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Market Orientation: A New Model

Shahnaz Nayebzadeh

Department of Industrial Management, Yazd Branch, Islamic Azad University, Yazd, Iran

ABSTRACT

Purpose-The purpose of this paper is to careful and thorough overview the different approaches in the field of market orientation and introduces a new and comprehensive model in this area.
Design/ methodology/ approach-The paper is based on a critical review of the existing literature and after assessment of the three approaches such as behavioral approach by Kohli and Jaworski (1990), cultural approach by Narver and Slater (1990) and extended market orientation approach by Matsuno and Mentzer (2000), to improve the market orientation conceptualization offers a new and comprehensive model.
Findings-This comprehensive model explains the role of a set of important factors which influence businesses, because having the benefit of market orientation alone and without the approach to strategy characteristics within the organization including structural and non-structural, optimal competitive structure and affective factors on supply and demand structure such as market growth rate and market turbulence, buyer power and supplier power, technological turbulence, intensity of competition and entry or exit barrier the market cannot reach the desired result in business.
Research implications-A deeper understanding of marketing concept and market orientation as the implementation of this fundamental concept requires doing away with One-dimensional and Shortsighted approaches. No firm would succeed by applying a mere cultural approach and paying attention to the internal environment and ignoring the external environment and the firm's decisive measures or by a mere behavioural approach while paying attention to some activities without preparing the necessary cultural pre-requisites or by concentrating on just the competitors and the customers instead of a continuous monitoring of all the external factors.
Originality/ value- Entering the third millennium, it is facing not only with the increasing acceleration but also with changes. Now, acceleration transformation is so enormous that the ability to combine with it has changed to competitive privilege; companies for been successful cannot rely on their previous experiences and findings and requires new comprehensive approach about their markets. This paper's model can help improve the insight of marketer and managers in this area.
KEYWORDS: Market orientation, organizational factors, environmental factors, business strategy, performance

INTRODUCTION

Before the 50s, traditional views governed on marketing knowledge and marketing rules is defined as a view from within the organization to the outside and at that time thinking was in production and sale. Market department was responsible for selling anything that a company could produce and business units with information monopoly and mass production polices and resorting the rule on markets thought to increase sales and profits of the company. Webster describes the marketing knowledge that the decision makers of the organization have consider short time horizon and the company's advertising and sales force capability were allocated to the marketing department(Harrison-Walker, 2001). It took years for companies to understand that for their growth and development should have the perspective from the outside needs to the inside of the company and instead of pivotal products should think about the market and customer. McKitterick introduced a new paradigm in marketing science underlying important development at that time and opened new perspective upcoming the organizations and their decision makers. He believed that achieving organization goals depends on identifying the market needs and attaining customer satisfaction against the competitors. He called this new management philosophy as the marketing concept (Mowen & Minor, 2001).

Marketing Concept

Marketing concept indicates this point that activity of each business unit begins with the identification of customers and meeting their needs and not by having exploitation license, purchasing raw materials or benefit of skills in sales and therefore an organization is responsible for customer satisfaction and not just the production and sales of goods or services and can survive only until it is able to meet the needs and demand of the customer (Mowen & Minor, 2001).

Because of the importance of this new paradigm in marketing domain, researchers have developed methods and models applied to the marketing concept. Since the success of organization depends on creating a sustainable competitive advantage and the key to this advantage is to create superior value for customers, hence emphasizing on customer, competitors and other factors affecting the market was used as a dominant culture in an organization or a coherent set of targeted activities towards market as a concept of market orientation (Webb et al., 2000).

Market Orientation

In 1988, Shapiro was the first person to define various aspects of market orientation and introduced the market oriented company as a company that has:

***Corresponding Author:** Shahnaz Nayebzadeh, Department of Industrial Management, Yazd Branch, Islamic Azad University, Yazd, Iran

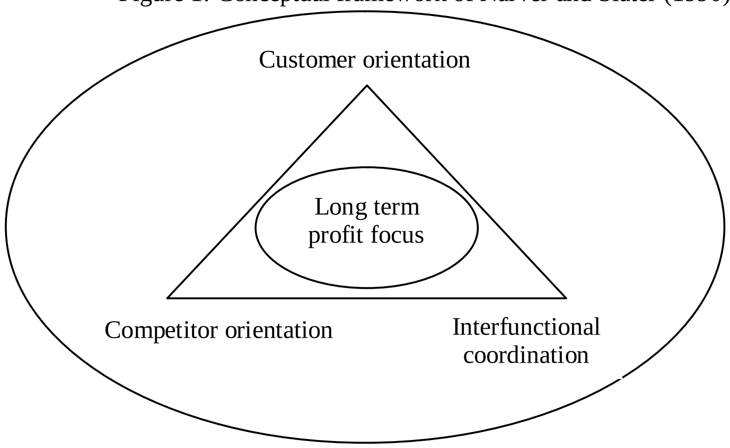
1. Important information about all the elements influencing the market and customer buying process penetrates in all duties and function of the company.
2. Strategic and tactical decisions are made between departments and organization units.
3. There is a commitment to implement this decision between departments and organization units (Harrison-Walker, 2001).

Review of research literature suggests that most of the organizations do not have clear vision about what is marketing concept and what abilities it has? The early 1990s, Narver and Slater and also Kohli and Jaworski as leaders to theory of market orientation have developed cultural and behavioral approach for application of marketing concept.

