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**RESEARCH METHODS IN ADMINISTRATIVE SCIENCES**  
**(MAN 400)**  
**GRADUATION PROJECT**

**“THE POSITIVE AFFECT OF MARKET ORIENTATION**  
**ON BUSINESS PERFORMANCE”**

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**JULY 2006**

**NICOSIA**

## **Declaration**

1. The Graduation project comprises only my original work.
2. Due acknowledgment has been made in the text to all other material used.
3. The Graduation project involves, exclusive of tables, figures, Referencess, and appendix.

**Özcan GÜNDOĞDU**

5 July 2006

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## **Abstract**

Market orientation is one of the Major research streams in strategic marketing developed during the past 16 years. Studies on market orientation claim that compelling evidence exists that market orientation has a positive effect of market orientation and business performance. Recent research provides the much needed theoretical framework for the effect of market orientation, the implementation of marketing concept on business performance and shows some empirical support. In this study data was collected from 76 firms (Food, Finance, Automotive and Parts, Tourism, Retailers, Construction) in TRNC. Furthermore we found that the effects of market orientation on general performance and also performance as a main competitor.

**Keywords :** Market orientation. Marketing concept, Business performance

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## **SECTION I**

### **TERMS OF REFERENCE**

#### **1.1 Introduction**

This section introduces the broad problem area, problem definition, purpose of study and its questions.

#### **1.2 Statement of the topic**

In 2000 years' competitive world market orientation plays a key role. Prior researches show that market orientation has a positive effect on business performance. To measure market orientation several scales have been developed by several researchers. (Kohli and Jaworski, 1990; Narver and Slater, 1990). Market oriented firms have an advantage in competitive world .because strong market oriented companies drive to high level of profitability. Market orientation is a crucial variable related to business performance has been widely acknowledged for almost a decade (Kohli and Jaworski, 1990; Narver and Slater, 1990). There has been strong empirical support suggesting a positive relationship between market orientation and various indicators of business performance (Jaworski and Kohli 1993; Deshpande and Farley ,1999; Slater and Narver ,2000). Only in the last few years have researchers explored issues relating to market orientation in an international context (Dalgic, 2004; Uzokurt, 2003; Naktiyok, 2003).

#### **1.3 Problem Definition**

In today's globally competitive world, companies have been facing profitability problem, Because customer's needs and expectation are changing always. They are supplied more kind of product so they have more choices to buy. So customer is not profitable anymore than

result of competition. Companies earn under normal profits. Some of them have been surviving with zero profit. In the long run, every business is under risk for survival. There is no guarantee that any company will survive. Because customer's needs, demographics, life style, and consumption behaviours is changing rapidly. Competitors have been getting powered by new technology. So this change brings thight rivalry to the market. In competitive market conditions businesses continue to change as economic, political, social and technological forces shift and the companies that want to survive and grow should understand these changes. For high profitability and survival business should be market oriented.

#### **1.4 Problem statement**

The profit of companies decreases because of lack of market orientation. The purpose of this study is to define relationship between market orientation and business performance

#### **1.5 Purpose**

The first is to replicate the market orientation framework of Narver and Slater (1990) Market orientation, according to Narver and Slater (1990), consists of three components: consumer orientation, competitor orientation, and inter-departmental coordination. Market orientation has a positive impact on business performance. Objective of the study is to identify relationship between market orientation and business performance. A conceptual model of market orientation is discussed in full detail in chapter Three.

## **1.6 The Organisation of the Project**

The organisation of this project is as follows:

Chapter Two summarises the two main streams of literature, market orientation and business performance, which are central to the research topic.

Chapter Three discusses the conceptual framework and model, which arise from the literature surveyed in Chapter Two. This chapter also focuses on developing hypotheses drawn from the model.

Chapter Four describes the research methodology employed in this study, which includes research design, data collection procedures, questionnaire development, measures used, data preparation procedures, and the proposed statistical analysis.

Chapter Five this section depicts the results obtained from the questionnaire carried out on the subjects of the sample population.

Chapter Six the objectives of this final chapter are to highlight the contributions that have been made by this study and to provide recommendations

## **1.7 Conclusion**

This first section depicted the topic area, the problem situation, the purpose, and the questions set for the project. The next section will reveal the literature review carried out.

## SECTION II

### LITERATURE REVIEW

#### 2.1 Summary of chapter

The objective of this chapter is to review the existing marketing literature to show the relevance and significance of the research. Next, a review of the market orientation literature is presented. Specifically, the relationship between market orientation and business performance is explored.

*I don't use word "the market orientation",*

*But we have to be market oriented...*

*(Gamma)...*



## MARKET ORIENTATION AND BUSINESS PERFORMANCE

*There is only one definition of business purpose: to create customer....*

*It is the customer who determines what the business is....*

Peter F. Drucker

### Introduction

For many years, writers have claimed that a market-oriented approach to business will result in better corporate performance. Only recently years have such claims been empirically tested, with a growing body of research being conducted in the past 16 years (Uzkur, 2003). Many studies have found a positive association between market orientation and performance. As a market orientation comprises several components, such as a customer orientation and a competitor orientation, inter-functional coordination. Each component of market orientation should also be positively associated with performance (Dawes, 1999). The purpose of this paper is to research by testing the association between the individual components of market orientation and performance. The concept of market orientation has experienced a renewed interest in recent years as scholars re-evaluate the fundamentals of marketing concept (Grenley, 1995; Kohli & Jaworski, 1990; Narver & Slater, 1990; Shapiro, 1988; Slater & Narver, 1994). Narver & Slater (1994) found a positive association between management reported Market orientation and Return on Investment and Subjective measure of performance (Agarwal & Erramilli & SDev, 2003). Marketing concept generally is defined to identify and satisfy of wants and needs of customers and integrate of all functional areas of the organization to attain corporate goals by satisfying the wants and needs of customers (Dalgic, 2004).

During the past three decades the concept of marketing has changed dramatically. It evolved from a focus on the product and on making a better product where better was based on internal standards and values. The objective was profit and means to achieving the objective was selling or persuading the potential customer to exchange his or her money for the company (Keegan, 2000). The concept of market orientation was developed in the late 1960s and early 1970s at Harvard University and at a handful of forward thinking companies. It replaced the previous sales orientation that was prevalent between the mid 1950s and early 1970s and the production orientation that predominated prior to mid 1950s. The concept was first introduced in the late 1960s. It has been modified, repackaged, and renamed as customer focus, marketing philosophy, market driven customer intimacy, consumer focus, customer driven and the marketing concept (Wikipedia, 2006). Mc Kitterick and Keith define marketing concept distinct organizational culture that puts the customer in the center of the firm's thinking about strategy and operation (Sin&Tse, 2003). According to (Keegan,2002) knowing everything there is to know about the customer is not enough. To succeed marketers must know the customer in a context including competition, government policy and regulation and the broader economic social and political, macro forces that shape evaluation of market. Marketing concept has had a powerful impact on the way marketers now think and plan. The power of marketing concept becomes clearer when we compare its description with that of the selling concept (Agarwal & Erramilli & SDev, 2003). The marketing concept, on the other hand assumes that consumers will buy products that satisfy their needs and then create and deliver the desired products, will not have to trick consumers into buying their products. Focus on consumer satisfaction may be expensive but perhaps necessary for long-term profitability and continuity of the organization (Agarwal, & Erramilli & Sdev, 2003). Market orientation is a popular term used by marketing practitioners as indicator of the extent to which a firm implements the marketing concept (Uzkurt, 2003).



### 2.2.1 MARKET ORIENTATION

In recent years companies had to develop mechanism within their organisations to generate market information to analyse it and respond accordingly about increasingly rapid change in consumer preferences, faster technology, intensity competition. The set of activities developed by companies for permanent monitoring, analysis, and response to these market changes is referred to in the marketing literature as market orientation (Oliveras & Rado, 1998). Market orientation is business culture that places the highest priority on the profitable creation and maintenance of superior value for customers while considering the interest of other stakeholders, and provides norms for behaviours regarding the organizational generation of dissemination of and responsiveness to market orientation (Deshpande, Farley & Webster, 1993; Kohli & Jaworski, 1990; Narver & Slater, 1990). Hunt and Morgan state a market oriented culture produces a position of sustainable competitive advantage, and thus, superior long-run financial performance (Langerak, 2002). Market oriented firms also called market orientation, the marketing concept, consumer focus or customer focus is one that allows the wants and needs of customers and potential customers to drive all the firm's strategic decisions. The firm's corporate culture is systematically committed to creating customer value. The rationale is to have happy customers who come back more, and bring their friends. This process can entail the fostering of long term relationship with customers. In order to determine customer wants, the company usually needs to conduct some form of marketing research. Overall, the marketer expects that becoming market oriented, if done correctly, will provide the company with a sustainable competitive advantage (Wikipedia, 2006). The concept of market orientation subsumes knowledge about client's present and future needs, competitors trailing, and a control of environmental factors, market orientation generates market intelligence and it

may be an important source of ideas for new products and services (Kohli and Jaworski, 1990; Narver and Slater, 1990; Shapiro, 1988; Slater and Narver, 1994). Drucker (1954) is the first cornerstone of the marketing concept. Market orientation is significantly important in enabling firms to understand the market place and develop appropriate product and service strategies to meet customer needs and requirements (Liu et al, 2002).

