MARKET ORIENTATION AND ITS LINKEAGE WITH FIRM CHARACTERISTICS: A STUDY OF MANUFACTURING FIRMS IN INDIA

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Market orientation has received a considerable thrust in both the marketing literature and practice during the last couple of decades. It has come to be recognized as a strategic mean to gain sustainable competitive advantage in the market place. The present paper discusses the concept of market orientation and its operationalisation. Based on a survey of manufacturing firms, it investigates the incidence of market orientation prevalent among different types of manufacturing firms in India. The paper ends with a discussion of study limitations and directions for future research.

With increasing competition in the market and growing customer sophistication, business firms are increasingly getting concerned with gaining competitiveness in the market place. In their pursuit of building competitiveness, these firms are often advised to embrace 'marketing concept' which requires their internal systems to be dictated by market forces. As a corporate state of mind, marketing concept implies that key to achieving organizational goals lies in determining needs and wants of the target market, and delivering desired satisfaction more effectively and efficiently than competitors (Felton, 1959; Kotler, 1989). An implementation of this concept is what is known as 'market orientation'. A market oriented organization is, therefore, one whose actions are consistent with the marketing concept.

As against the erstwhile production, product, and selling concepts of marketing where managers focus upon means (i.e., achieving higher production efficiency and wider distribution coverage or producing and improving better quality product or making use of aggressive selling and promotional efforts to enhance sales volume), marketing concept focuses upon the end, i.e., the customer. Also in comparison to other orientations, marketing concept adopts a broader perspective which aims at achieving organizational objectives with the coordinated efforts of virtually every functional unit of the organization. With a unified focus over the market, it is not only the marketing department but all the departments in the organization which get involved with planning and deliverance of desired satisfaction to the customers.

Market orientation has been put forward in marketing literature not simply as a philanthropic pursuit, but as a business strategy for efficiently and effectively

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achieving business goals. Role of market orientation in improving business performance has been well established. Studies in recent past have observed that whatever may be the external market conditions with respect to competition, market turbulence, or technological turbulence, market orientation significantly affects business performance (Slater and Narver, 1994; Jaworski and Kohli, 1993; Pelham and Wilson, 1996). Little wonder that market orientation is these days advocated as an ideal philosophy for the business firms.

Despite its repeated advocation in literature and research papers, a gap has been observed between professing a customer and market focus and its actual adoption in the corporate life (McNamara, 1972; Aaker, 1988; Houston, 1986; Birley and Rayyes, 1996). Birley and Rayyes (1996) in their study, for instance, rightly observe that there exists "no evidence that the marketing orientation of the owner-manager will be reflected in the firm's marketing management and structure".

Besides an overall gap existing between professed and actually implemented concept of market orientation, different types of firms are likely to differ in their market orientation. Differences in the size and age of the firms, or type of customers served by them, or their ownership patterns, foreign affiliations and operations, or age and qualifications of their chief executives are more likely to create differing organizational cultures or marketing environments within which the business firms operate. This in turn can substantially impact the extent of their market orientation. Empirical researches exploring this aspect, however, conspicuously lack in marketing literature. This is more so in the case of a developing country like India where only recently a few explorative attempts have begun to be made to ascertain the extent of market orientation of business firms (see, for instance, Jain and Bhatia, 1995; Jain and Shivakumar, 1997; Jain, 1998). Even the focus of these select studies has been on the measurement of the market orientation of the sampled firms as a whole. Barring the study by Jain and Bhatia (1995), no attempt has been made to investigate whether different types of firms differ in their market orientation.

The present study is an endeavour to fill this void in marketing literature. More specifically, the study aims at examining whether different types of firms when cross-classified in terms of their age, type of customers served, kind of ownership, size, foreign affiliation, and export status; age, education level and professional training of chief executive officers/chief marketing executives; and business strategy pursued by the firms differ in their market orientation. The paper starts with a discussion of the concept of market orientation and its operationalisation. Research methodology used in the study for carrying out a survey of the Indian manufacturing firms to ascertain the extent of their market orientation is discussed next. The succeeding sections examine the survey results and discuss their managerial implications. Limitations of the study and directions for future research are delved into the final section of the paper.