Cultural approach in the field of market orientation

According to Narver and Slater market orientation is an organizational culture as efficient and effectiveness which creates essential behavior towards superior value for customers and business superior performance. A market oriented company understands that using multiple tools to create additional benefits for customers along various kinds of saving in overall cost acquisition and use the product to benefit the customer, there exist potential sources for achieving sustainable competitive advantage for the company. So, it continuously evaluates these alternatives to understand how with the greatest effect can create sustainable superior value for current and future customers. Therefore, to achieve the highest level of performance and to maintain their long term, creates a mutually beneficial relationship with the customer and hence consider three main key activities such as customer orientation, competitor orientation and co-ordination between functions and also consider two criteria such as long term focus and profitability (Narver and Slater, 1990). Figure 1, shows the conceptual framework of Narver and Slater (1990) in the field of cultural approach to the issue of market orientation.

Figure 1: Conceptual framework of Narver and Slater (1990)



Source: (Narver and slater ,1990)

In 1990s research by these authors the relationship between market orientation and profitability as performance criteria were considered with regard to the eight control variables including business specific factors(relative cost and relative size) and market level factors(growth, concentration, entry barriers, supplier power, buyer power and technological change). They reported that market orientation is an important determinant of business performance (Narver and Slater, 1990).

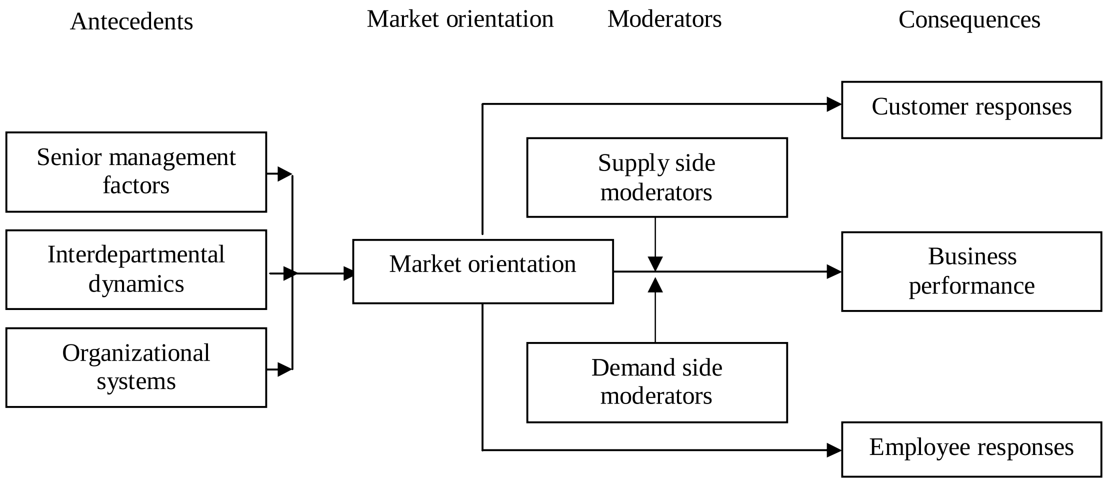
Slightly after the work of Narver and Slater different definition about market orientation were presented by Ruekert (1992). He describes market orientation as a business unit in which acquires and uses information about customers, develops a strategy that can meet the needs of the customers and this strategy is used to meet the needs of the customers.

Later using the data from a sample set of five of strategic business unit from a well-known company in the list of top companies of Fortune 500 magazine and achieved a 23 item criteria which consists of three behavioral components includes of using information about customer, developing market oriented strategy and implementing this strategy (Ruekert, 1992,). Day defines market orientation as multi-stage learning process consist of doing research and study, acquiring information, spreading and distribution of information, interpretation of information, implementing of information and output evaluation (Day, 1993). Two recent definition of market orientation is very close to the behavioral approach which has been introduced by Jaworski and Kohli (1993).

Behavioral approach in the field of market orientation

Figure 2 shows the conceptual framework of Kohli and Jaworski (1990) in the field of behavioral approach to the issue of market orientation. These two researchers defined market orientation in three dimensions of market information gathering, market information distribution in the organization and design and implementing appropriate response. Kohli and Jaworski believe that market information generation is said at a rate that organization for systematic data production (gathering and processing) about the needs, demands and preferences of current and future customers or end user of the products and as well external forces as competitors of the organizations, technological factors and in all each factor affecting the results. This must be done by all sectors of the organization due to sector special relationship with the market factors. Once the company information is available market-oriented firm must describe, identify and sharing this information within the organization. Planning and introducing formal communication processes and to stimulate informal interaction among members not only causes the growth of information resources but also facilitates the information flow and amelioration data processing. In fact, the value of information generated reaches to maximum when the members of all organization units are in reciprocal relation with each other. The third dimension of market orientation is responsiveness. Kohli and Jaworski believe that understanding market and information distribution is naturally consistent and appropriate with designing and implementing associated response (Varela and Rio, 2003). Kohli and Jaworski in 1990 in response to these questions "Does linkage between market orientation and performance depend on the environmental context?" and "Why are some organizations more market-oriented than others?" introduced three antecedents and considered tow moderators and investigated market orientation consequences by customer response, business performance and employee performance (Kohli and Jaworski,1990).

