if a researcher has just arrived at a model by adding a variable, a stepwise method then checks to see if any variable can be dropped (Christensen, 1996).

According to Draper and Smith (1981) and Dillon and Goldstein (1984) the stepwise procedure works in the following way:

Firstly, calculate the correlations of all the independent variables with the response. Then, as the first variable to enter the regression, select the one most highly correlated

with the response. Secondly, regress the dependent variable on the first selected independent variable and obtain the least squares equation. If the overall F-test indicates that the regression equation is significant, the independent variable is retained. Thirdly, calculate the partial correlation coefficients of all variables not in regression with response. Select as the next variable to enter the one with the highest partial correlation coefficient. Fourthly, compute the regression equation with both independent variables in the model and retain the new independent variable in the regression equation if its partial F-value is statistically significant compared to the critical tabulated $(1 - \alpha)$ -values under the F-distribution with 1 and $n - 2 - 1$ degrees of freedom (df). Next, check to see whether the other variable warrants retention in a model that already includes a new variable. In other words, check the contribution that the old variable would have made if the new variable had been entered first. Compare the partial F-value of the old variable with the critical $(1 - \alpha)$ -value under the F-distribution with 1 and $n - 2 - 1$ df. Retain the old variable in the regression equation that already includes the new variable if its partial F-value is statistically significant at the predetermined level. Fifthly, select as the next variable to enter, the one most highly partially correlated with the dependent variable, given that the other two old variables are already in the regression equation. Sixthly, enter the new variable into the model, and compute the regression equation including the previous two variables. The same procedure follows as the previous step. Finally, the stepwise procedure continues in a similar fashion until no variable can be either entered or removed from the regression equation.

Hair et al. (1995) treated this technique as a method of variables selection that considers variables for inclusion in the regression model and selects the best predictors of the dependent variable. Tabachnick and Fidell (2001) and Stevens (1996) proclaimed this stepwise analysis technique as a systematic screening procedure that purifies the target independent variables prior to their entering into the model. Bowerman and O'Connell (1990) suggested using this screening procedure to find at least some of the most important independent variables. Tabachnick and Fidell (1989) augmented the contribution of stepwise regression analysis indicating it as a compromise between the two other procedures, that is, forward selection and backward deletion in which the equation starts out empty and independent variables are added one at a time as long as they meet statistical criteria, and deleted at any step if they no longer make a significant contribution to the regression model.

Draper and Smith (1981) opined stepwise regression analysis as one of the best variable selection procedures and recommended its use while determining the significant variables. They further suggested that this technique is more economical of computer facilities than the other methods, and it also helps researchers to avoid working with more independent variables than necessary while improving the equation at every stage. Tabachnick and Fidell (1989) suggested that stepwise regression analysis should be used in developing a subset of useful independent variables in predicting the dependent variable, and to eliminate independent variables that do not provide additional prediction for the independent variables that are already in the equation.

Avkiran (1995) postulated that when the aim of the researcher is to arrive at an efficient prediction equation, stepwise regression is the most appropriate technique. In this connection, Tabachnick and Fidell (1989) and Norusis (1993) suggested that multiple regression analysis, particularly the stepwise regression, is promoted as a statistical model building technique, because, this technique skims the superfluous variables during the model building process and accommodates the variables that mostly provide a meaningful and significant contribution to the dependent variable (Mendenhall, Reinmuth and Beaver, 1989).

Stevens (1996) indicated that the use of stepwise regression analysis is most appropriate if a researcher's intention is to identify whether some newer conceptual measures make any contribution to the dependent variable compared to the previous measures and the more tested independent variables. Cohen and Cohen (1975) cautioned using stepwise regression analysis in a situation where researchers have a large number of independent variables, and very little theoretical and empirical literature to guide effective selection among them. They further suggested that, if both dependent and independent variables were selected on the basis of the grounded theory, and the original independent variables were not too large, then stepwise regression analysis can be the sole technique used in hypothesis testing.

Considering the above literature review three concrete points can be made in favour of the stepwise regression analysis. Firstly, it is a screening procedure that skims out the redundant independent variables and selects the best predictors for the dependent variable. Secondly, it determines whether new measures or new independent variables

make any contribution compared to the older measures or more proven variables. Thirdly, it helps selection of the best variables through the regression procedures in a situation where the researcher has selected variables on the basis of a strong grounded theory for the purpose of analysis.

The use of stepwise regression analysis is justified for this study because the researcher's intention is to select the significant variables. Again, this study involves some new independent variables that were not explored as antecedents of market orientation in the previous studies, especially the external variables. In addition, there are some other variables that received very minor attention in the previous studies such as formal marketing education, management training, and political behaviour of an organisation. Considering these new external and minor attained variables, selecting stepwise regression analysis is appropriate for this study as this technique identifies the contributions of the new variables compared to the old variables. Further, stepwise regression is appropriate for this study as the researcher in this study selected both dependent and independent variables on the basis of a strong grounded theory.

In order to conduct the regression analysis, a researcher should firstly check if the sampling condition is met. The minimum requirement for regression analysis is to have at least five times more cases than independent variables (Coakes and Steed, 2001). In order to test the hypotheses 1 and 2 this study has fifteen times more cases than independent variables, and to test hypothesis 3, this study has fifty four times more cases than independent variables. Thus, the use of regression analysis for this study is appropriate considering the sample size requirement. Secondly, a number of certain assumptions underpin the use of regression analysis and a researcher should check if these assumptions are met. While these assumptions are outlined below, they are tested and discussed in Chapter 7.

1. Outliers – these are extreme cases that have considerable impact on the regression solution and should be deleted or modified to reduce their influence (Tabachnick and Fidell, 1989). Coakes and Steed (2001) noted that the decision to remove outliers from the data set must be made with care because their removal often results in the generation of further outlying cases.

2. Multicollinearity – multicollinearity refers to high correlations among the independent variables. Coakes and Steed (2001) noted that this problem affects how a researcher interprets any relationship between the independent variables and the dependent variable, and multicollinearity can be detected by examining the correlation matrix.

3. Normality, linearity, homoscedasticity and independence of residuals – an examination of residual scatterplots allows a researcher to test these assumptions. It is assumed that the differences between the obtained and predicted dependent variable scores are normally distributed. It is also assumed that the residuals have a linear relationship with the predicted dependent variable scores, and that the variance of the residuals is the same for all predicted scores. Coakes and Steed (2001) noted that mild deviations from linearity are not serious but moderate to extreme deviations may lead to a serious underestimation of a relationship.

Multivariate Analysis of Variance (MANOVA)

Multivariate analysis of variance (MANOVA) is a statistical technique that provides a simultaneous significance test of mean difference between groups, made for two or more dependent variables (Zikmund, 1994). Tabachnick and Fidell (1989) stated that multivariate analysis of variance is a generalisation of analysis of variance to a situation in which there are several dependent variables. Hair et al. (1995) suggested that MANOVA is a useful technique when employed in conjunction with experimental designs in which the researcher controls and manipulates one or more independent variables to determine the effect on two or more dependent variables. In this connection, Hair et al. (1995) further noted that MANOVA is a more powerful technique than the separate univariate tests in the presence of multicollinearity among the dependent variables. For this purpose they further stated that MANOVA might detect combined differences that were not found in the univariate tests.

Tabchnick and Fidell (1989) noted a number of advantages of MANOVA over analysis of variance (ANOVA): firstly, by measuring several dependent variables at a time instead of only one, the researcher improves the chance of discovering what it is that changes as a result of different treatments and their interactions; secondly, protection against inflated ‘Type I’ error due to multiple tests of correlated dependent variables; and finally, the use

of MANOVA may reveal some differences that were not shown in separate ANOVAs. Hair et al. (1995) postulated that the selection of MANOVA is based on the desire to analyse a dependence relationship represented as the differences in a set of dependent variables across a series of groups formed by one or more categorical independent variables. In this connection, they further suggested that MANOVA provides insights into the nature and predictive power of the independent measures.

In order to test the effect of market orientation of the consumer goods manufacturing companies in Bangladesh on economic and non-economic business performance, multivariate analysis of variance (MANOVA) was used. Further, this technique is used in a situation where there are several dependent variables affected by one independent variable and is justified considering its advantages over ANOVA.

There are several statistical assumptions for multivariate analysis of variance. These assumptions will be tested and discussed in Chapter 7 in the preliminary data analysis; they are as follows:

1. The dependent variables are multivariately normally distributed for each group, with the different groups being defined by the levels of the factor.
2. The group variances and covariances among the dependent variables are not the same across all levels of the factor.
3. The participants are randomly sampled, and the score on a variable for one participant is independent from the scores on this variable for all other participants.

Instrument Reliability and Coefficient Alpha

It is important to assess the reliability of instruments in order to design good scales for measurement. Reliability can be defined as the extent to which measures are free from error and thus yield consistent results (Zikmund, 1994). Reliability is construed as the internal consistency of items comprising a construct and repeatability of the measure (Avkiran, 1995). Stone (1978) postulated that internal consistency addresses the homogeneity of a measure.

Nunnally (1978) recommended calculation of coefficient alpha (also known as Cronbach alpha) in order to assess the reliability of a multiple-item variable. Norusis (1993) suggested that coefficient alpha can be applied to scales with as few items as two. Nunnally (1978) pointed out that, if the coefficient alpha is too low, the indication is that either the scale had few items, or the items had very little in common. In both cases, the researcher has to return to the domain of the concept under investigation and select other items. Churchill and Peter (1984) suggested an accepted level for the alpha coefficient. According to them a value of alpha below .60 is undesirable. Nunnally (1978; 1988) indicated that new developed measures can be accepted with an alpha value of .60, otherwise, .70 should be the threshold. However, considering the use of these scales for the first time in a new culture, the cut off value for the alpha coefficient was set up for .60 for all the scales (newly developed and adapted scales). In order to assess the reliability of the different measures, reliability analysis is discussed in Chapter 7 in the preliminary data analysis.

Correlation Analysis

Correlation analysis measures the strength of the linear association between two variables (Mann, 1995). The linear correlation coefficient measures how closely the points in a scatter diagram are spread around the regression line (Mann, 1995). In a situation where the correlation between two variables is positive and close to 1, it is assumed that the variables have a strong positive linear correlation. If the correlation between two variables is positive but close to zero, then the variables have a weak positive linear correlation. On the other hand, if the correlation between two variables is negative and close to -1 , then the variables are assumed to have a strong negative correlation. Again, if the correlation between variables is negative but close to zero, that means a weak negative correlation exists between the variables. This study used correlation analysis for two purposes: firstly, to identify the presence of multicollinearity, which is a condition for using parametric techniques in data analysis; and secondly, correlation analysis was needed in order to explore the relationships between variables used in this study.

6.6.2. QUALITATIVE IN-DEPTH INTERVIEW DATA ANALYSIS

All the in-depth interviews were fully transcribed and then sorted and classified according to the major headings of the questionnaire in the systematic and iterative manner widely recommended in the qualitative literature (Turner, 1981). For this purpose, a data matrix was prepared by assigning the responses for each respondent under each question. This matrix helped the researcher to compare answers from one respondent to another (Martin and Turner, 1986) as the responses were easy to visualise.

In view of the subjective and narrative nature of the data, the validity of the data was assessed in line with Goodwin et al.'s (1997). Firstly, the researcher sent the summary of the findings to one of the respondents in Bangladesh for his comments and suggestions. While the respondent fully agreed with the findings summary, his suggestions regarding the use of 'as many statements from the respondents as possible' were incorporated in the final analysis. Secondly, two academics (one from marketing and another from outside the marketing discipline) were given copies of the draft version of the findings for their comments. Both of them have approved the content of the draft and no negative comments were received from them.

Several modes of analysis such as content analysis, phenomenological analysis and policy analysis were considered by the researcher and abandoned as they proved either too time consuming, inappropriate, or promising but difficult to implement for this study. The purpose was to find an appropriate data analysis method that helps the researcher to uncover the logical structures of arguments and explanation noted by the informants of the companies interviewed. The selection of data analysis technique ended up following a more traditional path, characteristic of case studies considering the case study nature of this study (Lincoln and Guba, 1986).

Amaratunga and Baldry (2000) described the case study as a research strategy which focuses on understanding the dynamics present within single settings and refers to relatively intensive analysis of a single instance of the phenomenon being investigated (Amaratunga et al., 2002). Yin (1994) defined the case study as an empirical investigation into a contemporary phenomenon operating in a real life context. For case studies an investigator interviews individuals or studies life history documents to gain

an insight into behaviour and attempts to discover unique features and common traits shared by all persons in a given classification (Amaratunga et al., 2002). Patton (1991) noted that one might do case studies of several participants and in such an approach; cross-case analysis is preferable. Cross-case analysis means grouping together answers from the different respondents to common questions or analysing different perspectives on central issues (Patton, 1991).

Amaratunga et al. (2002) stated that much case study research is able to draw on inductive method because of the opportunity for open-ended enquiry. The inductive method is a data analysis technique that the patterns, themes, and categories of analysis come from the data; they emerge out of the data rather than being imposed on them prior to data collection and analysis (Patton, 1991). Nachmias and Nachmias (1996) suggested use of the inductive coding method if the study is exploratory in nature. Thus, the inductive method was used in this study for coding, categorising, and identifying the themes from the audiotapes and transcripts (Lincoln and Guba, 1986). This method is popular in the qualitative literature (Wolcott, 1990; Feldman, 1995; Harris and Watkins, 1998; Shaw, 1999; Blankson and Omar, 2002). Crane (1997) noted that the inductive research methodology is regarded as an appropriate method for developing insights in a relatively new and under-researched fields where little is known about the phenomenon in question and where current perspectives lack empirical substantiation.

Several steps were taken in order to analyse the transcribed data. For this purpose, similar responses were identified from the data matrix on the basis of the most frequent mentioned responses and less frequent mentioned responses for coding and categorising purposes. Responses were categorised on the basis of the similar answers from the respondent for the same question. Once coding and categorising were done, frequencies were identified for each category before the results were ready for presentation.

The style of presentation of the research results followed the case study analysis as Lincoln and Guba (1986) classified the case study as the best means for summarising and reporting the data collected and interpreted during the course of a naturalist type of information. The research results were presented in a narrative way using simple frequency for the agreements and disagreements about the different objects considering the 'street language'. 'Street language' consists of what the respondents had to say,

without mediation or translation of meanings. The purpose of using ‘street language’ was to provide an insight into the market orientation of the respondent companies. The narrative presentation of results used in this study is popular in qualitative market orientation research (Kohli and Jaworski, 1990; Harris and Watkins, 1998; Blankson and Omar, 2002).

In summary, various important issues relating to the research project have been discussed in this chapter. The researcher explained the use of a combination approach, involving the use of both the quantitative and qualitative research methods in this study and explored the issue of sample size, interview techniques, and data analysis techniques.

It is important to mention that the selection of data analysis techniques in this study was dominated by two purposes. Firstly, most of the studies that have been done in this area used multiple regression analysis and it was thought that the researcher would be able to compare the findings of this study with those of the previous market orientation findings from similar studies in developed countries. Further, it would also be difficult and unjustified using other data analysis techniques for comparison purposes, because comparison will be justified only if same techniques are used. Secondly, the variables that were used in the conceptual framework of market orientation (Figure 5.1, Chapter 5), were selected on the basis of previous market orientation studies, and a review of the literature indicated that the variables used in the conceptual framework were largely based on the results of multiple regression analysis.

CHAPTER 7

PRELIMINARY DATA ANALYSIS

This chapter is divided into three sections. In the first section the tests of the statistical assumptions that are required because of the selection of parametric data analysis techniques, stepwise regression analysis and multivariate analysis of variance (MANOVA) are discussed. In the second section the reliability analysis to check the consistency of scale items that were used for survey data collection in this study are explored. Finally, in the third section a correlation analysis to identify the presence of multicollinearity and the relationships among the variables is presented.

7.1. STATISTICAL ASSUMPTIONS TESTING

The use of parametric techniques requires the researcher to examine the data set prior to data analysis. Multivariate techniques (stepwise regression and multivariate analysis of variance) have been selected for the data analysis. Hair et al. (1995) noted that, with the delegation of strong analytical power to the analyst, multivariate techniques place a greater burden on the analyst to ensure that the statistical and theoretical underpinning on which they are based are supported. Thus, these statistical and theoretical assumptions were examined to check if they supported the use of multivariate techniques.

The first assumption for multivariate techniques refers to outliers. Outliers are observations with a unique combination of characteristics that are distinctly different from the other observations (Hair et al. 1995). In this study, histograms and boxplots were firstly used to detect univariate outliers (Coakes and Steed, 2001). Hair et al. (1995) and Tabachnick and Fidell (2001) suggested that multivariate outliers could be detected by using 'Mahalanobis distance'. 'Mahalanobis distance' is a measure of the distance in multidimensional space of each observation from the mean centre of the observations (Hair et al., 1995). The process used to identify outliers was the casewise subcommand in the regression procedure. The casewise subcommand also produces a plot of outliers that have a standardised residual greater than 3 (Coakes and Steed, 2001). Hair et al. (1995) noted that the outliers should be retained unless there is demonstrable proof that they are truly aberrant and not representative of any

observations in the population. They further suggested that the alpha level for detecting the outliers using Mahalanobis distance should be very conservative, that is .001.

Firstly, none of the standardised residuals in this study was greater than 3; rather the maximum standardised residual in this study was 2.053. Secondly, examination of the 'Mahalanobis distance' values indicated that the values for only four cases were greater than to the chi-square value of 49.726 at an alpha level of .001. That means there were only four outlying cases in this study, which is not unexpected in a sample size of 216. If a large number of outlying cases had been identified, then their inclusion would need to be considered carefully (Coakes and Steed, 2001). Coakes and Steed (2001) further suggested that the removal of outliers from the data set often results in the generation of further outlying cases. Considering this situation, these four outliers were left untouched in the data set. Although four outliers were detected among the cases, considering the large number of sample size, it can be concluded that the assumption relating to outliers was not violated in this study (Coakes and Steed, 2001).

The second underlying assumption of multivariate analysis is that each variable and all linear combinations of the variables are normally distributed. Hair et al. (1995) noted that, if the variation from the normal distribution is sufficiently large then all statistical tests are invalid, as normality is required to use F and t statistics. They further suggested that the researcher should assess the normality for all variables included in the analysis, even though large sample sizes tend to diminish the detrimental effects of normality. Normality can be assessed either statistically or graphically (Hair et al., 1995). The two statistical components for assessing normality are skewness and kurtosis. Skewness and kurtosis refer to the shape of the distribution, and the observed distribution is exactly normal if the values for skewness and kurtosis are zero (Coakes and Steed, 2001). Avkiran (1995) noted that a measure of skewness of 3 (plus or minus) is usually regarded as a strong deviation from normality. Normality can also be determined by examining the residual plots through a graphical method. In order to meet the assumption of normality, the residuals should be normally and independently distributed (Hair et al., 1995).

The assumption of normality was verified in this study by looking at both the residual plots and skewness and kurtosis. The measurement of skewness and kurtosis for the

variables in this study indicated no violation of the assumption of normality. None of the values of skewness and kurtosis for the variables in this study reached the 3 (plus or minus) bar suggested by Avkiran (1995), rather, most of them were close to zero and very few of them were close to 1 (plus or minus). The residual plots in this study also appeared to be normal. Thus, it can be said that the assumption of normality was not violated in this study (Coakes and Steed, 2001; Afifi and Clark, 1996).

The third assumption for multivariate techniques is multicollinearity. In the case of regression analysis, multicollinearity refers to high correlations among the independent variables, and in the case of multivariate analysis, it refers to high correlations among the dependent variables (Coakes and Steed, 2001). The regression procedure assumes that no explanatory variable has a perfect linear relationship with another explanatory variable, and MANOVA assumes that no dependent variable has a perfect linear relationship with another dependent variable (Tabachnick and Fidell, 2001; Coakes and Steed, 2001). Thus, it is necessary to detect the linear relationships among the variables in both cases (regression and multivariate analysis of variance). Berry and Feldman (1985) suggested that intercorrelations among the variables higher than .80 should be considered as evidence of high multicollinearity. In this connection, Hair et al. (1995) noted that, no limit has been set that defines high correlations, values exceeding .90 should always be examined, and many times correlation exceeding .80 can be indicative of problems.

Multicollinearity among the independent variables and dependent variables was tested and compared in this study by analysing a bivariate Pearson product-moment correlation. This bivariate correlation analysis indicated that, in most cases, the correlations among all the independent variables and dependent variables were much lower than .80, and none of them reached the limit of .80 recommended by Berry and Feldman (1985) and Hair et al. (1995). Thus, multicollinearity was not a problem at all in this study.

Normality was checked further in this study by looking at linearity and homoscedasticity as these are also important in multivariate analysis. Linearity is important because one of the underlying assumptions of regression analysis is that the relationships between independent and dependent variables are linear, and the

assumption of MANOVA is that there are linear relationships among all pairs of dependent variables. In addition, if there are substantial non-linear relationships, they will be ignored in the analysis as the correlation (Pearson's r) only captures the linear association between variables, and this in turn will underestimate the actual strength of the relationship (Hair et al., 1995). The assumption of the homoscedasticity is that the variance of the dependent variable is approximately the same at different levels of the independent variables (Tabachnick and Fidell, 2001).

This study examined the linearity for both the purposes of regression and multivariate analysis of variance by looking at the residual plots and scatterplots. Standardised residuals were plotted against predicted values. Most of the residuals were scattered around the zero point and almost had an oval shape, indicating a null plot. Thus, this examination of residual plots suggested that the assumption of linearity was not a problem in this study (Stevens, 1992; Tabachnick and Fidell, 1989). The examination of scatterplots in this study also indicated linear relationships among all the pairs of dependent variables.

An investigation of the homoscedasticity was examined by looking at a scatterplot of predicted values against residuals. The even distribution of residuals indicated homoscedasticity in this study and provided support for the assumption of the multivariate normality. It should be mentioned that the presence of any heteroscedasticity might weaken the analysis but it will not invalidate the results (Tabachnick and Fidell, 1989).

While the above assumptions and tests are applicable for both regression analysis and multivariate analysis of variance, there are two additional assumptions that are required for multivariate analysis.

One of the key assumptions for multivariate analysis of variance is that the variance-covariance matrices within each cell of the design are sampled from the same population variance-covariance matrix and can reasonably be pooled to create a single estimate of error (Tabachnick and Fidell, 1989). They further suggested that, if the within-cell error matrices are heterogeneous, the pooled matrix is misleading as an estimate of error variance.

Tabchnick and Fidell (1989, p. 379) recommended that, “if sample sizes are equal, robustness of significance test is expected; disregard the outcome of Box’s *M* test”. They further suggested that the robustness is not guaranteed if the sample sizes are unequal and Box’s *M* test is significant at $p < .001$. Bernstein et al. (1988) recommended that if the homogeneity of variance is not significant at an alpha level of .001, the researcher should look into univariate tests for homogeneity of variance for each of the dependent variables. It is important to mention that, Box’s *M* test is a sensitive test of homogeneity of variance-covariance matrices conducted through SPSS MANOVA. The second key assumption relates to the Levene’s test of equality of error variance. Coakes and Steed (2001) noted that, if the Levene’s test of equality of error variance is significant for any variable, the researcher should look into the univariate F-test for that variable in order to check whether or not it is also significant. If it is significant in the univariate F-test then the researcher must interpret this finding at a more conservative alpha level ($.05/3 = .017$). This adjustment is called ‘Bonferroni-type adjustment’ (Coakes and Steed, 2001).

In the MANOVA procedure in this study, the Box’s *M* test was not significant at an alpha level of .001; rather, it was significant at an alpha level of .05. Thus, in this study there was no problem with the homogeneity of variance. The Levene’s test of equality of variances indicated that some of the variables were significant and thus, it was necessary to look into the univariate F-test for these variables. This will be discussed in detail in Chapter 8 along with the MANOVA procedure.

After testing of the above assumptions, it can be concluded that, in this study parametric techniques could be used for data analysis. Thus, the techniques of stepwise regression analysis and multivariate analysis of variance were utilised for testing the hypotheses of this study.

7.2. RELIABILITY ANALYSIS

In order to assess the reliability of the scale items, the internal consistency method was used in this study. Forza (2002, p. 177) noted that, “the internal consistency method uses various algorithms to estimate the reliability of a measure from measure administration at one point in time”. Reliability assesses the equivalence, homogeneity,

and inter-correlation of the items used in a measure. Thus, the items of a measure should work together as a set and should be capable of independently measuring the same construct. Computation of the coefficient alpha for the scale items provided an indication of the internal consistency and, as stability of the measurements also depends on the internal consistency of scale items, reliability was not a problem in this study.

Ravichandran and Rai (2000) recommended using Cronbach alpha (Cronbach, 1951), as it is a widely used measure of internal consistency. Thus, in order to assess the reliability of the scale items, this study used Cronbach alpha. Most of the scale items in this study were adapted from those of previous studies and but some were developed by the researcher. Churchill and Peter (1984), and Nunnally (1978; 1988) recommended that, for scale items used for the first time in a new environment, the cut off value for the alpha coefficient should be .60. Hence in this study since both the adapted and newly developed scale items were used for the first time in Bangladesh, the cut off value accepted was .60 alpha coefficient. Assessment of the reliability using Cronbach alpha indicates that the value of alpha in this study ranges from .55 to .96. Although coefficient alpha for one scale (formalisation) was slightly below the cut off value of .60, it can be said that the data collected in this study were reliable. The reliability of the scale items using Cronbach's coefficient alpha (Nunnally, 1978; Churchill, 1979) and the descriptive statistics (minimum, maximum, mean and standard deviation) are shown in Table 7.1. Internal consistency of the scale items and their extent can be known by looking at the table.

The coefficient alpha for the customer emphasis variable is .61 which is greater than the recommended cut off level of coefficient alpha .60 (Churchill and Peter, 1984; Nunnally 1978; 1988), suggesting that the 4-item CUSTOR scale (Gray et al., 1998) was a reliable instrument for measuring the customer emphasis component of market orientation in Bangladesh. Similarly, the coefficient alphas for the other market orientation variables are also satisfactory. The coefficient alpha values for intelligence/information generation, intelligence dissemination or interfunctional coordination, and intelligence responsiveness or taking action are .83, .67, and .83 respectively, indicating that the MARKOR scale developed by Kohli et al. (1993) was also a reliable instrument for measuring market orientation in Bangladesh. In addition,

the coefficient alpha value of .92 for overall market orientation also confirmed the reliability of the use of 24-item scale in Bangladesh.

Table 7.1. Coefficient Alpha and Descriptive Statistics

| Scale items | Minimum | Maximum | Mean | S.D | No. of Items | Alpha |
|---------------------------------|---------|---------|--------|-------|--------------|-------|
| Customer emphasis | 8 | 20 | 16.94 | 2.53 | 4 | .61 |
| Intelligence generation | 13 | 30 | 23.65 | 4.84 | 6 | .83 |
| Intelligence dissemination | 11 | 25 | 21.54 | 3.04 | 5 | .67 |
| Intelligence responsiveness | 18 | 45 | 38.83 | 5.66 | 9 | .83 |
| Market Orientation | 67 | 120 | 100.96 | 13.56 | 24 | .92 |
| Top management emphasis | 8 | 20 | 18.11 | 2.33 | 4 | .65 |
| Risk aversion | 4 | 20 | 8.32 | 4.11 | 4 | .89 |
| Management training | 4 | 20 | 14.84 | 5.06 | 4 | .97 |
| Formal marketing education | 5 | 20 | 14.12 | 3.08 | 4 | .87 |
| Centralisation | 4 | 20 | 10.70 | 4.83 | 4 | .93 |
| Formalisation | 3 | 15 | 10.57 | 2.28 | 3 | .55 |
| Political behaviour | 3 | 12 | 6.14 | 2.57 | 3 | .81 |
| Market based reward system | 4 | 20 | 15.19 | 3.47 | 4 | .93 |
| Interdepartmental conflict | 5 | 16 | 7.52 | 2.73 | 5 | .84 |
| Interdepartmental connectedness | 4 | 20 | 14.85 | 4.06 | 4 | .93 |
| Competition | 14 | 35 | 30.37 | 4.32 | 7 | .81 |
| Market turbulence | 8 | 20 | 14.84 | 2.85 | 4 | .76 |
| Technological turbulence | 4 | 20 | 10.33 | 3.98 | 4 | .89 |
| General economy | 4 | 15 | 12.26 | 2.11 | 3 | .66 |
| Organisational commitment | 8 | 20 | 16.27 | 3.46 | 4 | .74 |
| Esprit de corps | 11 | 20 | 17.55 | 2.77 | 4 | .83 |
| Business performance | 16 | 40 | 29.85 | 5.48 | 8 | .93 |
| Customer satisfaction | 18 | 30 | 23.98 | 2.90 | 6 | .81 |
| Repeat customer | 10 | 20 | 15.48 | 2.16 | 4 | .60 |

Note:
N = 216

The coefficient alpha values of .65 for top management emphasis and .89 for risk aversion also confirmed the reliability of Jaworski and Kohli's (1993) scale items for data collection in Bangladesh. Similarly, other scales including market based reward system, interdepartmental conflict, interdepartmental connectedness, market turbulence, technological turbulence, organisational commitment, and esprit de corps adapted from Kohli and Jaworski (1993) produced coefficient alpha values of .93, .84, .93, .76, .89, .74, and .83 respectively, much greater than the cut-off value .60, thus indicating that these scales were also reliable for data collection in Bangladesh.

The coefficient alpha value of .93 for centralisation confirmed the reliability of Aiken and Hage's (1966; 1968) scale items for the data collection in Bangladesh. Although coefficient alpha value of .55 for formalisation was slightly lower than the .60 cut off value, considering the small number of items, this scale developed by Aiken and Hage (1966; 1968) is also acceptable for data collection in Bangladesh. Further, the coefficient alpha values of .81 for competition and .93 for business performance suggest that these two scales were also reliable for data collection in Bangladesh.

The newly developed scales also passed the .60 cut-off value recommended by Churchill and Peter (1984) and Nunnally (1978; 1988). The coefficient alpha values of .97 for management training, .87 for formal marketing education, .81 for political behaviour, .66 for general economy, .81 for customer satisfaction, and .60 for repeat customer also suggested that these scales were reliable for data collection in Bangladesh.

Although this study set up a .60 cut-off value for the adapted scales, only formalisation was below the .60 cut off value suggested by Churchill and Peter (1984) and Nunnally (1978; 1988). The researcher did not refine this scale for two reasons. Firstly, the coefficient alpha value was close to the cut of value of .60. Secondly, this scale had few items, and dropping items would yield a scale that may not adequately sample the domain of the construct (Ravichandran and Rai, 2000). Apart from the formalisation scale, all the scales in this study produced acceptable coefficient alpha values and thus, the data reliability issue in this study was satisfactory.

7.3. CORRELATION ANALYSIS

In the conceptual framework of market orientation in Figure 5.1 in Chapter 5 it is proposed firstly that the market orientation of the consumer goods manufacturing companies in Bangladesh is determined by a set of internal and external factors, and secondly that market orientation affects a set of dependent variables for both economic and non-economic performance of business. More specifically, in the proposed framework, market orientation is identified as having two different roles. Firstly, it works as a dependent variable, and secondly it becomes an independent variable affecting both economic and non-economic performance of business.

In order to test hypotheses 1 and 2, identification of the internal and external variables that better determine the market orientation components and overall market orientation of the consumer goods manufacturing companies in Bangladesh was required. In order to test hypothesis 3, identification of the market orientation components that significantly determine the economic and non-economic performance of business was required, and in order to test hypothesis 4, identification of the effect of overall market orientation on economic and non-economic performance of business was required. For these tests it was necessary to conduct two sets of correlation analyses. The first set related to hypotheses 1 and 3, and the second set related to hypothesis 4. Correlation analysis was not required for hypothesis 2, as the overall market orientation was computed by adding all the components of market orientation (e.g. customer emphasis + intelligence/information generation + intelligence dissemination or interfunctional coordination + responsiveness or taking action). Further, for testing the fourth hypothesis it was not necessary to show correlation between the components of market orientation and the dependent variables (economic and non-economic performance), as it hypothesised the overall effect of market orientation on economic and non-economic performance of business. In addition, for the first hypothesis, it was not necessary to show correlation of overall market orientation with independent variables.

This study utilised correlation analysis for two purposes, firstly to examine the presence of multicollinearity, and secondly to explore the relationships between the variables.

Rowntree (1981) provided a guideline that interpreted the strength of the relationships between the variables. He indicated that, when the correlation coefficient (r) ranges from .00 to .20, the relationship is very weak and negligible; when the correlation coefficient ranges from .20 to .40, the relationship is weak and low; when the correlation coefficient ranges from .40 to .70, the relationship is moderate; when the correlation coefficient ranges from .70 to .90, the relationship is strong, high and marked; and finally, when the correlation coefficient ranges from .90 to 1.0, the relationship is very strong and very high. As noted earlier in the chapter, in order to check the presence of multicollinearity, this study applied the ceiling of .80 for the correlation coefficient as suggested by Berry and Feldman (1985) and Hair et al. (1995).

In this study the bivariate Pearson product-moment correlation test was applied. The test was subject to a one tailed test of statistical significance at two different levels: highly significant ($p < 0.01$) and significant ($p < 0.05$). The results of the correlation analysis are shown in Table 7.2 and 7.3.

Table 7.2 shows the correlation between antecedents of market orientation (internal and external variables) and components of market orientation (customer emphasis, intelligence/information generation, intelligence dissemination or interfunctional coordination, and intelligence responsiveness or taking action. Top management emphasis was found to be significant and positively correlated with customer emphasis ($r = .30$, $p < 0.01$), intelligence/information generation ($r = .30$, $p < .01$), intelligence dissemination coordination ($r = .39$, $p < .01$), and intelligence responsiveness ($r = .39$, $p < .01$) of the consumer goods manufacturing companies in Bangladesh. This suggested that emphasis placed by the top management on market-oriented activities encourage market orientation of the consumer goods manufacturing companies in Bangladesh.