MARKET ORIENTATION - A CONCEPTUAL OVERVIEW

The concept of market orientation has undergone considerable changes with respect to its understanding and domain over the last four decades. During the sixties, the concept was taken synonymously with *customer orientation*. This is evident from the assertion made by Levitt (1960) who while articulating the purpose of business stated that "...The entire corporation must be viewed as a customer creating and customer satisfying organism. Management must think of itself not as producing products but as providing customer creating value satisfaction. Otherwise the company will be merely a series of pigeonholed parts, with no consolidating sense of purpose or direction".

During the 1970's and 1980's, marketing concept or its counterpart market orientation came to be understood in a broader perspective. McNamara (1972), for instance, highlighted the need for *coordinated efforts* (interfunctional coordination) on the part of the whole organisation to implement the philosophy of marketing concept in actual business practice. He conceptualized marketing concept as a "philosophy of business management based upon a companywide acceptance of the need for customer orientation, profit orientation and recognition of the important role of marketing in communicating the needs of the market to all major corporate department". He also gave recognition to *profit orientation* as an important component of the marketing concept.

In the decade of 1990, market orientation came to acquire a new meaning and was assigned a strategic role (see, for instance, Kohli and Jaworski, 1990; Narver and Slater, 1990; Pelham and Wilson, 1996; Birley and Rayyes, 1996; Hunt and Morgan, 1995; Appiah-Adu and Singh, 1998). In order to include total market dynamics into the definition, *competitor orientation* was added to the list of market orientation components. This is obvious from the definition of Narver and Slater (1990) who attempted to define market orientation as the "organization culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers... to create continuous superior value a business must be customer oriented, competitor oriented, and interfunctionally coordinated." They held the belief that an analysis of the principal and potential competitors is parallel to a customer analysis for the marketing strategy development. And creation of superior value for buyers requires a thorough analysis and utilization of both the orientations, viz., of the customers as well as those of competitors.

The theorists of 1990's, however, called for considering *interfunctional coordination* as an antecedent rather than a component of market orientation (Kohli and Jaworski 1990; Cundiff, Still and Govoni 1985; Pelham and Wilson 1996; Deshpande, Farley and Webster Jr.1993; Achrol 1997). According to them, market orientation requires a strong culture where same patterns of beliefs and norms are shared throughout the organisation to provide cohesiveness and focus in strategies and tactics. According to them "there are empirical evidences which show that market culture emphasises competitiveness and goal achievement much more strongly than other type of corporate cultures such as 'clan', 'adhocracy', or 'hierarchy'" (Deshpande, Farley and Webster 1993). And interfunctional coordination is a prerequisite for such an emphasis (Achrol, 1997; Pelham and Wilson, 1996). Thus, interfunctional coordination came to be understood as an antecedent of market orientation without which its effective implementation cannot be presumed.

The other development that took place in the nineties with respect to the definition of market orientation was that *'profitability'* which hitherto was considered as a component of market orientation came to be viewed as a consequence of market orientation (Kohli and Jaworski 1994; Narver and Slater 1990; Slater and Narver 1995; Day and Wensley 1988; Anderson, Fornell and Lehmann 1994; Bhatia 1994; Pelham and Wilson 1996; Appiah-Adu and Singh 1998). This development was parallel to the objection raised by Levitt (1960) who as early as in the sixties opined "considering profitability as a part of market orientation is like saying that the goal of human life is eating".

On the whole, we observe that during the nineties 'customer orientation' and 'competitor orientation' have emerged as the two major pillars of market orientation. So far as 'interfunctional coordination' is concerned, it is presently viewed as a facilitator for the effective implementation of marketing concept rather than a component of it. 'Profitability' too is not considered as a part of market orientation. It is rather viewed as a consequence of market orientation. No doubt these developments and themes provide insights to the true understanding of marketing concept, these alone are not sufficient to the managers who actually want to implement the philosophy as represented by the concept of market orientation. Some specific guidelines and measures are needed to ensure an effective implementation of marketing concept. The following section examines this aspect of market orientation.