At the heart of market orientation is the emphasis on the organization's customers. Since market orientation is the operationalization and implementation of the marketing concept, it makes sense that the fundamental premise of satisfying the needs and wants of a firm's customers should be inherent in any basic conceptualization of market orientation. Regardless of the perspective taken, the need for the company to understand its customers Shapiro meet their needs now and in the future create value for them and put their interests first is clearly put forth in the various definitions of market orientation (Lafferty & Hult, 1999).

Kohli & Jaworski (1990) defines market orientation that is the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it.

Narver and Slater, (1990) define market orientation as the organizational culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus, continues superior performance for the business. It's far more than the cliché getting close to the customer. The term market oriented represents a set of processes touching all aspects of the company (Shapiro, 1988).

Shapiro specifies three characteristics that make a company market driven (Naktiyok, 2003).

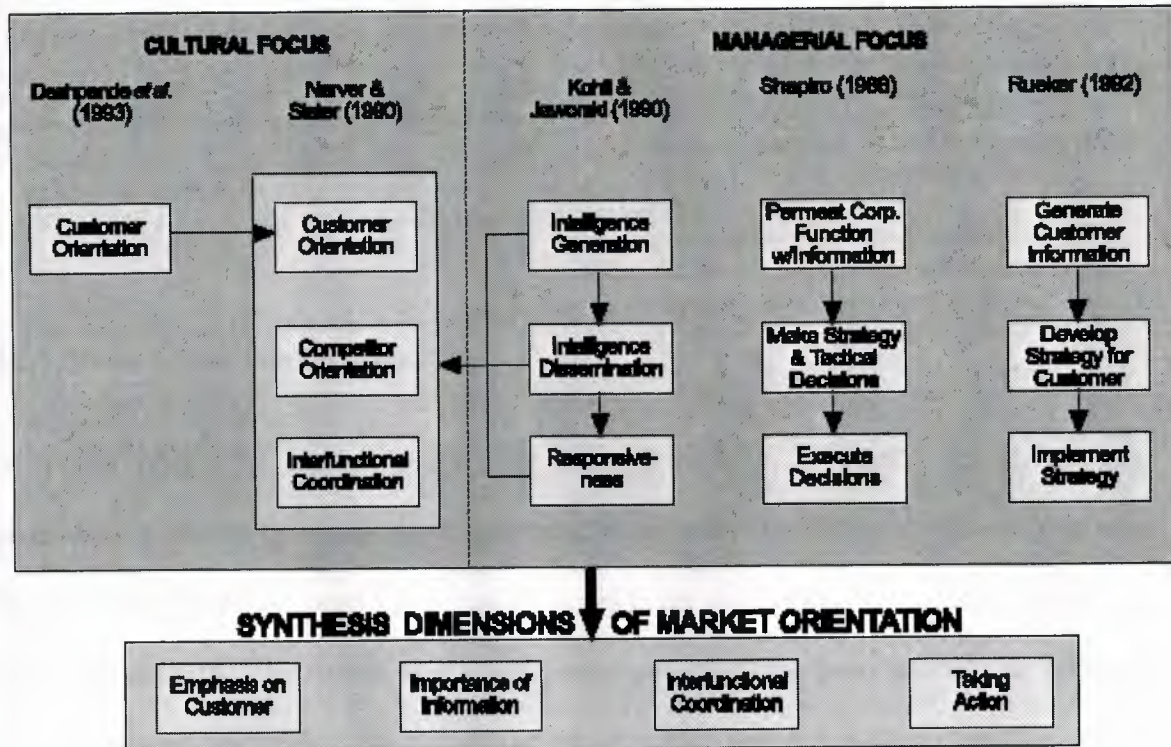
- (1) Information on all important buying influences permeates every corporate function.
- (2) Strategic and tactical decisions are made inter-functionally and inter-divisionally
- (3) Divisions and functions make well-coordinated decisions and execute them with a sense of commitment.

Ruekert notices 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 which will meet customer needs, and implements that strategy by being responsive to customer needs and wants (Naktiyok, 2003). Ruekert clearly specifies that the degree to which a firm obtains and uses information from customers will determine the level of market orientation of that organization (Naktiyok, 2003).

Ruekert's (1992) strategic approach allows 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. According to Ruekert (1992), the most critical external environment in developing a market orientation is the customer. The second dimension of market orientation according to Ruekert (1992) is the development of a plan of action or a customer focused strategy. Deshpande views customer orientation as being part of the overall corporate culture whose values reinforce and perpetuate this focus (Naktiyok, 2003).



Figure 2.1: *Conceptual framework of market orientation perspectives*



Source: 1 *Conceptual framework of market orientation perspectives* (Lafferty&Hult (1999) "A synthesis of contemporary market orientation perspectives "European Journal of Marketing, Vol. 35 No. 1/2, 2001,pp. 100."

A synthesized framework integrating the original five conceptualizations of market orientation is presented in Figure 1. While there are some inherent differences among the five models, there are several similarities that reflect a general agreement as to what constitutes the basic foundation of market orientation. There are four general areas of agreement in the five perspectives, including:

- (1) An emphasis on customers;
- (2) The importance of shared knowledge (information);
- (3) Inter-functional coordination of marketing activities and relationships; and
- (4) Being responsive to market activities by taking the appropriate action.

Regardless of the perspective taken, Shapiro the need for the company to understand its customers (meet their needs (Ruekert, 1992) now and in the future (Kohli and Jaworski, 1990), Create value for them (Narver and Slater, 1990) and put their interests first (Deshpande, 1993) is clearly put forth in the various definitions of market orientation.

### **2.2.3 Measures on market orientation**

A market orientation assures a customer focused strategy for market knowledge base generation, followed by coordinated, inter-functional marketing efforts to achieve long term firm success. There have been significant advances in the development of a market orientation construct since the late 1980s and much analytical effort has been devoted to defining, conceptualizing, and operationalizing constructs of market orientation (Deng and Dart, 1994). Two conceptualizations of market orientation have gained wide support by Piercy (Keskin&Erdil, 2004). The culture based interpretation of market orientation tested by Narver and Slater (1990) and the behavioural-based view of market orientation developed by Kohli and Jaworski (1990).

#### **2.2.4 The culturally based perspective**

The cultural perspective of market orientation is the organizational culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus, continues superior performance for the business (Narver and Slater, 1990, Deshpande, Farley and Webster 1993).

Kohli and Jaworski (1990), Narver and Slater (1990) also proposed a conceptualization of market orientation that presented a different approach to the construct. Inherent in the Narver and Slater (1990) definition of market orientation is the behavioural component. Narver and Slater (1990) inferred that market orientation consists of three behavioural elements:

- (1) Customer orientation;
- (2) Competitor orientation; and
- (3) Inter-functional coordination.

Building on these three components of market orientation, Narver and Slater have published a number of studies since 1990. According to Narver and Slater (1990), the customer orientation element requires a sufficient understanding of the customer in order to create products or services of superior value for them. This creation of value is accomplished by increasing benefits to the buyers or customers while decreasing their costs. To develop this level of understanding necessitates acquiring information about the customers or buyers and comprehending the nature of the economic and political constraints that face them. This helps to ensure that the company will be cognizant of the needs of its present and future buyers and can work to satisfy those needs.