Risk aversion was found to be significant and negatively correlated with each of the components of market orientation of the consumer goods manufacturing companies in Bangladesh. The examination of the correlation between risk aversion and customer emphasis ($r = -.25$, $p < .01$), risk aversion and intelligence generation ($r = -.23$, $p < .01$), risk aversion and intelligence dissemination ($r = -.15$, $p < .05$), and risk aversion and intelligence responsiveness ($r = -.14$, $p < .05$) suggested that the risk averse attitude of the top management discourages market orientation of the consumer goods manufacturing companies in Bangladesh.

Management training was also found to be significant and positively correlated with all four components of market orientation. The statistical significant correlations between management training and customer emphasis ($r = .53$, $p < .01$), management training and intelligence generation ($r = .65$, $p < .01$), management training and intelligence dissemination ($r = .60$, $p < .01$), and management training and intelligence responsiveness ($r = .56$, $p < .01$) indicated that the market orientation of the consumer goods manufacturing companies in Bangladesh was a positive function of management training.

Table 7.2. Correlation Matrix for Internal and External Variables (Antecedents) with Customer Emphasis, Intelligence Generation, Intelligence Dissemination, and Intelligence Responsiveness/Taking Action

| VARIABLE | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|--------------------------------------|------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|
| Customer emphasis (1) | ---- | .73** | .54** | .48** | .30** | -.25** | .53** | .43** | -.53** | -.29** | -.25** | .41** | -.50** | .58** | .41** | .27** | -.08 | .48** |
| Intelligence generation (2) | | ---- | .76** | .53** | .30** | -.23** | .65** | .53** | -.62** | -.36** | -.37** | .56** | -.53** | .65** | .38** | .37** | -.12* | .55** |
| Intelligence dissemination (3) | | | ---- | .62** | .39** | -.15* | .60** | .50** | -.54** | -.28** | -.37** | .53** | -.56** | .60** | .48** | .43** | -.07 | .54** |
| Intelligence responsiveness (4) | | | | ---- | .39** | -.14* | .56** | .47** | -.41** | -.25** | -.20** | .41** | -.57** | .56** | .56** | .44** | .02 | .60** |
| Top management emphasis (5) | | | | | ---- | -.13* | .28** | .25** | -.16* | -.08 | -.22** | .30** | -.39** | .27** | .47** | .24** | -.01 | .34** |
| Risk aversion (6) | | | | | | ---- | -.20** | -.17** | .30** | .09 | .22** | -.18** | .28** | -.17** | -.01 | -.12* | .17** | -.04 |
| Management training (7) | | | | | | | ---- | .74** | -.67** | -.36** | -.32** | .59** | -.55** | .68** | .42** | .45** | -.02 | .56** |
| Formal marketing education (8) | | | | | | | | ---- | -.59** | -.32** | -.36** | .54** | -.49** | .59** | .33** | .38** | .02 | .46** |
| Centralisation (9) | | | | | | | | | ---- | .44** | .43** | -.52** | .48** | -.63** | -.30** | -.46** | .17** | -.39** |
| Formalisation (10) | | | | | | | | | | ---- | .30** | -.24** | .24** | -.35** | -.25** | -.24** | .06 | -.27** |
| Political behaviour (11) | | | | | | | | | | | ---- | -.32** | .42** | -.30** | -.05 | -.21** | .07 | -.12* |
| Market based reward system (12) | | | | | | | | | | | | ---- | -.53** | .60** | .32** | .38** | -.02 | .40** |
| Interdepartmental conflict (13) | | | | | | | | | | | | | ---- | -.60** | -.47** | -.37** | .11 | -.44** |
| Interdepartmental connectedness (14) | | | | | | | | | | | | | | ---- | .48** | .56** | -.05 | .59** |
| Competition (15) | | | | | | | | | | | | | | | ---- | .49** | .12* | .57** |
| Market turbulence (16) | | | | | | | | | | | | | | | | ---- | .06 | .55** |
| Technology (17) | | | | | | | | | | | | | | | | | ---- | .09 |
| General economy (18) | | | | | | | | | | | | | | | | | | ---- |

Notes:

N = 216

**p < 0.01

*p < .05

Table 7.3. Correlation Matrix for Overall Market Orientation with Business Performance, Organisational Commitment, Esprit de Corps, Customer Satisfaction, and Repeat Customer

| VARIABLE | 1 | 2 | 3 | 4 | 5 | 6 |
|--------------------------------|------|-------|-------|-------|-------|-------|
| Business performance (1) | ---- | .55** | .60** | .72** | .66** | .56** |
| Organisational commitment (2) | | ---- | .78** | .47** | .44** | .61** |
| Esprit de corps (3) | | | ---- | .54** | .48** | .69** |
| Customer satisfaction (4) | | | | ---- | .62** | .49** |
| Repeat customer (5) | | | | | --- | .54** |
| Overall market orientation (6) | | | | | | --- |

Notes:
N = 216
**p < .01
*p < .05

Formal marketing education was also found to be significant and positively correlated with all four components of market orientation. The positive and significant correlations between formal marketing education and market orientation components were identified as; customer emphasis ($r = .43, p < .01$), intelligence generation ($r = .53, p < .01$), intelligence dissemination ($r = .50, p < .01$), and intelligence responsiveness ($r = .47, p < .01$). The significant correlations between formal marketing education and all four market orientation components indicated the importance of formal marketing education in determining the level of market orientation of the consumer goods manufacturing companies in Bangladesh.

Centralisation was found to be significant and negatively correlated with all four components of market orientation. These negative correlations between centralisation and customer emphasis ($r = -.53, p < .01$), centralisation and intelligence generation ($r = -.62, p < .01$), centralisation and intelligence dissemination ($r = -.54, p < .01$), and centralisation and intelligence responsiveness ($r = -.41, p < .01$) cautioned the consumer goods manufacturing companies in Bangladesh to avoid a centralisation structure and to adapt a decentralised organisational structure in becoming more market-oriented. Similarly, formalisation was also found to be statistically significant and negatively correlated to customer emphasis ($r = -.29, p < .01$), intelligence generation ($r = -.36, p < .01$), intelligence dissemination ($r = -.28, p < .01$), and intelligence responsiveness ($r = -.25, p < .01$). These negative correlations with all four market orientation components confirmed that the consumer goods manufacturing companies in Bangladesh should

rethink the formalised structure of organisation and adopt an informal structure of organisation in order to become more market-oriented. Again, political behaviour of the organisation was also identified to be statistically significant and negatively correlated with customer emphasis ($r = -.25, p < .01$), intelligence generation ($r = -.37, p < .01$), intelligence dissemination ($r = -.37, p < .01$), and intelligence responsiveness ($r = -.20, p < .05$). These correlations suggested that the consumer goods manufacturing companies in Bangladesh should avoid political behaviour within their companies and prioritise customer interest rather than their self interest.

Market based reward system had significant positive correlations with customer emphasis ($r = .41, p < .01$), intelligence generation ($r = .56, p < .01$), intelligence dissemination ($r = .53, p < .01$), and intelligence responsiveness ($r = .41, p < .01$). These correlations of market based reward system with market orientation components suggested that the market based reward system is a significant tool in determining the level of market orientation of the consumer goods manufacturing companies in Bangladesh. While interdepartmental conflict posited negative correlations with all market orientation components, interdepartmental connectedness showed positive significant correlations. Interdepartmental conflict posited to decrease customer emphasis ($r = -.50, p < .01$), intelligence generation ($r = -.53, p < .01$), intelligence dissemination ($r = -.56, p < .01$), and intelligence responsiveness ($r = -.57, p < .01$). On the other hand, interdepartmental connectedness posited to enhance customer emphasis ($r = .58, p < .01$), intelligence generation ($r = .65, p < .01$), intelligence dissemination ($r = .60, p < .01$), and intelligence responsiveness ($r = .56, p < .01$). These correlations of both interdepartmental conflict and connectedness with all four market orientation components confirmed that the market orientation of consumer goods manufacturing companies in Bangladesh is discouraged by organisational conflict, and encouraged by organisational connectedness.

The above analysis suggested that all the internal variables were found to be significantly correlated with all four components of market orientation. The correlation analysis also suggested that, while top management emphasis, management training, formal marketing education, market based reward system, interdepartmental connectedness were found to be positively correlated with all four market orientation

components; risk aversion, centralisation, formalisation, political behaviour, and interdepartmental conflict indicated negative correlations.

The external variables including competition, market turbulence, and general economy were also found to be significantly correlated with market orientation components. Competition was identified as significant and positively correlated to customer emphasis ($r = .41, p < .01$), intelligence generation ($r = .38, p < .01$), intelligence dissemination ($r = .48, p < .01$), and intelligence responsiveness ($r = .56, p < .01$); recommending its positive influence in determining the level of market orientation of the consumer goods manufacturing companies in Bangladesh. The correlation analysis also highlighted significant positive correlations between market turbulence and customer emphasis ($r = .27, p < .01$), intelligence generation ($r = .37, p < .01$), intelligence dissemination ($r = .43, p < .01$), and intelligence responsiveness ($r = .44, p < .01$). These correlations suggested that the consumer goods manufacturing companies are more market-oriented in a turbulent market than in a stable market.

General economy (weak economy) of Bangladesh posited to be significant and positively correlated to customer emphasis ($r = .48, p < .01$), intelligence generation ($r = .55, p < .01$), intelligence dissemination ($r = .54, p < .01$), and intelligence responsiveness ($r = .60, p < .01$). These significant positive correlations of general economy with all four components of market orientation suggested that the extent of the market orientation of the consumer goods manufacturing companies in Bangladesh was a function of the country's weak general economy.

While these three external variables were found to be correlated with all four components of market orientation, technology was found only to be negatively correlated to intelligence generation ($r = -.12, p < .05$). This indicated that technology does not necessarily determine the level of market orientation of the consumer goods manufacturing companies in Bangladesh.

The above correlation analysis confirmed the market orientation of the consumer goods manufacturing companies in Bangladesh was either a positive or a negative function of different internal and external variables. In addition, examination of the correlation matrix confirmed that none of the inter-correlations between explanatory variables

exceeded the .80 limit for correlations recommended by Berry and Feldman (1985) and Hair et al. (1995).

Table 7.3 shows the correlations between market orientation and business performance, organisational commitment, esprit de corps, customer satisfaction and repeat customer. An analysis of the correlation matrix indicated that the market orientation of the consumer goods manufacturing companies in Bangladesh was found to be significant and positively correlated to economic and non-economic performance of business. Market orientation was found to be significant and positively correlated to the business performance ($r = .56, p < .01$). This indicated that the business performance (economic performance) was a positive function of the market orientation of the consumer goods manufacturing companies in Bangladesh. Similarly, market orientation had a significant positive correlation with employees' organisational commitment ($r = .61, p < .01$), suggesting that, market orientation induced organisational commitment. Again, a positive significant correlation was observed between market orientation and employees esprit de corps ($r = .69, p < .01$). This correlation suggests that the esprit de corps was a positive function of the market orientation of the consumer goods manufacturing companies in Bangladesh.

Market orientation of the consumer goods manufacturing companies in Bangladesh posited significant and positively correlated to customer satisfaction ($r = .49, p < .01$). Similarly, market orientation was also found to be significant and positively correlated to the repeat customer ($r = .54, p < .01$). These correlations suggest that customer satisfaction and repeat customer performances are a function of the market orientation of the consumer goods manufacturing companies in Bangladesh.

The above analysis confirmed correlations between antecedents and market orientation components. The analysis also confirmed correlations between market orientation and economic and non-economic performance of business. Examination of both correlation matrices displayed in Table 7.2 and 7.3 suggested that multicollinearity was not a problem in this study since none of the correlation coefficients exceeded the limit of .80 recommended by Berry and Feldman (1985) and Hair et al. (1995).

The statistical assumptions tested in this chapter have confirmed the use of parametric techniques for data analysis in this study. The reliability analysis in this chapter has provided support for the appropriateness of the measurement scales used in Bangladesh. Finally, the correlation analysis in this chapter had not only shown correlations between the variables but has also supported the use of parametric techniques, as multicollinearity was not a problem in this study.

CHAPTER 8

SYNTHESIS MARKET ORIENTATION – QUANTITATIVE RESEARCH FINDINGS AND DISCUSSION

In this chapter quantitative research results are presented and discussed. The researcher conducted a survey in Bangladesh between March 4, 2002 and June 2, 2002. A total number of 240 high officials from 120 consumer goods manufacturing companies were interviewed (two interviews from each company) and 216 usable questionnaires were received. Two data analyses techniques including multiple regression analysis and multivariate analysis of variance (MANOVA) were used to analyse the data obtained from the survey.

For the testing of hypotheses 1, 2, and 3 stepwise regression analysis was used to analyse the data. This was done in order to identify the significant antecedents (internal and external variables) that determine the level of market orientation of the consumer goods manufacturing companies in Bangladesh, and also to identify the market orientation components that significantly determine the economic and non-economic performance of business. For the testing of hypothesis 4, multivariate analysis of variance (MANOVA) was used to analyse the data in order to examine the effect of market orientation of the consumer goods manufacturing companies in Bangladesh on economic and no-economic performance of business.

8.1. RESEARCH FINDINGS AND DISCUSSION – STEPWISE REGRESSION

In this section the results of stepwise regression analysis are presented and discussed under two major headings, antecedents of market orientation and consequences of market orientation.

8.1. 1. Antecedents of Market Orientation

Hypothesis 1:

Internal antecedents/factors including senior management characteristics of top management emphasis, risk aversion, management training, and formal marketing education; organisational characteristics of centralisation, formalisation, political behaviour, and market based reward system; interdepartmental dynamics of interdepartmental conflict and interdepartmental connectedness; and external

antecedents/factors including competition, market turbulence, technological turbulence, and general economy significantly determine the levels of:

1.1 customer emphasis;

1.2 intelligence generation;

1.3 intelligence dissemination; and

1.4 intelligence responsiveness of the consumer goods manufacturing companies in Bangladesh.

Hypothesis 2:

Internal antecedents/factors including senior management characteristics of top management emphasis, risk aversion, management training, and formal marketing education; organisational characteristics of centralisation, formalisation, political behaviour, and market based reward system; interdepartmental dynamics of interdepartmental conflict and interdepartmental connectedness; and external antecedents/factors including competition, market turbulence, technological turbulence, and general economy significantly determine the level of overall market orientation of the consumer goods manufacturing companies in Bangladesh.

Hypothesis 1 is related to Tables 8.1, 8.2, 8.3 and 8.4. These tables are stepwise regression tables that display the antecedents (internal and external factors) that determine the level of the market orientation components. Hypothesis 2 is related to Table 8.5. This table is also a stepwise regression table that shows the antecedents (internal and external factors) that determine the level of overall market orientation of the consumer goods manufacturing companies in Bangladesh. Table 8.6 is an overall stepwise regression summary table that displays the significance and relationships of each independent variable with market orientation and its components.

Antecedents of Customer Emphasis

Table 8.1 on page 160 indicates that the customer emphasis component of market orientation of the consumer goods manufacturing in Bangladesh is determined by several internal and external antecedents. Overall, the results suggest that five antecedents including centralisation, interdepartmental conflict, interdepartmental connectedness, market turbulence, and general economy (weak economy) significantly drive the customer emphasis in Bangladesh.

Table 8.1. Antecedents (Internal and External) of Market Orientation: Stepwise Regression Dependent Variable; Customer Emphasis

| VARIABLE | <u>B</u> | <u>SEB</u> | <u>β</u> | <u>t</u> |
|---------------------------------|----------|------------|----------|----------|
| Centralisation | -.15 | .04 | -.28 | -4.16*** |
| Interdepartmental Conflict | -.16 | .06 | -.17 | -2.68** |
| Interdepartmental Connectedness | .17 | .05 | .28 | 3.38** |
| Market Turbulence | -.19 | .06 | -.21 | -3.24** |
| General Economy | .30 | .08 | .25 | 3.68*** |
| Constant | 21.68 | | | |
| <u>R</u> ² | .46 | | | |
| <u>ΔR</u> ² | .45 | | | |
| <i>F</i> | 35.56*** | | | |
| <i>N</i> | 216 | | | |

Note: *** $p < 0.001$
 ** $p < 0.01$

Centralisation structure of organisations was found to be statistically significant and negatively related to customer emphasis ($\beta = -.28$, $p < 0.001$). This means that, with one unit agreement from the respondents that they have a centralised organisational structure, they also disagreed $-.28$ units that they place emphasis on customers, assuming other variables are held constant. This statistically significant and negative relationship between centralisation and customer emphasis confirms that the centralisation structure of organisations is an inhibitor of the customer emphasis component of market orientation of the consumer goods manufacturing companies in Bangladesh. This finding between centralisation and customer emphasis also suggests that the consumer goods manufacturing companies in Bangladesh that do have a centralised structure appear to be missing the presence of market orientation or to be less market-oriented.

Interdepartmental connectedness and interdepartmental conflict were both found to be significantly related to customer emphasis. While interdepartmental connectedness was found to statistically significant and positively determined the level of customer emphasis ($\beta = .28$, $p < 0.01$), interdepartmental conflict was found to be inversely/negatively related to customer emphasis ($\beta = -.17$, $p < 0.01$). Thus, this

inverse relationship between interdepartmental conflict and customer emphasis indicates that interdepartmental conflict inhibits customer emphasis. The findings also confirm that, with one unit agreement of interdepartmental connectedness from the respondents, customer emphasis is also fostered by .28 units, when other variables are held constant; and with one unit increase of interdepartmental conflict, customer emphasis is discouraged by -.17 units, holding other variables constant. The findings further suggest that the consumer goods manufacturing companies in Bangladesh that are more internally connected perceive that they place more emphasis on customers and thus are more market-oriented than the organisations that are not internally connected. Again, the organisations that are experiencing internal conflicts perceive that they are missing market orientation or less market-oriented because of not placing enough emphasis on customers.

Similarly, the general economy (weak economy) was found to be statistically significant and positively related to customer emphasis ($\beta = .25, p < 0.001$). This means that, if the general economy is weaker, the customer emphasis is stronger; and if the general economy is stronger, the customer emphasis is weaker. The finding also suggests that consumer goods manufacturing companies are more market-oriented because of the country's weak general economy. Market turbulence was found to be negatively related to customer emphasis ($\beta = -.21, p < 0.01$). This statistically significant negative relationship indicates that market turbulence does not foster customer emphasis; rather, it discourages the customer emphasis component of market orientation of the consumer goods manufacturing companies in Bangladesh.

Stepwise regression findings displayed in Table 8.1 on page 160 also indicate the calculated value for $R^2 = .46$, which confirms that the five antecedents included in the regression equation explain 46% of the variation in the dependent variable. The value for $\Delta R^2 = .45$ is the value of the coefficient of multiple determination adjusted for degrees of freedom. It states that when adjusted for degrees of freedom, the five independent variables explain 45% of the variation in the dependent variable. These values for R^2 and ΔR^2 further support the stepwise regression findings.

Findings of the study suggest that none of the senior management characteristics (top management emphasis, risk aversion, management training, and formal marketing education) contributed to the level of customer emphasis. That means low or insignificant relationships were found between senior management characteristics and customer emphasis. It was also found that only the centralisation variable from the organisational characteristics was significantly related to customer emphasis; and other variables including formalisation, political behaviour, and market based reward system were found to have low or no statistical significant relationships with customer emphasis. Interdepartmental dynamics of interdepartmental connectedness and interdepartmental conflict were both found to be significantly related to customer emphasis. Two external variables, general economy and market turbulence, were found to be significantly related to customer emphasis. While both of these variables were statistically related to customer emphasis, no significant relationships were identified between customer emphasis and the other two external variables, competition and technology.

In short, Table 8.1 on page 160 indicates that three internal antecedent variables including centralisation, interdepartmental connectedness, and interdepartmental conflict, and two external antecedent variables including market turbulence, and general economy made significant contributions to the regression equation and the other variables were removed from the regression equation during the stepwise procedure. Therefore, these research findings indicate that the hypothesis 1.1 is partly supported.

Antecedents of Intelligence/Information Generation

Table 8.2 on page 163 shows that seven antecedents (internal and external factors) significantly determine the level of intelligence/information generation component of market orientation. The findings suggest that consumer goods manufacturing companies in Bangladesh that train their managers appear to be more market-oriented than the companies that do not train their managers ($\beta = .15, p < 0.05$). Findings of the study suggest that management training and intelligence generation are statistically significant and positively related. The results also confirm that, holding other variables constant, with the change of one unit of management training, intelligence generation of consumer goods manufacturing in Bangladesh is increased by .15 units.

Table 8.2. Antecedents (Internal and External) of Market Orientation: Stepwise Regression Dependent Variable; Intelligence/Information Generation

| VARIABLE | <u>B</u> | <u>SEB</u> | <u>β</u> | <u>t</u> |
|---------------------------------|----------|------------|----------|----------|
| Management Training | .14 | .07 | .15 | 2.03* |
| Centralisation | -.22 | .07 | -.22 | -3.30** |
| Political Behaviour | -.21 | .10 | -.11 | -2.21* |
| Market Based Reward System | .20 | .08 | .14 | 2.36* |
| Interdepartmental Connectedness | .26 | .09 | .22 | 2.94* |
| Market Turbulence | -.23 | .10 | -.13 | -2.32* |
| General Economy | .58 | .14 | .25 | 4.12*** |
| Constant | 25.18 | | | |
| <u>R</u> ² | .58 | | | |
| <u>ΔR</u> ² | .57 | | | |
| <i>F</i> | 41.50*** | | | |
| <i>N</i> | 216 | | | |

Note: *** $p < 0.001$
 ** $p < 0.01$
 * $p < 0.05$

In this study it was also found that there was a significant relationship between centralisation and intelligence generation ($\beta = -.22$, $p < 0.01$). Stepwise regression results suggest that the centralisation structure of the consumer goods manufacturing in Bangladesh was statistically significant and inversely related to the intelligence generation component of market orientation. This inverse relationship between these two variables indicates that the organisations that were more centralised appeared to be generating less market intelligence and organisations that were less centralised or decentralised appeared to be generating more intelligence. The findings also confirm that, with the increase of one unit of centralisation, intelligence generation is decreased by -.22 units, providing other variables are held constant. This finding suggests that, consumer goods manufacturing in Bangladesh should avoid centralised organisational structure as it inhibits intelligence generation component of market orientation.

Political behaviour of organisations was also identified to be statistically significant and negatively related to the intelligence generation ($\beta = -.11$, $p < 0.05$). The organisations that consider self-interest more than the customers' interests were found to be discouraging intelligence generation and the organisations that gave priority to the customers found to be encouraging intelligence generation. The results confirm that intelligence generation is reduced by $-.11$ units with the increase of one unit of political behaviour, assuming other variables are held constant. This inverse relationship between political behaviour and intelligence generation suggests that the consumer goods manufacturing companies in Bangladesh should avoid political behaviour among themselves and set a priority for their customers in order to become more market oriented.

The results indicate that the market based reward system determines the level of intelligence generation of the consumer goods manufacturing companies in Bangladesh. The findings also suggest that there is a statistically significant and positive relationship between a market based reward system and intelligence generation ($\beta = .14$, $p < 0.05$). This positive and significant relationship confirm that consumer goods manufacturing companies that reward their employees on the basis of market performance tend to generate more intelligence than the manufacturing companies that do not consider a market based reward system for their employees. The findings also indicate that with the one unit increase of market based reward system intelligence generation is also increased by $.14$ units, assuming other variables are held constant. This suggests that, in order to become more market-oriented through generating more intelligence, the consumer goods manufacturing companies in Bangladesh should emphasise rewarding their employees on the basis of their market performance.

Interdepartmental connectedness was also found to be statistically significant and positively related to intelligence generation ($\beta = .22$, $p < 0.05$). This relationship between two variables indicates that the consumer goods manufacturing companies that were more internally connected appeared to be generating more intelligence than the companies that were less internally connected. Findings also suggest that, holding other variables constant, with the one unit increase of internal connection intelligence generation would also be enhanced by $.22$ units. This significant relationship between

these two variables suggests that the consumer goods manufacturing companies should emphasise their internal communication system in becoming more market-oriented through appropriate intelligence generation.

Two external variables including market turbulence ($\beta = -.13$, $p < 0.05$) and general economy of the country ($\beta = .25$, $p < 0.001$) were identified to be significantly related to intelligence generation. While market turbulence was identified to be negatively related to intelligence generation, general economy (weak economy) was found to be positively related to the intelligence generation of the consumer goods manufacturing companies in Bangladesh. The inverse relationship between market turbulence and intelligence generation suggests that, the consumer goods manufacturing companies in Bangladesh may ignore a turbulent market environment as it impacts badly upon intelligence generation. On the other hand, the positive relationship between intelligence generation and general economy (weak economy) suggests that intelligence generation is stronger when a country has weak economic conditions and is weaker in strong economic conditions. Thus, it can be said that the intelligence generation of the consumer goods manufacturing companies in Bangladesh is positively affected by the country's weak economic conditions. Since the economic condition of the country is weak, consumer goods manufacturing companies are also required to be more market-oriented in providing and creating more value for their customers. Thus, these organisations are required to generate greater intelligence than the organisations that operate in strong economic conditions.

The calculated value for $R^2 = .58$ confirms that the seven antecedents/factors including management training, centralisation, political behaviour, market based reward system, interdepartmental connectedness, market turbulence, and general economy included in the regression equation explain 58% of the variation in the dependent variable, intelligence generation. The value for $\Delta R^2 = .57$ also ensures that, when adjusted for degrees of freedom, the seven independent variables explain 57% of the variation in the dependent variable.

In short, findings of the study suggest that only management training from the senior management characteristics contributed to the regression model determining the level of

intelligence generation, and the other three variables, including top management emphasis, risk aversion, and formal marketing education were dropped from the regression equation during the stepwise regression procedure since these variables could make only a low or insignificant contribution. Three variables from organisational characteristics including centralisation, political behaviour, and market based reward system were shown to make significant contributions to the determination of intelligence generation of the consumer goods manufacturing companies in Bangladesh. The other variable, formalisation, was dropped from the regression equation because of its low significance compared to the other variables. Similarly, interdepartmental connectedness from interdepartmental dynamics was found to significantly contribute to the regression equation, while the other variable, interdepartmental conflict, was dropped from the model because of its low or insignificant relationship with intelligence generation. Two external variables, market turbulence and general economy, were kept in the regression model because of their significant contributions to the regression equation, while the other two variables, competition and technology, were eliminated from the regression equation as they could make very low or insignificant contributions to the model compared to the other variables. Therefore, on the basis of the research findings it can be concluded that hypothesis 1.2 is also partly supported.

Antecedents of Intelligence Dissemination/Interfunctional Coordination

Table 8.3 on page 167 displays that the intelligence dissemination or interfunctional coordination component of the consumer goods manufacturing companies in Bangladesh is a function of five antecedents/factors. Four of these antecedents are internal variables (top management emphasis, management training, centralisation, and interdepartmental conflict), and one of these antecedents is an external variable (general economy).

Table 8.3. Antecedents (Internal and External) of Market Orientation: Stepwise Regression Dependent Variable; Intelligence Dissemination/Interfunctional Coordination

| VARIABLE | <u>B</u> | <u>SEB</u> | <u>β</u> | <u>t</u> |
|----------------------------|----------|------------|----------|----------|
| Top Management Emphasis | .20 | .07 | .15 | 2.89** |
| Management Training | .10 | .05 | .17 | 2.32* |
| Centralisation | -.14 | .04 | -.22 | -3.33** |
| Interdepartmental Conflict | -.22 | .07 | -.20 | -3.22** |
| General Economy | .32 | .09 | .22 | 3.69*** |
| Constant | 19.73 | | | |
| R^2 | .52 | | | |
| ΔR^2 | .50 | | | |
| F | 44.55*** | | | |
| N | 216 | | | |

Note: *** $p < 0.001$
 ** $p < 0.01$
 * $p < 0.05$

The findings of the study suggest that the top management emphasis is statistically significant and positively related to the intelligence dissemination ($\beta = .15$, $p < 0.01$). This statistically significant relationship between top management emphasis and intelligence dissemination indicates that the top managers of the consumer goods manufacturing companies in Bangladesh who place more emphasis on intelligence dissemination or interfunctional coordination are likely to be more market-oriented than those of the companies that place less emphasis on intelligence dissemination. Findings also suggest that intelligence dissemination is increased by .15 units with the one unit increase of top management emphasis, when other independent variables are held constant.

Management training was also found to be statistically significant and positively related to the intelligence dissemination ($\beta = .17$, $p < 0.05$). This positive relationship between management training and intelligence dissemination indicates that the consumer goods manufacturing companies that train their managers are likely to be more market-oriented than the companies that do not train their managers. The findings also suggest that holding other independent variables constant, with the one unit increase of

management training, intelligence dissemination is also increased by .17 units. This finding suggests that, in order to become more market-oriented, consumer goods manufacturing companies in Bangladesh should provide more training facilities and train their managers on a regular basis. Consumer goods manufacturing companies should train their managers because management training ensures intelligence dissemination and hence market orientation.

Centralisation was found to be statistically significant and inversely related to intelligence dissemination ($\beta = -.22$, $p < 0.01$). This inverse relationship between two variables indicates that the centralised structure of consumer goods manufacturing companies inhibits intelligence dissemination. The findings also indicate that holding other independent variables constant, with the one unit increase of centralisation, intelligence dissemination is decreased by -.22 units. This result suggests that the consumer goods manufacturing companies in Bangladesh that are more centralised in nature are likely to be less market-oriented than the companies that are decentralised, as a centralised structure discourages intelligence dissemination and a decentralised structure encourages it. Thus, in becoming more market-oriented, consumer goods manufacturing companies in Bangladesh should avoid a centralised organisational structure as this structure discourages the intelligence dissemination component of market orientation.

The findings also suggest that interdepartmental conflict inhibits intelligence dissemination. The study identified a statistically significant and inverse relationship between interdepartmental conflict and intelligence dissemination ($\beta = -.20$, $p < 0.01$). The findings further suggest that, when other independent variables are constant, with the one unit increase of interdepartmental conflict, intelligence dissemination is decreased by -.20 units. This finding reveals that consumer goods manufacturing companies that experience interdepartmental conflict are not likely to be market-oriented or less market-oriented because of poor intelligence dissemination. Thus, consumer goods manufacturing companies in Bangladesh should try to minimise internal conflict in becoming more market oriented, as internal conflict discourages intelligence dissemination.

General economy (weak economy) of the country was found to be statistically significant and positively related to intelligence dissemination ($\beta = .22, p < 0.001$). This finding of the study suggests that the weak economic conditions in the country encourage intelligence dissemination and strong economic conditions inhibit it. This positive relationship between general economy and intelligence dissemination indicates that a nation that has a weaker economy seems to enjoy more market orientation through proper intelligence dissemination than a nation that has a stronger economy. Thus, it can be said that the intelligence dissemination component of market orientation of the consumer goods manufacturing companies in Bangladesh is likely to be encouraged by the country's weak economic conditions.

The values obtained for $R^2 = .52$ and for $\Delta R^2 = .50$ further support the significant relationships between intelligence dissemination and the five variables of top management emphasis, management training, centralisation, interdepartmental conflict, and general economy. The value of $R^2 = .52$ indicates that the five antecedents included in the regression equation explain 52% of the variation of the intelligence dissemination. The $\Delta R^2 = .50$ also suggests that when adjusted for degrees of freedom, the five antecedents explain 50% of the variation of the dependent variable, intelligence dissemination.

In short, finding reveals that four internal variables, top management emphasis, management training, centralisation, and interdepartmental conflict, and one external variable, general economy were kept in the stepwise regression procedure because of their significant contribution to the regression equation. The other internal and external variables were removed during the stepwise procedure because of their low or insignificant contributions to the regression equation. Therefore, it can be concluded that the hypothesis 1.3 is partly supported.

Antecedents of Intelligence Responsiveness/Taking Action

Table 8.4 on page 170 displays the antecedents of intelligence responsiveness of the consumer goods manufacturing companies in Bangladesh. Four antecedents (two internal and two external) were selected during the stepwise regression procedure.

Table 8.4. Antecedents (Internal and External) of Market Orientation: Stepwise Regression Dependent Variable; Intelligence Responsiveness/Taking Action

| VARIABLE | <u>B</u> | <u>SEB</u> | <u>β</u> | <u>t</u> |
|----------------------------|----------|------------|----------|----------|
| Management Training | .20 | .07 | .18 | 2.79** |
| Interdepartmental Conflict | -.51 | .12 | -.25 | -4.13*** |
| Competition | .29 | .08 | .22 | 3.65*** |
| General Economy | .73 | .17 | .27 | 4.28*** |
| Constant | 35.25 | | | |
| <u>R</u> ² | .53 | | | |
| <u>ΔR</u> ² | .52 | | | |
| <i>F</i> | 58.30*** | | | |
| <i>N</i> | 216 | | | |

Note: *** $p < 0.001$
 ** $p < 0.01$

The findings in Table 8.4 indicate that management training is statistically significant and positively related to intelligence responsiveness component of market orientation ($\beta = .18$, $p < 0.01$). The results indicate that the consumer goods manufacturing companies in Bangladesh that sent their managers for management training reported more responsiveness to intelligence than the companies that did not provide training for their managers. The findings also suggest that, when all other variables are held constant, with one unit increase of management training, intelligence responsiveness of the consumer goods manufacturing companies is also increased by .18 units. This positive significant relationship confirms that the intelligence responsiveness is a function of management training. Thus, consumer goods manufacturing companies in Bangladesh should ensure that their managers receive adequate training in becoming more market-oriented by taking appropriate actions on intelligence.