TOWARDS OPERATIONALISATION OF MARKET ORIENTATION CONSTRUCT

Researchers and scholars have made attempts over the decades to gauze into specific business practices through which the philosophical notions of marketing concept can be implemented. Though McNamara (1972) made an effort as early as in the seventies to provide some guidelines towards understanding and implementation of marketing concept, these guiding rules were not found sufficient in coverage in fully adopting the marketing concept in practice. It is only during the 1990's that the efforts made by marketing researchers like Kohli and Jaworski (1990), Narver and Slater (1990), Pelham and Wilson (1996), and Appiah-Adu and Singh (1998) which could help in arriving at an operational definition of the marketing concept. Table 1 provides a comparative view of some of the major operationalisations of marketing concept and their behavioural constructs that can help business practitioners to operationalise marketing concept.

A significant work in this direction has been undertaken by Kohli and Jaworski (1990) who define market orientation as "organisationwide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organisationwide responsiveness to it". Three core constructs that are enshrined in this definition are: *market intelligence generation*, *market intelligence dissemination*, and *responsiveness.* We shall delve into a detailed discussion of these constructs towards the end of this section, but it is pertinent to mention here that market intelligence pertains not only to the verbalized customer opinions, but also to the future needs of customers as well as the exogenous market factors such as competition and government regulations which influence of customer needs and wants (Kohli and Jaworski, 1990). Furthermore, the collected market intelligence to be of any effective use needs to be disseminated throughout the organization and all the departments need to develop and work upon plans to deliver customer satisfaction.

Narver and Slater's definition of market orientation consists of three behavioural components, namely customer orientation, competitor orientation and interfunctional coordination. Though not explicitly mentioned in the definition, Narver and Slater (1990) suggest operationalisation of these three constructs through more or less the same set of activities as enunciated by Kohli and Jaworski (1990). Just like Kohli and Jaworski (1990), they also take a broader perspective and view market orientation as comprising of both the customer and competitor orientations that include all the activities involved in acquiring information about the target market buyers and competitors and disseminating it throughout the business firm. Interfunctional coordination is explicitly considered as an important construct of market orientation under Narver and Slater's (1990) approach. Approach employed by Pelham and Wilson (1996) is built upon Narver and Slater's (1990) conceptualisation, and hence does not require further elaboration. Briefly stated, it includes customer understanding orientation, customer satisfaction orientation and competitor orientation as the three major constructs of market orientation. Notwithstanding being similar to Narver and Slater's (1990) approach, Pelham and Wilson's (1996) operationalisation is different from the latter one in the sense that it does not consider interfunctional coordination as a construct of market orientation.

Both concept and content-wise, a comparison of these definitions reveals that although defined differently, the central theme underlying the market orientation philosophy is common amongst all the three operationalisations. Narver and Slater (1990) talk of creating superior customer value that is to be achieved through a

Table 1: Market Orientation – Its Conceptualisation and Constructs

Authors	Definition	Constructs
Kohli and Jaworski (1990)	"Market orientation is organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organizationwide responsiveness to it".	2. Market intelligence. dissemination 1. Market intelligence generation. 3. Responsiveness
Narver and Slater (1990); Appiah-Adu and Singh (1998)	Market orientation is the organization culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers...to create continuous superior value a business must be customer oriented, competitor oriented and interfunctionally coordinated.	1. Customer orientation 2. Competitor orientation. 3. Interfunctional coordination.
Pelham and Wilson (1996)	No explicit definition provided.	1. Customer understanding orientation. 2. Customer satisfaction orientation. 3. Competitor orientation.

systematic acquisition and analysis of information about the target market. The focus is on generating market knowledge about customers as well as competitors. This is to be followed by systematic use of such knowledge for the coordinated creation of sustainable superior customer value for the customers. Adopting a behavioural perspective, Kohli and Jaworski (1990) too emphasise upon specific activities, namely, market intelligence generation, dissemination, and organization's responsiveness to guide a practitioner towards an effective implementation of market orientation. Use of terms such as 'organizationwide' and 'market intelligence' by them in their definition of market orientation implies interfunctional coordination, and customer and competitor orientations which by the way find explicit recognition in the definition put forward by Narver and Slater (1990).