Figure 2: Conceptual framework of Kohli and Jaworski (1990)



Source: (Kohli and Jaworski,1990)

Conformity or contradiction between two approaches of market orientation

Some researchers believe that there is overlap between these two approaches. Although Narver and Slater have introduced market orientation as organizational culture that with maximum effectiveness and efficiency leads to the appearance of necessary behavior to create superior value for customers. But, it has been behaviorally treated to operationalize this concept and knows market orientation as a rate of reflection that a strategic business unit is associated to three behavioral components such as customer orientation, competitor orientation and inter-functional coordination. Therefore, it is stated that market orientation of Narver and Slater especially with regard to customer and competitor orientation components is a definition of behavior market orientation of Jawroski and Kohli and information generation dimension, information distribution, accountability (Rose and Shoham, 2002). On the other hand, Kohli and Jaworski in a cultural view evaluation states that Narver and Slater research is the most comprehensive research with many positive features such as 1) with an emphasize on customer and competitors have created a distinct view of the market which covers all effective factors on these two factors such as legal or technological factors. 2) In operationalizing this concept value has been given to production and distribution of information in the organization and 3) In measuring market orientation criteria containing behaviors and activities leading towards market orientation have been considered (Kohli et al., 1993).

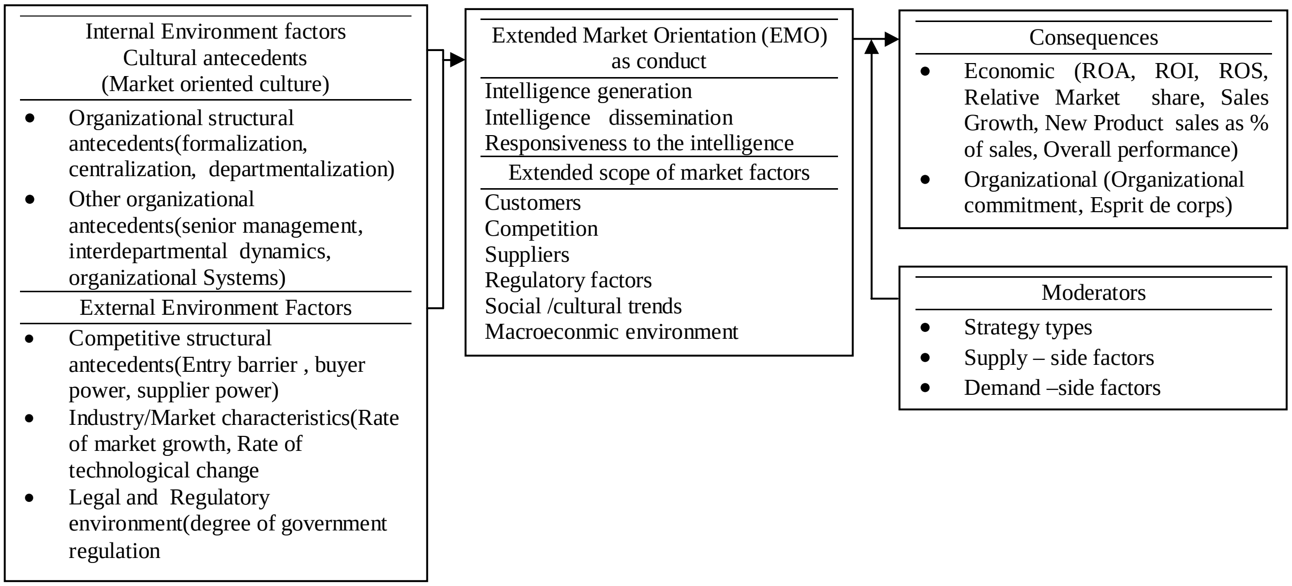
Each of these two approaches have distinctive contribution in understanding the concept of market orientation and although the conceptualizing of each is different with the other, but in the two main fields they show consistency and coordination. The first case is about the nature of information that the literature present in this relation emphasizes the agreement of both the approach about the information related to customers and competitors and the importance of these two main factors in the market. The second case shows that what does the company do with this information? Documents and evidences show that in both approaches the information is achieved and interpreted and used in planning and strategic measures of the companies. Therefore, considering both approaches and integration and coherence of the two can improve the richness of the concept of market orientation (Harrison-Walker, 2001).

EMO approache in the field of market orientation

According to Matsuno and his co-workers extended market orientation is on the basis of a conceptual model in the field of environment, conduct and consequence and consists of cultural concept of Narver and Slater as a antecedent to the conduct and also behavioral aspect of Kohli and Jaworski in the field of behavior and firms conduct (Matsuno et al., 2002). Approach to develop market orientation denotes firstly on companies with varying degrees involved in a series of activities related to information as the response and reaction to the internal and external factors. Secondly, the amount a company is engaged in such activities is to determine the consequences of market orientation. As a result, each of the two approaches of market orientation measurement in a particular level of extended market orientation (EMO) analysis will be discussed (Matsuno et al., 2005). In other words, each was with a different approach of a single concept and difference in market orientation measurement is due to the attention of each group of researchers to the aspect of limited extended market orientation.