Interdepartmental conflict was found to be statistically significant and negatively related to intelligence responsiveness of the consumer goods manufacturing companies in Bangladesh ($\beta = -.25$, $p < 0.001$). This suggests that the consumer goods manufacturing companies that experienced internal conflict among the different departments of the

organisation appear to be less market-oriented than companies that experienced less interdepartmental conflict. The findings also suggest that, with the one unit increase in interdepartmental conflict, intelligence responsiveness is decreased by -.25 units. That means the higher the interdepartmental conflict, the lower the intelligence responsiveness; and the lower the interdepartmental conflict, the higher the intelligence responsiveness. This suggests that the consumer goods manufacturing companies in Bangladesh should minimise interdepartmental conflict in becoming more responsive to intelligence.

Competition was found to be statistically significant and positively related to intelligence responsiveness ($\beta = .22$, $p < 0.001$). This statistically significant relationship between intelligence responsiveness and competition indicates that the consumer goods manufacturing companies in Bangladesh that are more competitive in nature appeared to be more market-oriented than the companies that are less competitive in nature. The findings also suggest that, holding other variables constant, with the increase of one unit of competition, intelligence responsiveness is also increased by .22 units. That means, the higher the competition among the consumer goods manufacturing companies, the higher the intelligence responsiveness. This result suggests that, in becoming more market-oriented, consumer goods manufacturing companies in Bangladesh should be more responsive to intelligence and serve their target customers better than their competitors do.

General economy (weak economy) was also found to be statistically significant and positively related to intelligence responsiveness ($\beta = .27$, $p < 0.001$). This result suggests that with the weak economic conditions of the country, consumer goods manufacturing enjoy market orientation through intelligence responsiveness. That means intelligence responsiveness and so market orientation of the consumer goods manufacturing companies in Bangladesh are improved by the country's weak economic conditions. In a weak economy consumers are value conscious and thus consumer goods manufacturing companies fight for the same dollars from the same customer groups. This fight for the same dollars from the same value conscious customer groups drive consumer goods manufacturing companies to become more responsive to intelligence. The findings also suggest that, holding other variables constant, with the deterioration of one unit of the county's economic condition, intelligence

responsiveness appears to be encouraged by .27 units. This finding of the positive relationship between general economy and intelligence responsiveness suggests that the market orientation of the consumer goods manufacturing companies in Bangladesh significantly benefited from the country's weak economic condition as weak economic conditions foster intelligence responsiveness.

The above findings are further supported by the \underline{R}^2 and $\underline{\Delta R}^2$ values indicated in Table 8.4 on page 170. The calculated value for $\underline{R}^2 = .53$ confirms that the management training, interdepartmental conflict, competition, and general economy included in the stepwise regression equation explain 53% of the variation in the intelligence responsiveness of the consumer goods manufacturing companies in Bangladesh. The value of the coefficient of multiple determination adjusted for degrees of freedom indicates that four independent variables explain 52% of the variation in the dependent variable which is denoted by $\underline{\Delta R}^2 = .52$ in Table 8.4 on page 170. These values for \underline{R}^2 and $\underline{\Delta R}^2$ suggest that the management training, interdepartmental conflict, competition, and general economy statistically determine the intelligence responsiveness of the consumer goods manufacturing companies.

In short, Table 8.4 on page 170 indicates that only four antecedents, two internal variables including management training and interdepartmental conflict, and two external variables including competition and general economy significantly determined the level of intelligence responsiveness of the consumer goods manufacturing companies in Bangladesh. Other variables were eliminated from the regression model during the stepwise regression procedure because of their low or insignificant contribution to the regression equation. Therefore, it can be said that hypothesis 1.4 is partly supported.

Antecedents of Overall Market Orientation

Table 8.5 on page 173 displays the antecedents of overall market orientation of the consumer goods manufacturing companies in Bangladesh. Six antecedents, five internal variables and one external variable were selected during the stepwise regression

procedure. Other variables were removed from the regression model during the stepwise procedures.

Table 8.5. Antecedents (Internal and External) of Market Orientation: Stepwise Regression Dependent Variable; Overall Market Orientation

| Variable | <u>B</u> | <u>SEB</u> | <u>β</u> | <u>t</u> |
|---------------------------------|----------|------------|----------|----------|
| Top Management Emphasis | .74 | .25 | .13 | 2.97** |
| Management Training | .46 | .16 | .17 | 2.83** |
| Centralisation | -.47 | .15 | -.17 | -3.04** |
| Interdepartmental Conflict | -.99 | .25 | -.20 | -3.90** |
| Interdepartmental Connectedness | .59 | .20 | .18 | 2.88*** |
| General Economy | 1.70 | .32 | .26 | 5.28*** |
| Constant | 94.18 | | | |
| <u>R</u> ² | .70 | | | |
| <u>ΔR</u> ² | .69 | | | |
| <i>F</i> | 80.97*** | | | |
| <i>N</i> | 216 | | | |

Note: *** $p < 0.001$

** $p < 0.01$

Top management emphasis was found to be statistically significant and positively related to the overall market orientation ($\beta = .13$, $p < 0.01$). This relationship between market orientation and top management emphasis indicates that the market orientation of the consumer goods manufacturing companies in Bangladesh depend on top management emphasis placed on market orientation. The findings suggest that top management emphasis plays a crucial role in the development of market orientation of the consumer goods manufacturing companies in Bangladesh. The findings also showed that, when other independent variables are held constant, with one unit emphasis placed on market orientation from the top management, the dependent variable, market orientation of the consumer goods manufacturing companies also increased by .13 units. This finding confirms that the consumer goods manufacturing companies that received sound communication, attention, commitment, and support from their top managements regarding market orientation appeared to be more market-oriented than the companies that receive less communication, attention, commitment, and support from their top

managements. Thus, in order to become more market-oriented, the top managements of consumer goods manufacturing companies should place more emphasis on market orientation.

In this study statistically significant and positive relationship between management training and overall market orientation ($\beta = .17, p < 0.01$) was identified. This relationship between these two variables suggests that management training fosters overall market orientation of the consumer goods manufacturing companies in Bangladesh. Centralisation was found to be statistically significant and inversely related to overall market orientation ($\beta = -.17, p < 0.01$). This inverse relationship between centralisation and overall market orientation suggests that the centralisation structure of organisations among the consumer goods manufacturing companies in Bangladesh discourages market orientation. The findings also suggest that, when other variables are held constant, with the one unit of agreement from the consumer goods manufacturing companies that they practice centralised organisational structure, they also produced -.17 units of disagreement that they have market orientation. Thus, in becoming more market-oriented, consumer goods manufacturing companies should avoid a centralised form of organisational structure and accept a decentralised organisational structure.

While interdepartmental connectedness was identified as being statistically significant and positively related to overall market orientation ($\beta = .18, p < 0.001$), interdepartmental conflict was found to be inversely related to overall market orientation ($\beta = -.20, p < 0.01$). The findings also suggest that, with the one unit agreement from the consumer goods manufacturing companies that they are internally connected also produces .18 units of agreement that they enjoy market orientation. This indicates that the consumer goods manufacturing companies that are internally connected seem to enjoy more market orientation than the organisations that are less internally connected. In addition, the findings indicate that, with the one unit of agreement that the consumer goods manufacturing experiencing interdepartmental conflict also produces -.20 units of disagreement that they have market orientation. This result indicates that the internal conflict among the different departments of an organisation discourages market orientation. Thus, in becoming more market-oriented,

consumer goods manufacturing companies should identify carefully any kind of interdepartmental conflicts and resolve them immediately.

General economy (weak economy) was identified to be statistically significant and positively related to the overall market orientation of the consumer goods manufacturing companies in Bangladesh ($\beta = .26, p < 0.001$). This positive significant relationship between these two variables indicates that the overall market orientation of the consumer goods manufacturing companies is benefited by the country's weak economic conditions. The findings also suggest that with the one unit of agreement from the respondents that they have a weak economic condition in their country, encourages them also to agree that they have .26 units of market orientation. That means the country's weak economic conditions contribute to market orientation. Thus, considering the weak economic conditions of the country, consumer goods manufacturing companies should become more market-oriented, as market orientation is rewarded with better business performance.

The values for $\underline{R}^2 = .70$ and for $\Delta\underline{R}^2 = .69$ also support the findings of the stepwise regression. The value for $\underline{R}^2 = .70$ indicates that the six antecedents included in the regression equation explain 70% variation of the overall market orientation. The $\Delta\underline{R}^2 = .69$ further suggests that, when adjusted for degrees of freedom, the six antecedents explain 69% of the variation of the overall market orientation.

In short, Table 8.5 on page 173 indicates that six variables were selected during the stepwise regression procedures. The other variables, senior management characteristics of risk aversion and formal marketing education; organisational characteristics of formalisation, political behaviour, and market based reward system; external factors of competition, market turbulence, and technological turbulence were eliminated during the stepwise regression procedure because of their low or insignificant contribution to the regression equation. Thus, it can be concluded that the hypothesis 2 is partly supported by the findings of this study.

Summary (Antecedents of Market Orientation)

Table 8.6 is a stepwise regression summary table that displays the antecedents of overall market orientation and its components. According to the table top management emphasis was found to be significant and positively related to the overall market orientation and intelligence dissemination. Management training was found to be significantly contributing to the overall market orientation, intelligence generation, intelligence dissemination and intelligence responsiveness.

Table 8.6. Stepwise Regression Summary Table - Antecedents of Market Orientation: Stepwise Regression Dependent Variables; Overall Market Orientation (OMO), Customer Emphasis (CE), Intelligence Generation (IG), Intelligence Dissemination (ID), and Intelligence Responsiveness (IR)

| VARIABLE | OMO β (t) | CE β (t) | IG β (t) | ID β (t) | IR β (t) |
|---------------------|-----------------|-----------------|----------------|----------------|-----------------|
| Top Mgt Emphasis | .13 (2.97**) | ---- | ---- | .15 (2.89**) | --- |
| Risk Aversion | ---- | ---- | ---- | ---- | ---- |
| Mgt Training | .17 (2.83**) | ---- | .15 (2.03*) | .17 (2.32*) | .18 (2.79**) |
| Formal Education | ---- | ---- | ---- | ---- | ---- |
| Centralisation | -.17 (-3.04**) | -.28 (-4.16***) | -.22 (-3.30**) | -.22 (-3.33**) | ---- |
| Formalisation | ---- | ---- | ---- | ---- | ---- |
| Political Behaviour | ---- | ---- | -.11 (-2.21*) | ---- | ---- |
| Reward System | ---- | ---- | .14 (2.36*) | ---- | --- |
| Conflict | -.20 (-3.90***) | -.17 (-2.68**) | ---- | -.20 (-3.22**) | -.25 (-4.13***) |
| Connectedness | .18 (2.88**) | .28 (3.38**) | .22 (2.94*) | ---- | ---- |
| Competition | ---- | ---- | ---- | ---- | .22 (3.65***) |
| Market Turbulence | ---- | -.21 (-3.24**) | -.13 (-2.32*) | ---- | ---- |
| Technology | ---- | ---- | ---- | ---- | ---- |
| General Economy | .26 (5.28***) | .25 (3.68***) | .25 (4.12***) | .22 (3.69***) | .27 (4.28***) |
| Constant | 94.18 | 21.68 | 25.18 | 19.73 | 35.25 |
| R^2 | .70 | .46 | .58 | .52 | .53 |
| ΔR^2 | .69 | .45 | .57 | .50 | .52 |
| F | 80.97*** | 35.56*** | 41.50*** | 44.55*** | 58.30*** |
| N | 216 | 216 | 216 | 216 | 216 |

Note: *** $p < 0.001$
 ** $p < 0.01$
 * $p < 0.05$

While centralisation was found to be inhibiting overall market orientation, customer emphasis, intelligence generation, and intelligence dissemination; political behaviour was found to inhibit only intelligence generation. Market based reward system was found to encourage only intelligence generation component of market orientation. Interdepartmental conflict was found to be discouraging overall market orientation, customer emphasis, intelligence dissemination, and intelligence responsiveness. Interdepartmental connectedness was found to be encouraging overall market orientation, customer emphasis, and intelligence generation.

Competition was found to contribute only to intelligence responsiveness. Market turbulence was shown to be discouraging customer emphasis and intelligence generation. General economy (weak economy) was found to be contributing to the overall market orientation, customer emphasis, intelligence generation, intelligence dissemination, and intelligence responsiveness.

Regression coefficients for risk aversion, formal marketing education, formalisation, and technological turbulence were not found to be significant in the stepwise regression analysis. Thus, consumer goods manufacturing companies in Bangladesh may not necessarily bring these antecedents into consideration while determining the level of their market orientation.

8.1.2. Consequences of Market Orientation

Hypothesis 3:

Market orientation components including customer emphasis, intelligence generation, intelligence dissemination, and intelligence responsiveness of the consumer goods manufacturing companies in Bangladesh significantly determine the levels of:

- 3.1 business performance;
- 3.2 employees' organisational commitment;
- 3.3 employees' esprit de corps;
- 3.4 customer satisfaction; and
- 3.5 repeat customer.

Tables 8.7 to 8.12 are related to hypothesis 3. While Tables 8.7 to 8.11 presented the stepwise regression analysis findings for each dependent variable, Table 8.12 is the stepwise regression summary table that displays the relationships between dependent and independent variables. Hypothesis 3 was tested regressing business performance,

employees' organisational commitment, esprit de corps, customer satisfaction, and repeat customer on four components of market orientation.

Business Performance (Economic Performance)

Table 8.7 displays that two market orientation components, intelligence generation and intelligence responsiveness are significantly related to the business performance of the consumer goods manufacturing companies in Bangladesh.

Table 8.7. Consequences of Market Orientation: Stepwise Regression Dependent Variable; Business Performance (Economic Performance)

| VARIABLE | <u>B</u> | <u>SEB</u> | <u>β</u> | <u>t</u> |
|-----------------------------|----------|------------|----------|----------|
| Intelligence Generation | .49 | .08 | .43 | 6.44*** |
| Intelligence Responsiveness | .19 | .07 | .20 | 2.93** |
| Constant | 10.91 | | | |
| <u>R</u> ² | .32 | | | |
| <u>ΔR</u> ² | .31 | | | |
| <i>F</i> | 49.18*** | | | |
| <i>N</i> | 216 | | | |

Note: *** $p < 0.001$

** $p < 0.01$

Table 8.7 indicates that intelligence generation (β .43, $p < 0.001$) and intelligence responsiveness ($\beta = .20$, $p < 0.01$) were statistically significant and positively related to the business performance. While significant relationships were identified between intelligence generation, intelligence responsiveness and business performance, the other two market orientation components, customer emphasis and intelligence dissemination, were dropped from the stepwise regression equation. Results indicate that, when other market orientation components are held constant, with the one unit increase of agreement from the respondents that they generate intelligence, also produces .43 units of agreement that they achieved better business performance. Similarly, with the increase of one unit of responsiveness to intelligence, business performance was also increased by .20 units.

The calculated value for $\underline{R}^2 = .32$ suggests that the intelligence generation and intelligence responsiveness included in the stepwise regression equation explain 32% of the variation in the dependent variable that is business performance. The value for $\underline{\Delta R}^2 = .31$ ensures that, when adjusted for degrees of freedom, the two independent variables explain 31% of the variation of the dependent variable.

In short, findings of the study suggest that only intelligence generation and intelligence responsiveness of the consumer goods manufacturing companies in Bangladesh significantly determine the level of economic business performance and the other two market orientation components, customer emphasis and intelligence dissemination, were dropped from the regression equation during the stepwise procedure because of their low or insignificant contributions. These findings confirm that intelligence generation and intelligence responsiveness significantly determine the level of business performance rather than all the four market orientation components. Thus, with this confirmation it can be said that the hypothesis 3.1 is partly supported.

Employees' Organisational Commitment (Non-Economic Performance)

Table 8.8 on page 180 shows that the employees' organisational commitment of the consumer goods manufacturing companies in Bangladesh is a function of customer emphasis, intelligence dissemination, and intelligence responsiveness components of market orientation.

Findings of the study suggest that, while customer emphasis ($\beta = .22$, $p < 0.01$), intelligence dissemination ($\beta = .25$, $p < 0.01$), and intelligence responsiveness ($\beta = .26$, $p < 0.001$) were found to be statistically significant and positively related to the employees' organisational commitment, intelligence generation was dropped from the stepwise regression equation because of its low or insignificant contribution. The findings also suggest that, with the one unit increase of customer emphasis, employees' organisational commitment was increased by .22 units; with the one unit increase of intelligence dissemination, employees' organisational commitment was increased by .25 units; and with the one unit increase of intelligence responsiveness, employees' organisational commitment was increased by .26 units.

Table 8.8. Consequences of Market Orientation: Stepwise Regression Dependent Variable; Employees' Organisational Commitment (Non-Economic Performance)

| VARIABLE | <u>B</u> | <u>SEB</u> | <u>β</u> | <u>t</u> |
|-----------------------------|----------|------------|----------|----------|
| Customer Emphasis | .30 | .09 | .22 | 3.37** |
| Intelligence Dissemination | .29 | .08 | .25 | 3.42** |
| Intelligence Responsiveness | .16 | .04 | .26 | 3.73*** |
| Constant | -1.28 | | | |
| R^2 | .38 | | | |
| ΔR^2 | .37 | | | |
| <i>F</i> | 43.20*** | | | |
| <i>N</i> | 216 | | | |

Note: *** $p < 0.001$
 ** $p < 0.01$

The calculated values for $R^2 = .38$ and for $\Delta R^2 = .37$ further support the significant relationships between customer emphasis, intelligence dissemination, intelligence responsiveness and employees' organisational commitment. The value for R^2 indicates that these three market orientation components included in the regression equation explain 38% of the variation of the employees' organisational commitment, and the value for ΔR^2 suggests that these three market orientation components explain 37% of the variation of the organisational commitment, when adjusted for degrees of freedom.

In short, the stepwise regression analysis results suggest that the three market orientation components, customer emphasis, intelligence dissemination, and intelligence responsiveness, were retained in the regression equation because of their significant contributions, and intelligence generation was dropped during the stepwise regression procedure because of its low or insignificant contribution. Therefore, it can be said that, hypothesis 3.2 is partly supported.

Employees' Esprit de Corps (Non-Economic Performance)

Table 8.9 shows that customer emphasis, intelligence generation, and intelligence responsiveness are significantly related to the employees' esprit de corps. While customer emphasis ($\beta = .16$, $p < 0.05$), intelligence generation ($\beta = .32$, $p < 0.001$), and intelligence responsiveness ($\beta = .32$, $p < 0.001$) were found to contribute to the employees' esprit de corps, intelligence dissemination was dropped from the stepwise regression equation during the regression procedure. The findings also suggest that, with one unit increase of customer emphasis, esprit de corps was increased by .16 units; with one unit increase of intelligence generation, esprit de corps was increased by .32 units; and with one unit increase of intelligence responsiveness, esprit de corps was increased by .32 units. This increase in esprit de corps, because of the increase of the three market orientation components, suggests that the consumer goods manufacturing companies in Bangladesh should place emphasis on their customer, generate appropriate intelligence, and respond to the intelligence.

Table 8.9. Consequences of Market Orientation: Stepwise Regression Dependent Variable; Employees' Esprit de Corps (Non-Economic Performance)

| VARIABLE | \underline{B} | \underline{SEB} | $\underline{\beta}$ | \underline{t} |
|-----------------------------|-----------------|-------------------|---------------------|-----------------|
| Customer Emphasis | .18 | .08 | .16 | 2.20* |
| Intelligence Generation | .18 | .04 | .32 | 4.18*** |
| Intelligence Responsiveness | .16 | .03 | .32 | 5.40*** |
| Constant | 4.03 | | | |
| \underline{R}^2 | .47 | | | |
| $\underline{\Delta R}^2$ | .46 | | | |
| F | 63.05*** | | | |
| N | 216 | | | |

Note: *** $p < 0.001$

* $p < 0.05$

The calculated value for $\underline{R}^2 = .47$ suggests that the customer emphasis, intelligence generation, and intelligence responsiveness included in the regression equation explain 47% variation of the employees' esprit de corps. The calculated value for $\underline{\Delta R}^2 = .46$ also

indicates that, when adjusted for degrees of freedom, these three market orientation components explain 46% of the dependent variable, employees' esprit de corps.

In short, findings suggest that customer emphasis, intelligence generation, and intelligence responsiveness were retained in the stepwise regression equation because of their greater contribution than the intelligence dissemination. Thus, it can be said that, while these three components were identified to be significantly contributing to the level of employees' esprit de corps, intelligence dissemination was found to be ineffective. Therefore, it can be concluded that, hypothesis 3.3 is partly supported by the findings of this study.

Customer Satisfaction (Non-Economic Performance)

Table 8.10 shows that two market orientation components, intelligence generation and intelligence responsiveness are significantly related to the customer satisfaction of the consumer goods manufacturing companies in Bangladesh.

Table 8.10. Consequences of Market Orientation: Stepwise Regression Dependent Variable; Customer Satisfaction (Non-Economic Performance)

| VARIABLE | <u>B</u> | <u>SEB</u> | <u>β</u> | <u>t</u> |
|-----------------------------|----------|------------|----------|----------|
| Intelligence Generation | .17 | .04 | .28 | 3.98*** |
| Intelligence Responsiveness | .15 | .04 | .28 | 3.99*** |
| Constant | 14.33 | | | |
| <u>R</u> ² | .24 | | | |
| <u>ΔR</u> ² | .24 | | | |
| <u>F</u> | 34.08*** | | | |
| <u>N</u> | 216 | | | |

Note: *** $p < 0.001$

Intelligence generation ($\beta = .28$, $p < 0.001$), and intelligence responsiveness ($\beta = .28$, $p < 0.001$) were identified to be statistically significant and positively related to customer satisfaction. The findings suggest that, with the one unit increase of intelligence generation, customer satisfaction was increased by .28 units; and with the one unit increase of intelligence responsiveness, customer satisfaction was also increased by .28

units. This increase in customer satisfaction with the increase in intelligence generation and intelligence responsiveness suggests that customer satisfaction in Bangladesh is a function of intelligence generation and intelligence responsiveness of the consumer goods manufacturing companies.

The calculated value for $R^2 = .24$ suggests that intelligence generation and intelligence responsiveness included in the regression equation explain 24% of the variation of the customer satisfaction. The calculated value for $\Delta R^2 = .24$ suggests that, when adjusted for degrees of freedom, these two independent variables also explain 24% of the variation of the dependent variable. This values for R^2 and for ΔR^2 further support the relationships between the explanatory variables and dependent variables.

In short, findings suggest that intelligence generation and intelligence responsiveness were kept in the regression equation and the other two market orientation components, customer emphasis and intelligence dissemination, were dropped during the stepwise regression procedure because of their low or insignificant contributions to the regression equation. Thus, intelligence generation and intelligence responsiveness of the consumer goods manufacturing in Bangladesh significantly contribute to the level of customer satisfaction rather than all the four market orientation components. Therefore, hypothesis 3.4 is partly supported.

Repeat Customer (Non-Economic Performance)

Table 8.11 on page 184 shows that the repeat customers of the consumer goods manufacturing companies in Bangladesh is a positive function of intelligence generation and intelligence responsiveness as these two market orientation components, intelligence generation ($\beta = .32, p < 0.001$) and intelligence responsiveness ($\beta = .28, p < 0.001$) were found to be significantly contributing to the repeat customer.

The findings suggest that, with one unit increase of intelligence generation, repeat customer was increased by .32 units, and with the one unit increase of intelligence responsiveness, repeat customer was increased by .28 units. These positive relationships between intelligence generation, intelligence responsiveness and repeat customer

suggest that, consumer goods manufacturing companies should place emphasis on generating and responding to intelligence in order to create more repeat purchases.

Table 8.11. Consequences of Market Orientation: Stepwise Regression Dependent Variable; Repeat Customer (Non-Economic Performance)

| VARIABLE | <u>B</u> | <u>SEB</u> | <u>β</u> | <u>t</u> |
|-----------------------------|----------|------------|----------|----------|
| Intelligence Generation | .14 | .03 | .32 | 4.70*** |
| Intelligence Responsiveness | .11 | .03 | .28 | 4.08*** |
| Constant | 7.93 | | | |
| <u>R</u> ² | .28 | | | |
| <u>ΔR</u> ² | .27 | | | |
| <i>F</i> | 41.47*** | | | |
| <i>N</i> | 216 | | | |

Note: *** $p < 0.001$

The value for $R^2 = .28$ suggests that, intelligence generation and intelligence responsiveness explain 28% of the variation of the repeat customer and the value of $\Delta R^2 = .27$ indicates that if adjusted for degrees of freedom, the two market orientation components explain 27% of the variation of the repeat customer.

In short, it can be noted from the findings that, only intelligence generation and intelligence responsiveness were retained in the regression equation and the other two components, customer emphasis and intelligence dissemination, were dropped during the stepwise procedure because of their low or insignificant contribution to the regression equation. That means intelligence generation and intelligence responsiveness could make more significant contributions to the repeat customer than the customer emphasis and intelligence dissemination. Thus, the hypothesis 3.5 is also partly supported.

Summary (Consequences of Market Orientation)

Table 8.12 is a summary table, which displays the relationships between all the dependent and independent variables. As shown in the summary table below customer emphasis was found to be significant and positively related to employees' organisational commitment and employees' esprit de corps. Intelligence generation was found to be significant and positively related to business performance, employees' esprit de corps, customer satisfaction, and repeat customer. Intelligence responsiveness was found to be significant and positively contributing to all the dependent variables, business performance, employees organisational commitment, employees esprit de corps, customer satisfaction, and repeat customer.

8.12. Stepwise Regression Summary Table - Consequences of Market Orientation: Stepwise Regression Dependent Variables; Business Performance (BP), Employees' Organisational Commitment (OC), Esprit de Corps (EC), Customer Satisfaction (CS), and Repeat Customer (RC)

| VARIABLE | BP β (t) | OC β (t) | EC β (t) | CS β (t) | RC β (t) |
|--------------|----------------|----------------|----------------|----------------|----------------|
| CE | ---- | .22 (3.37**) | .16 (2.20*) | ---- | ---- |
| IG | .43 (6.44***) | ---- | .32 (4.18***) | .28 (3.98***) | .32 (4.70***) |
| ID | ---- | .25 (3.42**) | ---- | ---- | ---- |
| IR | .20 (2.93**) | .26 (3.73***) | .32 (5.40***) | .28 (3.99***) | .28 (4.08***) |
| Constant | 10.91 | -1.28 | 4.03 | 14.33 | 7.93 |
| R^2 | .32 | .38 | .47 | .24 | .28 |
| ΔR^2 | .31 | .37 | .46 | .24 | .27 |
| F | 49.18*** | 43.20*** | 63.05*** | 34.08*** | 41.47*** |
| N | 216 | 216 | 216 | 216 | 216 |

Note: *** $p < 0.001$
 ** $p < 0.01$
 * $p < 0.05$

8.2. RESEARCH FINDINGS AND DISCUSSION – MULTIVARIATE ANALYSIS OF VARIANCE (MANOVA)

In this section results of multivariate analysis of variance (MANOVA) are presented and discussed. In addition, results of univariate effect of overall market orientation on each dependent variable are also presented and discussed in this section in order to confirm the results of MANOVA.

Hypothesis 4:

Overall market orientation of the consumer goods manufacturing companies in Bangladesh has a significant effect on economic (business performance) and non-economic performance (employees' organisational commitment, employees' esprit de corps, customer satisfaction, and repeat customer) of business.

Results of MANOVA are displayed in Tables 8.13 and 8.14. Table 8.13 shows the multivariate effects for overall market orientation on economic (business performance) and non-economic (employees' organisational commitment, esprit de corps, customer satisfaction, and repeat customer) performance of business. Table 8.14 on page 187 displays the results of the separate univariate tests.

Table 8.13. Wilks' Lambda and F Test for the Multivariate Main Effect (Overall Market Orientation)

| Multivariate Test Name | Effect Size (f) | Test of Significance Exact F | Significance of F (p) | Eta ² |
|------------------------|-----------------|---------------------------------|-----------------------|------------------|
| Wilks' Lambda | .12 | 1.74 | .000 | .35 |

df = 250, 807

Table 8.14. Univariate Effect of Overall Market Orientation on Business Performance, Employees' Organisational Commitment, Esprit de Corps, Customer Satisfaction, and Repeat Customer

| DEPENDENT VARIABLES | BGSS | WGSS | df | BGMS | WGMS | F | Eta ² |
|---------------------------|---------|---------|---------|-------|-------|---------|------------------|
| Business Performance | 3067.35 | 3385.91 | 50, 165 | 61.35 | 20.52 | 2.99*** | .48 |
| Organisational Commitment | 1364.10 | 1207.86 | 50, 165 | 27.28 | 7.32 | 3.73*** | .53 |
| Esprit de Corps | 996.74 | 656.79 | 50, 165 | 19.94 | 3.98 | 5.01*** | .60 |
| Customer Satisfaction | 625.73 | 1209.16 | 50, 165 | 12.52 | 7.33 | 1.71** | .34 |
| Repeat Customer | 431.78 | 568.14 | 50, 165 | 8.64 | 3.44 | 2.51*** | .43 |

*** $p < 0.001$

** $p < 0.01$

In order to carry out MANOVA, it is important to identify the homogeneity of the variance-covariance matrix (Hair et al, 1998). In this study, multivariate analysis of homogeneity was not significant [Box's $M = 279.36$, $F(165, 6240) = 1.23$, $p < 0.05$ and $p > 0.001$]. This suggests the existence of the homogeneity of variance, because the Box's M test was not significant at an alpha level of 0.001. That means the assumption for the homogeneity of variance was not violated in this study. The univariate tests for homogeneity of variance for each of the dependent variables from the Levene's test of equality of error variance indicated that three of the dependent variables were significant at an alpha level of 0.01 including business performance [$F(50, 165) = 1.75$, $p < 0.01$], organisational commitment [$F(50, 165) = 2.12$, $p < 0.01$], esprit de corps [$F(50, 165) = 2.35$, $p < 0.01$], one of the dependent variables was significant at an alpha level of 0.05 that is customer satisfaction [$F(50, 165) = 1.45$, $p < 0.05$], and the last one was not significant at an alpha level of 0.05 that is repeat customer [$F(50, 165) = 1.28$, $p > 0.05$]. Thus, in order to reduce the chance of type I error, it is advisable to evaluate the variables that were significant at an alpha level of 0.01 at a more conservative alpha level that is $0.05/3 = 0.017$ (Coakes and Steed, 2001).

Table 8.13 on page 186 suggests that overall market orientation of the consumer good manufacturing companies in Bangladesh has a significant effect on both economic and non-economic performance of business. The Wilks' Lambda multivariate analysis for the main effect was significant [Wilks' Lambda = .12, $F(250, 807) = 1.74$, $p < 0.001$]. This result suggests that both the economic and non-economic performance outcomes of

the consumer goods manufacturing companies in Bangladesh are a function of overall market orientation. In addition, the effect size ($f = .12$) in this study was almost large according to Cohen's (1977) conventions for research in the social sciences as he recommended an effect size of .01 as small, .06 as medium, and .14 as large.

In this study, since a multivariate effect of overall market orientation on both economic and non-economic performance was identified, it is necessary to examine whether overall market orientation has a significant effect on each of the dependent variables. The results for the univariate tests are provided in Table 8.14 on page 187. The examination of the univariate effect of overall market orientation on each dependent variable indicates that overall market orientation was significantly affecting business performance [$F(50, 165) = 2.99, p < 0.001$], organisational commitment [$F(50, 165) = 3.73, p < 0.001$], esprit de corps [$F(50, 165) = 5.01, p < 0.001$], customer satisfaction [$F(50, 165) = 1.71, p < 0.01$], and repeat customer [$F(50, 165) = 2.51, p < 0.001$].

These univariate findings indicate that all the dependent variables were significant at smaller alpha levels than the predetermined conservative alpha level of 0.017. Thus, the findings of the significant effect of overall market orientation on all the dependent variables are highly acceptable.

The findings indicate that overall market orientation has a significant effect on each of the dependent variables, business performance, employees' organisational commitment, employees' esprit de corps, customer satisfaction, and repeat customer. In addition, the association between economic, non-economic performance and the overall market orientation was very strong as suggested by the Eta^2 ($\text{Eta}^2 = .35$) statistic. Similarly, the association between business performance scales and overall market orientation ($\text{Eta}^2 = .48$), employees' organisational commitment scales and overall market orientation ($\text{Eta}^2 = .53$), employees' esprit de corps scales and overall market orientation ($\text{Eta}^2 = .60$), customer satisfaction scales and overall market orientation ($\text{Eta}^2 = .34$), and repeat customer scales and overall market orientation ($\text{Eta}^2 = .43$) was also found to be very strong.

In short, it is clear from the above MANOVA results that overall market orientation has a significant effect on both economic and non-economic performance of business. In

addition, univariate analysis also supports the MANOVA findings by identifying a significant overall market orientation effect on each of the dependent variables. Thus, it can be confirmed that hypothesis 4 is fully supported in this study. That means, overall market orientation of the consumer goods manufacturing companies in Bangladesh has a significant effect on both the economic and non-economic performance of business.

In summary, the quantitative analysis on the market orientation of the consumer goods manufacturing companies in Bangladesh found support for the hypotheses of this study. While hypotheses 1, 2, and 3 were found to be partly supported, hypothesis 4 was found to be fully supported. The quantitative research findings showed that ten antecedents including internal antecedents/factors of top management emphasis, management training, centralisation, political behaviour, market based reward system, interdepartmental conflict, interdepartmental connectedness; and external factors of competition, market turbulence, general economy contribute to the level of overall market orientation and market orientation components of the consumer goods manufacturing companies in Bangladesh. However, internal antecedents/factors of risk aversion, formal marketing education, formalisation; and external antecedents/factors of technology were dropped from the stepwise regression equations because of their low or insignificant contributions to the regression equations. The contributions of the market orientation components to the economic and non-economic performance of business were identified and were found to make significant and positive contributions. Further, the effect of overall market orientation on economic and non-economic performance of business was also found to be significant.

In order to draw conclusions regarding the market orientation of the consumer goods manufacturing companies in Bangladesh, it is necessary to compare the quantitative findings with the qualitative findings of this study. Thus, while the qualitative research findings will be reported in the next chapter (Chapter 9), a comparison with the quantitative findings will be made in Chapter 10.