One aspect in respect of which these studies differ is the treatment of interfunctional coordination. Narver and Slater (1990) consider interfunctional coordination as one of the three behavioural components, whereas both Kohli and Jaworski (1990) and Pelham and Wilson (1996) consider it more as an antecedent of an effective implementation of market orientation rather than being a component of it. Hunt and Morgan (1995) echo similar sentiments when they opine that although interfunctional coordination is a factor that can contribute to implementing successfully a market orientation, yet such implementation factor should not appear in a concept's definition.

Whatever may be the points of differences or similarities, one thing that clearly emerges from the comparative assessment made above is that as against a completely theoretical explication of the term market orientation, an activity based approach to define and operationalise market orientation is much more useful. From this perspective, Kohli and Jaworski's (1990) operationalisation of market orientation seems to be a better alternative as it is relatively more focused and highly operational. Another interesting aspect of Kohli and Jaworski's (1990) operationalisation is that they view market orientation as a continuous rather than a dichotomous 'either-or' construct. This very much holds true of real life business situations because organisations differ in the extent to which they generate market intelligence, disseminate it internally and take action based on the intelligence. It is, therefore, appropriate to conceptualise firm's market orientation as one of the degree lying on a continuum form low to high rather than as a dichotomous attribute being either present or absent.

In view of its superiority, the present study too makes use of Kohli and Jaworski's (1990) operationalisation of market orientation. Elaboration of three market orientation constructs as put forward by them is provided next.

(i) Intelligence generation

Market intelligence generation entails gathering information about the target market. The act of Intelligence generation is concerned with not only collecting the information about customers in the target market, but also about the present and potential competitors and exogenous market forces such as government regulations, technology, and other environmental factors.

While identifying the customers' needs, both the current and potential customers' needs and requirements are required to be considered. Market segmentation can be of great help in this respect. Having identified the target market customers, the firm can go about collecting information about current and future customer needs, motivators, direct and indirect non-buying influences on customer demand and exogenous environmental forces (Slywotzky and Shapiro 1993, Shapiro 1988, Aaker 1988).

Developing an understanding of the current and potential competitors is another aspect with respect to which market intelligence is to be generated. As stated by Aaker (1988), competitors' actions are influenced by six elements, viz., (a) size, growth, and profitability, (b) objectives and assumption, (c) current and past strategies, (d) organisation and culture, (f) cost structure and exit barriers, and (g) strengths and weaknesses. In order to properly understand competitors' actions, it becomes imperative for the firm to focus on understanding each of these elements.

So far as the mechanism of generating market intelligence is concerned, firm can employ a number of complementary mechanisms that include (a) an informal flow of information through sales report, seminars, discussion with trade partners, reading magazines etc., and (b) a formal market research through marketing information system that may be further augmented with market experiments to identify the latent customer needs (Slater and Narver 1995). Whatever may be the source of information - formal or informal, the important point is that market intelligence generation should not be viewed as the sole responsibility of marketing department or marketing research system. It is rather the whole organization which needs to be sensitive to customer needs and competitor reactions. And this is possible when the organisations are learning oriented (Sinkula, Baker and Noordewier, 1997). A more positive learning orientation can directly result in the increased market information generation and dissemination. An equally important aspect is that market intelligence generation process should not stop at obtaining information alone, but it should also involve careful analysis and subsequent interpretation of the forces that attribute to the verbalized customers needs and preferences.

Intelligence Dissemination

Dissemination of market information across organisational hierarchy to ensure participation of virtually all the departments of the organization in adapting themselves and responding effectively to market needs is another significant construct of market orientation. Dissemination of market intelligence depends upon the *amount* and *type* of communication between functional departments. With respect to *amount of communication*, it needs to be noted that greater the communication between personnel in marketing department and personnel in other functional areas, the greater is likely to be the dissemination of market intelligence. The organisations, however, must be equally aware of various other factors such as sender's positional power, joint customer visits, receiver's organizational commitment and trust in the sender, degree of organizational structure, interfunctional distance, information and innovation culture, and nature of task which operate both at the individual and organization levels in ways which affect the frequency of this communication (Maltz and Kohli 1996; Menon and Varadarajan 1992; Ruekert and Walker 1987). Apart from these factors that are internal to the organisation, external environment instability and market dynamism can also potentially impact the communication flow. It, for instance, has been observed that greater the environmental instability and market dynamism, greater is likely to be the degree of communication flow in an organisation (Menon and Varadarajan 1992; Maltz and Kohli 1996).