The competitor orientation described by Narver and Slater (1990) means that the organization understands the strengths and weaknesses of its current and possible future competitors as



well as their long-term capabilities and strategies. The competitor orientation parallels the customer orientation in information gathering and includes a thorough analysis of the competitors' technological capabilities in order to assess their ability to satisfy the same buyers. The third behavioural component cited by Narver and Slater (1990) is inter-functional coordination which is the coordinated utilization of company resources in creating superior value for its customers. Thus, anyone in the organization can potentially create value for the buyer. This coordinated integration of business resources is closely linked to the customer and competitor orientation. It draws on the information generated and through the coordinated use of company resources, disseminates the information throughout the organization. If inter-functional coordination does not exist, then Narver and Slater (1990) suggest that this must be cultivated by stressing the advantages inherent to the different areas in cooperating closely with each other. To be effective, all departments must be sensitive to the needs of all the other departments in the organization. To measure market orientation as a cultural perspective Narver & Slater developed a 15-item factor weighted scale which was tested on split samples of 371 self administered questionnaires from top managers of 113 strategic business units of a single corporation. (Langerak, 2002).

### **2.2.5 The behavioural perspective:**

The behavioural perspective of research describes market orientation that is the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it (Kohli & Jaworski, 1990).

Kohli and Jaworski (1990) proposed their formal definition for market orientation based on three key elements:

- (1) Intelligence generation;
- (2) Intelligence dissemination; and
- (3) Responsiveness.

By focusing on specific marketing activities, Kohli and Jaworski (1990) facilitated the ease of operationalizing the marketing concept. Their string of research has been published widely since 1990 (Jaworski and Kohli, 1993).

The starting point of market orientation according to Kohli and Jaworski (1990) is market intelligence. They conceptualize market intelligence as a broader concept going beyond the verbalized needs and preferences of customers. Kohli and Jaworski (1990) state that market intelligence includes monitoring competitors' actions and their effect on customer preferences as well as analysing the effect of other exogenous factors such as government regulation, technology and environmental forces. Kohli and Jaworski (1990) also indicate that effective market intelligence involves not just current needs but future ones. This suggests that organizations anticipate needs knowing that it can take years to develop products to fulfil those needs. According to the definition proposed by Kohli and Jaworski (1990), the first key element in market orientation is the generation of market intelligence. This relies on formal

and informal mechanisms such as customer surveys, meetings and discussions with customers and trade partners, analysis of sales reports, formal market research and so on. An important part of this element is that intelligence generation is not the exclusive responsibility of the marketing department (Kohli and Jaworski, 1990). Information that is relevant regarding customers and competitors is obtained by all functional departments in the company such as R&D, manufacturing, and finance. Mechanisms, therefore, should be in place to ensure that this information is disseminated effectively to all departments.

Part of the organization's ability to adapt to market needs is how effectively it communicates and disseminates market intelligence among the functional areas. This dissemination of market intelligence is important because it provides a shared basis for concerted actions by the different departments (Kohli and Jaworski, 1990). The third key element of a market orientation is responsiveness to market intelligence. The first two elements have no value if the organization is not able to respond to market intelligence and the market needs. According to Kohli and Jaworski (1990), all departments need to be responsive and this can take the form of selecting the appropriate target markets, designing, producing, promoting and distributing products that meet current and anticipated needs. To measure market orientation from behavioural perspective Jaworski&Kohli(1993) developed a scale that is labelled MARKOR. This item scale was constructed using non linear factor analysis of matched samples of senior marketing and non marketing executives from 222 strategic business units.(Langerak,2002)



Fundamental forces that drive the degree to which a business has a market orientation is defined market knowledge, marketing leadership, employee satisfaction (Best, 2004)

- Market knowledge: the degree to which managers and employees have been educated and trained in the area of marketing directly affects the market orientation of a business.
- Marketing leadership: market orientation of business starts at the top if the senior management and key marketing managers of business do not have a strong market orientation, it is difficult for a business to establish any level of marketing excellence.
- Employee satisfaction: if employees are unhappy in their jobs and uninformed as to how they affect customers, the business market orientation will never achieve even minimal effectiveness regardless of senior management speeches and market based statements of mission and philosophy.

Uzkurt(2006) explains effecting factors of marketing orientation as top management, coordination between departments, corporate systems, reward systems.

The most important factor effecting market orientation is top management effects (Uzkurt, 2006). Webster (1988) made evaluation of market orientation that they are center of customer oriented and top management centered.

In summary, scholars designate being market oriented as an important factor that creates a setting conducive for behaviours by employees throughout the organisation. These congruent behaviours are directed at continuous creation of superior value for customers that leads to superior business performance.

### **2.2.6 Streams of market orientation**

Kohli and Jaworski(1990) and Narver and Slater (1990) conducted a number of empirical studies to refine measurement scales of market orientation. Gray (1998) have attempted to develop and propose a comprehensive measure market orientation by integrating the scales developed by Kohli&Jaworski(1993)and Narver&slater(1990). The antecedents and consequences of market orientation, such as (Organizational structure, organizational climate, conflict coordination, top management emphasis and other have been identified and examined by previous studies (Jaworski&Kohli, 1993; Ruekert, 1992).

The environmental moderators of the relationship between market orientation and its technological change, rate of market growth and others, have been identified to be significant moderators in affecting the relationship between market orientation and business performance ( Greenley, 1995 ; Slater and Narver, 1994).

There are many potential explanations for this lack of success in achieving market-orientation. Certainly part of the problem is one of understanding, and the move from market orientation aspirations to practical management action to realize those aspirations. However, one recurring theme in management responses to such proposals is very clear. It seems that one of the most repeated objections to market orientation in organizations is that it is "too expensive" or "inappropriate in the present economic climate because of resource shortages". Market orientation construct is influenced by a number of antecedent variables (such as top management involve involvement, in departmental conflict) is moderated by environmental variables" market turbulence" (Chan&Ngain, 1998).

## **2.3 MARKET ORIENTATION AND BUSINESS PERFORMANCE**

The goal of companies is to have market share and profitability. A market orientation provides a unifying focus for the efforts and projects of individuals and departments within the organization, thereby leading to superior performance. In addition, market orientation is reported as providing psychological and social benefits to employees sharing a feeling of worthwhile contribution, as well as higher levels of job satisfaction and organizational commitment (Agarwal&Erramilli&Sdev,2003). Competition and profitability are two reasons for adopting the marketing concept, which requires a firm to understand and satisfy, are customers to extent that doing so yields profits (Chang&Chen, 1998).Market orientation provides a unifying focus for the efforts and projects of individuals and departments within the organization, thereby leading to superior performance. Market oriented firms continuously monitor customer's changing needs attempts, to satisfy those needs by modifying its total offerings while making a profit(Chang&Chan,1998).According to some scholars, the main goal of market oriented companies should be the creation and retention of satisfied customers(Day,1994 ; Day &Wensly,1998; Drucker,1954; Hooley,1990; Kotler 1977). According to Narver & Slater (1990) to maximize its long run performance,the business must build and maintain a long run mutual beneficial relationship with its buyers. Day (1994) states marketing orientation is to stay close to the customer and put the customer at the top of organization chart and define the purpose of a businesses the creation and retention of satisfied customers and indicate that companies that offer superior customer value are expected to enjoy superior long run competitive advantage and superior profitability.

Severals studies have found positive relationship between market orientation and business performance. Rukert, Slater and Narver find a positive relationship, Hart Diamantopolous and

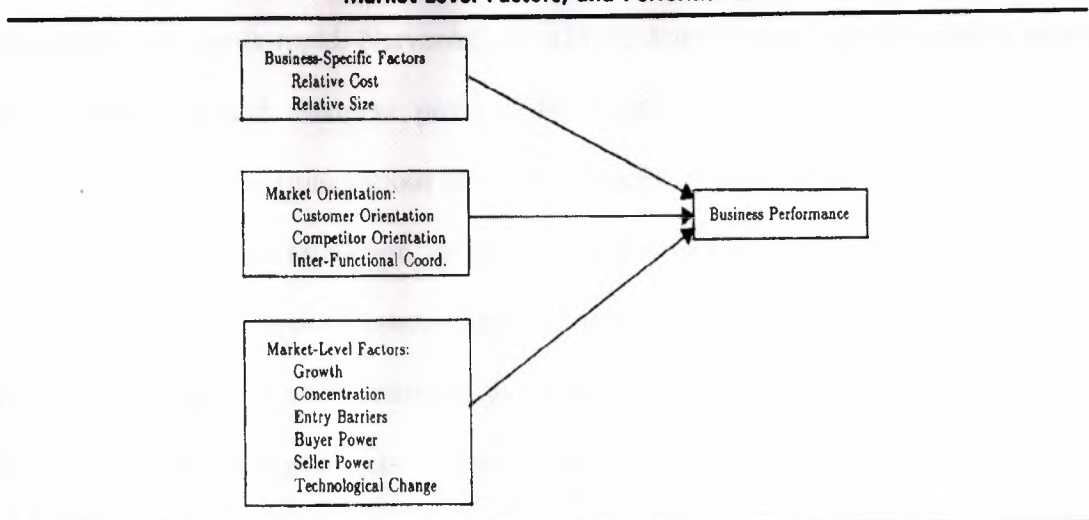


Han, Kim and Srivastava report no direct relationship, while Jaworski&Kohli and Narver and Slater encounter mixed results (Langerak, 2002).