CHAPTER 9

SYNTHESIS MARKET ORIENTATION – QUALITATIVE RESEARCH FINDINGS AND DISCUSSION

In this chapter the findings of the case study research are reported. Ten large consumer goods manufacturing companies were selected for in-depth interviews on a purposive basis. The principal reason of the case study research was to examine the applicability of the proposed conceptual framework of market orientation (Figure 5.1, Chapter 5) in a qualitative way for the purposes of comparison with the quantitative findings reported in Chapter 8. Firstly, justification of the variables proposed in the conceptual framework of market orientation was undertaken through an examination of the perceptions of the respondents of the consumer goods manufacturing companies in Bangladesh regarding market orientation and its antecedents and consequences. Secondly, in order to examine the applicability of the conceptual framework, the practices of the market orientation activities, the extent of the consideration of the antecedents, and the consequences of market orientation of the consumer goods manufacturing companies in Bangladesh were investigated.

It is important to clarify that all the respondents' statements used in this chapter are direct quotations from the respondents and have been left unchanged so that the real picture of market orientation of the consumer goods manufacturing companies is reflected.

9.1. MARKET ORIENTATION AND ITS ANTECEDENTS AND CONSEQUENCES

In this section the respondents' perceptions regarding market orientation and its antecedents and consequences are discussed in order to justify the variables proposed in the conceptual framework of market orientation in Figure 5.1 (Chapter 5).

9.1.1. Market Orientation – Respondents' Perceptions

The case study interviews revealed six main issues that were common for most of the respondents regarding their perception of market orientation. These issues were: (a)

profit oriented objective, (b) customer satisfaction objective, (c) placing emphasis on customers, (d) collection of information regarding customers and their environment, (e) sharing, discussion, and decisions about the collected information, and (f) taking appropriate action ensuring the quality, affordability, and proper distribution of products. The remainder of this section reports the presentation and analysis of these issues.

(a) Profit Oriented Objective

The starting motivational issue of the market orientation of the consumer goods manufacturing companies in Bangladesh is profit oriented objective. Whatever they do for the benefit of their customers is done in the process of achieving their profit oriented objectives. Almost all the respondents interviewed (eight out of ten companies) reported that their main aim is to achieve their company objectives. They also claimed that they are profitable organisations and do business for making profit, that is to achieve company's profit oriented objectives. This finding suggests that these companies serve their customers for financial gain and would not do it if that was not their target. The Chief Executive Officer (CEO) of a convenience goods Manufacturing company stated that:

“Why do you people cry for market orientation? Do you think we are just devoted to customers, doing the social welfare? This is just bluff. Our main target is to make money. Whatever we do for customers is for making money. Would you much care if you were alone in the market, honestly no? You cannot make money without adopting market orientation because you face many challenges from your competitors. That means you are bound to serve the customers better than competitors otherwise you lose business, you cannot make money. Your objective comes first, market orientation later; they are related to each other.”

This statement suggests that the starting motivational component for the market orientation in Bangladesh is profit oriented objective. This statement was augmented with the claim of the Director of Marketing of a shopping goods manufacturing company, who stated:

“We are a market-oriented company because we do everything possible to achieve our objectives. You know that we are the number 1 in the country. Do you know how did it happen? It did not happen by itself. We had to spend a lot for that in terms of money, time, patience and frustrations, so much effort we provided behind that. You know why? Because we wanted to be the market leader and we got it, we are the market leader and so market-oriented.”

(b) Customer Satisfaction Objective

All the respondents interviewed in this study claimed that they do everything to satisfy their customers. They suggested that customer satisfaction is important because customers are the key to business success. If they are not satisfied they will not buy the product again and that is a threat for any company because the existence of a company depends on the customers' purchasing and consumption. All the respondents expressed the view that customers are treated as kings because the manufacturers always look after them. The respondents felt that customers do nothing, they just order the goods and the responsibility to make them happy is with the marketers. The Marketing Manager of a shopping goods manufacturing company stated that:

“A company should do everything to serve and satisfy its customers. If that is market orientation then we are market-oriented because we do everything to satisfy our customers. We know they are the kings, they belong to the financial resources, we cannot force them to share their resources with us, rather we provide something in exchange that satisfies them. We design and offer our products in such a way so that our customers get best quality products paying less money. We try to provide as many attributes as we can with the products and try to charge reasonably less than our competitors so that our customers are satisfied. This was not happening even ten years back. Now a day we have so many competitors and no options left for us but to think about customer satisfaction and become market-oriented.”

All the case companies have accepted customer satisfaction as a key issue of achieving their goals. Thus, all marketing activities are targeted to satisfy the customers. It is not only necessary to satisfy their end users but also intermediaries because intermediaries play a major role in helping them to achieve their objectives. If intermediaries are not happy they cannot achieve their targets as the intermediaries do the most difficult tasks – ‘selling’. Hence, the CEO of a convenience goods manufacturing stated:

“We do not sell product that we are not happy with. For an example, we have many competitors for “Golap Jol” and they produce it from supply water but we produce it from mineral (distilled) water. You know why? Everything we do to satisfy our customers. We do not only take care of our end users we also care about our intermediaries. We pay them more commissions, we treat them as our partners, we lend them money, provide them with credit facility. We make sure both of our customers are happy, satisfied. We did not require it even a few years back. But business has become more difficult in recent years because of increase of competition. You accept customer satisfaction as one of your prime objectives otherwise you lose business.”

The above statements indicate that customer satisfaction is also viewed as an objective by the consumer goods manufacturing companies in Bangladesh. Thus, businesses in Bangladesh have a target to make customers happy as the successes and failures of a

company depend on customer satisfaction and dissatisfaction. Therefore, a company should always focus on achieving customer satisfaction without which success in the market place is impossible.

(c) Placing Emphasis on Customers

Respondents from six of the participating companies mentioned the importance of customers. They suggested that a company should always focus on its customers and set a priority for them, as insufficient and inappropriate understanding of the customer creates problems in terms of survival and competition. In this connection they claimed that they always keep in mind the customers' interests while undertaking marketing activities. They suggested that the key job of a successful company is to identify its customers, understand their needs and preferences and offer products considering their current and future requirements. In this connection the Marketing Manager of a convenience goods manufacturing company stated as follows:

“Market orientation? Is not it customer orientation? A manufacturing company should consider two things, production and customers. Which one comes first production or customers? Of course it is the customers. How can you produce if you are not known from the customers? You should have proper understanding about the customers, you should know their preferences and requirements. Today we do everything for customers, our understanding has shifted from our own interest to customers interest, we think about customers, care about their satisfaction and their consumption. Today we ask customers regarding our products, our price, our advertisements, and our efficiency; their opinion is important to us. What was happening just a few years back? We used to produce and do everything necessary to sell those products. We cannot do it anymore. We have more competitors, customers are more smarter, more value conscious. Those days are gone. You must set priority for your customers, have proper understanding regarding their needs and wants, offer products placing emphasis on their requirements otherwise you lose, your competitors take you over.

Two years back we introduced a local toilet tissue in the market. Prior to production everyone used to say we couldn't get the market as imported toilet tissues were enjoying the whole market share. We did not listen to them. We did a marketing research prior to offering the product directly to the consumers and asked them about their affordability and their preferences. Afterwards we offered the toilet tissue in the market considering customers preferences. We took a massive promotional program, set almost half price than of the competitors. Now we are the number 1 in the market, we are the highest seller of the toilet tissue; our customers are satisfied. More people can now afford to use toilet tissues in Bangladesh. We have contributed to the standard of living of the people as many people can afford to use toilet tissue than ever. Will you call us market-oriented? Of course you will. We are market-oriented because we place emphasis on customers, do everything possible to satisfy our customers.”

Another respondent who was the Director of Marketing of a convenience goods manufacturing company stated that:

“The other name of market orientation is customer orientation. Customers’ needs and wants should get the priority. We survive if they survive; our success and failure depend on them. Thus, we should concentrate only on to them, place emphasis fulfilling their needs and wants.”

(d) Collection of Information Regarding Customers and Their Environment

The results of the interviews revealed that the case companies involve themselves in the collection of information regarding their customers and their atmosphere/environment. They collect information regarding customers’ current and future needs, their earnings, savings, standard of living, and education, as these all influence their consumption patterns. They also observe and collect information regarding the different factors that influence their customers’ purchase decision including competitors and their marketing activities, current government rules and regulations, political situation of the country, and technological development. As was noted by the following two respondents:

Marketing manager of a convenience goods manufacturing company:

“Our company is a market-oriented company because we set priority for the customers and thus, we observe our customers, competitors’ activities, political activities regarding rules and regulations, and technological improvements of our industry. We always combined customers’ purchasing ability and their needs and wants. Thus, as a part of our activities we always seek current information regarding customers purchasing capacity such as their earnings, savings, spending patterns etc. One of our products is condensed milk. Our recent target was the village people. We sent our team to the village to learn the perception of the villagers regarding the condensed milk. We spoke to the teashops owners in the local market who were using regular milk for making tea. We identified the reasons for using regular milk and then tried to consider them with our condensed milk so that they are convinced to use condensed milk instead of regular milk. Our main target was the teashops because the heads of the households in the village normally spend their leisure times in the teashops and consume tea while spending their leisure times. We thought if we could let the villagers get the taste for the condensed milk from the teashops that will become their habits and start buying condensed milk for their family consumptions. We succeeded by doing that. Now 40% of our condensed milk is sold to the rural areas.”

Director of marketing of a shopping goods manufacturing company:

“We are the number one battery manufacturer in the country. We were completely uncertain about the market when we first introduced our battery. We started observing and talking to the competitors’ customers in their purchase points and service centres to know their perceptions regarding the use of the battery. At that time, batteries only used to come from outside the country through local distributors and customers were paying more. There was no such provision for warranty and free service and thus, customers were not happy about the existing batteries in the market. We considered that as the satisfaction gap and filled that gap with our product offer. We provided one-year warranty and free service for our battery throughout the life of the battery. Within two years we captured the majority portion of the market. Now we are not only the number one in this country, we also export a remarkable amount of batteries outside the country. This was possible because we cared about customers ability, we took our competitors seriously, spent money

for our technological developments and infrastructures. At the beginning we could make less but now we make a lot, we enjoy the benefit of the economies of scale.”

(e) Sharing, Discussion, and Decisions About The Information

The results of the interviews indicated that the case companies share the collected information among the various responsible authorities within their organisations. Once collected information is shared, they discuss the information among themselves and then, considering the importance and relevancy of the information, they decide whether action will be taken. The Director of Marketing of a convenience goods manufacturing company stated that:

“A market-oriented company should share and discuss information among themselves regarding everything that affects company’s normal operation. Company should consider the importance and relevancy of the information prior to making any decision. It should decide on taking appropriate action only if the information is relevant and beneficiary to the customers.”

The Marketing Manager of a convenience goods manufacturing company stated that:

“Our company is market oriented because we collect necessary information regarding our customers and the parties and atmospheres that affect customers. Once we are happy with this collected information, we meet together and discuss them among ourselves within the organisation and decide whether action will be taken.”

(f) Taking Appropriate Action Ensuring The Quality, Affordability, And Proper Distribution of Products

The results of the interviews revealed that the participating companies make sure that they take appropriate action considering the collected information. The results indicated that, once they decide in favour of taking action, they do it immediately. The results also indicated that the companies make sure that they take action ensuring the quality, affordability and proper distribution of their products. They always try to provide quality products at a reasonable price so that the products are affordable for their customers. In addition, they also make sure of the availability of products by ensuring a proper distribution system so that consumers have them within their reach whenever they need them. The Marketing Manager of a convenience goods manufacturing company stated that:

“We take action considering the collected information from the market. Our first priority is the quality. We also make sure of the affordability of our products. Thus, with the quality, we offer

reasonable price compared to our competitors. With quality and affordability we select efficient distributors and at the same time advertise to let the consumers know about our product offers. Besides that we have four sales points that we use to sell our products directly to the end users to make sure they get our products whenever is needed. We have our own laboratory from where we examine the quality of our products. We make sure our customers receive quality products.”

The above issues resulting from the in-depth interviews lead to the formulation of the following definition of a market-oriented company in Bangladesh.

“A market-oriented company is the one that achieves its monetary and customer satisfaction objectives by placing emphasis on customers; generating all relevant information regarding customers and their environment; sharing, discussing, and deciding about the generated information among the various responsible authorities within the organisation; and taking appropriate action ensuring the quality, affordability, and availability of a product.”

The above definition of market orientation explores both the monetary and customer satisfaction objectives of a company. The definition also confirms that, to achieve these objectives, a company should place emphasis on customers, collect information regarding customers and the atmosphere/environment that affects customers; share, discuss, and decide about the collected information among the various relevant authorities within the company; and take appropriate action ensuring quality, affordability (reasonable pricing), and availability of the product.

9.1.2. Antecedents – Respondents’ Perceptions

The in-depth interviews revealed that respondents from seven participating companies perceived company’s positive attitude towards customers and marketing as an antecedent/factor that may foster market orientation. In this connection, the Directors of Marketing of a convenience goods manufacturing company stated that:

“If we have a positive attitude toward our customers that definitely will lead us to the market orientation. Our management is having a positive attitude toward marketing. For an example, whenever we receive complaints about our products, we immediately take corrective measures and it helps us to keep our customers with us. We always collect information to add something to our products and that also helps us to sell on a continuous basis. We are the number 1 in the market because we have a positive attitude towards our customers, towards marketing; we respect customers’ needs and wants and they reward us business.”

The result indicated that respondents from six participating companies perceived management training as an antecedent that may foster market orientation. As noted by the Director of Marketing of a convenience goods manufacturing company:

“Management training definitely has a positive role in determining market orientation. We train our management regarding the current affairs that affect both our company and our customers. If you have the treatment you can get cured easily and our training program helps us do that.”

Respondents from six participating companies acknowledged formal marketing education as an antecedent that may encourage market orientation. The Director of Marketing of a convenience goods manufacturing company stated that:

“We have all highly qualified marketing educated people; many of them are educated from English speaking countries. They practice the marketing theory in the field and company gets rapid results.”

Two of the respondents from participating companies perceived market/performance based reward system as an antecedent of market orientation. The Marketing Manager of a convenience goods manufacturing company stated that:

“We compensate our sales force on a monthly basis but we set a target for them. If they can fulfil their target we pay them extra and if they sell beyond the target we share profit with them. In that way they sell more, they become motivated, they become financially more solvent. They work for us, we work for them, and we become partners.”

Interdepartmental connectedness or internal communication was also perceived as an antecedent of market orientation. Respondents from five participating companies acknowledged interdepartmental connectedness as a factor that may play a positive role in determining market orientation. As was noted by the Director of Marketing of a convenience goods manufacturing company:

“Internal communication, I mean the coordination is also a plus point. We help each other, we work for a single unit, and we are well communicated. We can rapidly decide, we can rapidly take action as we are well integrated. This is really an advantage; it helps you to become market-oriented.”

Competition was perceived to be fostering market orientation by respondents from eight of the participating companies. The Marketing Manager of a convenience goods manufacturing company stated that:

“Competitors are a threat for any organisation. The more competition we face, the more we drive for the customers. It is the competitors who let us think more about the customers’ current and future needs. We need to know our competitors to serve our customers better than them; otherwise we end up losing business. It is not necessary that we always take immediate action; rather we wait for sometimes to see how competitors act in the market. If we think they cannot exist for a long time, we ignore them. We give a serious thought if the competitors are strong enough to compete with us.”

The results indicated that the economic conditions of the country work as an antecedent of market orientation. Respondents from four of the participating companies mentioned that if the economic condition of the country is weaker, organisations need to be more market oriented as they have to satisfy more value conscious and more critical customers. As was stated by two of the respondents both of whom were directors of shopping goods manufacturing companies:

“Economic condition is an important issue for market orientation. The rich customers do not care during the purchase; they have a tendency for not evaluating the product in most cases. Product evaluation does not matter to them as they purchase more on a continuous basis. If they do not like something after purchase they dispose of that and purchase another one. We always face problem with middleclass buyers as they are very sensitive, always evaluate products prior to purchase and after purchase. They are more price sensitive. They want to get the best quality product but want to pay less. Unfortunately, we have more middleclass and below middleclass customers in this country. We need to be more market-oriented; our marketing should be strong enough to serve these types of customers.”

“I think you have to be more market-oriented if you produce product to serve the low-income group people than the high-income group people, because the low income group people are more sensitive than the high-income group people.”

Respondents from two of the participating companies indicated risk as an obstacle of market orientation. They mentioned that some organisations are greater risk takers than others and discourage market-oriented activities. These organisations achieve their objectives by taking financial risks and implementing innovative activities. They also mentioned that business means risk but taking so much risk is never good for market orientation.

Respondents from five of the participating companies perceived sole decision making/centralisation as an obstacle for market orientation. They blamed centralised structure as a barrier of market orientation as this structure does not allow employees to participate in the decision-making and so employees are not motivated to work. They also mentioned that sole decision-making sometimes goes against the market-oriented behaviour. As was noted by the Marketing Manager of a convenience goods manufacturing company:

“I think a centralised structure discourages market orientation. I used to work for a company where we could not just decide about anything. Decision used to come from the CEO of the company and no matter what that might go against the customers’ interest. By doing that he succeeded most of the time but that was happening for a short period. We used to lose business to our competitors afterwards. It was really frustrating. He was just doing opposite what we the managers used to think.”

The Director of Marketing of another convenience goods manufacturing company noted that:

“Centralisation is a problem for market orientation. If you do not allow your employees to participate in decision-making they are not motivated. You have to let them know that they are the part of the company. Decision-making power actually motivates employees to serve the market well. Decentralised decision-making considers unanimous (sic) opinion that creates favourable climate for marketing.”

Respondents from four of the participating companies indicated that the formalised structure of an organisation discourages market orientation. It was also indicated by the respondents that the formal structure of a company creates frustrations among the employees as their access to their reporting authorities is restricted. It also inhibits timely discussions of the problems and opportunities with the relevant authorities and thus, hampers taking timely and appropriate decisions. As was noted by the Director of Marketing of a convenience goods manufacturing company:

“Formal system is also a problem for market orientation I believe. Sometimes you need to talk to your boss urgently because you have a problem ahead, if you have the easy entrance to your boss you may solve the problem right way.”

Respondents from two of the participating companies mentioned the political behaviour of an organisation as an antecedent that may discourage market orientation. This indicates that organisations that pay more interest to achieving their own objectives and view customers’ interests as secondary might not adopt market-oriented behaviour. The Marketing Manager of a convenience goods manufacturing company stated that:

“I think giving priority to the company interest more than to the customers’ interest is also a problem for market orientation. You do nothing for customers if you have this type of attitude. Customers are our priority, at the best we can balance between our interest and customers’ interest.”

The results revealed that respondents from five of the participating companies perceived interdepartmental conflict as one of the antecedents that discourages market orientation of an organisation. The results also indicated that internal conflict hampers the interdependency of an organisation and, as a result, market-oriented activities cannot take place in an appropriate and timely fashion. The Director of Marketing of a convenience goods manufacturing company stated that:

“I should say internal conflict is a problem. If you fight how can you work? Working environment is necessary for market orientation. Interdependency is important for a company to be market-

oriented because the final product is a combination effort of the whole company and conflict hampers that.”

Two of the respondents indicated that market turbulence, that is customers’ typical product preferences as an antecedent of market orientation. They also indicated that customer preferences are not always important to the companies, as most of the customers in Bangladesh are illiterate and their preferences are typical; that means they look for the best quality product with the price of the worst quality product. The Marketing Manager of a convenience goods manufacturing company stated that:

“Customer preferences are also important for market orientation, but not always. Especially, for the urban people market orientation is important, as they are educated and so value conscious. If you are not educated means you do not know your rights, you are not sure about your product preferences. Most of the people in this country are not educated and live in the village, in the rural area. We think about their requirements and offer product for them. Whatever we provide for them they purchase and consume.”

The Director of Marketing of a shopping goods manufacturing company stated as follows:

“Typical customer preferences discourage market orientation because we cannot satisfy the need of each individual customer, rather we can satisfy group needs. Consumers sometimes do not know what they are looking for and thus, sometimes we ignore their preferences, sometimes we just do not like to serve the unprofitable market.”

The result revealed that respondents from five of the participating companies perceived technology as an antecedent of market orientation. All of them mentioned that technology helps market orientation in terms of providing quality products to the customers but three of them added that if a company undergoes rapid technological developments it may hamper market orientation. They also mentioned that, in a technological turbulent environment, the marketer is always busy with offering unique products and thus, does not require much market orientation. As noted by the Marketing Manager of a convenience goods manufacturing company:

“I think sometimes rapid technological development also creates a problem for market orientation. You know that some companies in this country made their money using latest technology. They did not have to think otherwise.”

The Director of Marketing of another convenience goods manufacturing company also stated that:

“Technology sometimes helps market orientation if you think to provide quality product. At the same time if you have rapid technological changes and offer new product all the time you do not have to care about market orientation.”

The above antecedents perceived by the participating companies justify the variables proposed in the conceptual framework of market orientation (Figure 5.1, Chapter 5). The other antecedents that were revealed from the in-depth interviews include professionalism, entrepreneurship, company size and resources, political unrests and nepotism, culture, legal environment, and lack of efficient manpower.

9.1.3. Consequences – Respondents’ Perceptions

The result of the in-depth interviews revealed that respondents from all of the participating companies indicated profit as the main consequence of market orientation. The participating companies also perceived employees’ commitment and team spirit (esprit de corps), employees’ satisfaction, customer satisfaction, and customer loyalty/repeat customer as consequences of market orientation. As was noted by the Marketing Manager of a convenience goods manufacturing company:

“I would say with market orientation a company performs well. I mean business performance is the number 1 consequence. We are a market-oriented company and thus, we have employees joining us from multinational companies. Our employees work here for many years because they have job satisfaction. Our employees work with team spirit, they are really committed to their jobs. I would say customer satisfaction is also a consequence of market orientation. Since we do everything for our customers that results in customer satisfaction and in turn they keep on going with the company. We have more loyal customers who only purchase our products.”

The Director of Marketing of a shopping goods manufacturing company stated as follows:

“Desirable consequences? Business performance, you perform well means you make money for your company. You always keep your employees busy with the delegated responsibilities and so they become happy. This happiness results in employees’ satisfaction and commitment. You do everything to satisfy your customer and that results in customer satisfaction which in turn, loyal customer.”

The CEO of a convenience goods manufacturing company mentioned that:

“You make money because your sales go up. Your customers become satisfied; become loyal and tell others to buy. They purchase again and again.”

The Marketing Manager of a convenience goods manufacturing company also stated that:

“Business performance is the consequence of market orientation. We make money on a continuous basis. In 1999 we made TK 200 million, in 2000 we made TK 350 million, and in 2001 we made TK 450 million. We have been making money because we take care of our customers. This year we have a slight problem but still we have time to achieve our target. Our product quality has improved and our employees and customers are both satisfied.”

The Director of Marketing of a convenience goods manufacturing company stated that:

“Business performance is the number 1 consequence of market orientation. I mean profit, return on investment, product quality, everything. Customer loyalty and satisfaction also. In addition, well coordination under market orientation results in team spirit and committed employees.”

The above market orientation consequences including business performance, employees commitment, team spirit/esprit de corps, customer satisfaction, and loyal/repeat customers highlighted in the in-depth interviews also justify the consequences proposed in the conceptual framework of market orientation in Figure 5.1 (Chapter 5). The additional consequences that were revealed from the in-depth interviews are employees' satisfaction and economic development of the country.

The in-depth interviews of the case study research revealed that senior management characteristics of top management emphasis, risk aversion, management training, and formal marketing education; organisational characteristics of centralisation, formalisation, political behaviour, and market based reward system; interdepartmental dynamics of interdepartmental conflict, and connectedness; external factors of competition, market turbulence, technological turbulence, and general economy were considered to be antecedents of market orientation. These results justify the antecedents included in the proposed conceptual framework of market orientation for this study presented in Figure 5.1 (Chapter 5), although, some additional antecedents including professionalism, entrepreneurship, company size and resources, political unrest and nepotism, culture, legal environment, and lack of efficient manpower were also identified from the in-depth interviews. Further the results of the in-depth interviews also confirmed the four components of market orientation including customer emphasis, intelligence/information generation, intelligence dissemination or interfunctional coordination, and intelligence responsiveness or taking action proposed in the conceptual framework. In addition, two more components of market orientation (profit

oriented objective, and customer satisfaction objective) were reported. Finally, the in-depth interviews of the case study research also confirmed the consequences of market orientation proposed in the conceptual framework including business performance, employees' organisational commitment, employees' esprit de corps, customer satisfaction, and repeat customer.

9.2. RESULTS AND ANALYSIS

In this section the findings of the applicability of the conceptual framework (Figure 5.1, Chapter 5) to the consumer goods manufacturing companies in Bangladesh are reported.

9.2.1. Antecedents of Market Orientation

Top Management Emphasis

Respondents from nine of the ten participating companies agreed that their top managers are responsible for tracing the market trends, competition, and customers' current and future needs. The results revealed that the top managers of these companies are responsible for observing the current market trends, observing and collecting information regarding competitors and collecting information regarding customers' current and future needs. The results also indicated that top managers of these companies always acknowledge customers' needs and wants and take appropriate action to fulfil those needs and wants. The Director of Marketing of a convenience goods manufacturing company stated that:

“Our top managers always place emphasis on customers needs. Everyone in this company believes that achievement of our objectives depends on the customer satisfaction. Keeping in mind both the customer and company, we constantly make effort to provide products considering the customers current and future needs.”

While respondents from the nine participating companies affirmed that top managers of their companies were highly customer focused, the CEO of a convenience goods manufacturing company had a different view:

“Top managers? Most of them are not motivated and adhere to customers. As CEO I need to push them. This is really frustrating, is not it?”

The agreement of the majority of participating companies regarding the attitude and emphasis of top management in fulfilling the customers needs and wants suggests that this variable has a positive influence on determining the market orientation of the consumer goods manufacturing companies in Bangladesh.

Risk Aversion

Respondents from four of the ten participating companies mentioned that their top managers do not take risks for achieving their objectives, five of them agreed that they take a certain amount of risk, and a respondent from one company agreed that it considers taking high risks but the CEO of the company decides whether such risks will be taken. Respondents from the companies that were in a position of not considering risk for achieving their goals affirmed that they believe in long-term profitability and they achieve that through customer satisfaction and not by taking risk. As was stated by the Director of Marketing of a shopping goods manufacturing company:

“No, our top managers do not consider taking risk. High risk? It is out of the question. We can never think of taking high risk because it is the do or die situation. If you gain – you gain everything, if you lose – almost lose everything. Taking so much risk is not justified as long as we are concerned. We believe in long-term profitability and we achieve that through satisfying our customers.”

The companies that positioned themselves for taking a certain amount of risk mentioned that their top managers considered taking such a risk, as business involves risk. The Marketing Manager of a convenience goods manufacturing company stated that:

“Yes, we take a certain amount of risk because business means risk. We never deal with high risk. You cannot be a market-oriented by taking high risk. We are not gambling; we are doing business to satisfy our customers to make money for ourselves. Taking so much risk is not justified.”

The CEO of a convenience goods manufacturing company explained his experience for taking high risk. He indicated that sometimes his top managers consider taking a certain amount of risk but he personally likes taking high risk. As was noted by him:

“High risk? When you offer an innovative product you deal with high risk. For an example, when I launched honey twenty years back in this country that was a high risk. At that time people of this country could not think that it can be used in the morning breakfast. It was not commercialised till I introduced it for the first time and so I had to invest a handsome amount of money for the product and for the promotion to get market. It was really a high risk. I was not sure whether I was going to get the market, as my first job was to make the consumers habituated with honey. I created a slogan “Honey with your breakfast”. I advertised a lot, spent a lot for promotion. Now we are the

highest seller of honey in this country. We could not do that without taking high risk. I love taking risk, no risk no gain.”

The CEO of the shopping goods manufacturing company that positioned itself taking high risk stated that:

“Product that we produce is a risky product. We produce sometimes even without knowing the demand and do promote afterward, it is a risky procedure. We do that to offer the product earlier than the competitors. We do it to make profit. Most of the time it is not justified but we need to take risk otherwise we make loss and cannot make enough money for us.”

The agreement of the respondents from the majority of companies for not considering high risk suggests that a risk aversive attitude of the top managers of a company is not favourable for market orientation of that company. This means that risk aversion works negatively for determining the market orientation of the consumer good manufacturing companies in Bangladesh.

Management Training

Respondents from all the participating companies, except one, agreed that their companies send their managers on training programs, as training helps the managers to learn about the current trends of the market, to develop their performance and ability, to update and upgrade them regarding competitors’ products, strategies and activities, and to teach them how to deal with and face challenges. Respondents from five of the ten participating companies mentioned that their companies arrange training programs for their managers at least once every six months and even more often if necessary. Respondents from four companies mentioned that their companies send their managers for training but they do not have any routine for that, they do it whenever it is required. Two respondents also mentioned that newly recruited managers are sent immediately for training to make them aware about the company and company’s products. Respondents from all of these companies also agreed that appropriate training helps market orientation. The following statements were made by five different respondents:

“Training can create a positive attitude towards customers, it also creates interest among the managers regarding the market orientation.”

“Training helps them to know about how to serve customers to earn money for the company.”

“By training they know the market mechanisms and apply their knowledge to the work and that helps market orientation.”

“The person who gets training is tuned up to know how to make customers more satisfied, how to set price to satisfy customers.”

“Training lets them know what market orientation is and they apply that in the field.”

The Director of Marketing of the company that positioned itself for not sending its managers on training program mentioned that:

“We do not have training facilities in our company. We hire efficient and trained employees. Thus, they do not require training. We often arrange meetings for them and discuss various issues in those meetings so that they are up to date about the latest developments and information.”

The above findings indicate that the market orientation of the consumer goods manufacturing companies in Bangladesh is positively determined by the management training. Although a respondent from one company disagreed regarding sending their managers on training programs, it was identified that they made their managers up to date about the latest developments and information.

Formal Marketing Education

Respondents from two companies mentioned that all of their managers, six companies mentioned that most of their managers, and two companies mentioned that very few of their managers in the marketing department were marketing educated. While respondents from most of the companies agreed that marketing-educated managers contribute more and play the major role in the company in becoming market-oriented because they are more professional than non-marketing educated managers, the CEO of a convenience goods manufacturing company disagreed. As was noted by the CEO of this company:

“It is expected that marketing educated managers will contribute more in becoming market-oriented but I do not think they are better than non-marketing educated managers. Somehow I do not see any differences, non-marketing educated managers work from their experience, they know what to do when, they can tell from their experience.”

Although the Marketing Manager of a convenience goods manufacturing company agreed that 80% of the managers of the marketing department were marketing educated, he disagreed regarding their sole contribution to the market-oriented behaviour of the company. As was noted by the Marketing Manager:

“Our total business is a coordination effort. Market orientation is not only the responsibility of the marketing educated people; rather it is a coordination effort. We all marketing educated and non-marketing educated managers work together for achieving the same goal. If one of us is a failure, the whole project is a failure. We all contribute to market orientation.”

On the other hand some of the respondents mentioned that marketing educated managers know the importance of market orientation and have a tendency to become market-oriented. The Marketing Manager of a convenience goods manufacturing stated that:

“Our Chairman, Director of Marketing, Brand managers, Advertising Manager, Marketing Managers, Sales Managers all have formal marketing education. Marketing educated managers are more professional. They use the learned theories in practice and get good results. They play the major role; they have a tendency to implement. They know the importance of it, the benefit of it.”

The above findings show that there are mixed feelings regarding the role of marketing educated people in determining the market orientation of a company. It might be a fact that the market orientation of consumer goods manufacturing companies in Bangladesh is affected in a positive way by the formal marketing education of their employees of the marketing department but it cannot be concluded just from the case study research findings, it must also be confirmed by the quantitative research findings.

Centralisation

The results revealed that respondents from eight of the ten participating companies disagreed with the proposal that centralised decision-making can help achieve market orientation, rather respondents from all of the companies indicated that decentralised decision-making is helpful for market orientation. Although the Director of Marketing of a convenience goods manufacturing company admitted that centralised decision-making was a threat for market orientation, he stated that they could not practise decentralised decision-making because of the chairman of the company.

“We need decentralised decision-making to become more market-oriented but we cannot take part in decision-making because of our chairman. He makes decision all the times. We have an in-house agency that he listens to sometimes but most of the time he does not. Maybe he will listen to us in the future when we will not perform well, when we lose business to the competitors.”

The results revealed that the companies that positioned themselves against centralisation also saw it as an obstacle to market orientation. As stated by the Director of Marketing of a convenience goods manufacturing company:

“Centralised decision-making is basically a one-man show and it cannot help market orientation, rather it is an obstacle.”

Respondents from two companies indicated that sometimes centralised decision-making is helpful for market orientation, especially when decentralised decision-making is not working appropriately. The CEO of a shopping goods manufacturing company stated that:

“Some decisions cannot be made by all and need centralised decisions. When we take decisions centrally we do not keep aside the customers, we think about them, we consider their interest, we consider the market situation. We always keep it in our mind that we have to satisfy our customers better than the competitors. Thus, I do not think it can hamper market orientation.”

Since respondents from the majority of companies viewed centralisation as an obstacle to the achievement of market orientation for a company, it can be concluded that market orientation of the consumer goods manufacturing companies in Bangladesh is favoured by the decentralised organisational structures rather than by the centralised organisational structures.

Formalisation

The results revealed that three companies constantly monitor their employees' for rules violation, five companies sometimes but not always, and two companies do not monitor their employees at all. All the participating companies disagreed with the use of a formal organisation system; rather they claimed that their organisational structures were informal. However, employee monitoring activities by most of the companies indicated that they latently practiced a formal structure of organisation. As was stated by the CEO of a convenience goods manufacturing company:

“Yes we do monitor our employees. We monitor whether policy is implemented. We need to monitor them otherwise they cheat, they do not work, we use all the tricks to monitor them.”