So far as the *type of communication* is concerned, both the formal and informal modes of information dissemination are significant (Maltz and Kohli 1996; Ruekert and Walker 1987; Kohli and Jaworski1990; Zeithaml, Berry, and Parasuraman 1988). It may be worth mentioning here that intelligence can flow in the opposite direction as well. Much depends on the source where it is generated and the sensitivity of the people in other departments towards the market needs. Whatsoever may be the frequency or form of communication, one factor that very significantly affects the market intelligence dissemination is orientation of the organisation to learn about its market needs (Sinkula, Baker, and Noordewier 1997). The more people in the organisation are committed to learn, open-minded and have a shared vision; the more likely to be the incidence of market intelligence dissemination.

Responsiveness

Organizations often fail to use market intelligence that is readily available to them. This issue assumes greater importance because competing organisations increasingly have access to the same market intelligence. The competitive advantage, therefore, lies more in an organisation's ability to use and respond to market intelligence rather than in simply having access to market intelligence (Menon and Varadarajan 1992).

Responsiveness of the organisation includes both planning and implementation aspects. Planning a response is response design **that includes selecting target market, setting up structures and systems, product planning, etc. Execution of the planned response is implementation aspect of responsiveness, i.e.,** response implementation. **Response implementation can take place in the form of production, offer and distribution of products along with provision of after sales services and handling consumer grievances.**

A variety of measures can help the business firm improve its responsiveness, and these include a learning driven marketing strategy for a continuous and unbiased understanding of the product and service attributes, a flatter more decentralised structure, an effective information presentation format, innovative promotional media channels of distribution and pricing structures particularly in a fragmented market, comparative advertising to reinforce consumer choice in relation to competing options, etc. (Slater and Narver 1995; Cornelia, Halstead and Mackoy 1997; Deshpande, Farley and Webster Jr. 1993).

Responsiveness to market intelligence is again an organisationwide phenomenon in which all the departments and not just marketing department or the personnel participate in responding to market trends in a market oriented organisation with three foundational C's - communication, coordination and commitment (Shapiro 1988).

THE STUDY

A survey of Indian manufacturing firms was conducted to ascertain their market orientation. Using a convenience sampling, a survey of 600 manufacturing firms situated in and around Delhi was carried out through the use of a structured disguised questionnaire. Chief executive officers, chief marketing executives, or senior officers of the sampled organisations were personally approached. After repeated follow ups, a total of 373 duly filled in questionnaires were received.

A profile of the respondent firms is represented in Table 2. It can be observed that with respect to age, 43 per cent of the organisations are matured ones - being in their respective businesses for more than fifteen years. Firms belonging to the remaining categories, i.e., with age less than 5 years, 5-10 years, and 10-15 years, are distributed in nearly the same proportion with shares ranging from 15 to 23 per cent. Major customers for the majority of surveyed firms (i.e., 60.9 per cent) are the institutional buyers (either the industrial firms or wholesale dealers). Organisations directly dealing with the household customers constitute only 24 per cent of the total sample. The rest of the surveyed firms (i.e., 15 per cent) reported that they deal with both the types of customers. Sizewise, the surveyed firms are quite dispersed and represent small and large organisations in terms of both the average annual sales and number of full time workers employed therein.

With respect to ownership, the sample at our disposal is equally representative of privately and publicly owned firms, the respective percentages being 41.8 and 53.9. However, only a few government undertakings, i.e., 4.3 per cent, form part of sample. Furthermore, a majority of the sampled units (i.e., 90.9 per cent) are Indian companies. Share of foreign firms or subsidiaries of foreign firms is just 9.1 per cent. In terms of exporting status, however, both the exporting and non-exporting firms have sizeable representation in the sample used in this study.

