**CHAPTER IV**

**RESEARCH METHODOLOGY**

**4.1 Introduction**

This chapter discusses the research methodology used in this study. It explains the choice of study design, the survey method, survey instrument and sample. The MARKOR questionnaire was designed and explained specifically to measure the level of market orientation. Then the choice of the MARKOR questionnaire as a survey instrument is explained in more detail.

**4.2 Measuring market orientation**

Epistemologically, market orientation can be measured in different ways. In early 80’s, several scholars had discussed the influence of market orientation on performance but no official measurement instrument had been develop so it was not easy to compare results between different studies (Kholi, Jaworski and Kumar, 1993; Narver and Slater, 1990). Among the first scholars that were dedicated to develop the research instrument to measure market orientation were Narver and Slater (1990). Their conceptual framework described the market orientation concept as three behavioural variables and two decision variables. The 14-item scale of Narver and Slater 1990 measures an organization’s focus on customer orientation, competitor orientation, and inter-functional coordination. Response possibilities were scaled on a 7 likert scale. The research instrument was named MKTOR and has been used for the last two decades to measure market orientation level (Dawes, 1999).Three years after the launch of MKTOR, Kholi, Jaworski and Kumar (1993) developed another questionnaire based on their model that is called MARKOR. This is an abbreviation of market orientation. The MARKOR 32-item scale measures an organization’s focus on intelligence generation, intelligence dissemination, and responsiveness. Kumar, Stern, and Anderson (1993) prefer the MARKOR questionnaire as it has a massive set of questions that measures the concept of customer orientation. From literature, we see that intelligence generation, intelligence dissemination, and responsiveness are at the centre of building a successful market orientation (Narver and Slater, 1990). On the other hand, MARKOR almost doesn’t include questions that match to involvement, consistency and mission dimension in Denison cultural traits mode while those dimensions are also trivial to creating a successful market orientation, as they can have positive effects on company performance (Jimenez and Cegara, 2007; Desphande, 1999).Even thou, the MARKOR model is believe to be suitable tool for measuring the level of market orientation of the Northern Cyprus bank that is subject to this thesis. A second reason for using the MARKOR model and questionnaire is that Oczkowski and Farell (1997) uses this measurement tool in view of an Australian private and public companies perspective. It allows for the result to be compared to the result of other Northern Cyprus internationals that could have been measured with this method during the past two years.

**4.3 The survey instrument**

The MARKOR model (Kohli and Jaworski, 1990) was adapted and redesigned down to ten statements measured on a 5-point Likert Scale and translated into the local language, Turkish. The original MARKOR questionnaireincluded more than 10 statements; however, it was decided to cut down on the statements both due to the specific needs of the research and on criticisms from the literature.

Oczkowski and Farell (1997) posited that, the original form of measures is found to be inadequate, with poor empirical fit, and refined scales based on fewer measurement items are proposed. These questions had to be compressed to a maximum number of ten for better understanding and to achieve a viable result for the purpose of this study.

On the MARKOR questionnaire designed for this study the first dimension which was of intelligence generation that consisted of 5 statements aimed to measure attitudes on how much the organization is capable in collecting market information. The second dimension was the intelligence disseminationthat consisted of 2 statements assessing how fast the information disseminated amongst the front-line managers and top managers. The third dimension was the market responsiveness that consisted of threestatements which assessed how reactive, responsive and proactive is the organization to its immediate, present, pending and future competitors threat in the industry in which it operated. The questionnaires were sent to the respondents by the Bank’s human resources officers on email both in English and Turkish in order to avoid misunderstandings. The Turkish translation was assisted byAsst Prof Dr AhmetErtugan, Near East University (2013).

The statements used in the measuring instrument adapted from MARKOR were as follows (also see Appendix for both English and translation copies of the actual questionnaires used).

|  |
| --- |
| **Intelligence generation** |
| 1. In this organization, we meet with customers at least once a year to find out what products or services they will need in the future.
 |
| 1. In this organization, we do a lot of in-house market research.
 |
| 1. We are slow to detect changes in our customers’ preferences.
 |
| 1. We survey end users at least once a year to assess the quality of our products and services.
 |
| 1. We periodically review the likely effect of changes in our business environment (e.g. regulations) on customers.
 |

**Intelligence Dissemination**

1. We have interdepartmental meeting at least once in a quarter to discuss market trends and development.
2. Marketing personnel in our organization spend time discussing customers’ future needs with other functional departments.

**Responsiveness**

1. Several departments get together periodically to plan a response to changes taking place in our business environment.
2. If a major competitor were to launch an intensive campaign targeted at our customers, we would implement a response immediately.
3. The activities of the different departments in this business are well coordinated.