Several conceptual writings suggest that the importance of market orientation for organizational performance depend on environmental conditions (Narver and Slater, 1990; Gima,1995). A strong market orientation is required to focus the organization on those environmental events that are likely to influence their ability to increase customer satisfaction relative to competitors (Baker and Sinkula, 1999).As a result, implementation of a market-oriented strategy, reacting to market feedback may allow a firm to adapt successfully to external environmental changes. However while a strong market orientation may keep a firm on a steady course, alone, it may not necessarily constitute a dominant market position for the firm. Firms with both strong learning and market orientations may be best able to respond environmental forces through learning that enables innovative and reactive marketplace behaviours (Baker and Sinkula, 1999).

**Figure 2.2 : “The effect of a market orientation on business profitability”,**

**FIGURE 2**  
**Independent Effects Model of Relationships Between Market Orientation, Business-Specific Factors, Market-Level Factors, and Performance**



**Source 2:** Narver, J.C. and Slater, S.F. (1990), “The effect of a market orientation on business profitability”, *Journal of Marketing*, Vol. 54 No. 4, pp. 20-35.

The literature concerning the marketing concept has assumed that the implementation of the market orientation would lead to superior organizational performance (Piercy et al, 2002). In their study Kohli and Jaworski (1990) propose that the greater the market orientation of an organization, the greater would be the overall performance and that this relationship would be moderated by such several external forces like weaker economy, greater market turbulence and competition. The environmental context of an organization will probably influence its level of market orientation. Organizations in more competitive and dynamic environments may be expected to be more market oriented. As a result, the linkage between market orientation and performance depends on the environmental characteristics of an organization (Jaworski and Kohli, 1993). Three environmental characteristics have been proposed by Jaworski and Kohli (1993): Market turbulence (the rate of change in the composition of customers and their preferences), competitive intensity and technological turbulence. Organizations that work with rapidly changing technologies may be able to obtain a competitive advantage through technological innovation together with the market orientation. Greenly (1995) concluded that market orientation might not be an appropriate organizational strategy for turbulent markets, where customers have limited power and technological change is rapid. Narver&Slater (1990) found a positive relationship between market orientation and business profitability where a market orientation is primarily concerned with learning from various forms of contact with customers and competitors in the market (Day, 1994; Slater&Narver, 2000). Further the authors extended their original study by considering the influence of entrepreneurial orientation on profitability. An entrepreneurial orientation encompasses such behaviors as innovativeness, risk taking and competitiveness which may enhance the prospects for developing a breakthrough product or identifying an unserved market segment (Lumpkin&Dess, 1996; Slater&Narver, 2000).

Researchers have pursued an understanding between market orientation and business performance by investigating. Many studies (Jaworski&Kohli, 1993; Narver&Slater, 1990) found a positive relationship between market orientation and performance. Jaworski&Kohli(1993) examined the relationship between market orientation and both objective and judgemental measures of performance, and found that market orientation is not associated with objective measures of performance, but it is positively associated with judgmental measures of performance. Jaworski and Kohli, Narver and Slater; Ruekert,Slater conducted in a variety of commercial and non commercial environment at many different levels of analysis to research into the market orientation and business performance relationship has While most of the research has been conducted in US (Ngai and Ellis,2000). Other studies have been conducted in the UK (Greenley,1995 )and in japan , (Deshpande et al Ngai and Ellis,2000).Table 1 summaries of market orientation research US research(1990-1996). Table 2 summaries non US market orientation research (1990-1996) from (Ngai and Ellis, 2000). As a result, a high degree of market orientation leads to customer loyalty, which in the long run contributes to better economic performance. Kohli&Jaworski posited a positive relationship between firm's market orientation level and customer satisfaction(Oliveros&Lado,2003). Also customer loyalty is expected to have a positive impact on business economic performance since market oriented firms have a larger number of satisfied customer and therefore a higher rate of repeated purchase(Dick and Basu,1994; Lambin,1996).

## **2.4 Conclusion**

This Section has reviewed the literature on market orientation and business performance.



## **SECTION III**

### **THEORETICAL FRAMEWORK**

#### **3.1 Introduction**

The objectives of this chapter are to propose a conceptual framework and model based on the literature review in Chapter Two and to suggest research questions and hypotheses drawn from the model.

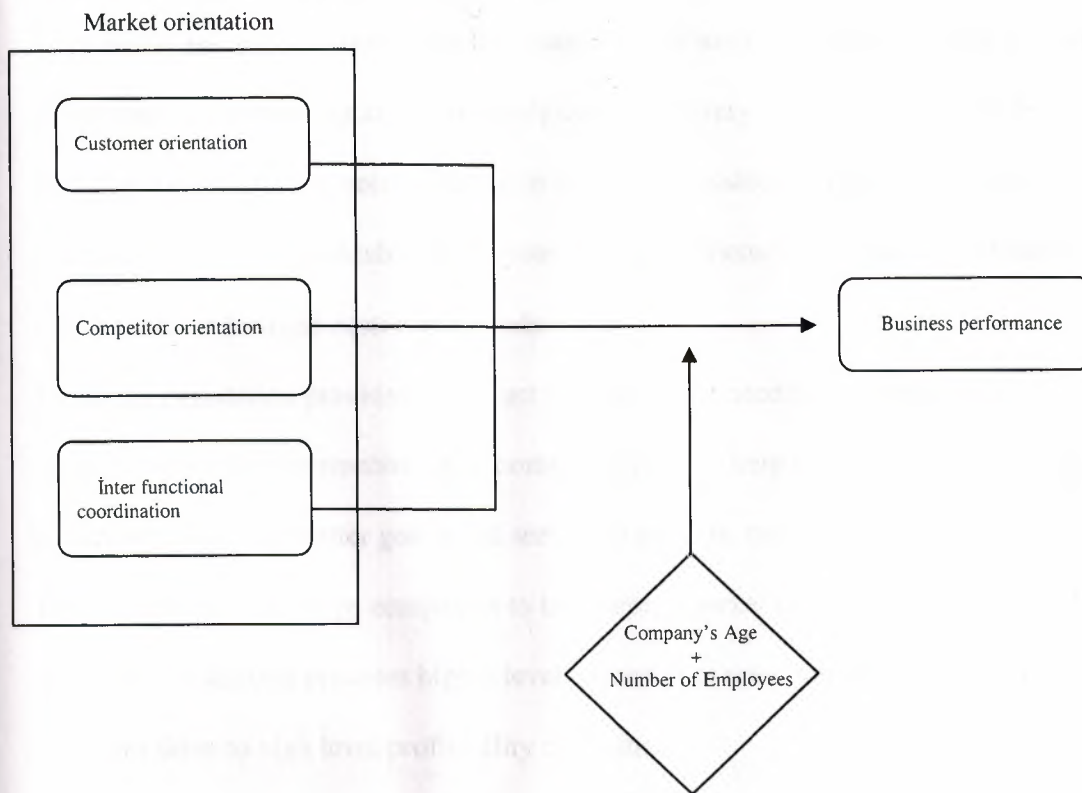
The chapter is divided into three major sections. Section 3.2 proposes a conceptual framework for this research and key components in the model. Section 3.3 presents the hypotheses of the study.

#### **3.2 Proposed Conceptual Framework**

Academic scholars and business practitioners have long advocated the importance of firms having a market orientation for the simple reason that market orientation can improve a firm's business performance. Narver & Slater (1990) emphasised that a market-oriented firm needs to focus on the current and future needs of customers. Equally important, the firm needs to understand strengths and weaknesses, capabilities and strategies of its competitors. In addition, market-oriented firms place importance on each individual function within the organisation in creating value for customers. The focus of this study is in line with Narver and Slater's argument saying that for a business to maximise its long-run profit, it must continuously create superior value for its target customers. To create continuous superior value for customers, business should be customer oriented, competitor oriented and inter-functionally coordinated (Narver&Slater, 1990).