Table 2: A Profile of the Surveyed Firms

Basis of classification	*Number of firms*	*Percentage of firms*
Age		
Less than 5 years	69	18.5
5-10 years	85	22.8
10-15 years	58	15.6
More than 15 years	160	43.0
Major Customers		
Households	90	24.0
Industries/ firms	227	60.9
Both	56	15.0
Firm size		
(a) Average annual sales		
Less than 10 lacs	17	7.2
Rs. 10 - 25 lacs	15	6.3
Rs. 25 - 50 lacs	23	9.7
Rs. 50 lacs-1 crore	24	10.1
Rs. 1 crore-10 crores	43	18.1
Rs. 10 – 50 crores	41	17.3
Rs. 50 –100 crores	21	8.9
Above Rs. 100 crores	53	22.4
(b) Number of full time workers		
Less than 10	42	18.0
10 –25	31	13.3
25 – 50	21	9.0
50 – 100	32	13.7
100 – 200	26	11.2
200 – 500	33	14.2
Above 500	48	20.6
Type of Ownership		
Sole proprietorship/ partnership	156	41.8
Limited company	201	53.9
Government undertaking	16	4.3
Nature of Organization		
Indian company	339	90.9
Subsidiary of foreign company	24	6.4
Foreign company	10	2.7
Exporter vs. Non-exporter		
Exporters	211	56.7
Non - exporters	159	42.7

Research Instrument and Scale Reliability and Validity Assessment

In view of an in-depth coverage of market orientation constructs, it was decided in the present study to make use of Jaworski and Kohli's (1993) multi-item market orientation scales. Responses of the chief executive officers/marketing executives were obtained on a 5-point Likert scale, ranging from 5 (Strongly Agree) to 1 (Strongly Disagree). Scale reliability was assessed by computing Cronbach alpha coefficients. Wherever required, a few items were dropped from the scale to improve the scale reliability. After successive rounds of scale purification, a total of 28 items were retained for measuring the four market orientation constructs – eight for measuring market intelligence generation (IG), one scale item for market intelligence dissemination (ID), eight for response design (RD), and eleven items for response implementation (RI). Since the reliability coefficient for the scale 'intelligence dissemination' continued to remain poor, a single-item scale was used for measuring this construct. Reliability coefficients for the rest of three multi-item scales are presented in Table 3. It can be observed that all the three multi-item scales have reliability above 0.60, thus adequately meeting the threshold reliability standard as needed for undertaking exploratory researches (Nunnally 1967).

Table 3: Market Orientation - Number of Scale Items and Reliability Values

Scale	*Number of Scale Items*	*Coefficient Alpha*
Intelligence Generation (IG)	8	0.70
Intelligence Dissemination (ID)	1	-
Response Design (RD)	8	0.62
Response Implementation (RI)	11	0.72

It will be in the fitness of the things to have a brief description of the four scales used in the study. Generation of market intelligence (IG) has been measured for three basic constituents of market, namely, customers, competitors, and external environmental factors such as the technology, government regulations and policy, economic policy. Specific items constituting the scale included: "Our organisation does not have any system of collecting regular information about business regulations, technology, competitors, and any market change" and "We do a lot of formal market research to better understand our customers and their needs".

So far as intelligence dissemination (ID) is concerned, only one scale item could be retained for measuring this construct in view of the poor scale reliability. The item used in this connection is: "Our organization periodically circulates documents (reports, newsletters, etc.), that provide information about our customers".

Responsiveness of organization to market intelligence has been measured through the use of nineteen scale items. Of these, eight items measure response design (RD), i.e., planning and strategy formation; and the remaining eleven scale items measure response implementation (RI). Some of the scale items used for capturing responsiveness are: "Our business plans are driven more by technological advances than by changes in customers' needs and preferences", "Our organisation sells different products to different groups of customers in the market", "We are not good in providing after sales services" and "Needs of retailers, distributors, etc., are duly considered while designing the product".