EMO criteria as shown in figure 3 is stated along with many factors that all have significant effect on business performance and before that market orientation alone has effect on this operation, a series of inter-organization and environmental factors have entered into this model.

Figure 3: Extended Market Orientation Model



Source: (Matsuno et al., 2005)

Considering triple approaches and observing the variables of each model which were evaluated as antecedents, consequences and moderating variables occasionally represents repetition or contradiction, say EMO model, even though involves both cultural and behavioral approaches as an undeniable advantage , but regards the elements of external environment as a prerequisite of market orientation and simultaneously have put them in the position of moderating variables under the title of supply side and demand side factors. Thus presenting a comprehensive model which involves advantages of these three models and is free from defect seems essential.

The existing literature in the field of market orientation indicates that the researchers have not defined alone the concept of market orientation and a set of factors influencing in relation to market orientation in their proposed model were tested. It can be noted that the factors such as prerequisites or facilitating conditions or disincentive of market orientation, market orientation consequences and deflator variables that strengthen or weakens the relationship between market orientation and their consequences such as business performance.

Prerequisites for market orientation

The main requirements for market orientation which has been investigated in various researches can be divided into two variables of structural and non-structural within the organization. Among the structural factors in the organization study the effect of formalization, concentration, and departmentalization have been considered and senior management features, dynamics between organizational department and performance evaluation and reward system can be an important component in account of inter-organization or disincentive of market orientation.

Organizational structure

Since the specialization or departmentalization is accounted as a barrier in communication within the organization and between specialized units in the organization and formalization and concentration leads to adaption of low compatibility of organization with environmental changes and market factors; these three variables can have a significant impact on market orientation.

Kohli and Jarowski define formalization as degree where the law of organization describes the role of individual, relation of power, communications, norms and procedures. In a research whose results were published in 1990, they have stated that formalization with information generation have a negative correlation but is positive with response and centralization with three dimensions of market orientation has a negative relation (Kohli and Jarowski, 1990). Both researchers in 1993 conducted another study and concluded that high level of centralization leads to the reduction information generation and increase in responsiveness (Jarowski and Kohli, 1993).

Departmentalization or amount of sectors in a business unit according to the hypotheses of Jaworski and Kohli must cause the production and distribution of weak information in the organization and slow planning response to the customers' needs and market factor flow and facilitates the implementation of planned response. But, the evaluated results of these researchers show that departmentalization has no relation with none of the three aspects of market orientation. Although communicate among strong groups irrespective of their contrast can have a positive correlation with the market orientation (Jarowski and Kohli, 1993).

Matsuno, Montez, Ozsomer in a study of adopting relation of entrepreneurship tendency, market orientation and organization structure with business performance among the three structural variables of formalization, centralization and departmentalization has confined a negative correlation between departmentalization and market orientation and a negligible effect of the two variable of formalization and centralization in this field (Matsuno et al., 2005).

Since market orientation is defined as the capability of organization in generation, distribution and response to information related to extensive series of market factors such as customers, competitors, suppliers, cultural/social trends, legal factors and macro-economic factors, therefore rate of law and regulation which determines the activities and action of the member in the organization limits the capability of individual flexibility and decreases the possibility of action proportional to market orientation obligation. Therefore, if the organization workers cannot give their views on the decision of the organization there will be a decrease in professional work, which is because of the closeness to the determined factor in the internal or external environment of the organization to have the capability to analysis the situation. In other words, specializing most of the duties in the organization besieged the individual in specified limit from the goals and views and because of the directions and actions fanatically than the group activities to prevent from cooperation and partnership of this individual in other organizational work out of the limit of their specialization and because of this being market oriented the organization faces an obstacle. Some other researchers investigate the organizational variables as market orientation prerequisite (Veldhuizen et al., 2006; Laforet, 2008; Kok and Biemans, 2009; Zhou et al., 2009). Therefore, an inverse relationship between structural factors and market orientation was expected.

Proposition1: The greater the formalization, the lower the market orientation of the organization
Proposition2: The greater the centralization, the lower the market orientation of the organization
Proposition3: The greater the departmentalization, the lower the market orientation of the organization

Other organizational infrastructure

Characteristics of senior management along with the dynamics between organizational units and performance evaluation and reward system after the structural variables of formalization, centralization and grouping or departmentalization as the most important inter-organization factors influencing market orientation has been considered by the researchers.

Senior managers plays a vital role in sloping the values and organization direction and until in an organization there is no signs and indication from the inclination senior managers, to response to the customers' needs, market orientation possibility in that organization is weak (Webster, 1988). The emphasize and support of senior manager on market orientation, encourages the members of the organization's to follow the changing market, to share the member in market information and to respond to market needs (Jaworski and Kohli, 1993). Because of this reason, emphasize on market orientation with senior management has a positive relationship with generation and dissemination of information, responsive and market orientation.

Response to market requirements needs the introduction of new products and services in compatibility and conformity with needs and expectation of the customers and products, services and new programs are associated with high risk of failure. If senior managers do not show tendency towards acceptance of risks and know possible failures as natural would provide new proposals in response to the changes in customers' needs. Conversely, if managers are risk averter and do not tolerate the failure, their subordinates give less importance to generation or dissemination of market information or response to changing customers' needs (Jaworski and Kohli, 1993).