**Figure 3.1 Conceptual Framework.**



Narver and Slater's (1990) conceptual framework of market orientation was adopted in this study. According to the authors, market orientation consists of three components: customer orientation; competitor orientation and inter-functional coordination (Narver and Slater 1990). Customer orientation is heart of marketing orientation. By focusing the customer company understand what customer want and needs. It helps the company to satisfy customer for profitability. Market oriented firms regularly monitor customer thus learn the customer needs to improve customer satisfaction. Competitor orientation defines what competitors' strengths and weakness for customer satisfaction. Competitor orientation is like a chess-game. A market oriented company should look at from this perspective to analyse competitors. If the organisation monitors competitor and analyse them, they may see some

situation for good idea helping company. Competitors may sometimes be a source of good ideas for new products. Understanding competitor strengths or strategies might help the organisation to know which product markets or parts of those markets to enter or avoid.

Inter-functional coordination is the last component of market orientation. This is coordination of personnel and other resources to satisfy customer. Every department, facility, branch office and other organizational unit has a role to understand customer. This coordination in the company helps to be profitable. Employees of market oriented business spend times for their customer to understand customer's needs.

Customer orientation provides to contact with customer needs and satisfaction.

Understanding key competitors and competitors forces help the company gain competitive advantage by giving better goods and service to provide customer satisfaction,

Inter-functional skill helps companies to be a strong market oriented and higher level of customer satisfaction provides higher level of customer retention and acquisition. In turn these variables drive to high level profitability of business.

- *Environmental Moderators*

Based on the assumption that under certain conditions market orientation may not be necessary for a firm, it appears likely that there is moderator which affect the relationship between market orientation and business performance. In this study moderating effect was taken as environmental variables is company's age and number of employees that influence the linkage between market orientation and performance

- *Business Performance*

The preceding propositions are all framed in terms of independent relationships between each component of market orientation, and performance. Each market orientation component could have a positive relationship with performance, independent of the other components. If

the performance of one of the components is high, it would be reasonable to assume that its general performance could improve. Therefore the proposition of independent relationships between each component of market orientation and profitability is justified.

In this study, business performance is measured by the composite of relative performance and overall performance.

### **3.3 Research Hypotheses**

The relationships between market orientation and business performance is summarised in the following hypotheses.

**H1:** There is a positive relationship between customer orientation and business performance

**H2:** There is a positive relationship between competitor orientation and business performance.

**H3:** There is a positive relationship between inter-functionally coordination and business performance.

**H4:** There is a positive relationship between market orientation and business performance.

### **3.4 Conclusion**

This chapter discussed the conceptual framework and model derived from the literature review in the previous chapter. The next chapter discusses the research methodology employed in this study.

## **SECTION IV**

### **Research Methodology**

#### **4.1 Introduction**

The objective of this chapter is to describe the methods by which the stated hypotheses, mentioned in the previous chapter, are tested using a survey conducted on TRNC firms.

The chapter involves the overall research design, including research design, sampling frame, sampling method, sample size, unit of analysis and survey instruments, including all measures used.

#### **4.2 Research Design**

##### **4.2.1 Research Approach**

Investigation type is the correlation study. In this research a cross-sectional study design was used. Cross-sectional design involves the collection of information from any given sample of population elements only once (Malhotra, 2006). Kumar (1993) explained that this design is suitable for studies that aim to analyse a phenomenon, situation, problem, attitude or issue by considering a cross-section of the population at one point in time. The advantage of this method is that it is cheaper and less time consuming than a longitudinal design. In fact, the majority of extant market orientation and business performance studies have employed cross-sectional design. The research interference was at a minimum since this was a field study conducted at the work environment of the sample population. The unit of measurement was the companies and finally, the time horizon of this study was one-shot designs (Narver and Slater 1990; Jaworski and Kohli, 1993).



#### **4.2.2 Target population**

Target population used for this study all firms in TRNC. It means the aggregate of all the elements, sharing some common set of characteristics which comprise the universe for the purpose of the marketing research problem (Malhotra, 2006)

#### **4.2.3 Unit of Analysis**

Narver and Slater (1990) and Jaworski and Kohli (1993) used the SBU (strategic business unit) as a unit of analysis in their studies. The SBU is defined as a business unit within the organisation that has a well-defined business strategy, own set of competitors and a manager responsible for profits and losses (Kotler, 2003). In the context of TRNC companies, the SBU may mean the company as a whole since the companies are usually smaller and less complicated in their organisational structure than those of many TRNC firms. Since this research seeks to replicate the work of Narver and Slater (1990) in a TRNC business context, it uses the SBU as the unit of analysis. This in turn allows us to maintain a level of consistency with data collection technique of these authors.

#### **4.2.4 Sampling Method**

Convenience sampling was used in this study and also by supporting referrals research was powered. Convenience sampling means a non probability sampling technique that attempts to obtain a sample of convenient elements. The selection of sampling units is left primarily to interviewer. Limitation of the sampling method non probability results of the study cannot be generalized (Malhotra, 2006). Convenience sampling has the advantages of the being both in expensive and fast. Additionally, the sampling units tend to be accessible, easy to measure and corporative. In spite of these advantages limitation of this sampling method is non probability results of the study cannot be generalized.

#### **4.2.4 Sample Size**

Taking this into account, it was aimed to reach as many firms as possible within the limited time frame.

### **4.3 Data Collection and questionnaire translation**

In this section, the development of the questionnaire is discussed. This includes issues such as translation, back translation of the questionnaire. The section also describes the data collection procedure in detail.

#### **4.3.1 Questionnaire and Back Translation**

The original questionnaire is in English. Since English is not an official language in TRNC, some of the respondents may not be familiar with the original questionnaire language. So questionnaires were translated from English to Turkish and back translated to English to avoid any inconsistencies.

#### **4.3.2 Data Collection Procedure**

In this research was aimed to reach as many firms as possible within the limited time by using the convenience sampling method as described in section 4.2.4. The questionnaire was delivered in May 2006. A total of 76 questionnaires were returned.

#### **4.4 The Survey Instrument**

A structured questionnaire was used in this research. The actual survey questionnaire is in Appendix. The questionnaire was divided into 3 sections. The first Section of the survey asked about company and director information in general, and their past and present experiences in operations. Section II measures the degree of market orientation in markets.

Section III consisted of a set of questions concerning the performance of the business unit. Measures used in this study were adopted from Narver and Slater (1990); Previous researchers used a five-point Likert scale (Jaworski and Kohli 1993), except Narver and Slater 1990, which used a seven-point Likert scale. In order to allow comparisons with extant work and to conform with what previous researchers had done, a five-point Likert scale was used from section II to section III

##### **4.4.1 Measures of Market Orientation**

Market Orientation consists of three behavioural components—customer orientation, competitor orientation, and inter-functional coordination—and two decision criteria—long-term focus and profitability (Narver and Slater 1990: 21)

The market orientation scale was developed by Narver and Slater (1990). Originally, it consisted of 21 items. However, the long-term orientation and profit measures had a low Cronbach alpha and low item-to-total correlation. Narver and Slater (1990) explained that, because of the low reliability scores, they could not draw conclusions about the empirical relationship of the two decision criteria with the three behavioural components of market orientation. Eventually, they examined only the three behavioural components of market orientation: customer orientation, competitor orientation and inter-functional coordination.

Since this research aims to replicate the work of Narver and Slater (1990), the market

orientation scale will cover only the three behavioural components of market orientation mentioned above. The final scale has 15 items of which six items describe customer orientation, four describe competitor orientation, and five describe inter-functional coordination.

#### **4.4.2 Measures of Business Performance**

The performance criteria used in this research included the performance measures used in previous studies. Business performance was measured by both objective and subjective measures. The majority of the subjective measures were based on those used by Narver and Slater (1990) and Slater and Narver (1994). The subjective measures in this study asked informants for their assessment of the performance either by compare to the company's performance or by comparing to those of major competitors in the past 3 years by rating on a 5 point scale ranging from "poor" to "excellence".

#### **4.5 Conclusion**

This section has described the methodology followed during the investigations of this project.



## **SECTION V**

### **FINDINGS**

#### **5.1 Introduction**

This section depicts the results obtained from the questionnaire carried out on the subjects of the sample firms as described in Section IV.