The Director of Marketing of a shopping goods manufacturing company noted that a formalised organisational structure is not good for market orientation rather it hampers market orientation. He stated that:

“Formal structure is never good for market orientation. We always try to be informal but we have to consider the culture of this country. If you become so informal to the employees they feel like they own the company, they are the bosses. It really creates attitude problem. We try to balance, as

we know the demerits of this structure. We do keep eyes on our employees, we do monitor them but it is beyond their knowledge.”

It would be difficult to conclude from the above research findings whether a formalised organisational structure determines the level of market orientation of a company since most of the participating companies were found to be practicing both formal and informal organisational structures. Therefore, it is necessary to compare this finding with the quantitative research findings to identify whether a formalised organisational structure determines the level of market orientation of the consumer goods manufacturing companies in Bangladesh.

Political Behaviour of Organisation

Respondents from all the ten companies indicated that threatening others’ interests and promoting self interest rather than customers needs and wants discourages market orientation. In-depth interviews also revealed that all the companies consider both company and customers’ interests for determining their budget, obtaining their personnel and office space. As was stated by the Director of Marketing of a convenience goods manufacturing company:

“It is impossible to achieve market orientation by accepting political behaviour. It is just the opposite of market orientation. Customers are the key – right? Their needs and wants are the key issues for a market-oriented company. How can you be market-oriented by promoting your interest rather than customers? Of course we have to consider our interest but at the same time customers too, we consider both, we balance.”

The Director of Marketing of a shopping goods manufacturing company mentioned that:

“We have to consider both the company and customers’ interest. If we only consider our interest, customers’ requirements will be neglected and thus, we cannot be market-oriented.”

The findings of the interviews suggest that political behaviour definitely impacts on the market orientation of a company in a negative way but at the same time it would also be difficult to estimate the impact of this variable for determining the market orientation of the consumer goods manufacturing companies in Bangladesh as respondents from all the companies indicated that they aim for a balance between their political behaviour and customers interest. Thus, prior to making any conclusion regarding the role of

political behaviour in determining the market orientation of the consumer goods manufacturing companies in Bangladesh, it is necessary to compare this finding with the quantitative results.

Market Based Reward System

While respondents from six of the ten participating companies indicated that they reward their employees on the basis of their market performance, respondents from three companies indicated that, as well as market performance, they also consider some other issues such as duration of work (length of service), qualifications, and devotion to the company to reward their employees. A respondent from one company indicated that sometimes the company considers rewarding its employees on the basis of their performance; otherwise it has its own methods for rewarding its employees. The CEO of a convenience goods manufacturing company stated that:

“Everything is done considering the performance. If they perform well I personally reward them. This time I bought a ‘sari’ for the one of my manager’s wife who always does excellent job for the company. I thought his wife was the motivational source for him. I thought he was going to be so honoured as the CEO of the company could buy a gift for his wife. This is just an example. They are always rewarded for their performance and so are motivated to contribute more.”

Respondents from all the ten companies provided similar opinions regarding the positive contribution of a market based reward system in determining the market orientation of a company. They also mentioned that a market based reward system helps market orientation because it motivates the employees to work more on market-oriented activities. Thus, it can be concluded that a market based reward system encourages the market-oriented behaviour of the consumer goods manufacturing companies in Bangladesh.

Interdepartmental Conflict

Respondents from all the ten companies mentioned that they believe interdepartmental conflict is an obstacle for market-oriented activities of a company. Respondents from six companies indicated that they do not have interdepartmental conflict between the various departments in their companies while respondents from four companies

mentioned that sometimes they face such conflict but solve it immediately. The Director of Marketing of a convenience goods manufacturing company stated that:

“If you have conflict you do not work and so market orientation is hampered. We see such conflict occasionally but we solve that immediately.”

This finding suggests that interdepartmental conflict is a problem for market orientation and so consumer goods manufacturing companies in Bangladesh should avoid any kind of conflict between the different departments of their companies.

Interdepartmental Connectedness

It was revealed that respondents from all the ten participating companies agreed on the contribution of the interdepartmental connectedness fostering the market orientation of a company. The finding also indicated that the different departments of all the companies were well coordinated. The following statements made by the respondents of several companies strengthen the finding of the study.

Director of Marketing of a shopping goods manufacturing company:

“Yes, market orientation is encouraged by the internal connectedness. In our company we are related to each other. Employees in our company are emotionally attached. Within the company they work as a single unit. Outside the company they are friends. They share their happiness, their sadness with each other.”

CEO of a shopping goods manufacturing company:

“Yes, interdepartmental connectedness can foster market orientation. Our employees work for each other. Production works for marketing, finance works for production. It is a coordinated activity. We work like a family.”

CEO of a convenience goods manufacturing company:

“Of course interdepartmental connectedness encourages market orientation. It is like a human body, without mouth you cannot eat, without eyes you cannot see. We are very much connected. If we find anyone is not cooperating to another, he/she will be in trouble.”

Director of Marketing of a convenience goods manufacturing company:

“Yes, interdepartmental connectedness helps market orientation. We are well coordinated. We work as a family. If the company survives, we survive.”

The above findings suggest that interdepartmental connectedness contributes in a positive way to the level of market orientation of the consumer goods manufacturing companies in Bangladesh.

Competition

Respondents from nine of the ten companies said that their companies monitor competitors’ marketing efforts and activities on a regular basis. The respondent from the other company mentioned that it does monitor competitors’ activities, but not on a regular basis. These respondents also indicated that their companies monitor their competitors using their sales force and trade partners, observing promotional activities in the media, and examining their products. Five of the participating companies take rapid action against competitors’ activities. The other five companies take action only after considering the situation. As was noted by two of the respondents:

Marketing Manager of a convenience goods manufacturing company:

“We respond to the competitors’ activities but not rapidly. We observe our competitors for some times. If a competitor is weak we ignore that. If a competitor is strong we respond as early as possible.”

Director of Marketing of a convenience goods manufacturing company:

“Yes, if it is profitable for our company, we respond immediately to competitors’ actions and, if we think that the competitor will not sustain for a long time, we do not respond.”

The respondents also mentioned that all their companies respond to the competitors’ action by ensuring better quality product, new product development, and better promotional activities. As was stated by the CEO of a convenience goods manufacturing company:

“We respond to our competitors by providing quality product. We were the first company in Bangladesh that set up quality control laboratory in 1980. We have recently introduced a counter

product, per unit selling cost of which is TK 2 more than our competitors. But we are not worried about it. We are going to run an advertisement on TV that will say something about the quality and so I hope it will go faster than competitors' product."

The Director of Marketing of a shopping goods manufacturing company also noted:

"How we respond to our competitors depends on the situation. If our competitors take better and aggressive promotional campaign we try to take reverse promotional campaign. If they provide discount to the intermediaries and so we, if they introduce sales promotional tools for the end users, we try to offer more than them. If we think our competitors are not strong enough to compete with us we ignore them. We do not take action immediately. We take action only if we think the competitor is strong enough to hamper our normal operation."

Respondents from all the companies also agreed on the positive contribution of competition in becoming market-oriented, as a company does everything necessary to keep its customers and not lose them to competitors.

Although, respondents from all the ten companies agreed that competition contributes positively in determining the level of market orientation of a company, considering the above findings it is difficult to draw a conclusion as half of the companies do not take immediate action and, when they do, they consider the strength of their competitors first. Thus, before drawing a conclusion regarding the role of competition in determining the level of market orientation of the consumer goods manufacturing companies in Bangladesh, it is essential to compare and confirm this finding with the quantitative results.

Market Turbulence

None of the respondents thought that the product preferences of their company's customers change very often. Respondents also indicated that they did not notice any situation that suggests that their customers always look for new products. The results revealed that all the companies offer products according to their customers' needs and preferences. However, the respondents disagreed that they could offer new products all the time if their customers' product preferences change over time. Most of the companies blamed lack of resources, lack of proper technology, government regulations, and political unrest in the country for not being able to respond to changes in product preferences by their customers. A respondent from one company responded differently. As was noted by the Marketing Manager of that company:

“I know it will be difficult for us to respond in a situation where customers’ preferences change quite a bit over time as we have many limitations. Even if you overcome these limitations, how can you overcome customers’ limitations? Sometimes our customers are confused, they do not know what they are looking for. Majority of our customers are illiterate and do not know their rights, they do not care about their product preferences. Majority customers live under the poverty level. How can they look for new product all the time when they cannot feed themselves three times a day? They do not have any preferences. They consume whatever they get, whatever is cheap for them. If you serve particularly this market you do not have to worry about anything but just to produce cheaper product. It is difficult to serve the urban markets, as most of them are well concerned about their needs and preferences. We have to change ourselves according to their preferences. Again it would be difficult for us to offer new products all the time even if they look for such products.”

In spite of this, all the companies indicated that market turbulence can help market orientation of a company but, as far as the researcher is concerned, it would be difficult to conclude whether market turbulence has a role in determining the level of market orientation of the consumer goods manufacturing companies in Bangladesh. Thus, it is necessary to compare and confirm this finding with the quantitative research findings.

Technological Turbulence

While respondents from nine of the ten companies mentioned that they had introduced technological developments recently, none said that they were undergoing rapid technological change in their companies. This indicates the absence of technological turbulence among the participating companies. These respondents also indicated that their companies made technological changes by replacing their old machinery in order to provide better quality products and to meet the competition. None of the respondents from these nine companies agreed that minor technological developments could supplement market orientation; rather some of them suggested that they help market orientation. A respondent from one company mentioned that the company has not introduced any technological developments recently. However, respondents from all the ten companies suggested that rapid technological changes might supplement market orientation. As was stated by two of the respondents:

Director of Marketing of a shopping goods manufacturing companies:

“To meet competition you need technology. It is one of the tools to provide better quality products but it is not everything. No, you cannot supplement market orientation with our kind of technological developments; rather we think it helps market orientation. If you keep on changing technology in your company that is different, that might supplement market orientation.”

CEO of a convenience goods manufacturing company:

“We change our machines to diversify and improve quality of our products. I do not think technological developments can supplement market orientation. Market orientation is like the human heart. How can you supplement this? Your face gives you the outlook but it is the heart that keeps you running. Rapid technological development is beyond our capacity; it may happen to the developed countries, they may supplement market orientation. But as long as I am concerned it can never supplement market orientation.”

This finding suggests that the consumer goods manufacturing companies in Bangladesh operate in a less technological turbulent market than companies in developed countries. This result indicates the presence of market-oriented behaviour among the participating companies.

General Economy

Respondents from all the ten companies indicated that they needed to be more market oriented because of the country's weak economic condition. The results revealed that most of the customers in Bangladesh always look for better quality products at no extra cost. The results also revealed that it is difficult for the companies to serve the market unless they provide products according to the customers' requirements. Respondents from five companies indicated that their customers are value conscious, respondents from four companies indicated that their customers are sometimes value conscious but not always, and a respondent from one company mentioned that the product it produces is different and their customers are not value conscious. However, all the companies suggested that they treat their customers as value conscious customers because of the presence of much competition. As was noted by two of the respondents:

Director of Marketing of a shopping goods manufacturing company:

“Our customers always look for better quality product with no extra cost. It is difficult to serve this type of customer groups but we have to. There are so many competitors in the market and so they have options. They may switch to any competitor at any time. We make small per unit profit and try to sell more. That gives us the economies of scale. Our customers are very sensitive. They may buy for the first time and if not happy never buy again. They have limited income. They make sure to get the most of the product that they buy.”

CEO of a shopping goods manufacturing company:

“Majority of customers in this country are either middleclass or below middleclass. They do not purchase a product unless they make sure the price and the quality. They move from one store to another, they justify the price, verify the quality, bargain with the price and then make the purchase. We need to cope with this kind of situation otherwise we cannot exist. We do not care about this kind of behaviour of our customers. We are the local business people. We cope with their requirements.”

The above research finding indicates that there is a relationship between the country’s weak economic condition and market orientation of the consumer goods manufacturing companies in Bangladesh. Consumer goods manufacturing companies in Bangladesh need to adopt more market-oriented behaviour since the behaviour of their customers’ results from the weak economic condition of the country.

9.2.2. Market Orientation

Customer Emphasis

Respondents from all the ten companies indicated that they encourage customer comments and complaints as these help them to do a better job. The Director of Marketing of a shopping goods manufacturing company stated:

“Yes we do encourage customers comment and complaints because we further develop our products on the basis of comments and on the other hand complaints help us to figure out the standard of our products and we take corrective actions on the basis of complaints.”

Respondents from three companies indicated that their customer service departments handle customer comments and complaints and immediate action is taken for any kind of complaints. As was noted by the Director of Marketing of a convenience goods manufacturing company:

“We have our Public Relation Department. This department deals with customers’ comments and complaints. Normally comments and complaints are sent to the head of the relevant department and they take immediate action. We change our product attributes if we think that will help us improving the quality of our product.”

While respondents from three companies indicated that they ask their customers, especially the distributors, to make comments and complaints regarding their products, respondents from the other four companies indicated that they use their sales force as sales personnel are in touch with customers and know their attitudes regarding product

offerings. As was noted by the Director of Marketing of a convenience goods manufacturing company:

“We have 250 field sales force. They are always in touch with our customers. They submit weekly reports. We know customers’ comments and complaints from these reports. We, the top managers, also talk to our intermediaries regarding end users comments and complaints.”

While respondents from all the companies agreed that after sales service is important for customer satisfaction, respondents from eight of the ten companies mentioned that the product they produce does not require after-sales service. However, all of these eight companies do provide this type of service for their intermediaries by taking back the unsold and damaged goods. The Marketing Manager of a convenience goods manufacturing company stated:

“We produce non-durable goods and thus do not require after sales service for the end users. We do provide this service to our retailers. For example, we provide our ice cream retailers with refrigerators. If any retailer complains about the damage of ice cream we check the freezer if it is all right. If we feel that the damage has occurred due to the freezer, we compensate. We also provide this service to our dealers for flour and semolina. If they cannot sell the items by three months, we take them back. It is our company policy; we cannot offer to sell expired goods to our end users.”

Respondents from two companies indicated that they provide after-sales service to their end-users, both in terms of warranty and free after-sales service.

Respondents from all the ten participating companies indicated that they are committed to their customers. They serve their customers with dignity, honesty, and loyalty. They also mentioned that they change themselves, as their customers’ needs and wants change. They do everything for the betterment of their customers. As was noted by two of the respondents:

Marketing Manager of a convenience goods manufacturing company:

“We are loyal to our customers. Customers are the kings; we should achieve our goals through satisfying them. We do not compromise with the quality. Bakeries and sweet industries established their brands using our products. You know ‘Fuwang Foods Company’ right? It highlighted its brand using our products.”

Director of Marketing of a convenience goods manufacturing company:

“What customers want in this country? They want Halal products. We offered at least one of that. Do you know our slogan for the soap? ‘We produce 100% Halal soap’. Is not it commitment? We serve our customers considering their needs and cultural and religious sentiments. None of our competitors can increase their price because of us. Price increase in every year is the tradition of this country but we offer our products at the same price maintaining the quality.”

Respondents from nine of the ten companies indicated that they always try to create customer value in their products. They also mentioned that they create such value by providing quality products with a lower price than their competitors. Some of them also mentioned that they change and update their products on a continuous basis. One of them indicated that it changes the packaging of its products every six months. The CEO of a convenience goods manufacturing company stated that:

“If you consider food items, customers do not compromise with quality, they compromise with price. We provide quality and at the same time fix our price reasonably. That gives us the market.”

The Director of Marketing who indicated that his company could not create customer value in its products on a regular basis stated as follows:

“We create customer value by offering more attributes to our products that mostly satisfy our customers. We do not do that all the time if customers are not ready to pay extra. We cannot bear the extra cost.”

Respondents from all the ten companies indicated that they believe customer satisfaction is an important issue for any company to become market-oriented. Respondents from six companies mentioned that their companies survey both the intermediaries and end users at least once or twice a year. A respondent from one company mentioned that the company does both a survey and carries out observation to find out whether its customers are satisfied. Respondents from two of these six companies indicated that they have their own research department that conduct this kind of survey for the company.

Respondents from four companies indicated that they do not conduct any formal survey to measure customer satisfaction but they speak to their intermediaries regarding the attitude of their customers. The respondents also revealed that these companies examine their sales volume to predict whether their customers are satisfied or not. These points are highlighted in the comments of three respondents as follows:

CEO of a convenience goods manufacturing company:

“What do you mean by customer satisfaction? Quality, presentation, availability – everything together right? Yes it is important for a company to become market-oriented. We do not measure that but we speak to our intermediaries, we have general meetings with them, we train them how to make the consumers happy. We have many competitors, if we sell well we know our customers are satisfied.”

Marketing Manager of a convenience goods manufacturing company:

“We do not measure customer satisfaction directly, we do it through our retailers. If we can sell our yearly production, if our retailers look for more from us and if they do not complain about the quality, we assume that our customers are satisfied.”

Director of Marketing of a convenience goods manufacturing company:

“We measure customer satisfaction by looking at our sales volume. We know our customers are satisfied. We offer trade incentive more than Lever Brothers. Our one body soap is priced for TK. 11 and a trader can make TK. 3 just by selling one soap. You see our distributors are motivated and happy. They try to sell more. Our consumers are also happy. They get ‘Halal’ soap spending less than on ‘Lux’. We also call customer groups to know their opinion but not very often.”

Intelligence/Information Generation

The results revealed that seven of the ten participating companies conduct surveys for both of their intermediaries and end users. Respondents from all of these seven companies indicated that they survey their intermediaries more often than their end users. The results revealed that, while six of these seven companies survey their end users at least once a year and their intermediaries at least three to four times a year, a respondent from one company mentioned that the company only carries out a survey after it produces a new product. As was noted by the CEO of that company:

“Survey is not very important before production. It is an old mechanism. You should do it after production. We do it whenever we produce a new product. The reason we do it because we always worry about the Indian product. What is the guarantee that we will get the market, Indian products are cheaper, they may fill the market. Thus, to know the attitude regarding our new product, we survey both of our intermediaries and end users.”

Respondent from one company indicated that the company normally do not survey its end users; rather the end users are observed during purchase to see their reaction about the products. Respondent from another company indicated that the company surveys the end users once every six months, as the company does not have many channels.

Respondent from only one company indicated that the company does not have a formal survey procedure, rather information is gathered informally. The Marketing Manager of that company stated:

“We do not have a formal survey procedure in our company but somehow we do it informally. It is a continuous procedure in our company to keep on asking our intermediaries and observing our end users. Let me give you an example. We displayed an ice cream to the Dhaka International Trade Fair and reached directly to our end users. Hundreds of thousands of people visited to our display centre and we asked them to make comments after testing our ice cream and so they opined about our ice cream. Majority of them mentioned that they did not like the ice cream. We sent back the ice cream to our laboratory to compare with our competitors ice creams and marketed it only after making sure its taste, flavour, and quality.

We also know consumers’ information from our retailers because they directly deal with our end users. We also bring competitors’ product in our laboratory for test purposes. We analyse that and improve our product quality on the basis of that. It is not us who determine the standard of the quality. We ask our customers after offering the product in the market and we revise it on the basis of their comments. Our survey technique is different. We organise conferences with our dealers. We ask them about the problems that they face, the complaints that they receive from customers regarding our price, quality, and attitude of our sales people. We also share our problems with them and take decision at the same day. We do the research this way. We do not do it formally but we do it informally.”

Thus it was revealed that the participating companies speak to their own trade partners and use their own sales force to collect their industry information. In addition, respondents from two companies mentioned that they carry out their own research by using their own research and development departments. The Marketing Manager of a convenience goods manufacturing company stated as follows:

“We collect industry information through informal talking to our intermediaries and end users. We ask them to keep eyes on the market. We emphasise collecting information both from the retailers and dealers because sometimes retailers only praise about the products that are more profitable. That is why we cannot just depend on retailers. We ask both the dealers and retailers and decide verifying their opinions. We also collect information by watching the competitors’ advertising.”

Intelligence Dissemination/Interfunctional Coordination

Respondents from all the ten companies mentioned that they have interdepartmental meetings in their companies where they also discuss customers’ current and future needs. Respondents from eight of these companies indicated that their companies have these kinds of meetings at least once a week, one of them said these meetings were held at least once a fortnight and the other one mentioned that they sit together at least once a month. As was stated by two of the respondents:

Marketing Manager of a convenience goods manufacturing company:

“Yes, we do have interdepartmental meetings in our company and we discuss customers’ current and future needs in those meetings. We actually meet every day after normal office hours and talk about our progress. We have a formal meeting at least once a week.”

Marketing Manager of a convenience goods manufacturing company:

“Yes, we do have interdepartmental meetings. It happens in a different way. Board of Directors meet at least once a week. All directors like Managing Director, Director of Marketing, Director of Finance, Director of Production, and Director of Controller (sic) meet together. Since Director of Marketing is always there, he talks about the quality of the product required by the customers, the price they are ready to pay. They definitely talk about customers’ current and future needs. Currently the competition is high in Bangladesh and we are not doing monopoly business. We need to take care of customers’ needs and wants. That is why we do that. Otherwise we would not have made such profit.”

The results reveal that all the ten companies share information regarding customers and the factors affecting customers among the various responsible departments of their organisations. The results also reveal that they share various kinds of information through reading reports at official meetings, circulating letters to the relevant departments, and posting information on the notice board. As was stated by the Director of Marketing of a shopping goods manufacturing company:

“Yes, we do share information among ourselves. We do it through formal letters, meetings, company newsletter, and some times heads of the each unit are called for meetings and minutes are sent to the different departments.”

Intelligence Responsiveness/Taking Action

Respondents from all ten companies agreed that their companies respond to customers’ future needs and wants and seven of them take immediate action. Respondents from three of these seven companies also mentioned that their companies take immediate action only if they feel that the action will be profitable for the company. It was noted that three of the ten companies could not take immediate action if the action depends on the importation of raw materials. For these companies government regulation is also responsible for them not taking immediate action in some instances.

Respondents from all the ten companies also indicated that, in order to become market-oriented, it is essential for any company to respond to the customers’ future needs and

wants. In this connection they also indicated obstacles that prevent their companies from not responding including political unrests and nepotism, government regulations, lack of appropriate technology, outside dependency of raw materials, and bureaucratic problems of the country. The Marketing Manager of a convenience goods manufacturing company stated:

“If we have everything required we take action immediately. Sometimes it takes more than the usual. Sometimes we cannot respond immediately if we depend on the import of raw materials from outside and even it is worse if import of certain raw material is not allowed. Bureaucracy is a problem as we cannot get permission to do something right way. Political unrests and nepotism is a problem also. You get permission for something easily if you belong to a ruling political party. You may get permission to do something during one government and your licence might be taken off with the change of government. These are all problems for this country. We are in a problem because of these and so our customers, we cannot respond to them always, we cannot respond to them timely.”

9.2.3. Consequences of Market Orientation

Business Performance

Respondents from all ten companies have agreed that market orientation helps a company to achieve better business performance. When they were asked why, the following are examples of their replies:

“Because market orientation is input and performance is output.”

“Market orientation provides customer satisfaction and that results in business performance.”

“We do everything for our customers and they reward us with business.”

“Because we do everything for customers and so they are satisfied. They purchase on a continuous basis and ask others to buy.”

“We work with price, quality, and build relationship with customers. We do these because we believe in market orientation and so we make money.”

“We serve our customers well, look after our employees. Customers buy more, employees work harder and we perform well.”

The results revealed that respondents from six of the ten companies had similar views about their company’s performance over the last three years in terms of profit, sales, product quality, market share, and overall financial position. Respondent from one company indicated that the company has achieved its targeted profit and sales over the last three years. This respondent also mentioned that the company’s product quality has

improved and overall financial position is stronger than ever but disagreed regarding the market share. The respondent further indicated that it is tough to gain market share when the company has many new competitors entering into the market on a regular basis. A respondent from another company mentioned that the company achieved everything over the last three years including profit, targeted sales, market share, and product quality except that it has a little problem with its current financial situation. As was noted by the Marketing Manager of that company:

“Yes we do make good profit. We made good profit last year, the year before the last, though this year we have a little problem but we believe we will reach the target. We are better off in terms of sales, profit, and market share. Our product quality has improved a lot. We are also better off financially but this year we have a little problem. We are reopening an industry that was closed down. That is why we have a little problem with finance. Otherwise our overall financial position is always good.”

Only one respondent from the ten companies indicated that the company could not achieve its business performance target over the last three years. The CEO of the company blamed himself for the failure. As was noted by the CEO of that company:

“I believe market orientation can help a company to achieve better business performance. We could not perform well over the last three years. Whatever you ask me I will say no. We could not make profit, we could not reach our sales target, we could not increase our market share. We tried though to improve our product quality. We are not financially better off. Whatever we make, we invest that for our growth, for our infrastructure. I was involved in the politics and no one was there to look after the business from the owner’s side. That is why I believe we could not perform well.”

While respondents from the majority of companies indicated that better performance could not be achieved without being a market-oriented company, respondents from some of the companies mentioned that it is possible if they have a monopoly, the product is unique, innovative and extraordinary, and demand is more than supply. The Marketing Manager of a convenience goods manufacturing company stated that:

“Yes, performance can be made for a short period of time without being a market oriented company, and then you die.”

Employees’ Organisational Commitment and Esprit de Corps

The results revealed that the employees of all the ten participating companies are committed to their jobs. The results also indicated that both the employees and companies are supportive to each other. As was noted by several respondents:

Director of Marketing of a shopping goods manufacturing company:

“Our employees are committed to their jobs and we are also supportive for paying their wages, bonuses. We ensure financial security of their lives. In turn they are committed.”

Marketing Manager of a convenience goods manufacturing company:

“We work together as a family. Our employees are committed. Company takes care of the employees and employees work hard for the company.”

Director of Marketing of a convenience goods manufacturing company:

“Company pays well to the employees and employees work well for the company. Employees are very much committed to the company.”

Marketing Manager of a convenience goods manufacturing company:

“We work under the same umbrella. If the company survives we survive. We have multinational company culture in our company. Employees are happy with their jobs and so are committed to work.”

Respondents from all the ten companies indicated that their companies’ employees always work as teams and relate well to each other when they do things. All the respondents indicated that their companies’ employees not only relate well to each other within the organisation but also relate well outside the organisation. The results also revealed that the employees of these companies are emotionally attached to each other and share both the happiness and sadness of their lives outside of their work. As was stated by several respondents:

Director of Marketing of a convenience goods manufacturing company:

“We work under the same umbrella for achieving the same purpose. We have a family atmosphere in our company. Our relationships within the company create family relationships outside the company. We share our sadness, happiness, and we also gather together in different family occasions.”

Marketing Manager of a convenience goods manufacturing company:

“We do not have blood relationships but our company is like a family. We are well integrated. We also have a family association where we meet on different occasions. We visit each other, invite each other in our family programs.”

Director of Marketing of a shopping goods manufacturing company:

“We are well communicated within and outside the company. We have built a family chain among ourselves. We visit each other, invite each other into family matters and festivals.”

The above research finding indicates that the employees of the participating companies are committed to their organisations. Further, the employees within each of the participating companies work as teams and relate to each other both at work and outside work. This suggests the extent of employees’ organisational commitment and the esprit de corps within the consumer goods manufacturing companies in Bangladesh.

Customer Satisfaction

Respondents from all ten companies indicated that their companies provide maximum customer satisfaction. Respondents from six companies indicated that they can assume customer satisfaction by looking at their sales. Further, if they can sell more and if they can reach their targets, they assume that their customers are satisfied. Respondents from three companies indicated that their companies also conduct surveys to identify their customers’ satisfaction and compare the survey results with their achieved sales volume. This way they learn whether their customers are satisfied or not. Respondents from these companies also mentioned that sometimes they observe their customers in order to see their reactions about their companies’ products. A respondent from one company indicated that, if the company’s products sell well and there are no complaints from their customers, they know that their customers are satisfied. As was stated by several respondents:

Director of Marketing of a shopping goods manufacturing company:

“We try to provide maximum customer satisfaction. This is our job. We have a reputation in the market. Our sales are up. Do you think customers buy if they are not satisfied? They never, especially in this country it is difficult to make the customers happy. We do make them happy. They would not have bought if they were not happy with our products. We do measure customer satisfaction using survey and observation methods. We know our customers are satisfied.”

CEO of a shopping goods manufacturing company:

“Sometimes we get letters, phone calls, faxes from our customers if there is any defects with our product and we replace that immediately. They never complain about our quality. We sell well and so we know they are satisfied.”

Marketing Manager of a convenience goods manufacturing company:

“You know that our biscuits have a reputation in the market. Who does not know about our brands? We sell more than anyone. Why do you think people buy our products if they are not satisfied? They have many options. They do not favour us, they are happy that is why they buy.”

Marketing Manager of a convenience goods manufacturing company:

“We can achieve our sales target for the last three years. We sell more and more. Every year our profit is going up. This suggests that our customers are satisfied with our product quality and price.”

Marketing Manager of a convenience goods manufacturing company:

“We try to provide maximum satisfaction. Our try is an honest try. We do survey our end users every year to see their satisfaction level. Survey results are positive and so they are assumed to be satisfied. Our continuous performance also indicates that our customers are satisfied.”

Director of marketing of a convenience goods manufacturing company:

“We make both the traders and end users happy. We are the only one in this country who produces ‘Halal’ soaps. Our end users are happy, both with our quality and price. We pay more commission to our traders. We can feel that our customers are satisfied. Otherwise how can we gain market share from a company like Lever Brothers who are in operations in this country for years with reputation.”

Respondents from all the companies indicated that they rarely receive complaints from their intermediaries regarding their product offerings. A respondent from one company mentioned that the company does receive complaints from its distributors especially if there is any problem with the packaging or if there is any damage. The Marketing Manager of that company stated:

“Yes we do receive complaints from our intermediaries. How can it be possible without complaints? We serve the whole nations. It happens.”

The result also revealed that all the participating companies mostly receive compliments from their intermediaries regarding the product quality, advertising,

packaging, and trade promotion. Respondents from these companies also mentioned that they rarely receive complements from their end users.

The above research findings indicate that all the ten companies are claiming to be providing maximum satisfaction to their customers and intermediaries. Thus, the intermediaries sell, and end users consume, their products with satisfaction.

Repeat Customer

Respondents from all the ten companies indicated that their customers purchase their companies' product on a regular basis meaning that all of the companies are having repeat customers for their products. The results also revealed that companies measure their repeat sales by looking at the sales history, sales volume, achieved targets, and distributors' demand trends. Respondents from two companies mentioned that if their companies' sales remain the same without any promotional activities they assume that their customers are repeating their purchases. As was stated by some of the respondents:

Marketing Manager of a convenience goods manufacturing company:

“Yes we do have repeat sales. We can tell that by looking at our sales history. We always set up a target considering our current sales plus new sales. Most of the time we achieve our targets indicating that we have customers who repeat their purchase.”

Marketing Manager of a convenience goods manufacturing company:

“Dealers are taking the same quantity every month and even more. This suggests that we have repeat customers.”

CEO of a convenience goods manufacturing company:

“We do not have advertisements at this moment. If the sell is not decreased we understand customers are repeating their purchase.”

Director of Marketing of a convenience goods manufacturing company:

“If our sales remain the same without taking promotional activities, if sales increase by taking promotional activities. We can tell by looking at the sales volume.”

This finding suggests that the participating consumer goods manufacturing companies enjoy repeat sales and, in addition, create new customers on a regular basis.

In summary, the above findings of the case study research indicate that the participating companies are involved in market-oriented activities in Bangladesh. These companies place emphasis on their customers, collect necessary information regarding customers and the factors that affect their customers, disseminate collected information among the various departments of their companies, and finally they also take necessary action considering the collected information. Spontaneous involvement with these kinds of activities indicates that these companies have adopted the behaviour of market orientation. At the same time, the involvements of these companies have been shown to consider the antecedents of market orientation. The consideration of these antecedents also indicates the market-oriented behaviour of these companies. Thus, it can be said that there is a relationship between the antecedents that these companies consider and the market-oriented activities that they are involved with.

The research findings in relation to the consequences of market orientation also indicate that most of the participating companies have performed well over the last three years in terms of achieving their economic (business performance) and non-economic performance (employees' organisational commitment, esprit de corps, customer satisfaction, and repeat customer). Since these companies were also identified as spontaneously involved in the market-oriented activities, it can be argued that the achieved performances of these companies were a result of the extent of their market-oriented behaviour.

The above relationships between the market-oriented behaviour of the consumer goods manufacturing companies in Bangladesh, and the antecedents that they consider and the outcomes that they enjoy indicate the applicability of the proposed conceptual framework of market orientation in Figure 5.1 (Chapter 5). The findings in relation to market orientation and its antecedents and consequences reported in section 9.1 in this chapter also confirm the justification of the proposed variables in the conceptual market orientation framework. However, the relationship between market orientation and its antecedents and consequences still need to be confirmed by the findings of the quantitative research. This will be undertaken in the next chapter.

CHAPTER 10

TRIANGULATION AND CONSISTENCY OF FINDINGS WITH PREVIOUS RESEARCH FINDINGS

In order to draw conclusions about the market orientation of the consumer goods manufacturing companies in Bangladesh, in this chapter a comparison of quantitative and qualitative research findings is made. In addition, consistency of the findings of this study with the previous research findings is also discussed.

10.1. Market Orientation and Its Antecedents

10.1.1. Top Management Emphasis

The findings from quantitative survey research indicate that the amount of emphasis top managers place on market orientation positively affects the intelligence dissemination or interfunctional coordination and the overall market orientation of the consumer goods manufacturing companies in Bangladesh.

Findings from the qualitative case study research revealed that the top managers of the majority of the participating companies were highly customer focused, were responsible for the generation of intelligence and also for taking appropriate action. These qualitative findings also suggest a relationship between top management emphasis and overall market orientation.