In a research by Jaworski and Kohli in 1990, variable as senior management factors was added to the model of market orientation and divided into five sub-topics such as communication action gap senior management, risk aversion senior management, progress and education level of senior management, view of senior management about the change and ability of marketing managers in obtaining the confidence of other managers. Based on comprehensive interviews with the managers, researchers have approved a negative correlation between risk aversion of senior management and market orientation (Kohli and Jaworski, 1990). This two researchers in 1993, have discussed on the risk aversion along with the emphasis of senior management on market orientation instead of the previous five variables and concluded that there is a positive relationship between senior management and market orientation and also confirmed a negative correlation between risk aversion and market orientation of senior managers (Jaworski and Kohli, 1993). Recently top management characteristics were studied in many articles with regard to the facilitating role in gaining market orientation (Harmancioglu et al., 2010; Rong and Wilkinson, 2011; Dibrell et al., 2011)

Proposition4: The greater the top management emphasis on a market orientation, the greater the market orientation of the organization
Proposition5: The greater the risk aversion of top management, the lower the market orientation of the organization

Another infrastructure of market orientation is the dynamics between organizational units which means formal and informal interaction and a relation between organizational units in two parts of conflict between organizational units and inter-departmental connectedness has been discussed. Conflict between organizational units is said to be the existing tension between the units which results from incompatibility between desired and actual responses. According to the opinion of many researchers conflict acts as a factor of disincentives towards market orientation because it prevents the communication between the units and faces difficulties with the distribution of information (Jaworski and Kohli, 1993). Levitt refers conflict between organizational units which can cause a loss for organization in using marketing concept (Levitt, 1969), because it alters the relation between the units, therefore distribution of information is difficult as a part of market orientation concept (Ruekert and Walker, 1987). Furthermore, tension between the organizational units reduces the possibility of appropriate response with market needs by these units (Kohli and Jaworski, 1990). Therefore there is a negative relationship between the conflict of organizational unit and market orientation which was approved in 1990 by Kohli and Jaworski.

In other words, connectedness between organizational units means the direct formal and informal relation measures between the organizational unit workers which facilitates the information distribution and increase the ability to respond to market information (Deshpande and Farley, 1999). Thus, as much the individual among the organizational unit can have an easier direct relation such as participating in meetings will provide the exchange of market information and the response as harmonious (Jaworski and Kohli, 1993). Recently interdepartmental dynamics as an antecedent of market orientation in some studies attracted researchers' attention (Lascu et al., 2006; Elg, 2008; Menguc and Auh, 2008)

Therefore, expects a direct relationship between the connectedness between the organization units and market orientation.

Proposition6: The greater the interdepartmental conflict, the lower the market orientation of the organization

Proposition7: The greater the interdepartmental connectedness, the greater the market orientation of the organization

The last factor of internal organization in this field is the evaluation and reward system in the organization that formulates the employee behavior of the organization. Webster believes that the key business development of market oriented and customer oriented in the manner of evaluation and reward by the managers has been hidden (Webster, 1988, 38). If the evaluation performance of the member of organization based on profitability and short term sales there is a probability that employees of these organization are focused on the same criteria and do not concentrate on the market factors such as customer satisfaction which ensures long-term health of the organization. In organization where the emphasize is on customer satisfaction and market oriented behavior as a basis for distributing benefits, people give more importance to generation, dissemination and responsiveness to the market needs (Jaworski and Kohli, 1993). Thus, an expected positive relationship between the evaluation and reward system is based on market factors and market orientation of the organization.

Proposition8: The greater the reliance on market- based factors for evaluating and rewarding managers, the greater the market orientation of the organization

Consequences of market orientation

Research survey done on this field shows that being market oriented has significant consequence for the organization which can result in business performance in the framework of financial consequences and market consequences and organization consequences and or in other words, the impact of market orientation on the organizations employees.

Relationship between market orientation and business performance over the past quarter century has been focused by the researchers. Increasing growth of research in this field is outstanding attempts by researchers such as Kohli and Jaworski, (1990), Narver and Slater (1990), Deshpande, Farley and Webster (1993), Ruekert (1992) and other researchers. But each of these researchers has used different criteria for their evaluation.

Division which has the major application than other criteria is the distinction between objective and subjective criteria in measuring the performance of the organization. Indicators that are quantitative neutrally determined and generally includes financial measures which is derived directly from the organization are the objective criteria, but subjective criteria are the evaluation of judgment of individuals responsive internally or externally and includes operational indicators, business and finance (Gonzalez-Benito and Gonzalez-Benito, 2005). In many studies to increase the reliability in evaluating the relationship market orientation and performance use for objective indicators such as profitability or return of investment and subjective indicators such as overall business performance or customer satisfaction can be observed.

In research conducted by Kohli and Jaworski objective criteria of market share and subjective criteria of overall business performance in comparison with the largest competitor over the past 5 years are cited and in addition attention is paid to the results of applying these trends in the inter-organization and spirit of cooperation and organizational commitment has been mentioned as the consequences of market-orientation and paid attention to the customer satisfaction and his repeated purchase (Jaworski and Kohli, 1993).