##### **5.1.1 Description of the questionnaire carried out**

The questionnaire carried out on the 76 SBU in LEFKOŞA and GİRNE which is included in Appendix. The questionnaire was divided into 3 sections. The first Section of the survey asked about company and director information in general, and their past and present experiences in operations. Section II measured the degree of market orientation in markets. Section III consisted of a set of questions concerning the performance of the business unit. Measures used in this study were adopted from ( Narver and Slater,1990) Previous researchers used a five-point Likert scale (Jaworski and Kohli ,1993), except (Narver and Slater,1990), which used a seven-point Likert scale. In order to allow comparisons with extant work and to conform with what previous researchers had done, a five- point Likert scale was used from section II to section III

#### **5.2 Results**

The results arrived from the questionnaires are reported below.

### 5.2.1 Facts about Firms Participating in the Survey

#### 5.2.2 Industries

Firms participated in this study are varied. There are 6 industries represented in this survey. As shown in Table 5.2.1 the firms responding to the survey were from industries such as automotive and parts (9.2 per cent) , construction (10.5 per cent), foods (22.3 per cent), tourism (17.1 per cent) finance and accounting (10.5 per cent), and retailer (30 per cent).

**Table 5.2.2 Companies of North Cyprus Firms Participating in the Survey**

Industries	Frequency	Percentage
Food	17	22.3
Finance	8	10.5
Automotive and parts	7	9.2
Tourism	13	17.1
Retailer	23	30
Construction	8	10.5
Total	76	100

#### 5.2.3 Company Size

In this survey, we measure company size by the number of employees. Table 5.2.3 reveals that 31.6 per cent of firms (50 and more than), 18.4 per cent of firms (21-30 employees), and 38.2 per cent of firms (10 employees or less).

**Table 5.2.3 Number of Employees**

Number of Employees	Frequency	Percentage
Less than 10	29	38.2
11 – 20	7	9.2
21 – 30	14	18.4
31 – 41	2	2.6
50 – and more than	24	31.6
Total	76	100.0

#### 5.2.4 Company Age

The information from Table 5.2.4 implies that a large number of the companies were set up in 1991-2000s (35.1 per cent). 23.0 per cent of firms started their business in 1981-1990s. 17.6 percent of company were set-up in 1971-1980 and other companies were set up with same percentage 17.6 per cent in 2001 and later. Around 5.4 per cent of firms have existed since the 1960s-prior

**Table 5.2.4 Company's Age**

	Frequency	Percentage
1960 and prior	4	5.4
1961-1970	1	1.4
1971-1980	13	17.6
1981-1990	17	23.0
1991-2000	26	35.1
2001 and after	13	17.6
Total	74	100.0

#### 5.2.5 Management Characteristics

##### *Educational Level*

As shown in Table 5.2.5 the majority of the respondents of the TRNC firms had at least a university degree (53.9 per cent), of which 11.8 Per cent of them had a master degree and 31.6 per cent of them had a high school degree.

**Table 5.2.5 Educational Level**

Education level	Frequency	Percentage
Finished primary school	1	1.3
Secondary school	1	1.3
High School	24	31.6
University degree	41	53.9
Master/PhD	9	11.8
Total	76	100.0

### 5.2.6 Occupation of Respondent

Most of respondent in this survey came from Manager and Director (85.6 per cent), followed by owner (6.6), and accountant /financer (5.2) , coordinator ( 2.6 per cent).

**Table 5.2.6 Occupation of Respondent in the Survey**

	Frequency	Percentage
Owner	5	6.6
Coordinator	2	2.6
Director	43	56.7
Manager	22	28.9
Accountant/Financer	4	5.2
Total	76	100.

### 5.2.7 Age of Respondents

The results of respondent ages present in Table 5.2.7

Most commonly, managers of the survey firms were in their 21- 30s (35.5 Per cent), followed by the 31-40 age group (30.3 per cent), and the 41 –50 age group (18.4 per cent). Overall, the data from this survey suggested that performance does not depend on manager's age.

**Table 5.2.7 Respondent's Ages in the Survey**

Age	Frequency	Percentage
Less than 20 years old	2	2.6
21-30	27	35.5
31-40	23	30.3
41-50	14	18.4
51-60	10	13.2
Total	76	100.0



### 5.2.8 Respondent's gender

People who responded this survey were 69.7 per cent (male) and 30.3 (female).

Overall, the data from this survey suggested that performance does not depend on respondent's gender.

**Table 5.2.8 Respondent's Gender in the Survey**

Gender	Frequency	Valid Percent
Female	23	30.3
Male	53	69.7
Total	76	100.0

### 5.3: Reliability

Reliability of analysis showed that the three factors that constitute market orientation (Customer orientation, competitor orientation, inter-functional coordination) has a  $\alpha$  value of (0.69). In addition reliability of business performance is ( $\alpha = 0.908$ ).

### 5.4 Correlation Analysis

A correlation analysis was conducted on all variables in this study. Correlation procedure was subject to a test of statistical significance at levels ( $p < 0.01$ ) or ( $p < 0.05$ ). The results of the correlation analysis are shown in figure.

Table 5.8 Correlation of components of market orientation on business performance

Correlations									
		Establishing date of company	Number of employee	Last three years performance	Performance Targetted	Average of market	Main competitor	General performance	
competitor	Pearson Correlation	-.214	.189	.304(**)	.231(*)	.290(*)	.227	.304(**)	
	Sig. (2-tailed)	.071	.109	.009	.049	.013	.056	.009	
	N	72	73	73	73	73	72	73	
customer	Pearson Correlation	-.062	.217	.181	.114	.084	.272(*)	.181	
	Sig. (2-tailed)	.600	.061	.121	.329	.471	.019	.121	
	N	73	75	75	75	75	74	75	
interfunctional	Pearson Correlation	-.250(*)	.163	.245(*)	.087	.148	.152	.245(*)	
	Sig. (2-tailed)	.033	.162	.035	.458	.205	.196	.035	
	N	73	75	75	75	75	74	75	
Establishing date of company	Pearson Correlation	1	-.375(**)	-.266(*)	-.225	-.158	-.234(*)	-.266(*)	
	Sig. (2-tailed)	.	.001	.023	.056	.182	.048	.023	
	N	74	74	73	73	73	72	73	
Number of employee	Pearson Correlation	-.375(**)	1	.378(**)	.398(**)	.415(**)	.363(**)	.378(**)	
	Sig. (2-tailed)	.001	.	.001	.000	.000	.001	.001	
	N	74	76	75	75	75	74	75	

\*\* Correlation is significant at the 0.01 level  
\* Correlation is significant at the 0.05 level

#### 5.4.1 Correlation of variables

The three components forming the market orientation are positively and significantly correlated with one another. According to results of correlations analysis there is a positive relationship between (competitor orientation, inter-functional coordination) and general performance ( $p < 0.01$ ,  $p < 0.05$ ). In addition to as the results of analysis there is a positive relationship between competitor orientation and performance targeted and also average of market performance ( $p < 0.01$ ,  $p < 0.05$ ). Finally there is positive the correlation between customer orientation and performance of main competitor. This means while customer orientation of a company is increasing, performance as main competitor have been increasing. Results showed us business size (number of employee) has positive effect on business performance. Company's profit had been increasing while number of employee is increasing up or while number of employee is decreasing down, the company's profits had been decreasing down. Company's age had a negative relationship on business performance. For example company's profits had been decreasing while age of company is increasing up to 2006 or while company age is decreasing down to 1960 and prior, the company's profits had been getting high.

**Table 5.9 : Correlation of variables**

#### Correlations

		Market orientation	General performance	Performance targeted	Average of market	AsMain competitor perform
Market orientation	Pearson	1	.297(*)	.191	.211	.263(*)
	Correlation					
	Sig. (2-tailed)	.	.011	.106	.073	.026
N		73	73	73	73	72

\*\* Correlation is significant at the 0.01 level

\* Correlation is significant at the 0.05 level

As a result we can say market orientation has positive effect on general performance and also performance as a main competitor

#### 5.5 Conclusion

This section has revealed the findings from the empirical investigations of this report.