The Positive and significant relationship between top management emphasis and intelligence dissemination/interfunctional coordination in this study is consistent with the findings of Jaworski and Kohli (1993), and the significant relationship between top management emphasis and overall market orientation is consistent with the findings of Jaworski and Kohli (1993), Bhuian (1998), Horng and Chen (1998), and Pulendran et al. (2000).

10.1.2. Risk Aversion

Top managers' risk aversion was excluded from all the stepwise regression equations in the quantitative research. This means that no significant relationships were identified

between risk aversion and market orientation components, and overall market orientation of the consumer goods manufacturing companies in Bangladesh.

However, qualitative research findings revealed mixed feelings among the participating companies regarding risk. While respondents from four of the ten companies indicated that their companies do not encourage risk at all, five of them were found to be considering a certain amount of risk, and one company was found to consider taking high risk. Thus, it would be difficult to conclude whether risk aversion relates to the market orientation of the consumer goods manufacturing companies in Bangladesh. This means that the quantitative and qualitative findings regarding the risk aversion and its relationships with market orientation components and overall market orientation are consistent with each other.

The quantitative finding relating to risk aversion in this study is consistent with that of Pulendran et al. (2000) and inconsistent with those of Jaworski and Kohli (1993) and Avlonitis and Gounaris (1999) as these studies identified a negative relationship between risk aversion and market orientation.

10.1.3. Management Training

While, from the stepwise regression analysis of the quantitative research, management training was found to be significant and positively related to intelligence/information generation, intelligence dissemination/interfunctional coordination, intelligence responsiveness/taking action, and overall market orientation of the consumer goods manufacturing companies in Bangladesh, no significant relationship was identified between management training and the customer emphasis component of market orientation.

The qualitative findings of this study support the stepwise regression findings as the participating companies update and teach their managers about the current market trends, competitors' products, strategies and activities through management training.

The significant positive role of management training, identified in the quantitative part of this study, in determining the market orientation of the consumer goods

manufacturing companies in Bangladesh is consistent with the findings of Ruekert (1992), Harris (1998a) and Horng and Chen (1998).

10.1.4. Formal Marketing Education

Formal marketing education was excluded from all the stepwise regression equations in the quantitative research. This means that no significant relationships were identified between formal marketing education and market orientation and its components.

The qualitative research finding supports this quantitative research finding. Although the majority of the respondents from the participating companies indicated that the managers of their marketing departments were mostly formally marketing educated, they noted that market orientation of their companies was a coordinated effort and not the sole responsibility of the marketing educated employees despite their positive role in the company in becoming market-oriented.

The quantitative finding that there was no significant relationship between formal marketing education and market orientation and its components is inconsistent with that of Horng and Chen (1998) who identified a positive relationship between formal marketing education and overall market orientation.

10.1.5. Centralisation

Analysis of the quantitative research results revealed that centralisation was significant and inversely related to overall market orientation and all components of market orientation except intelligence responsiveness.

The role of centralisation in determining the market orientation of the consumer goods manufacturing companies in Bangladesh is further supported by the qualitative research findings. The qualitative research findings indicated that the majority of the participating companies viewed centralisation as an obstacle to the achievement of market orientation.

The negative relationship between centralisation and overall market orientation identified in the quantitative research is consistent with the findings of Jaworski and Kohli (1993) and Harris (2000). The negative relationships between centralisation and market orientation components are also consistent with the findings of Jaworski and Kohli (1993) except this study did not identify any relationship between centralisation and intelligence responsiveness/taking action.

10.1.6. Formalisation

Formalisation was removed from all the regression equations during analysis of the quantitative results by the stepwise regression procedure. This means that formalisation was not found to be significant in determining the market orientation and its components.

This was further supported by the qualitative research findings as the participating companies were found to be balancing between the formal and informal organisational structure. This balance between two organisational structures by the participating companies was probably responsible for the lack of a significant relationship between formalisation and market orientation in the quantitative findings.

This finding is inconsistent with the findings of Pelham and Wilson (1996), Avlonitis and Gounaris (1999), and Harris (2000) as in these studies formalisation was found to be negatively related to market orientation and its components. However, it is consistent with the findings of Jaworski and Kohli (1993), Pulendran et al. (2000), and Matsuno et al. (2002) as they identified no significant relationship between formalisation and market orientation.

10.1.7. Political Behaviour

Political behaviour was only found to be significant and negatively related to the intelligence generation component of market orientation in the quantitative research and no relationships were identified with other components of market orientation or overall market orientation in the stepwise regression.

This finding is supported by the qualitative research. It was identified in the qualitative research that the consumer goods manufacturing companies in Bangladesh balance between their companies' interest and customers' interest. This means that, political behaviour may not necessarily have a role in determining the overall market orientation of the consumer goods manufacturing companies in Bangladesh.

This finding is not consistent with that of Harris and Piercy (1999) as they identified a negative relationship between political behaviour and overall market orientation.

10.1.8. Market Based Reward System

Market based reward system was only found to be positive and significantly related to the intelligence generation component of the market orientation in the quantitative research finding.

However, the qualitative research findings indicate that respondents from all the participating companies saw a market based reward system as having a positive role in determining the market orientation of a company. These companies all used a market based reward system as it was viewed as motivating employees to work more on market-oriented activities. The qualitative research also indicates that the participating companies do not solely depend on the market based reward system, they also consider their employees' length of service, qualifications, and devotion to the company when rewarding them. This finding, relating to a combination reward system, probably partly explains the lack of significant relationships between overall market orientation and with the other three components of market orientation in the quantitative research findings.

Although the quantitative research finding of the significant positive relationship between a market based reward system and intelligence generation in this study is consistent with the finding of Jaworski and Kohli (1993), the lack of significant relationships with overall market orientation and its two components (intelligence dissemination and responsiveness) is inconsistent with their other findings as they identified that the market based reward system was related to overall market orientation

and its three components (intelligence generation, intelligence dissemination, and intelligence responsiveness).

10.1.9. Interdepartmental Conflict

Interdepartmental conflict was found to be statistically significant and negatively related to the overall market orientation and its three components (customer emphasis, intelligence dissemination, and intelligence responsiveness), except no significant relationship was found for intelligence generation in the stepwise regression procedure.

These quantitative findings are supported by the qualitative findings as it was indicated by the respondents from participating companies that they perceive interdepartmental conflict as an obstacle to market-oriented activities of a company.

The quantitative findings regarding the significant negative relationships between interdepartmental conflict and overall market orientation and its components are consistent with the findings of Jaworski and Kohli (1993) with two exceptions; firstly, this study identified a significant relationship between interdepartmental conflict and a new component of market orientation, customer emphasis, and secondly, this study did not identify any significant relationship between interdepartmental conflict and intelligence generation. The significant negative relationship between interdepartmental conflict and overall market orientation in this study is also consistent with the findings of Harris and Piercy (1999) and Pulendran et al. (2000).

10.1.10. Interdepartmental Connectedness

In the quantitative research findings, while interdepartmental connectedness was found to be significant and positively related to overall market orientation and two of its components (customer emphasis and intelligence generation), no significant relationships were identified in the stepwise regression with the other two components (intelligence dissemination and intelligence responsiveness).

These quantitative findings are supported by the qualitative findings. The qualitative findings revealed that respondents from all the companies unanimously agreed about the

positive contribution of the interdepartmental connectedness for determination of the market orientation of a company.

The relationship between interdepartmental connectedness and overall market orientation identified in this study is consistent with the findings of Jaworski and Kohli (1993), Harris and Piercy (1999), and Pulendran et al. (2000). The significant relationships between interdepartmental connectedness and two market orientation components, customer emphasis and intelligence generation are new findings and are not consistent with the findings of Jaworski and Kohli (1993) as they only identified a significant relationship between interdepartmental connectedness and intelligence dissemination and not with other market orientation components.

10.1.11. Competition

Competition was found to be only significantly and positively related to the intelligence responsiveness component of market orientation in the quantitative research findings. No relationships were identified between competition and other market orientation components in the stepwise regression procedure.

The qualitative findings suggest that all the companies take competitive action against the competitors, although respondents from half of the companies indicated that their companies take rapid action while the other half of them suggested that their companies take action only after considering the strength of their competitors. In addition, respondents from all the companies indicated that they monitor competitors' activities and collect competitors' information on a regular basis. The qualitative results revealed that all the companies agreed about the positive role of competition in determining the market orientation of a company.

The quantitative finding regarding the significant positive relationship between competition and intelligence responsiveness is not fully consistent with that of Avlonitis and Gounaris (1999) as they found a positive relationship between competition and overall market orientation.

10.1.12. Market Turbulence

Market turbulence was found to be statistically significant and negatively related to customer emphasis and to intelligence generation in the quantitative research. No relationships were identified with the other two components of market orientation in the stepwise regression procedure. It was expected that market turbulence would play a positive role in determining the market orientation of a company but it seems to work in a negative way for these consumer goods manufacturing companies in Bangladesh.

The negative relationships identified between market turbulence and the two market orientation components in the quantitative research may be the result of cultural differences between developing and developed countries. Cultural differences can be identified in the qualitative research findings as they indicate that respondents from none of the participating companies thought that the product preferences of their customers changed very often. Respondents from most of the participating companies also indicated that the lack of resources, lack of proper technology, government regulations, and political unrest of the country are responsible for them not responding to customers' product preferences. In addition, it was revealed from the qualitative research that the majority of customers in Bangladesh are illiterate and neither know their rights nor their product preferences. It was also revealed that the majority of customers live under the poverty level and cannot feed themselves three times a day and so consume products according to their affordability.

The negative relationships of market turbulence with customer emphasis and intelligence generation identified in this study are not only inconsistent with the findings of Lusch and Laczniak (1987) and Davis et al. (1991) but are contrary to the theory which is applicable to the developed countries, as market orientation of a company is supposed to be encouraged by market turbulence and not be discouraged (see section 4.1.1, Chapter 4).

10.1.13. Technological Turbulence

For the quantitative results from the stepwise regression procedure technology was not found to be significant in determining market orientation or its components.

This was supported by the qualitative research as it was identified that none of the participating companies in the case study research in Bangladesh undertook rapid technological developments.

10.1.14. General Economy

From analysis of the quantitative results, general economy (weak economy) was found to be statistically significant and positively related to overall market orientation and all four of its components, customer emphasis, intelligence generation, intelligence dissemination, and intelligence responsiveness.

These findings were supported by the qualitative research as respondents from all the participating companies indicated that they needed to be more market oriented because of the country's weak economic condition.

These findings support those of Slater and Narver (1994b) who suggested that the companies that operate in weak economies with stable or decreasing markets are more likely to adopt market orientation than companies that operate in strong economies.

10.2. Market Orientation and Its Consequences

From analysis of the quantitative results, customer emphasis was found to be statistically significant and positively related to employees' organisational commitment and employees' esprit de corps. Intelligence generation was found to be significant and positively related to business performance and all the non-economic performance measures (employees' esprit de corps, customer satisfaction, and repeat customer) with the exception of employees' organisational commitment. While intelligence dissemination was only found to be statistically significant and positively related to employees' organisational commitment, no relationships of this variable were identified with business performance and with other measures for non-economic performance in the stepwise regression analysis. However, intelligence responsiveness was found to be statistically significant and positively related to business performance and all measures of non-economic performance (employees' organisational commitment, employees' esprit de corps, customer satisfaction, and repeat customer).

These findings regarding the relationships between market orientation components and economic and non-economic performance were supported by the qualitative findings as respondents from all the companies indicated that the economic and non-economic performance of their companies resulted from their adopted market-oriented activities. The qualitative results revealed that the majority of the participating companies had similar views about their performance over the last three years in terms of profit, sales, product quality, market share, and overall financial position.

This study also identified a significant multivariate effect of overall market orientation on the economic (business performance) and non-economic performance of business. In addition to that, this study also identified the significant univariate effect of overall market orientation on business performance of economic performance; employees organisational commitment, employees esprit de corps, customer satisfaction, and repeat customer of non-economic performance. These results suggest that the market orientation of the consumer goods manufacturing companies in Bangladesh significantly determines both the economic and non-economic performance of business.

The quantitative results were supported by the qualitative results as respondents from all the participating companies agreed that the performance of their companies' business is the outcome of their company's market-oriented behaviour. Respondents from all the participating companies in the qualitative research indicated that it was the market orientation that gave their employees team spirit and made their employees committed. They also indicated that their customers are satisfied and purchase on a regular basis because of their companies' involvement in the market-oriented activities.

The significant positive effect of overall market orientation on business performance (economic performance) is consistent with the findings of Jaworski and Kohli (1993), Ngai and Ellis (1998), Caruana et al. (1998), Pelham (2000), and Pulendran et al. (2000). The significant positive effect of overall market orientation on employees' organisational commitment is consistent with the findings of Jaworski and Kohli (1993) and Caruana et al. (1997). The significant positive effect of overall market orientation on employees' esprit de corps is also consistent with the findings of Jaworski and Kohli (1993), Selnes et al. (1996), and Shoham and Rose (2001).

10.3. CONCLUSION

This comparison of the quantitative and qualitative research findings confirms the applicability of the conceptual framework (Figure 5.1, Chapter 5) in Bangladesh. It indicates that the market orientation and its components in Bangladesh are determined by seven internal organisational and three external antecedents/factors. Only four antecedents, three internal (risk aversion, formal marketing education, and formalisation) and one external (technological turbulence) were not found effective in determining the market orientation and its components in Bangladesh. The comparison also confirms that the market orientation significantly contributes to the achievement of superior performance, both the economic and non-economic performance of business. Thus, the proposed linkage between market orientation with its antecedents and consequences in the conceptual market orientation framework (Figure 5.1, Chapter 5) is appropriate. This indicates the effectiveness of the use of the synthesis dimension of market orientation in a developing country.

Since most of the findings of this study are consistent with those of the previous market orientation studies in developed countries, the appropriateness of the application of the conceptual market orientation framework (Figure 5.1, Chapter 5) for this study has been confirmed. The inconsistencies that were identified in a small number of cases have been shown through respondents' statements in the qualitative research findings (Chapter 9) to be a result of the cultural and economic differences between developed and developing countries.

CHAPTER 11

CONCLUSION AND FURTHER RESEARCH DIRECTION

11.1. INTRODUCTION

Marketing concept has been of substantial importance for many years in marketing (Svensson, 2001). Despite the importance of this concept, it was not until the 1970s and 1980s that attempts were made to clarify its implementation issues. Since then five different perspectives, that focused on the implementation issue of the marketing concept including decision-making perspective, market intelligence perspective, culturally based behavioural perspective, strategic perspective, and the customer orientation perspective, have been advanced in the literature (Shapiro, 1988; Kohli and Jaworski, 1990; Narver and Slater, 1990; Ruekert, 1992; Deshpande et al., 1993). These five market orientation perspectives have been of fundamental importance for later studies. However, despite the importance and acceptance of these market orientation perspectives in the market orientation literature, all of them have been subject to criticism (Dreher, 1993; Deshpande et al., 1993; Kohli et al., 1993; Pelham, 1993; Cadogan and Diamantopoulos, 1995; Oczkowski and Farrell, 1997; Mavondo and Farrell, 2000).

In order to avoid these criticisms and drawbacks, it was necessary to develop a new dimension by synthesising the five different market orientation perspectives. Thus, in this study the five different perspectives have been evaluated and a new dimension/model, the synthesis model of market orientation (Figure 3.5), has been proposed. From the analysis of the five different perspectives undertaken at the beginning of this study, two general areas of agreement were identified. These were (1) initial issues (marketing concept and implementation issues) and (2) vital issues (required conditions, market orientation components, and consequences or outcomes).

Despite the importance of market orientation in the modern business world, the need for a market orientation study has been ignored in developing countries. The few efforts that have been made to study market orientation in developing countries have involved studies that were very specific and limited in nature, and none of them was done in a

comprehensive manner (Bhuyan, 1997; 1998; Deng and Dart, 1999; Akimova, 2000). In addition, the market orientation literature lacks a market orientation framework that can be implemented in both settings of developed and developing countries. Therefore, in this study, to fill this research gap a conceptual framework of market orientation was proposed (see Figure 5.1, Chapter 5), which was built on the basis of the three vital issues of the synthesis model of market orientation (Figure 3.5, Chapter 3). In order to do this it was also necessary to identify the elements of these three issues. For this purpose firstly, a theoretical model of market orientation components was developed (Figure 3.6, Chapter 3) that included the aspects of each component of market orientation and secondly, the conditions/antecedents and the consequences of market orientation were identified from the literature (discussed in Chapter 4).

In this study the applicability of the market orientation framework (Figure 5.1, Chapter 5) in a developing country, Bangladesh, where no market orientation study has yet been done, was tested. Consumer goods manufacturing companies were selected for this purpose as the marketing concept originated from within manufacturing firms, and business orientation in manufacturing firms is more clearly reflected in the process of their product/business development and thus easier to measure than for non-manufacturing firms (Liu, 1995).

This chapter is organised in six sections including this one. Firstly, the methodology used for this study is discussed. Secondly, testing of the hypotheses and stepwise model building are considered. Thirdly, a synthesis market orientation model for Bangladesh is assembled. Fourthly, significance of the research findings is outlined. Fifthly, the limitations are acknowledged and recommendations made for future research. And finally, conclusions are drawn.

11.2. RESEARCH METHODOLOGY

Both quantitative and qualitative research approaches (discussed in Chapter 6) were used to examine the applicability of the conceptual framework of market orientation as they work in a complementary way.

The quantitative part of the study involved the collection of primary data from the consumer goods manufacturing companies in Bangladesh in order to test the hypotheses.

In order to increase the depth of understanding of the current scenario of the market orientation of the consumer goods manufacturing companies in Bangladesh, qualitative research was also used as it provides a means of gaining access to unquantifiable facts. Das (1983) pointed out that organisational phenomena could not be validly measured without using qualitative methods. By using the qualitative research method in conjunction with the quantitative method, the depth of understanding of the findings of the market orientation of the consumer goods manufacturing companies in Bangladesh was increased.

This study involved a two-phase data collection method including a qualitative phase and a quantitative phase. Primary data were collected in both phases. In the qualitative stage, the case study method was used and in-depth interviews were conducted among the ten consumer goods manufacturing companies in Bangladesh utilising a semi-structured questionnaire. The chief executive officer (CEO) or a designated high official recommended by the CEO was interviewed in each company for the in-depth interviews.

For the quantitative stage, in order to collect data from many respondents, the survey method was used. The Bangladesh Trade Catalogue (1999), published for the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI), the only available directory in the country, was used to construct a sampling framework. Although a required sample size, calculated by using the equations of Krejcie and Morgan (1970) and Monette et al. (1990), was indicated as 164 consumer goods manufacturing companies, in order to allow for non-cooperation of respondents it was decided that a sample size of 190 manufacturing companies (two interviews from each company), providing a total of 380 interviews would be justifiable. The chief executive officer (CEO) or a designated non-marketing high official nominated by the CEO and one marketing high official from each company were selected for the survey interviews. Two respondents, one from the marketing department and one from a non-marketing department, were interviewed from each company. A respondent from a nonmarketing

department was included because market orientation is not the sole responsibility of the marketing department, rather it is a coordinated effort. A total number of 120 companies agreed to participate and 216 usable questionnaires were received, giving a response rate of 57%.

In order to confirm the appropriate use of parametric statistics, statistical assumptions were first tested and correlation analysis conducted (Chapter 7). Both were found to be supportive for the use of parametric statistics. Further, in order to examine the reliability of the scales used for this study, a reliability analysis was also conducted (see Chapter 7) and the results confirmed that the scales used for data collection in this study were reliable for use in Bangladesh. The survey questionnaire was pre-tested in Bangladesh and refined before it was declared ready to use for the data collection.

In order to test the hypotheses of the study, stepwise regression analysis and multivariate analysis of variance (MANOVA) were used to analyse the survey data. Inductive method was used in this study for coding, categorising, and identifying the themes from the audiotapes and transcript and, the style of presentation of the research results followed the case study analysis. The application of both quantitative and qualitative data analysis methods helped to identify commonalities across research findings on a number of variables and to arrive at a valid and reliable convergent conclusion about the market orientation of the consumer goods manufacturing companies in Bangladesh.

11.3. HYPOTHESES TESTING AND MODEL BUILDING

11.3.1. Antecedents Determining Customer Emphasis

The quantitative findings indicate that three internal antecedents/factors (centralisation, interdepartmental conflict, and interdepartmental connectedness) and two external antecedents/factors (market turbulence and general economy) significantly determine the customer emphasis of the consumer goods manufacturing companies in Bangladesh. **The following significant relationships were identified in the stepwise regression analysis between the five antecedents and the customer emphasis.**

- **Negative relationship between centralisation and customer emphasis**

This means that the greater the acceptance of centralised decision-making, the lower will be the customer emphasis of the consumer goods manufacturing companies in Bangladesh.

Thus, it is suggested that the consumer goods manufacturing companies in Bangladesh avoid centralised decision-making and accept a decentralised decision-making organisational structure.

- **Negative relationship between interdepartmental conflict and customer emphasis**

This indicates that the greater the interdepartmental conflict, the lower will be the customer emphasis of the consumer goods manufacturing companies in Bangladesh.

Thus, in order to place more emphasis on customers, consumer goods manufacturing companies are required to minimise any kind of conflict between the different departments of their companies.

- **Positive relationship between interdepartmental connectedness and customer emphasis**

This indicates that the greater the interdepartmental connectedness, the greater will be the customer emphasis of the consumer goods manufacturing companies in Bangladesh.

Thus, in order to place more emphasis on customers, consumer goods manufacturing companies in Bangladesh are required to promote more internal connection and develop appropriate and an efficient internal communication system within their organisations.

- **Negative relationship between market turbulence and customer emphasis**

This indicates that the greater the market turbulence, the lower will be the customer emphasis of the consumer goods manufacturing companies in Bangladesh.

Thus, consumer goods manufacturing companies in Bangladesh may not respond to customers that look for new products all the time and whose product preferences change frequently.

- **Positive relationship between general economy (weak economy) and customer emphasis**

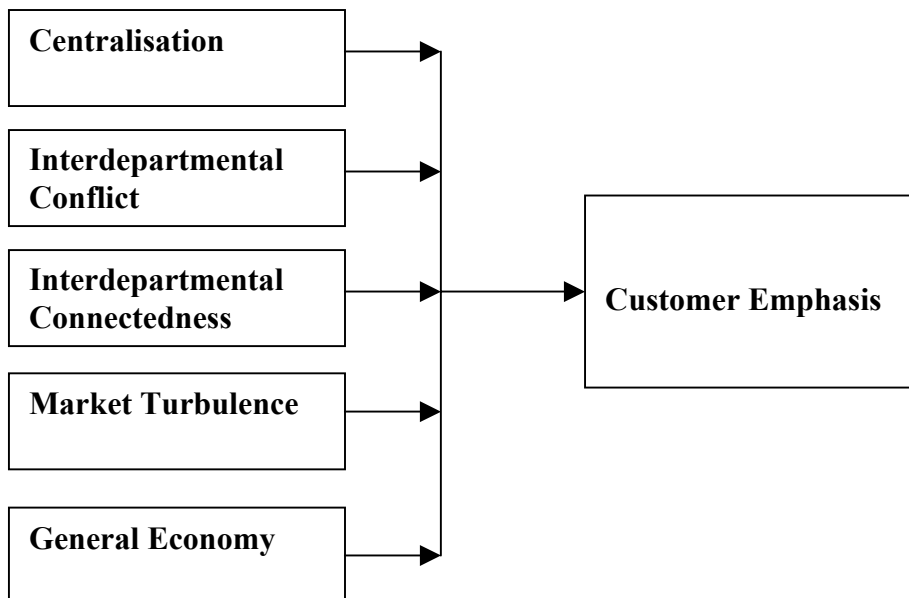
This indicates that the weaker the general economy of the country, the stronger will be the customer emphasis of the consumer goods manufacturing companies in Bangladesh.

This suggests that the consumer goods manufacturing companies in Bangladesh may place more emphasis on customers considering their economic status resulted from the weak economic conditions of the country.

While customer emphasis was significantly determined by these five antecedents, the other antecedents including top management emphasis, risk aversion, management training, formal marketing education, formalisation, political behaviour, market based reward system, competition, and technological turbulence were removed from the stepwise regression equation because of their low or insignificant contribution. **Therefore, Hypothesis 1.1 is partly supported.**

Thus on the basis of these findings, the following model can be built which confirms the relevant components of the proposed conceptual framework of market orientation (Figure 5.1, Chapter 5).

Figure 11.1. Antecedents/Factors Determining Customer Emphasis



11.3.2. Antecedents Determining Intelligence/Information Generation

The quantitative findings indicate that five internal antecedents/factors (management training, centralisation, political behaviour, market based reward system, and interdepartmental connectedness) and two external antecedents/factors (market turbulence and general economy) significantly determine the intelligence generation of the consumer goods manufacturing companies in Bangladesh. **The following significant relationships were identified in the stepwise regression analysis between the seven antecedents and the intelligence generation.**

- **Positive relationship between management training and intelligence generation**

This indicates that the greater the management training, the greater will be the intelligence generation of the consumer goods manufacturing companies in Bangladesh.

This suggests that, in order to encourage more intelligence generation, consumer goods manufacturing in Bangladesh may place greater emphasis on the training of their managers.

- **Negative relationship between centralisation and intelligence generation**

This indicates that the greater the acceptance of centralised decision-making, the lower will be the intelligence generation of the consumer goods manufacturing companies in Bangladesh.

Thus in order to become more market-oriented, it is suggested that consumer goods manufacturing companies in Bangladesh avoid centralised decision-making and exercise decentralised decision-making.

- **Negative relationship between political behaviour and intelligence generation**

This indicates that the greater the acceptance of political behaviour within the organisation, the lower will be the intelligence generation of the consumer goods manufacturing companies in Bangladesh.

Thus in order to enhance intelligence generation, consumer goods manufacturing companies in Bangladesh are required to avoid political behaviour within their organisations by prioritising customers' interests above their own interests.

- **Positive relationship between market based reward system and intelligence generation**

This indicates that the greater the reliance on a market based reward system for evaluating and rewarding employees, the greater will be the intelligence generation of the consumer goods manufacturing companies in Bangladesh.

Thus, in order to facilitate more intelligence generation, consumer goods manufacturing companies in Bangladesh may choose to reward their employees on the basis of market performance because successful action depends on successful intelligence generation.

- **Positive relationship between interdepartmental connectedness and intelligence generation**

This indicates that the greater the interdepartmental connectedness, the greater will be the intelligence generation of the consumer goods manufacturing companies in Bangladesh.

Thus in order to encourage more intelligence generation, it is suggested that consumer goods manufacturing companies in Bangladesh build an efficient internal communication system within their organisations.

- **Negative relationship between market turbulence and intelligence generation**

This indicates that the greater the market turbulence, the lower will be the intelligence generation of the consumer goods manufacturing companies in Bangladesh.

Thus, consumer goods manufacturing companies in Bangladesh may not place emphasis on their customers' product preferences (market turbulent behaviour) that change very often.

- **Positive relationship between general economy (weak economy) and intelligence generation**

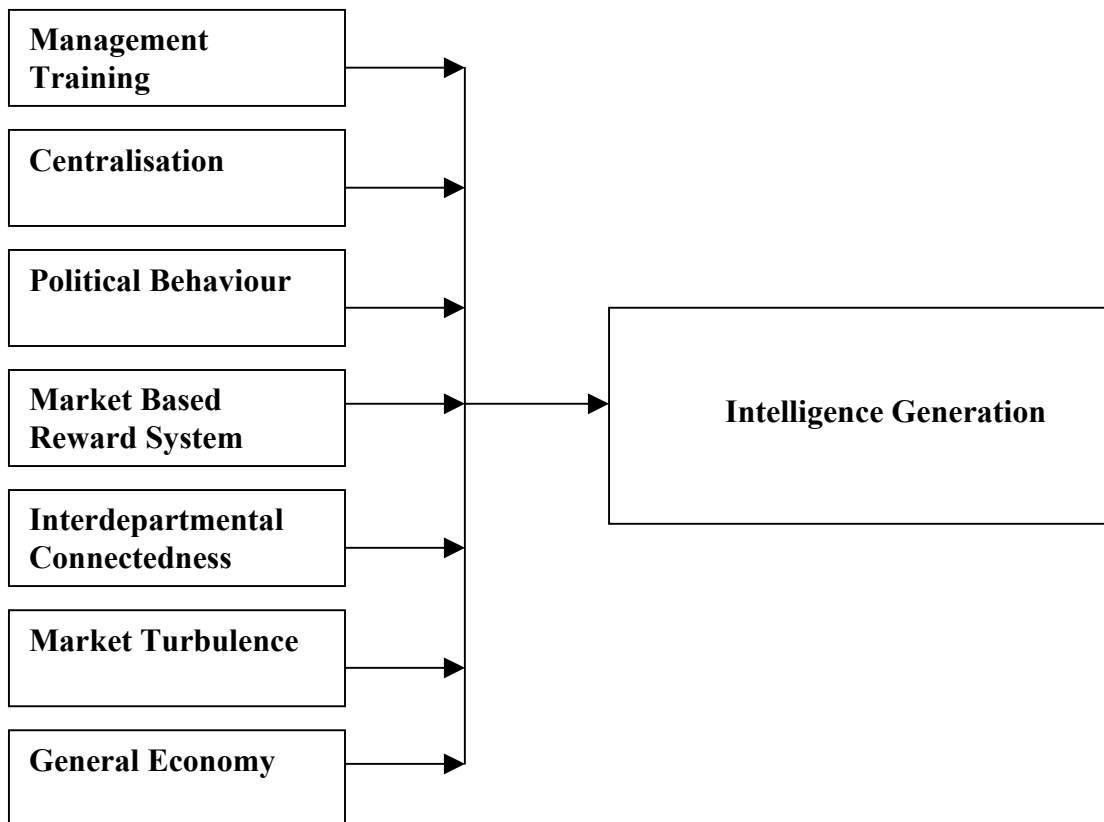
This indicates that the weaker the economic condition of the country, the stronger the intelligence generation of the consumer goods manufacturing companies in Bangladesh.

Thus, in order to encourage more intelligence generation, consumer goods manufacturing companies in Bangladesh should consider the economic status of their customers particularly when the economy of the country is weak.

While intelligence generation was significantly determined by these seven antecedents, the other antecedents including top management emphasis, risk aversion, formal marketing education, formalisation, interdepartmental conflict, competition, and technological turbulence were removed from the stepwise regression equation because of their low or insignificant contribution. **Therefore, the Hypothesis 1.2 is partly supported.**

Thus on the basis of these findings, the following model can be built which confirms the relevant components of the proposed conceptual framework of market orientation (Figure 5.1, Chapter 5).

Figure 11.2. Antecedents/Factors Determining Intelligence Generation



11.3.3. Antecedents Determining Intelligence Dissemination or Interfunctional Coordination

The quantitative findings reveal that four internal antecedents/factors (top management emphasis, management training, centralisation, and internal conflict) and one external antecedent/factor (general economy) significantly determine the intelligence dissemination or interfunctional coordination of the consumer goods manufacturing companies in Bangladesh. **The following significant relationships were identified in the stepwise regression analysis between the five antecedents/factors and the intelligence dissemination.**

- **Positive relationship between top management emphasis and intelligence dissemination/interfunctional coordination**

This indicates that the greater emphasis that top management places on market orientation, the greater will be the intelligence dissemination/interfunctional coordination of the consumer goods manufacturing companies in Bangladesh.

Thus, in order to encourage more intelligence dissemination/interfunctional coordination, the top management of the consumer goods manufacturing companies in Bangladesh may consider having a favourable attitude toward market orientation and place more emphasis on attaining it.

- **Positive relationship between management training and intelligence dissemination/interfunctional coordination**

This indicates that the greater the level of management training, the greater will be the intelligence dissemination/interfunctional coordination of the consumer goods manufacturing companies in Bangladesh.

Thus, in order to increase intelligence dissemination or to create more and efficient interfunctional coordination, consumer goods manufacturing companies in Bangladesh should consider providing adequate training for their managers.

- **Negative relationship between centralisation and intelligence dissemination/interfunctional coordination**

This indicates that the greater the acceptance of centralised decision-making, the lower will be the intelligence dissemination of the consumer goods manufacturing companies in Bangladesh.

Thus, in order to facilitate more intelligence dissemination or interfunctional coordination, it is suggested that consumer goods manufacturing companies in Bangladesh discourage centralised decision-making and encourage decentralised decision-making.

- **Negative relationship between interdepartmental conflict and intelligence dissemination/interfunctional coordination**

This indicates that the greater the interdepartmental conflict, the lower will be the intelligence dissemination/interfunctional coordination.

Thus, in order to encourage intelligence dissemination/interfunctional coordination, it is suggested that consumer goods manufacturing companies in Bangladesh that face interdepartmental conflicts take corrective measures in order to minimise and avoid these conflicts.

- **Positive relationship between general economy (weak economy) and intelligence dissemination/interfunctional coordination**

This indicates that the weaker the general economy of the country, the stronger the intelligence dissemination/interfunctional coordination of the consumer goods manufacturing companies in Bangladesh.