In a study evaluating the relationship of market oriented activities and customer satisfaction as consequences of market orientation have been considered, and the impact of market-oriented culture as a moderating factor in this regard has been approved. Researchers have pointed out the importance of customer satisfaction and its impact from activities and cultural elements of market orientation. In another study, two-dimension of customer satisfaction with the competitors and growth of customer satisfaction over the past 5 years has been studied as a result of market orientation (Gainer & Padanyi, 2005). Slater and Narver believe that market orientation leads to the strengthening the culture of learning and finally follows the customer satisfaction, success of new products, profitability and sales growth (Salter & Narver, 1995).

Matsuno, Mentzer and Rentz have pointed out a comprehensive set of objective and subjective criteria including return of asset, return of sales, return of investment, sales growth, relative market share, percent sales of new product from the total sales and also overall performance as consequences of extended market orientation (EMO) (Matsuno et al., 2005). The relationship between market orientation and financial performance (Nwokah, 2008; Olavarrieta and Friedmann, 2008; Rapp et al., 2011) and market performance (Castro et al., 2005; Nwokah, 2008; Smirnova et al., 2011) was interesting issue in many other researches.

Proposition 9: The greater the market orientation of the organization, the greater the financial performance measures

Proposition 10: The greater the market orientation of the organization, the greater the market performance measures

The impact of market orientation on the internal environment of the organization has been considered in other studies and in the internal environment of organizational commitment of employees is evaluated as consequences of market orientation (Castro et al., 2005). In Matsuno and his colleagues' organizational commitment and employee spirit de corps as a consequence of market orientation investigated (Matsuno et al., 2005).Some researches emphasize that esprit de corps and employee commitment can be improve when organization try to increase the extent of market orientation and information generation and dissemination and responsiveness in all departments encouraged (Kohli and Jaworski,1990; Kohli et al.,1993; Jaworski and Kohli,1993; Jones et al., 2003; Matsuno et al.,2005; Powpaka, 2006; Ellinger et al., 2008; Chen and Quester, 2009 ; Altinay, 2010; Cabrera-Suarez et al., 2011). Then:

Proposition11: The greater the market orientation of the organization, the greater the employee organizational commitment

Proposition12: The greater the market orientation of the organization, the greater the employee spirit de corps

Variables moderating the relationship between market orientation and performance

Michael Porter states that the answer to questions such as why firms act differently? How do they select their goals? How do they behave? And how they manage? All these require knowledge about a unified strategy. Introduction of his success plans of the organization has presented a comprehensive approach as general strategy and three group leadership of cost, differentiation and focus. Cost leadership strategy is suitable for those company's benefits from mass production and total cost reduction for the beneficial of the customer and although the quality or services offered as the average of the industry but having lower cost than any competitor in the market and causes the leadership in the market and attraction of customers that are sensitive to cost. Differentiation strategy in company's creating features in services which are unique in the market and because of this reason they can offer higher price to the customer and they are willing to pay higher prices. When a company does not have the ability to reduce the total cost by offering lower price than other competitors or offer special products and customers' needs it is focused on a specific group of customers, specific geographic areas or determined product line and chooses the concentration strategy (Des and Davis, 1984).

Michael Porter's generic strategies since 1980 were based on the work of many researchers (Porter, 1991). Des and Davis, in a study has determined the most important factor of organizations' determinants of business performance as strategic orientation and in this regard measures and trends of the organization in one of the three groups of general strategies and have concluded that strategic tendency leads to increase of profitability and organization growth (Des and Davis, 1984).

The relationship between market orientation and performance of modulating effect of business strategy by Narver and Slater as management policy variables and including competitive advantages based on differentiation and competitive advantage based on low-cost are discussed and has approved a direct relationship of differentiation strategies with market orientation performance and inverse relationship of cost leadership strategy (Narver and Slater, 1990).

In another research, to explain the performance of market oriented companies it has been pointed to the necessity of having the right combination of market orientation and differentiation strategy. The fact that market orientation achieved by concentrating on one of the generic strategies proportional to market orientation which is defined by Jaworski and Kohli causes the increase of profitability, growth, adaptability and customer satisfaction which is empirically proved (Vorhies et al., 1999).

Michael Porter's generic strategies as moderating variables of relationship between market orientation and performance measured by capital return criteria studied by other researchers (Dobni and Luffman, 2000). But elsewhere, after confirming the relationship between market orientations from cultural perspective with the development of new products influenced by business strategy through Michael Porter's view on organization market orientation is approved (Frambach et al., 2003). This role studied in some other researches (Naidoo, 2010; Li and Zhou, 2010).

Proposition13: The greater the indirect effect of business strategy (moderated by EMO), the greater the financial performance

Proposition14: The greater the indirect effect of business strategy (moderated by EMO), the greater the market performance

In another research, and the study of the relationship between market orientation and business performance two categories of variables such as Porter's competitive strategy and external environmental factors are evaluated (technological turbulent, market turbulent, competitive intensity and market growth) as a moderating variables between the mentioned relationship (Kim, 2003).