## **SECTION VI**

### **CONCLUSIONS AND RECOMMENDATION**

#### **6.1 Introduction**

The objectives of this final chapter is to highlight the contributions that have been made by this study and to provide recommendations

#### **6.2. Conclusions**

Results we analysed about relationship between Market orientation and business performance is summarized below. In today's competition is key factor, companies need to have competitive advantage by creating customer value, for this reason they should be market oriented. Market orientation has been proven to help firms in other countries enhance their business performance. In the same way, it also helps TRNC firms to gain competitive advantage and improve their business performance. Our study showed us competitor orientation has a positive effect on last three years performance, targeted performance, market average and general performance. This means companies may get high profits by being competitor oriented in TRNC. Another component of market orientation is customer orientation, companies with customer oriented was more profitable as main competitor. In fact this showed profitable provided by giving more customer satisfaction than main competitors. It is an important factor to have more profit than main competitors. We can say this situation many of firms in TRNC may have high profit by being customer oriented. If company is more profitable than its main competitor, this define this company is succeed in market. Our study found that inter-functional coordination has positive impact on general performance and three years performance. Coordination of personnel provides high motivation in companies. So this results gave us that companies with inter-functional





coordinated had profitable on last three years and general performance. General performance also shows us that companies are profitable. The study found that establishing date of company as a environmental moderator had impact on the market orientation-business performance relationship. Company's age had a negative relationship on business performance. For example company's profit had been decreasing while age of company is increasing up to 2006 or while company age is decreasing down to 1960 and prior, the companys' profits had been getting high. Results showed us business size (number of employee) has effect on business performance. Business size has positive effect on last three year's performance, performance targeted, performance as average of market, general performance. Company's profits had been increasing while number of employee is increasing up or or while number of employee is decreasing down, the company's profits had been decrasing down. As a result I can suggest firms to use market orientation for higher profit.

### **6.3 Answers to hypothesis formulated for the project**

*H1: There is a relationship customer orientation and business performance.*

Our study showed us that customer orientation has a positive impact on business performance as main competitor performance.

*H2: There is a relationship competitor orientation and business performance.*

Results of study gave us that Competitor orientation has more impact on business performance(three years performance, Performance targeted, average of market performance, general performance).

*H3: There is a relationship between inter-functional coordination and business performance.*

Positive impact of inter-functional coordination is seen on three years performance and general performance.

*H4: There is a relationship market orientation and business performance.*

As a result we can say market orientation has positive effect on general performance and also as main competitor performance.

#### **6.4 Main Conclusions**

Finally, we found that market orientation is an important determinant of business performance, we can say market orientation has positive effect on general performance and also as main competitor performance .

#### **6.5 Limitations and Recommendations for further research**

There were two main limitations of this research affecting its generalize. One was obviously the sample population which needed to be much larger for the results to generalize. Another limiting factor is low possibility to get real answer

#### **6.6 Conclusion**

This final section has empirical findings of this study together with the Answers to hypothesis formulated for the project. Concluding remarks, the limitations and further recommendations for future research were also included.

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## APPENDIX

Table 1

Summary of empirical research on the relationship between market orientation (MO) and business performance (BP)

Author(s)	Sample	Measures		Conclusions
		MO	Performance	
Narver & Slater, 1990	113 SBUs of a US corporation	3 components: Customer orientation, Competitor orientation and Interfunctional coordination	subjective and relative: ROA, growth sales, NP success	positive relation MO-BP
Ruekert, 1992	5 SBUs of a US corporation	3 components: Use of information, Development of MO strategy, Implementation of MO strategy	objective: growth sales and profitability	positive relation MO - BP
Kholi & Jaworski, 1993	2 samples: 222 SBUs, and 230 managers - US	3 components: Intelligence generation, Intelligence dissemination and Responsiveness	subjective and relative overall performance  objective: market share	positive relation MO-subjective BP  not significant relation MO-objective BP
Kholi, Jaworski and Kumar, 1993	2 samples: 229 SBUs, and 230 managers - US	MARKOR scale, 3 components: Intelligence generation, Intelligence dissemination and Responsiveness	subjective multiple items performance measure	positive relation MO- BP
Diamantopoulos & Hart, 1993	87 firms UK	Kohli & Jaworski's scale	subjective and relative measures: sales growth	mixed results about MO-BP relation
Slater & Narver, 1994	81 SBUs and 36 SBUs of two US firms	Narver & Slater's scale	subjective measures: ROA, sales growth, and NP success	positive relation MO-BP
Deng & Dart, 1994	248 firms Canada	Narver & Slater's components, plus Profit emphasis	11 subjective performance measures (1 about NP success)	positive relation MO-BP
Deshpandé Farley & Webster, 1994	50 firms Japan	consumer orientation	subjective measures: profitability, market share, growth rate, and size	positive relation customer orientation-BP
Van Bruggen & Smidts, 1995	82 managers of a single firm Holland	Kohli & Jaworski's scale for distributors and competitors	subjective measures: absolute and relative overall performance	positive relation MO-BP
Greenley, 1995	240 firms UK	Narver & Slater's scale	subjective BP measures: ROI, sales growth, and NP success	positive relation MO-BP
Lambin, 1996	34 insurance firms, Belgium	scale with nine components	objective BP measures	positive relation MO-BP
Fritz, 1996	144 firms Germany	3 items: selling and customer oriented corporate philosophy, and customer satisfaction importance in goals	subjective BP measures: long term profitability	positive relation MO-BP
Pitt, Caruana & Berthon, 1996	161 service firms UK 193 firms in Malt	Kohli, Jaworski and Kurman's MARKOR scale	subjective performance measures: overall performance and relative, sales growth, ROCE	positive relation MO-BP in both samples



Table 1 (cont.)

Author(s)	Sample	Measures		Conclusions
		MO	Performance	
Selnes, Jaworski & Kohli, 1996	102 firms, 222 SBUs US, 70 firms, 237 SBUs Scandinavia	Kohli, Jaworski and Kurman's MARKOR scale	subjective measures: overall performance, overall relative performance  objective measure: market share	positive relation MO-subjective BP  non significant relation MO-market share
Pelham & Wilson, 1996	68 small firms US (longitudinal study)	9 items based on Narver and Slater, and Kohli and Jaworski scales	subjective measures: NP success, product quality	positive relation MO-BP
Atuahene-Gima, 1995, 1996	117 service firms and 158 manufacturing firms Australia	Ruekert's scale	subjective measures of NP performance	MO is an important factor in the NP success
Bhuiyan, 1997	92 bank managers Saudi Arabia	Kohli & Jaworski's scale	objective measures: ROA, ROE and sales per employee	non significant relation MO-BP
Gatignon & Xuereb, 1997	393 marketing managers US	Narver and Slater's scale of customer and competitor orientation	multi-item subjective measures of NP success	different strategic orientations have different impact on innovation performance according the market characteristics
Greenley & Foxall, 1997, 1998	230 firms UK	Kohli, Jaworski and Kurman's MARKOR scale	subjective measures: ROI, sales growth, market share and NP success	the impact of multiple stake holder orientation on performance is moderated by the external environment

Notes: NP = new product

**Table I.**  
Summary of market  
orientation research: US  
research (1990-96)

Study	Country	Sample	MO instrument based on	Performance measure	MO/performance relationship
Narver and Slater (1990)	USA	113 SBUs in 1 corporation	Literature review	ROA	Positive
Ruekert (1992)	USA	5 SBUs in 1 company	Discussions with managers	Sales growth, profitability	Positive
Jaworski and Kohli (1993)	USA	222 + 230 companies (2 samples)	Kohli and Jaworski (1990)	Market share, ROE, organizational commitment, <i>esprit de corps</i> , overall performance	Positive
Slater and Narver (1994a)	USA	107 SBUs in 2 corporations	Narver and Slater (1990)	ROA, sales growth, new product success	Positive
Raju <i>et al.</i> (1995)	USA	176 hospitals	Kohli <i>et al.</i> (1993)	19 subjective measures including: ROI, service quality, mortality	Positive
Pelham and Wilson (1996)	USA	68 small firms (various industries)	Narver and Slater (1990)	New product success, sales growth/market share, product quality, profitability	Positive

Study	Country	Sample	MO instrument based on	Performance measure	MO/performance relationship
Deshpande <i>et al.</i> (1993)	Japan	50 "quadrads" from public firms and their customers (various industries)	Personal interviews and literature review (e.g. Narver and Slater, 1990, Kohli and Jaworski, 1990)	Profitability, size, market share, relative growth rate	Positive (based on customers' assessments); none (based on managers' own assessments)
Diamontopolous and Hart (1993)	UK	87 companies	Kohli and Jaworski (1990)	Sales growth and profits relative to industry average	Weak association
Au and Tse (1995)	New Zealand/ Hong Kong	148 NZ hotels + 41 HK hotels	Kotler (1977)	Occupancy rate	None identified
Greenley (1995)	UK	240 large companies (various industries)	Narver and Slater (1990; 1994a)	ROI, new product success, sales growth	None identified
Pitt <i>et al.</i> (1996)	UK/Malta	161 UK service firms + 200 Maltese firms (various industries)	Kohli <i>et al.</i> (1993)	ROCE, sales growth, subjective impressions	Weak association

**Table II.**  
Summary of market  
orientation research:  
non-US research (1990-96)

Market  
orientation

## Appendix

### The Narver & Slater (1990) scale

In answering please use the following response scale and place the most appropriate number to the left of each statement. Please respond to all statements.