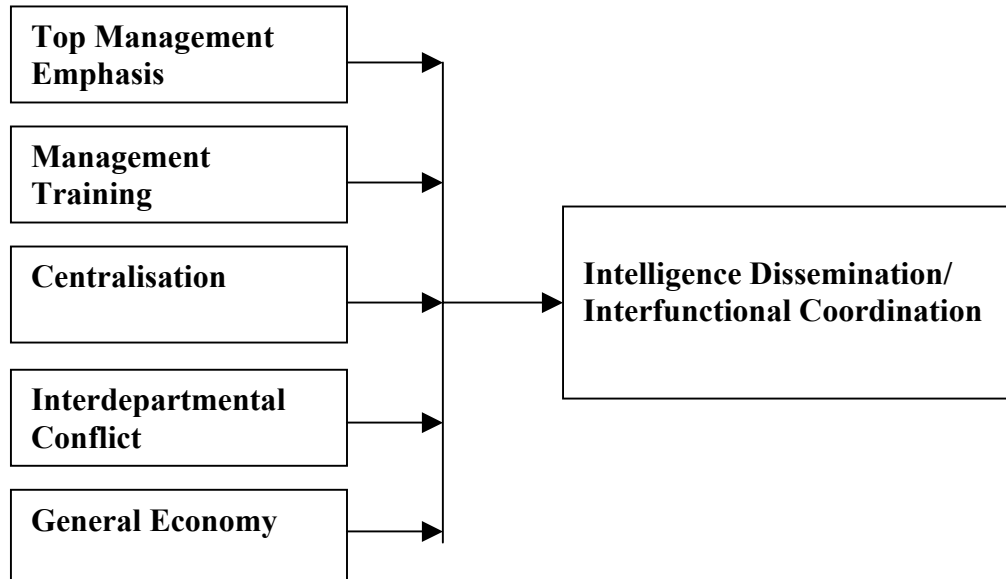
Thus, it is suggested that consumer goods manufacturing companies in Bangladesh always monitor the economic situation of the country and consider the customers behaviours and their economic status resulting from the country's weak economic

condition as these considerations contribute to the dissemination activities or interfunctional coordination of an organisation.

While intelligence dissemination/interfunctional coordination was significantly determined by these five antecedents/factors, the other antecedents/factors including risk aversion, formal marketing education, formalisation, political behaviour, market based reward system, interdepartmental connectedness, competition, market turbulence, and technological turbulence were removed from the regression equations during the stepwise regression procedure because of their low or insignificant contributions. **Therefore, the Hypothesis 1.3 is partly supported.**

Thus on the basis of these findings, the following model can be built which confirms the relevant components of the proposed conceptual framework of market orientation (Figure 5.1, Chapter 5).

Figure 11.3. Antecedents/Factors Determining Intelligence Dissemination or Interfunctional coordination



11.3.4. Antecedents/Factors Determining Intelligence Responsiveness or Taking Action

The quantitative findings reveal that two internal antecedents/factors (management training and interdepartmental conflict) and two external antecedents/factors (competition and general economy) significantly determine the intelligence responsiveness of the consumer goods manufacturing companies in Bangladesh. **The following significant relationships were identified in the stepwise regression analysis between the four antecedents/factors and the intelligence responsiveness/taking action.**

- **Positive relationship between management training and intelligence responsiveness/taking action**

This indicates that the greater the management training, the greater will be the responsiveness to the market intelligence of the consumer goods manufacturing companies in Bangladesh.

Thus, in order to be more responsive to market intelligence, it is suggested that consumer goods manufacturing companies in Bangladesh provide appropriate and adequate training to their managers.

- **Negative relationship between interdepartmental conflict and intelligence responsiveness/taking action**

This indicates that the greater the interdepartmental conflict, the lower will be the responsiveness to market intelligence of the consumer goods manufacturing companies in Bangladesh.

Thus, in order to respond more to market intelligence, it is suggested that consumer goods manufacturing companies in Bangladesh minimise any kind of interdepartmental conflict within their organisations.

- **Positive relationship between competition and intelligence responsiveness/taking action**

This indicates that the greater the competition, the greater will be the responsiveness to market intelligence of the consumer goods manufacturing companies in Bangladesh.

Thus in order to be more responsive to market intelligence or taking action, consumer goods manufacturing companies in Bangladesh need to take their competitors seriously and serve the target customers better than their competitors do.

- **Positive relationship between general economy (weak economy) and intelligence responsiveness/taking action**

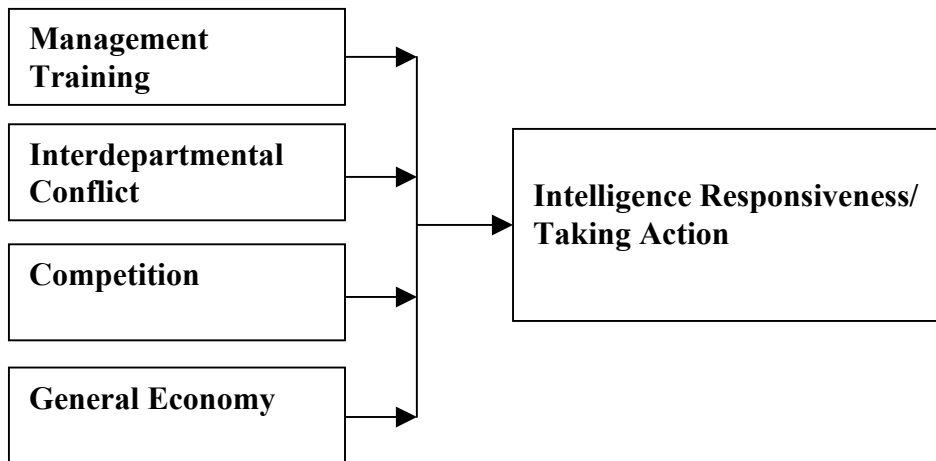
This indicates that the weaker the economic condition of the country, the stronger the responsiveness to market intelligence of the consumer goods manufacturing companies in Bangladesh.

Thus, in order to be more responsive to market intelligence, consumer goods manufacturing companies in Bangladesh need to consider the economic conditions of their customers resulting from the country's economy (particularly from the weak economy).

While these four antecedents/factors significantly determined the intelligence responsiveness/taking action of the consumer goods manufacturing companies in Bangladesh, the other antecedents/factors including top management emphasis, risk aversion, formal marketing education, centralisation, formalisation, political behaviour, market based reward system, interdepartmental connectedness, market turbulence, and technological turbulence were removed from the regression equations during the stepwise regression procedure because of their low or insignificant contributions. **Therefore, Hypothesis 1.4 is partly supported.**

Thus on the basis of these findings, the following model can be built which confirms the relevant components of the proposed conceptual framework of market orientation (Figure 5.1, Chapter 5).

Figure 11.4. Antecedents/Factors Determining Intelligence Responsiveness/Taking Action



11.3.5. Antecedents/Factors Determining Overall Market Orientation

The quantitative findings reveal that five internal antecedents/factors (top management emphasis, management training, centralisation, interdepartmental conflict, and interdepartmental connectedness) and one external antecedent/factor (general economy) significantly determine the overall market orientation of the consumer goods manufacturing companies in Bangladesh. **The following significant relationships were identified in the stepwise regression analysis between the six antecedents/factors and the overall market orientation.**

- **Positive relationship between top management emphasis and overall market orientation**

This indicates that the greater the top management emphasis on the market orientation, the greater the overall market orientation of the consumer goods manufacturing companies in Bangladesh.

Thus, in order to be more market-oriented, top managers of the consumer goods manufacturing companies in Bangladesh need to build sound communication with their employees to enable them to continuously remind their employees to be sensitive and responsive to market trends and developments. In addition, they also need to provide appropriate support and commitment for market-oriented activities within their organisations.

- **Positive relationship between management training and overall market orientation**

This indicates that the greater the management training, the greater will be the overall market orientation of the consumer goods manufacturing companies in Bangladesh.

Thus, in order to be more market-oriented, consumer goods manufacturing companies in Bangladesh need to provide appropriate training for their managers regarding the current market trends and market mechanisms.

- **Negative relationship between centralisation and overall market orientation**

This indicates that the greater the acceptance of centralised decision-making structure of organisation, the lower will be the overall market orientation of the consumer goods manufacturing companies in Bangladesh.

Thus in order to be more market-oriented, consumer goods manufacturing companies in Bangladesh need to move away from using centralised decision-making and establish a more decentralised decision-making structure of organisation. They may also involve and empower employees from all levels of the organisation specifically, from the lower and mid levels, rather than concentrating decision-making in the upper levels of the organisation.

- **Negative relationship between interdepartmental conflict and overall market orientation**

This indicates that the greater the interdepartmental conflict, the lower the overall market orientation of the consumer goods manufacturing companies in Bangladesh.

Thus in order to be more market-oriented, consumer goods manufacturing companies in Bangladesh should try to minimise any kind of conflict within the different departments of their organisations. In order to minimise conflict, they may develop emotional attachments among the employees, promote cross-departmental activities, and set up common goals for everyone (Jaworski and Kohli, 1993).

- **Positive relationship between Interdepartmental connectedness and overall market orientation**

This indicates that the greater the interdepartmental connectedness, the greater will be the overall market orientation of the consumer goods manufacturing companies in Bangladesh.

Thus, in order to be more market-oriented, consumer goods manufacturing companies in Bangladesh should build strong internal connections between the various departments of their companies through establishing informal systems. In order to attain this, they may set up internal communication systems using voice mail, computer hookups, and a PABX telephone system (Jaworski and Kohli, 1993).

- **Positive relationship between general economy (weak economy) and overall market orientation**

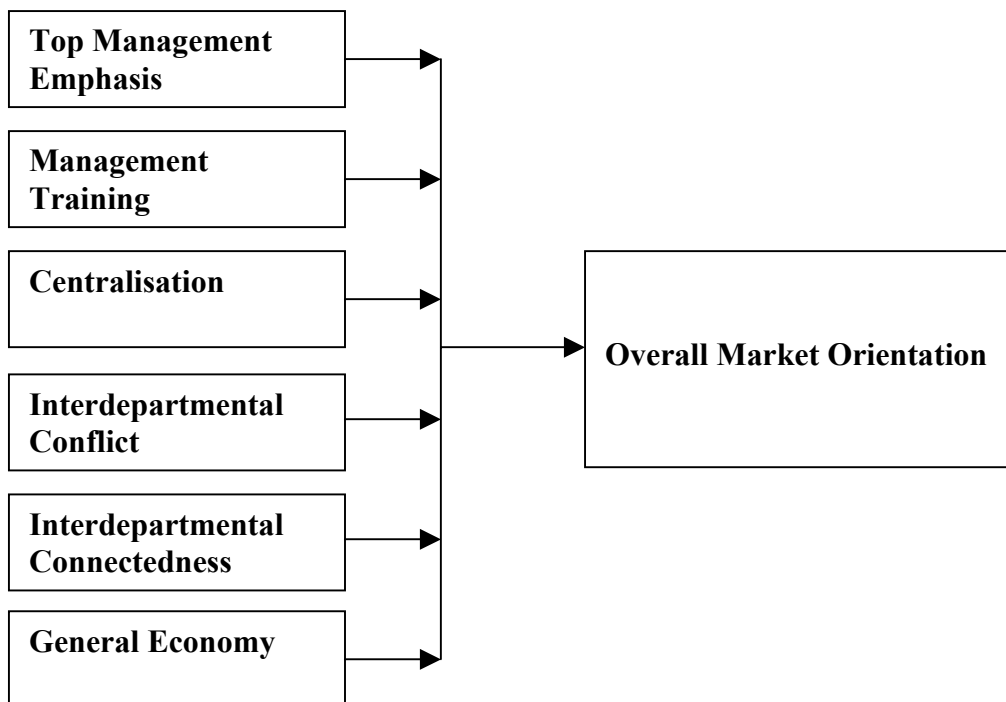
This indicates that the weaker the general economy of the country, the stronger the overall market orientation of the consumer goods manufacturing companies in Bangladesh.

Thus, in order to be more market-oriented, consumer goods manufacturing companies in Bangladesh need to be more responsive to their value conscious, and more economical, customers by providing good value for money on a continuous basis.

While these six antecedents/factors significantly determined the overall market orientation of the consumer goods manufacturing companies in Bangladesh, the other antecedents/factors including risk aversion, formal marketing education, formalisation, political behaviour, market based reward system, competition, market turbulence, and technological turbulence were removed from the regression equation during the stepwise regression procedure because of their low or insignificant contributions. **Therefore, Hypothesis 2 is partly supported.**

Thus on the basis of these findings, the following model can be built which confirms the relevant components of the proposed conceptual framework of market orientation (Figure 5.1, Chapter 5).

Figure 11.5. Antecedents/Factors Determining Overall Market Orientation



11.3.6. Market Orientation Components Determining Business Performance

The quantitative findings reveal that two market orientation components (intelligence generation and intelligence responsiveness) determine the business performance of the consumer goods manufacturing companies in Bangladesh. **The following significant relationships were identified in the stepwise regression analysis between the two market orientation components and the business performance.**

- **Positive relationship between intelligence generation and business performance**

This indicates that the greater the intelligence generation, the greater will be the business performance.

Thus in order to achieve superior business performance, consumer goods manufacturing companies in Bangladesh need to generate more market intelligence.

- **Positive relationship between intelligence responsiveness and business performance**

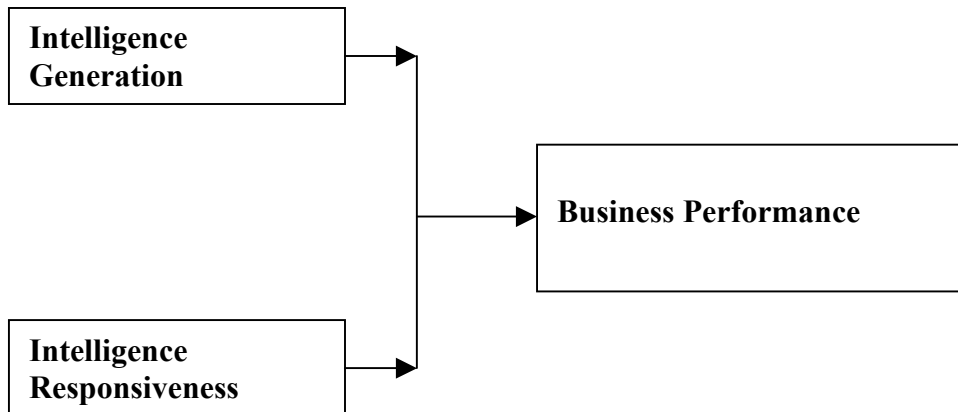
This indicates that the greater the responsiveness to market intelligence, the greater will be the business performance.

Thus, consumer goods manufacturing companies in Bangladesh need to be more responsive to market intelligence in order to achieve superior performance of business.

While these two market orientation components significantly determined the business performance, the other two market orientation components, customer emphasis and intelligence dissemination were removed from the regression equation during the stepwise regression procedure because of their low or insignificant contributions. **Therefore, Hypothesis 3.1 is partly supported.**

Thus on the basis of these findings, the following model can be built which confirms the relevant components of the proposed conceptual framework of market orientation (Figure 5.1, Chapter 5).

Figure 11.6. Market Orientation Components Determining Business Performance



11.3.7. Market Orientation Components Determining Employees' Organisational Commitment

The quantitative findings reveal that three market orientation components (customer emphasis, intelligence dissemination/interfunctional coordination, and intelligence responsiveness/taking action) significantly determine the employees' organisational commitment of the consumer goods manufacturing companies in Bangladesh. **The following significant relationships were identified in the stepwise regression analysis between the three market orientation components and the employees' organisational commitment.**

- **Positive relationship between customer emphasis and employees' organisational commitment**

This indicates that the greater the emphasis placed on the customer, the greater will be the employees' organisational commitment.

Thus, in order to increase employees' organisational commitment, consumer goods manufacturing companies should place more emphasis on their customers.

- **Positive relationship between intelligence dissemination/interfunctional coordination and employees' organisational commitment**

This indicates that the greater the level of intelligence dissemination, the greater will be the level of employees' organisational commitment.

Thus, consumer goods manufacturing companies in Bangladesh need to develop efficient intelligence dissemination systems within their organisations in order to increase employees' organisational commitment.

- **Positive relationship between intelligence responsiveness/taking action and employees' organisational commitment**

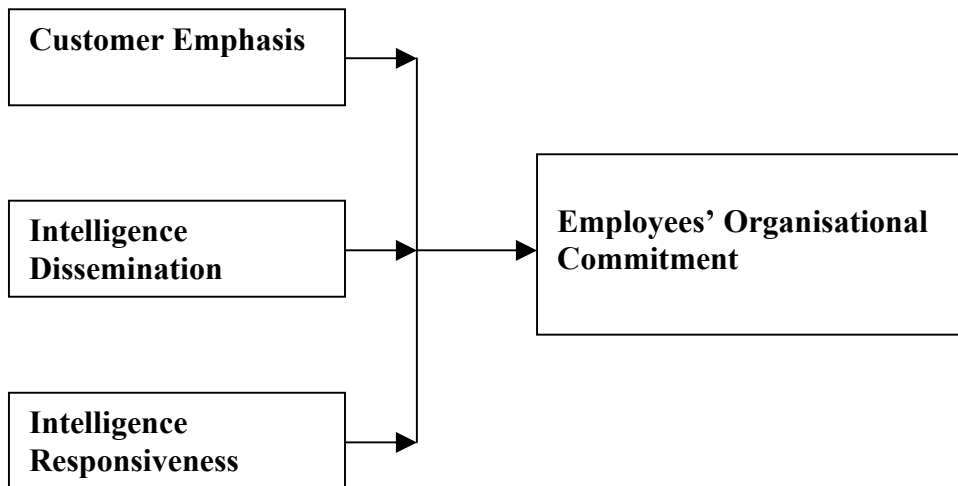
This indicates that the greater the level of responsiveness to market intelligence, the greater will be the level of employees' organisational commitment.

Thus, consumer goods manufacturing companies in Bangladesh need to be more responsive to market intelligence in order to increase the employees' organisational commitment.

While these three market orientation components significantly contribute to determination of the level of employees' organisational commitment, the other component, intelligence generation was removed from the regression equation during the stepwise regression procedure because of its low or insignificant contribution. **Therefore, Hypothesis 3.2 is partly supported.**

Thus on the basis of these findings, the following model can be built which confirms the relevant components of the proposed conceptual framework of market orientation (Figure 5.1, Chapter 5).

Figure 11.7. Market orientation components Determining Employees' Organisational Commitment



11.3.8. Market Orientation Components Determining Employees' Esprit De Corps

The quantitative findings reveal that three market orientation components (customer emphasis, intelligence generation, and intelligence responsiveness/taking action) significantly determine the employees' esprit de corps of the consumer goods manufacturing companies in Bangladesh. **The following significant relationships were identified in the stepwise regression analysis between the three market orientation components and the employees' esprit de corps.**

- **Positive relationship between customer emphasis and employees' esprit de corps**

This indicates that the greater the emphasis placed on the customer, the greater will be the employees' esprit de corps.

Thus, in order to increase the employees esprit de corps, consumer goods manufacturing companies in Bangladesh need to place more emphasis on their

customers by understanding and showing commitment, creating superior value and providing satisfaction, and encouraging customer comments and complaints.

- **Positive relationship between intelligence generation and employees' esprit de corps.**

This indicates that the greater the intelligence generation, the greater will be the employees' esprit de corps.

Thus in order to increase the esprit de corps, consumer goods manufacturing companies in Bangladesh need to generate more market intelligence regarding customers' current and future needs and the factors affecting customers.

- **Positive relationship between intelligence responsiveness and employees' esprit de corps.**

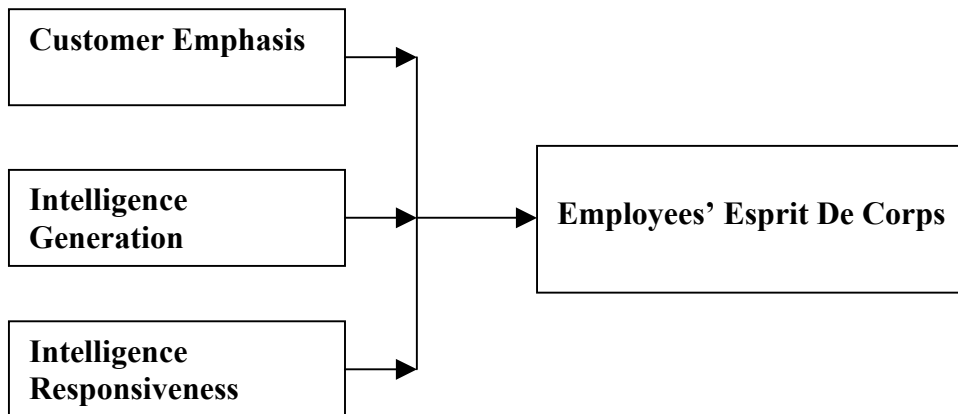
This indicates that the greater the responsiveness to market intelligence, the greater will be the employees' esprit de corps.

Thus in order to encourage employees' esprit de corps, consumer goods manufacturing companies in Bangladesh need to be more responsive to market intelligence.

While these three market orientation components significantly determined the employees' esprit de corps, the other market orientation component, intelligence dissemination was removed from the regression equation during the stepwise regression procedure because of its low or insignificant contribution. **Therefore, Hypothesis 3.3 is partly supported.**

Thus on the basis of these findings, the following model can be built which confirms the relevant components of the proposed conceptual framework of market orientation (Figure 5.1, Chapter 5).

Figure 11.8. Market Orientation Components Determining Employees' Esprit De Corps



11.3.9. Market Orientation Components Determining Customer Satisfaction

The quantitative findings reveal that two market orientation components (intelligence generation and intelligence responsiveness) significantly determine customer satisfaction. **The following significant relationships were identified in the stepwise regression analysis between the two market orientation components and the customer satisfaction.**

- **Positive relationship between intelligence generation and customer satisfaction**

This indicates that the greater the intelligence generation, the greater will be customer satisfaction.

Thus, consumer goods manufacturing companies in Bangladesh should generate more market intelligence in order to satisfy their customers.

- **Positive relationship between intelligence responsiveness and customer satisfaction**

This indicates that the greater the responsiveness to market intelligence, the greater will be customer satisfaction.

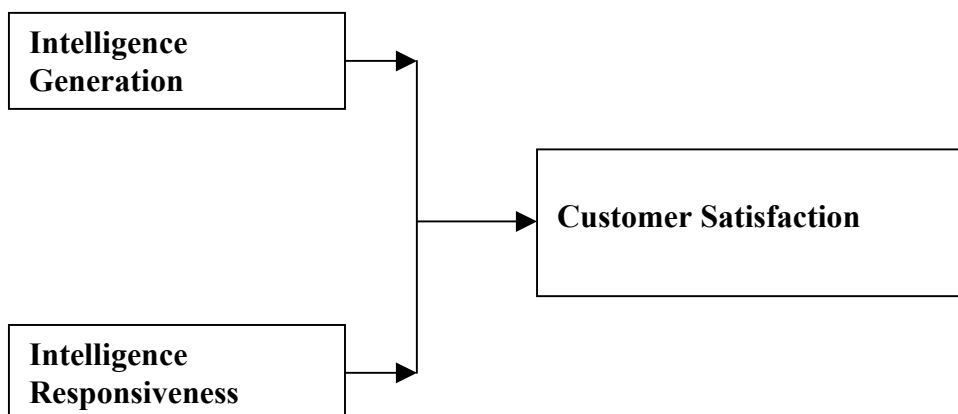
Thus in order to satisfy their customers, consumer goods manufacturing companies in Bangladesh need to be more responsive to market intelligence.

While these two market orientation components significantly determined customer satisfaction, the other two market orientation components, customer emphasis and intelligence dissemination were removed from the regression equation during the stepwise regression procedure because of their low or insignificant contribution.

Therefore, Hypothesis 3.4 is partly supported.

Thus on the basis of these findings, the following model can be built which confirms the relevant components of the proposed conceptual framework of market orientation (Figure 5.1, Chapter 5).

Figure 11.9. Market Orientation Components Determining Customer Satisfaction



11.3.10. Market Orientation Components Determining Repeat Customer

The quantitative findings reveal that two market orientation components (intelligence generation and intelligence responsiveness) significantly determine the repeat customer.

The following significant relationships were identified in the stepwise regression between the two market orientation components and the repeat customer.

- **Positive relationship between intelligence generation and repeat customer**

This indicates that the greater the intelligence generation, the more repeat customer there will be.

Thus in order to motivate the customers to make a repeat purchase, consumer goods manufacturing companies in Bangladesh need to generate more market intelligence.

- **Positive relationship between intelligence responsiveness and repeat customer.**

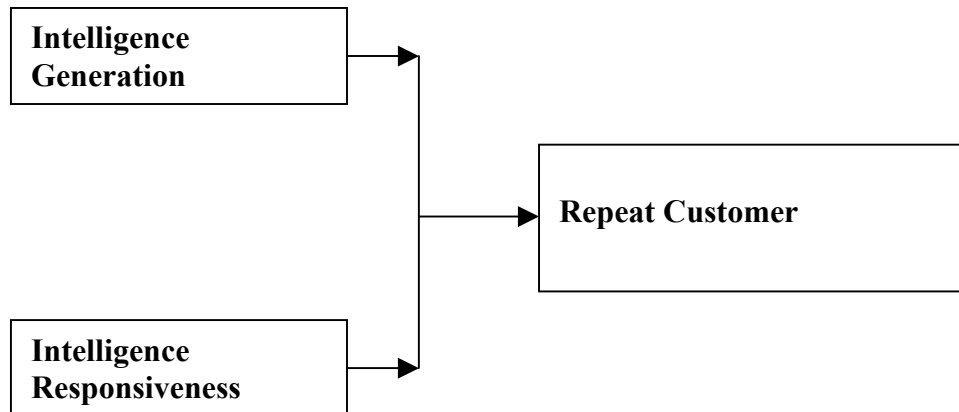
This indicates that the greater the responsiveness to market intelligence, the more repeat customer there will be.

Thus, consumer goods manufacturing companies in Bangladesh need to be more responsive to market intelligence in order to encourage more repeat purchases.

While these two market orientation components significantly determined the repeat customer, the other two market orientation components, customer emphasis and intelligence dissemination were removed from the regression equation during the stepwise regression procedure because of their low or insignificant contributions. **Therefore, Hypothesis 3.5 is partly supported.**

Thus on the basis of these findings, the following model can be built which confirms the relevant components of the proposed conceptual framework of market orientation (Figure 5.1, Chapter 5).

Figure 11.10. Market Orientation components Determining Repeat Customer



11.3.11. The Effect of Market Orientation on Economic and Non-Economic Performance of Business

The quantitative findings reveal that both the economic and non-economic performance of the consumer goods manufacturing companies in Bangladesh are a function of overall market orientation. **The following findings were identified in the multivariate analysis of variance (MANOVA).**

- **The Wilks' Lambda multivariate analysis for the main effect (overall market orientation) was significant**

This indicates that the overall market orientation of the consumer goods manufacturing companies in Bangladesh has a significant effect on both their economic and non-economic performance. This means that the higher the level of market orientation of the consumer goods manufacturing companies in Bangladesh, the higher the level of economic and non-economic performance of business.

Thus, in order to achieve superior business performance, both economic and non-economic, consumer goods manufacturing companies in Bangladesh need to adopt more market-oriented behaviour.

- **Significant univariate effect of overall market orientation on business performance, employees' organisational commitment, esprit de corps, customer satisfaction, and repeat customer**

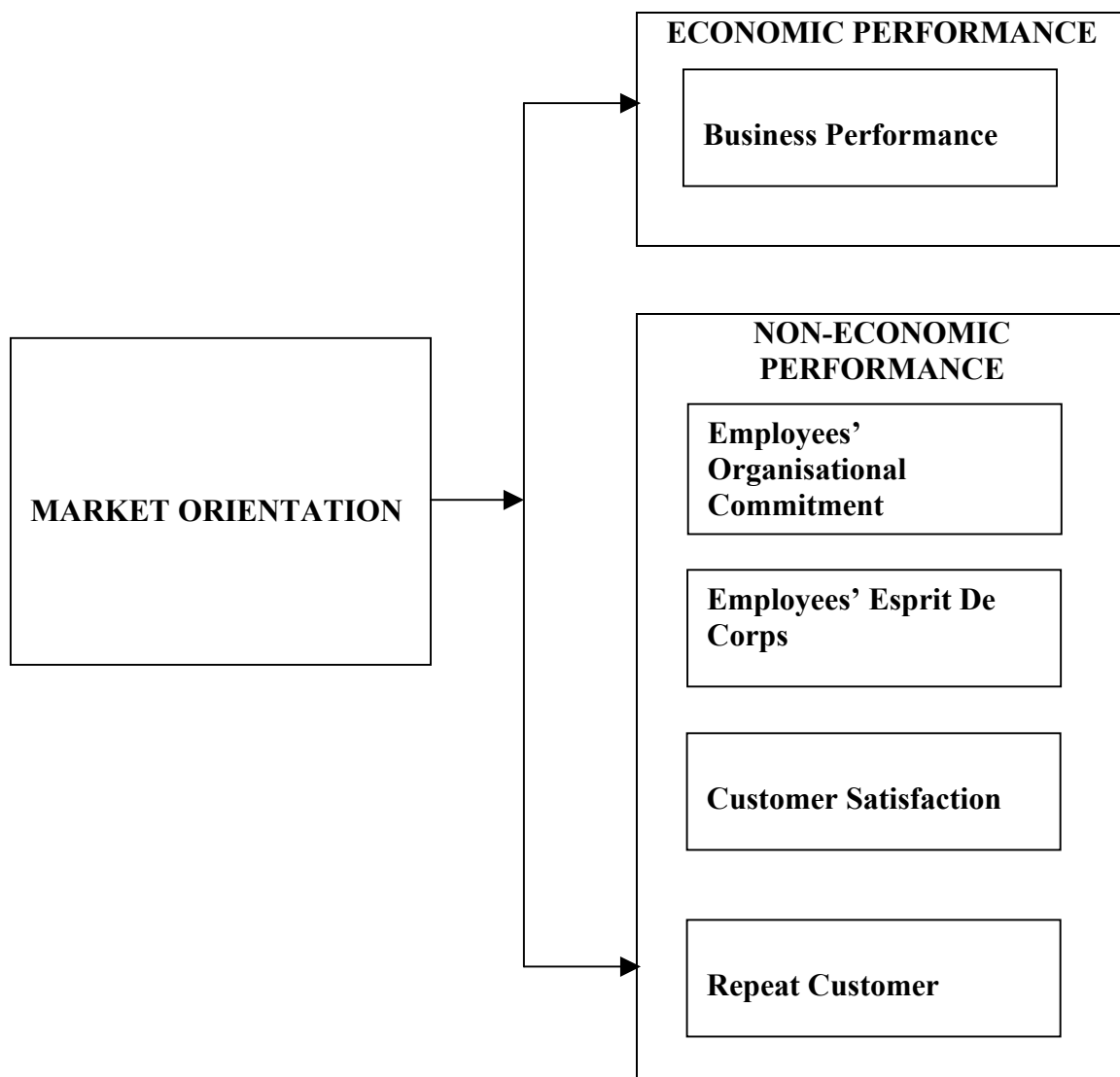
This indicates that the higher the level of overall market orientation of the consumer goods manufacturing companies in Bangladesh, the higher the level of business performance, employees' organisational commitment, esprit de corps, customer satisfaction, and repeat customer.

The univariate effect of overall market orientation for each dependent variable also suggests that the consumer goods manufacturing companies in Bangladesh should adopt more market-oriented behaviour within their organisations.

Both the significant multivariate and univariate effect of overall market orientation on economic (business performance) and non-economic performance (employees' organisational commitment, esprit de corps, customer satisfaction, and repeat customer) identified in this study suggest that the **Hypothesis 4 is fully supported.**

Thus on the basis of these findings, the following model can be built which confirms the relevant components of the proposed conceptual framework of market orientation (Figure 5.1, Chapter 5).

Figure 11.11. The Effect of Market Orientation on Economic (business performance) and Non-Economic (employees' organisational commitment, esprit de corps, customer satisfaction, and repeat customer) Performance of Business

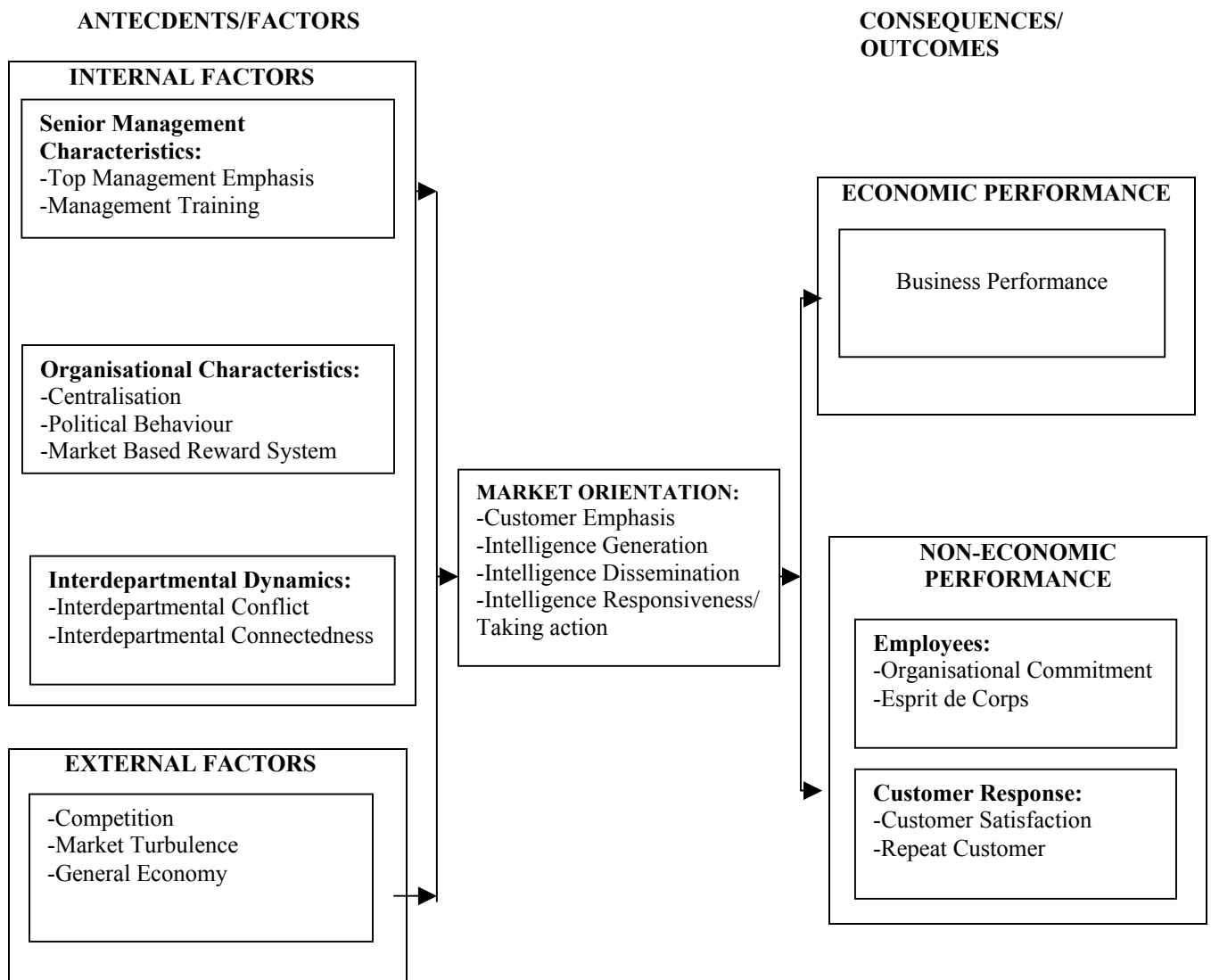


11.4. SYNTHESIS MODEL OF MARKET ORIENTATION FOR BANGLADESH

Ten antecedents/factors were identified in this study that make a significant contribution to the determination of the market orientation and its components. They can be categorised as internal and external antecedents/factors. The internal antecedents that were identified as significant include the senior management characteristics of top management emphasis and management training; the organisational characteristics of centralisation, political behaviour, and market based reward system; and the interdepartmental dynamics of interdepartmental conflict and interdepartmental connectedness. The external antecedents that were identified as significant include competition, market turbulence, and general economy. Market orientation and all of its four components, customer emphasis, intelligence generation, intelligence dissemination, and intelligence responsiveness, were found to make significant contributions to both the economic and non-economic performance of business.