This study also conducted a pilot study based on the above measuring statements as below:

* All the MARKOR statements were translated to the local language, Turkish.
* A pilot test was carried out on Near East Bank employees with a view to assess their understanding of the MARKOR statements in Turkish and adjust the language if necessary.

As a result, the MARKOR measuring statements were refined in Turkish consisting of ten statements. The new questionnaire was tested for face validityas defined by Sekaran (2003) through lecturers and the deputy general manager of the Near East Bank.

A 5 point Likert scale was used for all response options connected to the statements. In descending order, the scale started with, I strongly disagree, then, I disagree, to, neither agree or disagree, on to, I agree, and I completely agree. The first item was coded with numeric value 1 and the last item as numeric value 5.

The background questions or measures used to analyse the data were categorized by the following demographic questions:

1. Gender
2. Age
3. Years of experience
4. Job position

**4.4 Research approach**

In order to collect the data set needed to test the research questions, a cross sectional study design was used. This design was most convenient as the questionnaire was only sent out once to the head office of the human resource of the bank and then dispersed through subdivisions or branches. Cross-sectional study design fits studies that aim to analyse a phenomenon, problem, situation, attitude or issue by considering a cross-section of a certain population at one point in time (Kumar, 1996). This type of question is comfortable for both the researcher and the participants. Furthermore, this study employed the research method using field survey, whereby questionnaires were sent to the head of human resources of the bank. The use of field survey was recommended for this study as it’s convenient and cost effective. A first advantage is that it provides a high level of general capability in representing a targeted or large population. Secondly, it’s also cost effective as you only need to pay for production of the questionnaire. Thirdly, there is also a greater precision in terms measuring the data gathered because there is uniformity in questionnaires to be answered by the subjects (respondents). Nevertheless, the field survey method has some disadvantages to it. The obvious of it is that not all questionnaires dispatched will the researcher get back from respondents. Secondly, it’s not also ideal for controversial issues such as focus groups, and face-to-face interview.

**4.5 Sampling frame and sample size**

The sample frame used for this study was obtained from the human resource department of the bank that served as study object for this thesis. The bank’s employee population was just over 200. An almost 100 of these employees has customer contact during their work and they were considered as suitable respondents for the questionnaire. The sample consisted of the top managers, customer service representative, operation officer, and cashier in all the ten (10) Near East Bank branches in Northern Cyprus. This approach fits the bottom-up approach to measure the level of market orientation of the bank. Other studies have collected data from top managers only as they are the ones making the strategy. The target group of this study consist of people that are actually implementing the strategy by executing top level directions. The front-line staffs included in the sample used are in direct personal touch with customer on daily basis. Invariably, their response should therefore give a good indication of how the bank is really market oriented. The standardised questionnaire was pretested. Ten (10) of the questionnaires was tested among managers and front-line managers of the bank. This was done because it helps the researcher to know the validity of the questionnaire i.e. the questionnaire was validated by the subjects.

**4.6 Data collection procedure**

Before the survey was enabled, 100 questionnaires were hand delivered to the Human Resource Director of the bank, which was later dispatch all over the ten (10) branches of the bank in Northern Cyprus. In this letter the purpose of the survey was explained as well as the importance of the results for the bank.

Data was collected by fully structured questionnaires that were hand-delivered to 100 respondents. The questionnaire was first delivered to the director of human resource of the bank, which was later dispersed to other branches of the bank. Respondents clearly showed high level of commitment, motivation which made the researcher to receive above average (80) of the questionnaires dispatched. The 80 questionnaires returned was considered enough for a random sample size accepted in social science research (Sekaran, 2003, p.294) which suggests that for a population of 100 a sample size 0f 80 is satisfactory.

**4.7 Respondents**

Respondents in this study are 100 employees of the bank branches in Northern Cyprus. Originally, the research was aimed at top managers to ensure a strategic and to some degree of interdisciplinary perspective on the company in question. After days of deliberation, it was decided to rather use bottom-up approach, and send the survey to front-line staffs, middle managers, and top managers.

**4.8 Measuring financial and market-based performance**

In order to establish a possible link between market orientation and business performance both objective and subjective methods were used as described below:

**4.8.1 Objective methods**

These included studying the bank’s income statements and industry data obtained from the state planning office. The income statements obtained covered the four year period between 2009 and 2012. The industry data comprised the contribution of the financial sector to the GDP during the years 2009 and 2010 which provided data to measure the growth of the company relative to the market. Management performance ratios were also used.

The aim of the objective methods was to assess the company’s financial as well as the market-based performance.

**4.8.2 Subjective methods**

The subjective methods simply used the opinions of the bank’s management and the promotional literature of the bank giving information on the company’s performance.

1. **Conclusion**

This section described the steps that were followed during the investigations of this study.