Not at all	To a very slight extent	To a small extent	To a moderate extent	To a considerable extent	To a great extent	To an extreme extent	
1	2	3	4	5	6	7	
_____							Our salespeople regularly share information within our business concerning competitors' strategies.
_____							Our business objectives are driven primarily by customer satisfaction.
_____							We rapidly respond to competitive actions that threaten us.
_____							We constantly monitor our level of commitment an orientation to serving customers needs.
_____							Our top managers from every function regularly visit our current and prospective customers.
_____							We freely communicate information about our successful and unsuccessful customer experiences across all business functions.
_____							Our strategy for competitive advantage is based on our understanding of customers needs.
_____							All of our business functions (e.g. marketing/sales, manufacturing, R&D, finance/accounting, etc.) are integrated in serving the needs of our target markets.
_____							Our business strategies are driven by our beliefs about how we can create greater value for our customers.
_____							We measure customer satisfaction systematically and frequently.
_____							We give close attention to after-sales service.
_____							Top management regularly discusses competitors' strengths and strategies.
_____							All of our managers understand how everyone in our business can contribute to creating customer value.
_____							We target customers where we have an opportunity for competitive advantage.
_____							We share resources with other business units.

Source : Langerak,F.(2002), "What is the Predictive Power of Market Orientation; Report Series Research in Management". pp.28



## Correlations between performance measures and performance clusters

Table IV: Correlations between performance measures and performance clusters		
	Performance (distance/means)	
Profitability compared to industry average*		
Profitability compared to business objectives**		
Return on Capital Employed compared to industry average**		
Sales growth compared to industry average**		
Sales volume compared to business unit objectives**		
Market share compared to your major competitor**		
Market share compared to business unit objectives**		
Overall assessment of your company's performance compared to industry average**		
Notes: **p<0.01 *p<0.05		

Source : Photis M. Panayides, (2004) "Asia Pacific Journal of Marketing and Logistics  
Volume 16 Number 1 2004 pp.54 "

*Sayın Katılımcı,*

*Bu araştırmanın amacı, Pazar Odaklılığın İşletme Performansı üzerine etkisini ölçmektir. Düşünceleriniz bizim için son derece önemlidir. Soru formundaki sorulara verdiğiniz tüm yanıtlar gizli tutulacak ve sadece istatistiksel analizlerde kullanılacaktır. Sizden elinizdeki 3 sayfalık soru formunu doldurmanız için birkaç dakikanızı ayırmanızı rica ediyoruz. Çalışmamıza yaptığınız katkılardan dolayı teşekkür ederiz.*

*Saygılarımızla,*

Yard. Doç. Dr. Figen YEŞİLADA

Özcan GÜNDOĞDU

## **I. BÖLÜM : Demografik Özellikleriniz**

1. Cinsiyetiniz: ☐ Kadın ☐ Erkek

2. Yaşınız:

☐ 20 ve altı ☐ 21-30 ☐ 31-40 ☐ 41-50 ☐ 51-60 ☐ 61 ve üstü

3. Medeni Durumunuz: ☐ Evli ☐ Bekar

4. Eğitim Durumunuz:

☐ Okur-yazar ☐ Ortaokul mezunu ☐ Üniversite mezunu  
☐ İlkokul mezunu ☐ Lise ve dengi okul mezunu ☐ Lisans üstü (Yüksek Lisans-Doktora)

5. Şirket içindeki göreviniz .....

6. Hizmet verdiğiniz sektör.....

7. İşletmeniz kaç yılında kuruldu?

.....

8. Şirketinizde çalışan eleman sayısı?

☐ 10 ve altı ☐ 21-30. ☐ 41-50  
☐ 11-20 ☐ 31-40 ☐ 50 ve üstü

**BÖLÜM 2.** Aşağıdaki ifadeleri değerlendirirken aşağıda sunulan ölçeği kullanarak her bir ifadenin sol tarafına sizin için en uygun rakamı yazınız

5. Evet, her zaman
4. Evet, genellikle
3. Bazen evet, Bazen hayır
2. Nadir olarak evet
1. Hayır, hiçbir zaman

- \_\_\_\_\_ Satış elemanlarımız rakiplerimizin stratejileri ile ilgili bilgileri düzenli olarak paylaşıyor.
- \_\_\_\_\_ İşletmemizin hedefleri belirlenirken müşteri memnuniyeti esas alınır.
- \_\_\_\_\_ Rakiplerimizin bizim için tehdit oluşturan faaliyetlerine hızlı bir şekilde karşılık veriyor.
- \_\_\_\_\_ Müşteri ihtiyaçlarını karşılamada memnuniyet seviyesini devamlı olarak izliyoruz.
- \_\_\_\_\_ Tüm departmanlarımızın üst düzey yöneticileri mevcut ve potansiyel müşterilerimizi düzenli olarak ziyaret eder.
- \_\_\_\_\_ Müşterilerimizle ilgili başarılı ve başarısız tüm deneyimlerimizle ilişkin bilgileri şirketimizle paylaşıyoruz.
- \_\_\_\_\_ Rekabet üstünlüğü sağlamaya yönelik stratejimizin temeli müşteri ihtiyaçlarını anlamaya yöneliktir.
- \_\_\_\_\_ Şirketimizdeki tüm fonksiyonlar(pazarlama/satış, üretim AR-GE Finans/Muhasebe vb) hedef pazarlarımızın ihtiyaçlarını karşılamak üzere bir bütün oluşturur.
- \_\_\_\_\_ Şirket stratejilerimizi “müşterilerimiz için nasıl daha fazla değer yaratabiliriz” düşüncesiyle geliştiririz.
- \_\_\_\_\_ Müşteri memnuniyetini sık sık ve sistemli bir şekilde ölçüyoruz.
- \_\_\_\_\_ Satış sonrası hizmete çok önem veriyoruz.
- \_\_\_\_\_ Tepe yönetim rakiplerin güçlü yanlarını ve stratejilerini düzenli olarak tartışır.
- \_\_\_\_\_ Tüm yöneticilerimiz işletmemizde çalışan herkesin müşteriye değer yaratma sürecine ne şekilde dahil olabileceğini bilirler.
- \_\_\_\_\_ Rekabet avantajı sağlama fırsatımız olan alanlardaki tüketicileri hedefleriz.
- \_\_\_\_\_ Diğer işletme birimleriyle kaynaklarımızı paylaşıyoruz

**BÖLÜM 3.** Aşağıdaki ifadeler işletmenizin performansını ölçmeye yönelik hazırlanmıştır. Lütfen sunulan ölçeği son 3 yıllık performansı dikkate alarak değerlendiriniz.

- 1- Hiç Tatminkar değil.
- 2- Tatminkar değil.
- 3- Ne Tatminkar ne de Tatminkar değil.
- 4- Tatminkar.
- 5- Kesinlikle Tatminkar.

- \_\_\_\_\_ İşletmenizin **karlılığı** piyasa ortalamasına göre kıyaslandığında
- \_\_\_\_\_ İşletmemizin **karlılığı** işletme hedeflerine göre kıyaslandığında.
- \_\_\_\_\_ Yatırımlarınızın geri dönüşü piyasaya göre kıyaslandığında
- \_\_\_\_\_ Satışlardaki **değişim**(artış/düşüş) piyasa ortalamasına göre kıyaslandığında
- \_\_\_\_\_ Satış miktarı işletmenizin hedeflerine göre kıyaslandığında
- \_\_\_\_\_ Pazar payınız **en yakın rakibinize** göre kıyaslandığında
- \_\_\_\_\_ Pazar payınız işletmenizin hedeflerine göre kıyaslandığında
- \_\_\_\_\_ İşletmenizin **müşteriyi elde tutma oranı** rakiplerinize göre kıyaslandığında
- \_\_\_\_\_ Sonuç olarak son **3 yıla** göre işletmenizin **performansı** piyasa ortalamasına göre kıyaslandığında