The empirical marketing orientation model for Bangladesh shown in Figure 11.12 on page 271 has been developed on the basis of the findings of this study and on the resultant models outlined in the previous section. Market orientation and its four components, customer emphasis, intelligence generation, intelligence dissemination/interfunctional coordination, and intelligence responsiveness/taking action are at the centre of the model. The synthesis model of market orientation for Bangladesh shows that seven internal and three external antecedents determine the market orientation and its components of the consumer goods manufacturing companies in Bangladesh, and in turn market orientation and its components contribute to the consequences, both the economic (business performance) and non-economic (employees' organisational commitment and esprit de corps, and employees response including customer satisfaction and repeat customer) performance of business.

Figure 11.12. Synthesis Model of Market Orientation for Bangladesh



11.5. SIGNIFICANCE OF THE RESEARCH

In order to investigate the market orientation in a developing country, the initial conceptual framework of market orientation (Figure 5.1, Chapter 5) developed and tested in Bangladesh, makes a significant contribution to the theoretical literature, particularly, in the market context of the developing country, as this framework has the potential to be adapted and validated for other developing countries.

The first synthesis model of market orientation (Figure 11.12) developed for Bangladesh from the results of this study makes a significant contribution to the market orientation literature in that country, and also, particularly, to the consumer goods manufacturing companies. This model is significant because it can be used to identify the antecedents that foster and discourage market orientation, and also to identify the contribution market orientation makes to the economic and non-economic performance of business. The organisations in Bangladesh can achieve market orientation with the aid of this model without much dissonance, as all the elements in the model have been incorporated on the basis of the findings of this study.

By utilising the findings of this study, consumer goods manufacturing companies in Bangladesh will be able to select antecedents/factors that foster market orientation and reject factors that discourage market orientation. Further, since the model confirms that both superior economic and non-economic performance of business are determined by the level of market orientation of an organisation, managers of the consumer goods manufacturing companies in Bangladesh will be motivated to commit resources in order to become market-oriented. In addition, consumer goods manufacturing companies in Bangladesh will be able to project the cost-benefit ratio by looking at the cost of the resources in becoming market-oriented as well as the benefits that they may get from their adopted market-oriented behaviour as the model specifies the antecedents of market orientation and the market-oriented activities and shows the relationships between market orientation and its outcomes.

Since the consequences part of the model was built upon those findings of the study that revealed a significant positive effect of overall market orientation on both the economic and non-economic performance of business, the model indicates that positive results for business performance, employees' organisational commitment and esprit de corps, customer satisfaction, and repeat customer can all be achieved initiating market-oriented activities. Thus, by applying this model more companies in Bangladesh may accept market orientation as an instrument for assisting them in achieving their business objectives.

The synthesis model of market orientation, developed in Chapter 3 in Figure 3.5, is a new addition to the market orientation literature. It can be used as a guideline for

organisations that intend to accept marketing concept as their organisational philosophy, fulfilling two purposes. Firstly, the model recommends the required steps that should be implemented in order for a company to become a market-oriented organisation. Secondly, this model shows a linkage between market orientation and superior performance of business and so could be used to motivate the organisations that have not yet accepted marketing concept as its organisational philosophy.

The theoretical model of market orientation components developed in this study presented in Chapter 3 in Figure 3.6 has extended the existing knowledge in the market orientation literature. The model recommends that, if an organisation has an understanding and commitment to its markets and customers, if an organisation wants to create and provide superior value in the product as well as customer satisfaction, if an organisation encourages customer comments and complaints, only then it can progress to the next step that is for intelligence generation, and so the next step for intelligence dissemination, and finally, for the last step intelligence responsiveness.

This model can be used as a guideline for companies that want to be market-oriented because the model suggests the detailed activities under each of the market orientation components. This means that an organisation will know what to do in order to accomplish each of the market oriented-activities.

11.6. LIMITATIONS AND FURTHER RESEARCH DIRECTION

The conceptual framework of market orientation in this study was tested by investigating the market orientation of the large consumer goods manufacturing companies in Bangladesh that considered serving the local market as their primary objective. The reason for selecting large companies was because it was thought that the market orientation might be more clearly reflected in large companies than in small companies. Future market orientation studies in Bangladesh should include a sample incorporating all sizes including large, medium, and small companies and compare the market orientation between these three.

The purpose of this study was to investigate the market orientation of the local manufacturing companies and thus multinational companies were excluded. Future

studies in Bangladesh should include multinational companies in order to provide comparative analysis between local companies and multinational companies.

The conceptual framework of market orientation presented in Figure 5.1, Chapter 5 in this study was developed on the basis of the vital issues (required conditions, market orientation components, and consequences or outcomes) of the synthesis market orientation model presented in Figure 3.5, Chapter 3 and the initial issues (marketing concept and implementation issues) were excluded. The reason for exclusion of the initial issues from the market orientation framework was because the previous market orientation studies only considered the vital issues and the scales for initial issues were not available. Since inclusion of these issues required operationalise and development of scales, considering the time frame and cost of the research, it was decided not to include these issues in the conceptual framework. Future studies will be required to operationalise and develop scales for these issues.

The conceptual framework of market orientation (Figure 5.1, Chapter 5) was proposed as a generic framework that could be applied to any country, developed or developing but considering the time and cost involved, only one developing country could be studied. Therefore, further study needs to be carried out in more developing countries as well as in developed countries to examine the applicability of this framework.

Some additional antecedents of market orientation including professionalism, entrepreneurship, company size and resources, political unrests and nepotism, culture, legal environment, and lack of efficient manpower were identified in the qualitative research. These additional antecedents were not included in the conceptual framework, as they had not been thoroughly covered in the previous market orientation literature. For future market orientation studies in Bangladesh, these additional antecedents/variables should be included together with the existing antecedents identified in this study to examine their relationships with market orientation.

As this study was limited to one developing country, it was not possible to carry out a comparative analysis with market orientation of another country. It is therefore suggested that cross-cultural studies should be carried out in the future in different developing countries for comparison purposes.

Subjective or perceived data were used in this study for measuring the business performance (economic performance) because of the confidentiality of the actual performance data. For future market orientation studies in Bangladesh it is suggested that if performance data from companies are not available because of confidentiality then alternative data from documentary sources such as trade and other publications should be used in addition to subjective/perceived data.

In this study the respondents were key informants from each company including chief executive officers and top managers of marketing and non-marketing departments. These key informants were used because of their specific knowledge about the required information for this study. Future studies in Bangladesh may consider interviewing personnel from different levels within the company together with these key informants.

This study is a ‘correlation study’ in nature as stepwise regression analysis and multivariate analysis of variance (MANOVA) were used for data analysis. These two data analysis techniques have been widely used by researchers in previous market orientation studies reported in the literature, and so, in order to confirm the consistency of the findings of this study with previous market orientation studies, it would have been inappropriate to use other data analysis techniques in this study. It is suggested that, in order to confirm the findings of this study, additional studies in Bangladesh should be ‘causal’ and use different data analysis techniques than this study such as LISREL or path analysis. For this purpose, it is also suggested that a larger sample size should be considered.

11.7. CONCLUSION

Despite the substantial importance of the marketing concept and its implementation in the modern business arena extensive research has not been undertaken in developing countries. Market orientation models have only been developed and tested for developed countries. This need for a market orientation model that is applicable to developing countries motivated the researcher to develop a synthesis model of market orientation and test it in a developing country.

The conceptual framework of market orientation (Figure 5.1, Chapter 5) proposed in this study is the “**initial conceptual framework**” that has been used for extensively identifying the antecedents and consequences of market orientation of a developing country, Bangladesh. The applicability of this framework in the most densely populated country in the world confirms the potentiality of the use of this framework for other developing countries. This framework has potential because customers are the centre of synthesis marketing activities and if this framework can work in the most densely populated country in the world, it can also work in other developing countries.

This first synthesis model of market orientation for a developing country, Bangladesh (Figure 11.12) is significant than the previous market orientation models in three grounds.

- Firstly, this model has been developed on the basis of the general areas of agreement (vital issues) of five market orientation perspectives in developed countries that included all the components that may be lacking in a single perspective. Confirmation of each of the components of the model in this study indicate that the synthesised general areas of agreement among the five different perspectives give this model a comprehensive nature which can produce better market orientation findings than any single market orientation perspective.
- Secondly, this model has incorporated both internal organisational antecedents/factors and external antecedents/factors as determinants of market orientation while the earlier market orientation model developed by Jaworski and Kohli (1993) for developed countries only considered the internal organisational antecedents/factors as determinants of market orientation.
- Thirdly, along with other economic and non-economic performance measures, this model shows customer response (customer satisfaction and repeat customer) as an additional consequence of market orientation while in the earlier market orientation model for developed countries customer response (customer satisfaction and repeat customer) was excluded (see Jaworski and Kohli, 1993).

As this is the first synthesis model of market orientation that goes beyond an individual market orientation perspective, the researcher expects that, it will attract interest and be used by the policy makers in Bangladesh to assist them in identifying the overall market orientation of their companies. It will also help companies to improve their market-oriented activities as they will be able to compare their actual market-oriented behaviour with the behaviour necessary to achieve superior business success. It is also anticipated that the consumer goods manufacturing companies in Bangladesh that are not market-oriented will be encouraged by this model to adopt market-oriented behaviour in order to improve their organisational success in a more rapid and professional fashion, as this model links market orientation with both the economic and non-economic performance of business. It is also hoped that the verification of the synthesis model of market orientation in this study in Bangladesh will arouse interest among the marketing scholars to test the model further both in developed and developing countries.

Finally, this first synthesis model of market orientation for a developing country, Bangladesh, that confirms the extended form of the vital issues, is still to be established as a generic model. Therefore, in order to verify its generic application, it is hoped that this model will be used as a starting point for further studies and be tested in other countries in the world, both developed and developing.

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APPENDIX A

SURVEY QUESTIONNAIRE

MARKET ORIENTATION SCALE

This part of the questionnaire is designed to measure the extent of market orientation of the consumer goods manufacturing companies in Bangladesh. You will find a number of general statements with a set of possible responses below such as:

Strongly Disagree Disagree Neutral Agree Strongly Agree

1 2 3 4 5

You are requested to read each of the statements carefully and circle the best response considering the situation of your company. If you have reservation about a statement, please circle the response that most clearly approximates your feeling.

MARKET ORIENTATION

(Customer Emphasis)

[1] We encourage customer comments and complaints because they help us to do a better job. 1 2 3 4 5

[2] We have a strong commitment to our customer. 1 2 3 4 5

[3] We are always looking at ways to create customer value in our products. 1 2 3 4 5

[4] We measure customer satisfaction on a regular basis. 1 2 3 4 5

MARKET ORIENTATION

(Intelligence/Information Generation)

[5] In this company, we meet with customers at least once a year to find out their future needs. 1 2 3 4 5

[6] In this company, we do a lot of in house market research. 1 2 3 4 5

[7] We survey our end users at least once a year to assess how they perceive the quality of our products. 1 2 3 4 5

[8] We are slow to detect changes in our customers' product preferences. 1 2 3 4 5

[9] We are slow to detect fundamental shifts in our industry (e.g., competition, technology, regulation). 1 2 3 4 5

[10] We periodically review the likely effect of changes in our business environment (e.g., regulation) on customer. 1 2 3 4 5

MARKET ORIENTATION

(Intelligence/ Dissemination/Interfunctional Coordination)

[11] In our company, we have interdepartmental meetings at least once a quarter to discuss market trends and developments. 1 2 3 4 5

[12] Marketing personnel in our company spend time discussing customers future needs with other functional departments. 1 2 3 4 5

[13] Data on customer satisfaction are disseminated at all levels in this company on a regular basis. 1 2 3 4 5

[14] When one department finds out something important about competitors, it is slow to alert other departments. 1 2 3 4 5

[15] If anything important happens to a major customer or market, the whole company knows about it in a short period. 1 2 3 4 5

MARKET ORIENTATION

(Intelligence/Information Responsiveness or Taking Action)

[16] It takes us forever to decide how to respond to our competitors' price changes. 1 2 3 4 5

[17] We periodically review our product development efforts to ensure that they are in line with what customers want. 1 2 3 4 5

[18] For one reason or another we tend to ignore changes in our customers' product or service needs. 1 2 3 4 5

[19] When we find that customers would like us to modify a product, the departments involved make concerted efforts to do so. 1 2 3 4 5

[20] The activities of the different departments in this company are well coordinated. 1 2 3 4 5

[21] Customers complaints fall on deaf ears in this company. 1 2 3 4 5

[22] Even if we came up with a great marketing plan, we probably would not be able to implement it in a timely fashion. 1 2 3 4 5

[23] If a major competitor were to launch an intensive campaign targeted at our customers, we would implement a response immediately. 1 2 3 4 5

[24] Several departments get together periodically to plan a response to changes taking place in our business environment.

1 2 3 4 5

MARKET ORIENTATION ANTECEDENTS SCALE

This part of the questionnaire is designed to measure the influence of different factors/antecedents on market orientation of the consumer goods manufacturing companies in Bangladesh. You will find a number of general statements with a set of possible responses below such as:

Strongly Disagree Disagree Neutral Agree Strongly Agree

1 2 3 4 5

Please read each of the statements carefully and circle the best answer considering the atmosphere of your company. If you have a reservation about a statement, please circle the best approximate answer that clearly considers your feeling and your company situation.

SENIOR MANAGEMENT CHARACTERISTICS

(Top Management Emphasis)

[25] In this company, top managers repeatedly tell employees that this company's survival depends on it's adapting to market trends.

1 2 3 4 5

[26] Top managers often tell employees to be sensitive to the activities of our competitors.

1 2 3 4 5

[27] Top managers keep telling people around here that they must gear up now to meet customers' future needs.

1 2 3 4 5

[28] According to top managers here, serving customers is the most important thing our company does.

1 2 3 4 5

SENIOR MANAGEMENT CHARACTERISTICS

(Risk Aversion)

[29] Top managers in this company believe that higher financial risks are worth taking for higher rewards.

1 2 3 4 5

[30] Top managers in this company like to take big financial risks.

1 2 3 4 5

[31] Top managers here encourage the development of innovating marketing strategies, knowing well that some will fail.

1 2 3 4 5

[32] Top managers around here like to implement plans only if they are very certain that they will work.

1 2 3 4 5

SENIOR MANAGRMRNT CHARACTERISTICS

(Management Training)

[33] In our company, top mangers receive management training on a regular basis.

1 2 3 4 5

[34] It is our company requirement to organize management training program for the top managers. 1 2 3 4 5

[35] Our company is reluctant about sending top managers into training program. 1 2 3 4 5

[36] We don't have such training program in our company. 1 2 3 4 5

SENIOR MANAGEMENT CHARACTERISTICS

(Formal Marketing Education)

[37] It is our company requirement to have formal marketing education for the top managers. 1 2 3 4 5

[38] We can hardly see any of our top managers in the marketing department without having formal marketing education. 1 2 3 4 5

[39] Formal marketing education is the key requirement of the top managers in our marketing department for career movement. 1 2 3 4 5

[40] We emphasize on experience rather than formal marketing education to promote our managers in the marketing department. 1 2 3 4 5

ORGANIZATIONAL CHARACTERISTICS

(Centralization)

[41] There can be little action taken here until a supervisor approves a decision. 1 2 3 4 5

[42] Even small matters have to be referred to someone higher for a final decision. 1 2 3 4 5

[43] I have to ask my boss before I do almost anything. 1 2 3 4 5

[44] Any decision I make has to be my boss's approval. 1 2 3 4 5

ORGANIZATIONAL CHARACTERISTICS

(Formalization)

[45] In our company, employees are motivated to feel that they supervise themselves. 1 2 3 4 5

[46] For most of the things in our company it is within the authority of those who are responsible for them to decide how they will be done. 1 2 3 4 5

[47] The employees in this company are constantly monitored for rules violation. 1 2 3 4 5

ORGANIZATIONAL CHARACTERISTICS

(Political Behaviour)

[48] In this company, threatening others to perform certain jobs are encouraged. 1 2 3 4 5

[49] In our company, individuals' attempts in promoting self interest are accepted. 1 2 3 4 5

[50] We don't encourage political behaviour of employees in our company. 1 2 3 4 5

ORGANIZATIONAL CHARACTERISTICS

(Market Based Reward System)

[51] Employees from every department in this company get recognized for being sensitive to competitive moves. 1 2 3 4 5

[52] Customer satisfaction assessments influence senior managers' pay in this company. 1 2 3 4 5

[53] Formal rewards (e.g., pay raise, promotion) are forthcoming to anyone who consistently provides good market intelligence/information. 1 2 3 4 5

[54] Salespeople's performance in this company is measured by the strength of relationships they build with customer. 1 2 3 4 5

INTERDEPARTMENTAL DYNAMICS

(Interdepartmental Conflict)

[55] Most departments in this company get along well with each other. 1 2 3 4 5

[56] When members of several departments get together, tensions frequently run high. 1 2 3 4 5

[57] People in one department generally dislike interacting with those from other departments. 1 2 3 4 5

[58] Employees from different departments feel that the goals of their respective departments are in harmony with each other. 1 2 3 4 5

[59] There is little or no interdepartmental conflict in this company. 1 2 3 4 5

INTERDEPARTMENTAL DYNAMICS

(Interdepartmental Connectedness)

[60] In this company, regardless of their rank or position, it is easy to talk to anyone needed. 1 2 3 4 5

[61] There is ample opportunity for informal hall talk among individuals from different departments in this company. 1 2 3 4 5

[62] In this company, employees from different departments feel comfortable calling each other when the need arises. 1 2 3 4 5

[63] People in this company are quite accessible to those in other departments. 1 2 3 4 5

**EXTERNAL FACTORS
(Competition)**

[64] We regularly monitor our competitors' marketing efforts. 1 2 3 4 5

[65] We frequently collect marketing data on our competitors to help direct our marketing plans. 1 2 3 4 5

[66] Our salespeople are instructed to monitor and report on competitor activity. 1 2 3 4 5

[67] We respond rapidly to competitors' actions. 1 2 3 4 5

[68] There are many promotion wars in our company. 1 2 3 4 5

[69] Price competition is a hallmark of our company. 1 2 3 4 5

[70] Our competitors are relatively weak. 1 2 3 4 5

**EXTERNAL FACTORS
(Market Turbulence)**

[71] In our kind of business, customers' product preferences change quite a bit over time. 1 2 3 4 5

[72] Our customers tend to look for new product all the time. 1 2 3 4 5

[73] We are witnessing demand for our products and services from customers who never bought them before. 1 2 3 4 5

[74] Some times our customers are price sensitive, but on other occasions, price is relatively unimportant. 1 2 3 4 5

**EXTERNAL FACTORS
(Technology)**

[75] The technology in our company is changing rapidly. 1 2 3 4 5

[76] Technological changes provide big opportunities in our company. 1 2 3 4 5

[77] A large number of new product ideas have been made possible through technological breakthroughs in our company. 1 2 3 4 5

[78] Technological developments in our company are rather minor. 1 2 3 4 5

EXTERNAL FACTORS

(General Economy)

[79] The customers in our company are likely to be value conscious. 1 2 3 4 5

[80] Our company is more responsive to customer needs in order to offer good value for money. 1 2 3 4 5

[81] The general economy of this country is weak. 1 2 3 4 5

MARKET ORIENTATION CONSEQUENCES SCALE

This part of the questionnaire is designed to measure the influence of market orientation of the consumer goods manufacturing companies in Bangladesh. Like the previous scales, you will find a number of statements below with possible responses such as:

Strongly Disagree Neutral Agree Strongly Agree
Disagree

1 2 3 4 5

Please read all the questions with patience and circle the most appropriate response that applicable to your company. If you have reservation about a statement, circle the most approximate response considering your company situation and your feeling.

EMPLOYEES

(Organizational Commitment)

[82] Employees of this company would be happy to make personal sacrifices if it were to important for the company's well being. 1 2 3 4 5

[83] The bonds between this company and its employees are weak. 1 2 3 4 5

[84] In general employees are proud to work for this company. 1 2 3 4 5

[85] Our employees have little or no commitment to this company. 1 2 3 4 5

EMPLOYEES

(Esprit de Corps)

[86] People in this company are genuinely concerned about the needs and problems of each other. 1 2 3 4 5

[87] Working for this company is like being a part of a big family. 1 2 3 4 5

[88] People in this company feel emotionally attached to each other. 1 2 3 4 5

[89] People in this company view themselves as independent individuals who have to tolerate others around them. 1 2 3 4 5

BUSINESS PERFORMANCE

(Over the last three years)

[90] The return on investment of our company has improved. 1 2 3 4 5

[91] The profit of our company has increased. 1 2 3 4 5

[92] We have remarkable sales growth in our company. 1 2 3 4 5

[93] The market share of this company has gone up. 1 2 3 4 5

[94] The sales volume has increased. 1 2 3 4 5

[95] The revenues of our company have increased. 1 2 3 4 5

[96] The quality of our products has improved. 1 2 3 4 5

[97] The financial position of my company has improved. 1 2 3 4 5

CUSTOMER RESPONSE

(Customer Satisfaction)

[98] We have more loyal customers than competitors. 1 2 3 4 5

[99] We often receive complementary phone calls/letters from our customers. 1 2 3 4 5

[100] Our trade partners always praise about our product quality. 1 2 3 4 5

[101] We hardly receive complaints about our product. 1 2 3 4 5

[102] We generate new customers on our company on a regular basis. 1 2 3 4 5

[103] Customers of this company are happy with our products and prices. 1 2 3 4 5

CUSTOMER RESPONSE

(Repeat Customer)

[104] We have more repeat purchase in our company. 1 2 3 4 5

[105] If a customer buy from us for the first time also buy for the second time and on. 1 2 3 4 5

[106] We have more committed customers than anyone does. 1 2 3 4 5

[107] It is hard to see repeat customers in our company. 1 2 3 4 5

APPENDIX B

IN-DEPTH INTERVIEW QUESTIONNAIRE

GENERAL QUESTIONS

1. **What does the term “market orientation” mean to you?**
What kinds of things does a market-oriented company do?

This is to figure out the differences between their belief in market orientation and the way they practice market orientation. This also should lead to a definition of market orientation in a Bangladesh context.

2. **What organizational factors foster market orientation?**
What organizational factors discourage this orientation?
What external factors foster market orientation?
What external factors discourage market orientation?

This should give a list of factors that influence the degree of market orientation of the consumer goods manufacturing companies in Bangladesh. This might also give some additional factors that are different from the developed country context.

3. **What are the desirable consequences of this orientation?**
What are the undesirable consequences?

This is to see the possible effects market orientation might have on the consumer goods manufacturing companies in Bangladesh and these outcomes or effects may not be the same as for developed countries.

4. **Can you think of business situations in which this orientation may not be very important?**
Do you have any views on the importance of market orientation?
What are the limitations of implementing market orientation in this country?

This is to determine the importance and barriers of market orientation in Bangladesh.

MARKET ORIENTATION QUESTIONS

1. **Do you conduct surveys in your company to determine the customers current and future needs?**
If yes, do you survey both the end user and intermediaries?
How often do you conduct such surveys?
If no, why not?
How do you collect industry information in your company?

This will give insights into intelligence generation of the consumer goods manufacturing companies in Bangladesh. The way of generating intelligence

should be different than in a developed country because of the cultural and economical differences.

- 2. Do you have interdepartmental meetings in your company?**
If yes, do you discuss customers' future needs in those meetings?
How often do you have such meetings?
Do you share information regarding customers among the various departments?
How do you share this information?

This is to learn about the nature of intelligence dissemination within the consumer goods manufacturing companies in Bangladesh.

- 3. Does your company respond to the customer future needs and wants?**
If yes, how and how fast are you in responding to customer needs?
If no, why?
What are the obstacles to prevent you responding?

This will help in identifying the nature of intelligence responsiveness of the consumer goods manufacturing companies in Bangladesh. This also should outline the problems/obstacles to responding to customer needs and these problems/obstacles should be different than the developed country.

- 4. Do you think customer comments and complaints help you to do a better job?**
If yes, do you encourage customer comments and complaints?
Are there any particular procedures that your company follow to handle customer comments and complaints?
If yes, what are these procedures and how do you implement them?

This is to find out if customer comments and complaints are encouraged by the consumer goods manufacturing companies in Bangladesh. It will also give an idea about how comments and complaints are treated by them. This treatment might be different than the developed countries.

- 5. Do you think after sales service is important in making the customers satisfied?**
If yes, does your company provide after sales service?
How prompt are you in providing this type of service?
How do you provide this type of service?

This is to find out if consumer goods manufacturing companies provide expected after sales service. This will also indicate the way they provide after sales service and how prompt they are in providing such service.

- 6. What does customer commitment mean to you?**
Do you think you are committed to your customer?
If yes, how do you show this type of commitment?

This will show if they are committed to their customer and if, the nature of their customer commitment. This customer commitment might be different than the customer commitment in developed countries.

- 7. Do you create customer value in your product?
If yes, how do you create such value?
Are you always looking at ways to create customer value?
If yes, what is always meant to you?
If no, why not?**

This is to find out if the consumer goods manufacturing companies create customer value in their products and how serious they are in providing such value.

- 8. Do you think customer satisfaction is the most important issue in becoming customer-oriented?
If yes, do you measure customer satisfaction in your company?
How often and how do you measure customer satisfaction?**

This is to find out if they emphasise customer satisfaction in becoming customer-oriented. This will also tell the way and how often they measure satisfaction.

MARKET ORIENTATION ANTECEDENTS QUESTIONS

- 1. Please explain the role of top managers in your company regarding the following:
(a) Market trends
(b) Competitors
(c) Customers current and future needs
How do they respond to these kinds of situation?**

This is to identify the importance of top managers in determining the level of market orientation. This also should give a picture about the top managers emphasis on market orientation.

- 2. Do you think top managers in your company are risk takers?
If yes, do they deal with high risks?
Can you give an example of what is considered a high risk?
What are the reasons for taking such risks?
Do you think taking so much risk is justified?
Why?**

This is to know whether top managers of the consumer goods manufacturing companies in Bangladesh are risk averse as the level of risk determines the level of market orientation.

- 3. Do you have a training facility in your company for the top managers?
If yes, what is the purpose of such training?
How often do you conduct such training programs?**

**Do you think providing appropriate training can help market orientation?
How do you think training programs can help in becoming a market-oriented company?**

This question is to know whether the consumer goods manufacturing companies provide appropriate training for the top managers and this is also to learn about their perception regarding the training program in determining market orientation. This will also determine whether training is a factor in influencing market orientation.

- 4. Have the top managers of the marketing department in your company had a formal marketing education?
If yes, explain their role in becoming a market-oriented company.
If not, how do you think they contribute in becoming market-oriented?**

This is to know how formal marketing education helps in determining the level of market orientation.

- 5. Do you think centralized decision-making can help in achieving market orientation or is decentralized decision-making more helpful?
Do you think centralized decision-making can hamper your company in becoming market-oriented?
If no, how do you think it can help you in becoming market-oriented?
What is your view of formalized organizational structure in determining market orientation?
Do you use formalized organizational structure in your company?
Do you constantly monitor employees in your company for rules violation?**

This is to know the decision-making pattern and organizational structure of the consumer goods manufacturing companies in Bangladesh. This will also help in learning how the different decision-making patterns influence the determining of market orientation.

- 6. Do you think threatening others interest and promoting self-interest rather than customer needs can help in achieving market orientation?
If yes, why?
If no, how do you think it can hamper market orientation?
Do you depend on internal politics/interest in determining budget, obtaining personnel and office space rather than customer needs?**

This is to know whether consumer goods manufacturing companies in Bangladesh accept internal political behaviour of employees, emphasising self-interest rather than customer needs and what is its role in determining market orientation.

- 7. Do you reward (pay, promotion) employees in your company on the basis of their market performance?
If yes, do you think rewarding on the basis of market performance can foster market orientation?
Why do you have this opinion?**

If no, what other means do you consider when rewarding employees in your company?

Can you suggest any better reward system rather than a market based reward system that could help market orientation?

This should give an idea whether employees are rewarded on the basis of their performance or something else is behind the reward system. This will also determine whether a market based reward system influences the level of market orientation. It might also suggest some other reward systems rather than market based reward system that determine market orientation.

8. Do you think interdepartmental conflict is an obstacle for placing emphasis on customers and to the gathering of information, disseminating information and responding to the gathered information?

If yes, do you experience such a situation in your company?

Would you please explain?

This will give a picture of internal conflict within the consumer goods manufacturing companies in Bangladesh and will also help in determining whether internal conflict discourages market orientation.

9. Do you think interdepartmental connectedness can foster market orientation?

If yes, how are the different departments in your company internally connected? Please provide an example.

This will give insights of the nature of the internal communication system of the consumer goods manufacturing companies in Bangladesh. It will also help in determining whether internal connectedness fosters market orientation.

10. Do you monitor your competitors marketing efforts on a regular basis?

If yes, how do you monitor them?

Do you respond rapidly to the competitors' action?

How do you respond?

Do you think it can help you in becoming market oriented? How?

This is to know the nature of competition among the consumer goods manufacturing companies in Bangladesh. This will also help in determining the influence of competition on market orientation.

11. Do you think customers product preferences in this country change very often?

Does your customers look for new products all the time? If yes, can you provide new products all the time?

Do you offer product according to customers needs and their preferences?

If yes, what are the obstacles of such efforts?

Do you think offering products and services according to customers needs and preferences can help a company to become market orientated?

If yes, why do you think so?

This is to know the company's response according to customers needs and their preferences and the problems the companies face in responding. This will also determine whether market turbulence influences market orientation.

- 12. Have you made any technological developments in your company recently?
If yes, what are they and how do you think they provide opportunities for your company?
Does the technology in your company changing rapidly? If yes, do they provide big opportunity for your company?
Do you think rapid technological developments can supplement market orientation?**

This question should give an idea about the technological trends of the consumer goods manufacturing companies in Bangladesh. It will also determine whether technological developments discourage market orientation.

- 13. Do you think customers of your company are value conscious?
If yes, how do you serve them?
Do you think value conscious customers are more difficult to serve than the regular customers?
If yes, why?
What is your view of the economic condition of this country?
Do you think weak economic condition contributes to the market orientation?
If yes, why do you think so?**

This is to know the economic conditions of customers in Bangladesh and the way the consumer goods manufacturing companies in Bangladesh respond to that.

CONSEQUENCES QUESTIONS

- 1. Would you please explain the relationship between your employees and your company in terms of their commitment to the organization?
Do you think all the people in your company relate to each other?
If yes, how do they relate to each other?
If no, what are the reasons?
Would you please explain the team spirit of the employees in your company?**

This should show up the strength of ties between the employees and the consumer goods manufacturing companies in Bangladesh.

- 2. Do you think market orientation can help your company in achieving better business performance?
If yes, why do you think so?
Do you make profit according to your expectation in your company?
If yes, has it increased over the last three years?
Is it because of the market orientation or for some other reasons?
Do you think your sales revenue has increased over the last three years?**

Is it because of market orientation?

Have you experienced an increase in your market share over the last three years?

If yes, is it because of market orientation?

Do you think the product quality of your company has increased over the last three years?

If yes, is it because of market orientation?

Is your company better off now in terms of overall financial position than the last three years?

If yes, is it because of market orientation?

Can business performance be achieved without being a market-oriented company in this country?

If yes, how do you think it can be achieved?

If your company doesn't perform well, what are the reasons of not performing well?

This should give the insights of the performance of the consumer goods manufacturing companies in Bangladesh. This will also inform whether performance can be achieved without being a market-oriented company in Bangladesh. It may also suggest some other ways of getting business success rather than market orientation.

3. Do you think your company provides maximum customer satisfaction?

If yes, what makes you feel that your customers are satisfied?

Do you often receive complaints from your customers?

Do you often receive complementary phone calls from your customers mentioning the quality of your product?

This is to know the customer satisfaction and the way the consumer goods manufacturing companies in Bangladesh measure customer satisfaction.

4. Do you have repeat customers for your company product?

If yes, how do you measure repeat purchase by the customers?

If no, what are the reasons for not being having repeat customers?

This will help in determining the repeat customers of the consumer goods manufacturing companies in Bangladesh.