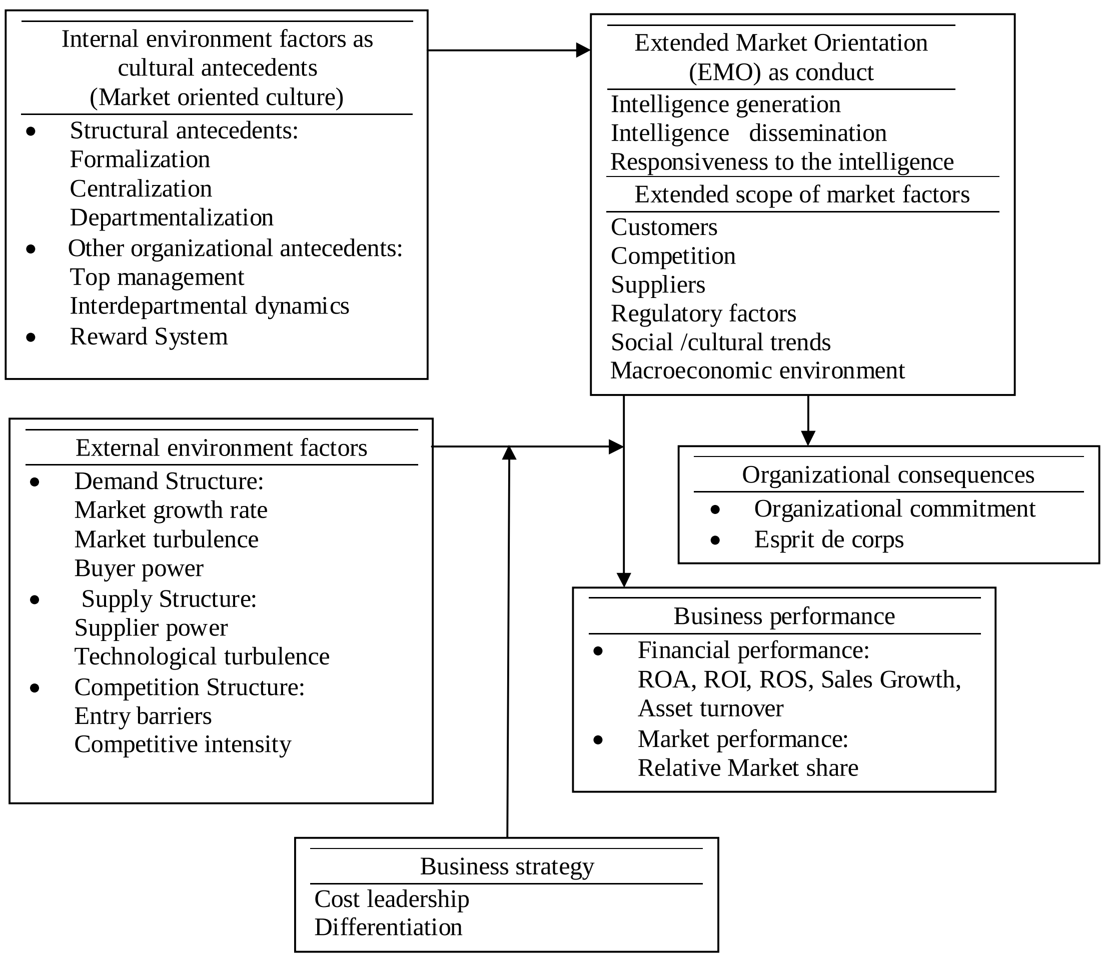
The last group of variables that has been studied in the relationship between market orientation and business performance are the environmental variables or variables outside the organization. Narver and Slater in a research of relationship between market orientation and performance (in terms of profitability criteria) 8 adjustment variables can be named and stated that their effect about the investigation of this relationship should be in control, variables such as buyer power (with an inverse or negative relation), supplier power (with a direct or positive relation), seller concentration (positive), barriers to competitors enter or exit (negative), the market growth rate (positive), technological change (negative), size of business unit in comparison with the largest competitor in the market (positive) and average total production cost of a business than the biggest competitor (Narver and Slater, 1990). In another study, the relative size and relative position of cost of a business unit, seller concentration, market growth rate, buyer power and technological changes as control variables in relation between market orientation and profitability has been mentioned (Slater and Narver, 2000).

Kohli and Jaworski some of these factors as modulators of the supply and demand side (such as variables of market turbulent, technological turbulent, and competitive intensity) and having a direct relation with intense relationship between market orientation and business performance were studied (Kohli and Jaworski, 1990). These researchers have confirmed the direct relation of market turbulent and competitive intensity in relation to market orientation-performance and pointed out reverse relation for technological turbulent and market orientation – performance (Jaworski and Kohli, 1993).

Demand characteristics such as market turbulent, demand uncertainty, market growth and buyer power with competitive characteristics such as competitive hostility, competitive intensity, competition concentration in the availability of substitutes, entry/exit barriers and industry maturity and supply features including technological turbulent and supplier power as most important characteristics of industry which is the related modulation of market orientation and performance has been indicated in other research (Rose and Shoham, 2002; Voss and Voss, 2000).

But Matsuno, Mentzer and Rentz have introduced the external environmental factors as a prerequisite for market orientation and include prerequisite of competitive structure (entry barriers, supplier power, buyer power) and market/industry characteristics (market growth rate and rate of technological changes) and legal environment. Two factors have been stated and considered as the supply side and demand side factors separately and implementing the views of Kohli and Jaworski in 1990 as modulating relationship between market orientation and business performance (Matsuno et al., 2005). This represents a kind of self-replication and contradiction in the model presented in the research.

