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The effect of market orientation on imported company's performance in Kenya

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ABSTRACT

Although a large body of research theoretically asserts a positive relationship between market orientation and organizational performance, fewer empirical studies demonstrate it using multiple and varied organizational performance measures. For about two decades marketing academics and practitioners have been oriented to develop new knowledge in the field of export-marketing (Love and Holt 2000, Aaby and Slater 1988, Chetty and Hamilton 1992, Madsen 1989, Zou and Stan 1998). This flow of theoretical and empirical knowledge has allowed export companies to develop better and more efficient export strategies, which has improved their offshore competitiveness. Recognizing the importance of improving organizational performance study seeks to examine the impact of market orientation on business performance is the exporter. Market orientation with LISREL path analysis showed a significant positive impact on the company's performance.

Keywords: Market Orientation, Performance, Company Importer

1. Introduction

There abound numerous conceptual and empirical studies on the market orientation construct in the extant literature (see for review Kohli & Jaworski, 1990; Narver & Slater, 1990; Rueket, 1992; Jaworski & Kohli, 1993; Greenley, 1995; Pitt et al., 1996; Appiah-Adu & Ranchhod, 1998; Mahmoud et al., 2010). These works span from both developed (Harris, 2000; Esteban et al., 2001; Guo, 2002; Perry & Shao, 2002; Elg, 2003; Green Jr. et al., 2005; Blankson et al., 2006; Keskin, 2006; Sen, 2006; Ozer et al., 2006; Low et al., 2007) and developing (Agarwal et al., 2003; Aggarwal & Singh, 2004; Kuada & Buatsi, 2005; Osuagwu, 2006; Dwairi et al., 2007; Hinson et al., 2008; Mahmoud et al., 2010) economies. The central argument of the developed and developing countries' studies demonstrates the indispensable role that market orientation plays in an organization's marketing activities in achieving superior performance in its chosen markets. Moreover, literature on the impact of market orientation on firm performance has revealed mixed discoveries in the developed and developing countries studies (Narver & Slater, 1990; Jaworski & Kohli, 1993; Perry & Shao, 2002 & Dwairi et al., 2007). Studies conducted in the United States have demonstrated the positive effect of market orientation on performance whereas a mixed blessing of market orientation is reported among UK and other developing countries studies (Beamish et al., 1993; Pitt et al, 1996). There are also questions regarding the universal application of the market orientation construct by marketing scholars (Pelham & Wilson, 1996). This stems from the fact that, there are differences in environments, industries and their structures as well as the size of firms (Pelham & Wilson, 1996). Market orientation is not a new concept in the marketing and management literature. Scholars argued that the postulation by Drucker (1954) that the customer must be the focus of organization's operations and the subsequent support given to this idea by Levitt (1960) that the customer is the reason for the organization's existence were all pointing to the fact that market orientation behavior was necessary at that time. This idea was extended to become known as the marketing concept (McNamara, 1972). Following these developments, the subject market orientation has received a great deal of attention from marketing scholars who have developed, tested and refined market orientation scales for measuring the degree of market orientation that organizations exhibit (see among others, Kohli and Jaworski, 1990; Narver and Slater, 1990; Heart and Diamantopoulos, 1993; Hooley et al., 1998; and Blankson & Stokes, 2002). The present study aims to examine the impact of market orientation on business performance is.

2. Literature Review

Market orientation perspectives include the decision-making perspective (Shapiro, 1988), market intelligence perspective (Kohli and Jaworski, 1990), culturally based behavioural perspective (Narver and Slater, 1990), strategic perspective (Ruekert, 1992) [1] and customer orientation perspective (Deshpande et al., 1993).

The two most prominent conceptualizations of market orientation are those given by Kohli and Jaworski (1990) and Narver and Slater (1990). While Kohli and Jaworski (1990) consider market

orientation as the implementation of the marketing concept, Narver and Slater (1990) consider it to be an organizational culture.

Kohli and Jaworski (1990) defined market orientation as "the organization-wide generation of market intelligence, dissemination of the intelligence across departments and organization-wide responsiveness to it".

According to them, the marketing concept is a business philosophy, whereas the term market orientation refers to the actual implementation of the marketing concept. They added that "a market orientation appears to provide a unifying focus for the efforts and projects of individuals and departments within the organization."

On the other hand, Narver and Slater (1990) defined market orientation as "the organization culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and, thus, continuous superior performance for the business."

As such, they consider market orientation to be an organizational culture consisting of three behavioral components, namely, i) customer orientation, ii) competitor orientation and iii) inter functional coordination. Empirical study found that among all three behavioral components, inter functional coordination, especially those between R&D and marketing has the most significant influence on new product success.

Market orientation measurement scales

In order to measure market orientation, the two most widely used scales are MARKOR [6] and MKTOR

The mktor scale is a 15-item, 7-point Likert-type scale, with all points specie. In this measure, market orientation is conceptualized as a one-dimensional construct, with three components, namely: customer orientation, competitor orientation, and inter functional coordination. The simple average of the scores of the three components is the market orientation score.

On the other hand, the markor scale is a 20-item, 5-point Likert scale, with only the ends of the scale specie. Here market orientation is again composed of three components as well, namely: intelligence generation, intelligence dissemination, and responsiveness.

Evaluation Scales

Our business objectives are driven primarily by customer satisfaction.

We constantly monitor our level of commitment and orientation to serving customer needs.

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.

We measure customer satisfaction systematically and frequently.

We have routine or regular measures of customer service.