Figure 4: A new model of market orientation



The relationship between market orientation and performance in an organization which is an open system and interacts with many factors undergoes a significant impact that being unaware of the effect challenges the evaluated result. Researcher of market orientation defines the most important moderating variable in this field as the factors outside the organization (Cadogan, 2006; Gotteland and Boule, 2006; Olavarrieta and Friedmann, 2008; Augusto and Coelho, 2009; Kok and Biemans , 2009; Raju et al., 2011; Johnson et al., 2011; Wang et al., 2012)

Proposition15: The greater the market growth rate, the stronger the relationship between market orientation and performance

Proposition16: The greater the buyer power, the weaker the relationship between market orientation and performance

Proposition17: The greater the market turbulence, the stronger the relationship between market orientation and performance

Proposition18: The greater the supplier power, the stronger the relationship between market orientation and performance

Proposition19: The greater the technological turbulence, the weaker the relationship between market orientation and performance

Proposition20: The greater the competitive intensity, the stronger the relationship between market orientation and performance

Proposition21: The greater the entry barriers, the weaker the relationship between market orientation and performance

New market orientation model

As mentioned above new approach in the field of market orientation should contain Kohli and Jaworski interpretation of market orientation, meaning generation and dissemination of information and accountability of information related to market factors such as customers, competitors, suppliers, social trends and facilitating or threatening legislation of business activities. Slater and Narver interpretation demand of cultural enrichment containing activities concentrating on market factors and this means to achieve operational model and applicable in market orientation. This model explains the role of all factors affecting business. Because having the advantage of market orientation alone and without strategic approach, inter-organisation characteristics, including structural and non-structural, optimal competitive structure and even effective factors on demand and supply structure such as growth rate and market turbulence, buyer power, supplier power, technological turbulence, competitive intensity and entry or exit barriers from market will not reach the desired result to any business.

Conclusion

Because of intensive competitions in today's world market, managers of organisation are seeking to improve organisational effectiveness by identifying a broad range of fundamental factors affecting business performance. According to many researchers offering goods and services with good quality is a necessary condition for survival in a competitive environment (Parasuraman et al., 1985). In this condition, only having the desired level of performance is not responsible to meet the unpredictable changes and control in choices and market demands. Therefore to provide superior quality products in an organisation is to necessitate the continuous monitoring of market changes and in more precise states organisation should be customer choice and demands of market and this means 'being market oriented'. (Jaworski & Kohli, 1993).

Market and technologies that support these market during the past quarter century have been transformed. Technological advances, internet, new methods of communication, automation and globalization along with many other consequences of revolution of information and customer of the companies have faced them with serious challenges. On one hand we can see the ability of companies in production and offer mass customization according to customer demand, having better information and operating system, applying customer relationship management, replacing marketing based on permission marketing instead of interruption marketing and in all to seek an increase in competitiveness and dynamic survival in business environment. In other words, transition from industrial age into information age of customers this companies are equipped with new features such as increased buyer power in addition to increasing diversity of goods and services, increased volume of information about everything such as information of consumer experiences and other buying conditions for consumers, virtual purchaser through the internet, selecting a distribution channel for receiving the purchased items and selecting the type, location and time received the advertisement. As in today's market it can be learnt from prosumer and Ward Hanson statement of democracies of goods.

According to 'Philip Kotler' statement market changes faster than our knowledge of marketing. Therefore classic marketing models should be adapted to the current conditions and the researchers and marketers should redefine and reformulate the structure of marketing based on characteristic of the information age that increases logarithm level of competition in the market. Now, knowledge-based companies are much successful than the physical based companies and thinking of marketing based on collaboration between the capabilities of core company's, customers' needs and cooperation network for external organisation is substituted by sell-oriented thinking that concentration on product and resorting to the tactics of increased sales and development and achieving profit. Philosophy of production and selling has given their position to the philosophy of appropriate position understanding and correct answer to all market factors, such as customers, suppliers, competitors, cultural-social trends, law and regulation and macro-economic environmental factors (Kotler et al., 2002). Successful market-oriented companies in today's competitive market are companies that provide with respect to comprehensive set of factors such as structural factors, formalization, centralization in decision making and specialization or departmentalization and also non-structural factors such as rate of risk and benefits of senior management, communication and dynamics between organisational department and performance evaluation and reward systems in the organisation cultural infrastructure for market orientation and customer orientation. Also with the direction of organisation activities towards the pivotal information and gathering and disseminating and responsible to the related information to all business beneficiary (not just customers and competitors) have achieved attractive results such as financial interests and market interests like market share and customer satisfaction and organisational commitment and spirit de corps between workers as organisational consequences.

In this article by a new and comprehensive model various aspects of market orientation have been introduced and structural factors and other factors within the organisation are present and the role of business strategy along with most important external factors influencing on market orientation relationship and companies performance has been expressed. This issue along with the review of behavioural and cultural models causes to provide a comprehensive application framework as a model in market orientation. This approach with the views of most successful organisation managers that see the market beyond the customers and competitors and factors such as macroeconomic elements (exchange rates, macroeconomic fundamentals in foreign countries), suppliers (technical and implementing capabilities of new suppliers, the availability of alternate suppliers), social/cultural trends (growth of a particular sector that is associated with a lifestyle) and legal environment (product safety, labour laws) are consistent and as a result has an outstanding performance capabilities.

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