We are more customers focused than our competitors.

I believe this business exists primarily to serve customers.

We poll end user's at least once a year to assess the quality of our products and services.

Data on customer satisfaction are disseminated at all levels in this business unit on a regular basis.

3. Methodology

The purpose of this study is applied, as well as the results of this study can be used as a practical, applied research is an investigation. The method of data collection, descriptive and correlation. Methods of data collection, compilation of survey (field) and includes a library of documentation, questionnaires and in-depth interviews are structured. Standard questionnaire was used to collect primary data.

4. Finding

Check the normality of data distribution

Before we examine the relationships between variables is needed to assess the normality of the variables. One way to examine the claims of the normal distribution of variables using the Kolmogorov - Smirnov is. The results of these tests are presented in the following table.

Does the design variables are normally distributed?

Null hypothesis, variables are normally distributed.

Hypothesis A: variables are not normally distributed.

Table 1: normally distributed variables.

Components	Kolmogorov-Smirnov	Significant quantities	Cronbach's alpha (0.818)
Production Information	1.260	.084	.737
Release of Information	1.592	0.013	.734
Respond to information	1.525	0.019	.731
Performance	1.785	0.003	.740

Test distribution is Normal.

The test results show that the most significant variables is less than 0.05 should also be noted that according to the central limit theorem Spss software normally results of this questionnaire is diagnosed, it is normal, the variables null hypothesis confirmed off.

Test your hypothetical derivative using linear structured relations

After determining the measurement model to evaluate the conceptual model and also to ensure the presence or absence of a causal relationship between the variables studied observed data fit the conceptual model, the assumption of research using the structural equation model to test the respectively. Hypothesis test results are reflected in the chart.

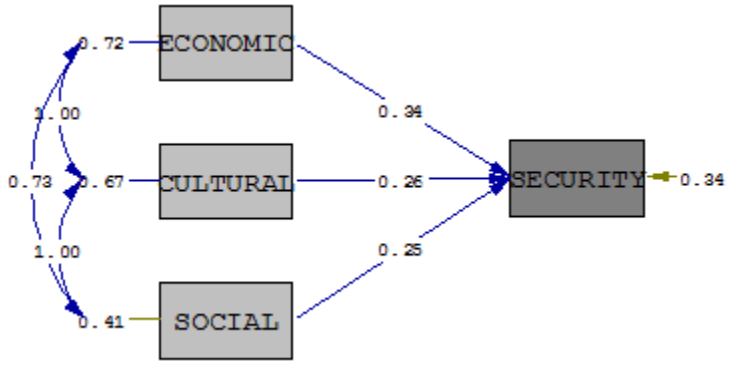

Figure 1: measure the overall model results and assumptions in standard mode

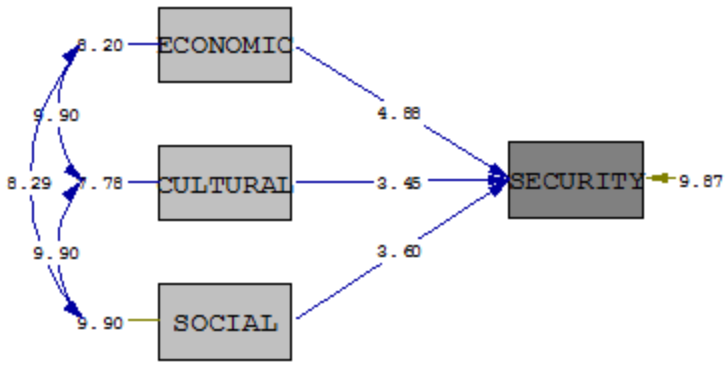

Figure 2: measure the overall model and assumptions result in significant

Table 2: fitness indicators conceptual model

IFI	NNFI	CFI	GFI	RMR	RMSEA	X2 / df
0.99	0.94	0.97	0.91	0.034	0.061	1.67

Results from structural equation

As we have shown in the previous section, since we normally distributed were detected (Kolmogorov-Smirnov test) using LISREL software, test the correlation between variables. To examine the causal relationship between independent and dependent variables and path analysis were used to confirm the model. In this study, using path analysis software LISREL8. 5 are performed. Results of LISREL output shows that the ratio of chi-square to degrees of freedom is less than three, and other indicators of fitness model are confirmed. A significant factor in the table below summarizes our hypotheses and the results show.

Table 3: Assumptions results

Assumptions	Standard	Significant	The result
Production Information on Performance	0.34	4.88	Confirmation
Release of Information on Performance	0.26	3.45	Confirmation
Respond to information on Performance	0.25	3.60	Confirmation

5. Discussion & Conclusion

Customers today are highly informed and more demanding than before. Responsiveness to customer needs and changing market conditions become important for the success of firms and calls for the introduction of new products and services together with innovation capacity for a firm. Given the consistent interactions between the dimensions of market orientation and firm innovativeness and innovation performance, we would argue that efforts of firms to enhance the collection and use of market information and implementation of market oriented strategy is especially important to companies that want to gain competitive advantage. The findings suggest that market orientation can lead to firm innovativeness and increase innovation performance as consistent with the findings of Baker and Sinkula (1999), such that market orientation can lead to successful new product development activity. Results of statistical analysis in this study showed a positive effect on firm performance of the exporter's market orientation. The study showed:

1. Produced Information a significant positive impact on the export performance of firms.
2. Release Information a significant positive impact on the export performance of firms.
3. Respond to Information a significant positive impact on the export performance of firms.

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