For ascertaining the overall market orientation of surveyed firms, mean market orientation scores were computed by summing up the unweighted scores of the four market orientation (MO) constructs. In the equation form, it tantamounts to:

MO = IG + ID + RD + RI .... (1)

Validity of market orientation scale and its constituent constructs was examined with the help of an inter-construct correlation analysis. Results relating to correlation among constructs and those between market orientation and its constructs are presented in Table 4. A high degree of correlation between market orientation and its constituent constructs (r=0.59 to 0.89, p<0.01) amply demonstrates that four constructs do represent market orientation.

Table 4: Market Orientation and Its Constructs - Correlation Analysis

	MO	*IG*	*ID*	*RD*	*RI*
MO	*1.00*				
IG	**0.88****	**1.00**			
ID	**0.59****	**0.42****	**1.00**		
RD	**0.87****	**0.66****	**0.47****	**1.00**	
RI	**0.89****	**0.65****	**0.43****	**0.65****	**1.00**

Notes: 1. **Significance (2- tailed) p £ 0.01

2. Legend: IG = Intelligence Generation, ID = Intelligence Dissemination, RD = Response Design, RI = Response Implementation.

It may, furthermore, be noted that even the correlation coefficients between the constructs are significant. Intelligence generation (IG) is highly correlated to intelligence dissemination (ID), response design (RD) and response implementation (RI); the correlation coefficients being 0.42, 0.66 and 0.65 respectively (p£ 0.01). These high correlation coefficients signify that market information that is generated is not only processed and disseminated, but it is also duly responded to in the surveyed firms. Though correlation coefficients of 0.47 (p £ 0.01) between ID and RD, and 0.43 (p£0.01) between ID and RI are significant, these are not that high as found between IG and RD, and also IG and RI. The probable reason for a relatively lower correlation can be the use of single-item scale for measuring 'intelligence dissemination' construct.

The core of market orientation is that the organisation should not only design the response in terms of planning, strategy and structures, but it should also implement this orientation effectively. Results of the study in this regard are once again encouraging. A high correlation coefficient (r = 0.65; p£ 0.01) between response design (RD) and response implementation (RI) corroborates this fact.

SURVEY RESULTS

Market Orientation Scores of Surveyed Firms

Various descriptive statistics of market orientation and its constituent constructs were computed to ascertain the extent of market orientation prevailing among the surveyed Indian manufacturing firms. The specific statistics used in this connection included: mean, standard deviation, range, minimum and maximum scores. An independent sample t-test was applied to check whether actual mean market orientation score was significantly different from the expected market orientation mean score or not.

Table 5 presents in a summary form various descriptive statistics of market orientation and its constructs. The surveyed firms have a mean market orientation score of 106.52, with a standard deviation of 13.37. Since market orientation has been measured with the help of a 28-item scale using a 5-point Likert response format, theoretically the mean market orientation score can range from 28 to 140, with mean expected value being 84. Applying independent sample t-test, we find that the observed mean score of 106.52 is significantly higher (p=0.000) than its expected value.

The results with respect to individual market orientation constructs are at par with those of the overall market orientation score. The observed average intelligence generation (IG) score is 29.47 with a standard deviation of 4.85, and it is significantly higher than the expected mean score of 24 (p=0.000). Observed intelligence dissemination (ID) score is once again significantly above its expected mean score (p=0.01). Mean response design (RD) score is also significantly above the expected average score. Even the observed mean score of 43.05 for response implementation (RI) is significantly higher than its expected mean score of 33 (p=0.000), implying thereby that the surveyed organisations are actively engaging themselves in the market oriented activities.

Market Orientation across Different Types of Firms

In order to examine whether different types of surveyed firms differ in their market orientation, surveyed firms were cross-classified on the basis of eight firm characteristics, viz., age of organisation, type of customers served, kind of ownership, size of organisation, nature of organisation (foreign company or Indian one), exporting status and intensity, age and qualification of chief executive officer and chief marketing executive, and nature of business strategy pursued by the firm. ANOVA and Chi-square analyses were performed to test the statistical significance of differences existing in the market orientation of different types of firms. The results are presented in Tables 6 through 13 and are discussed below.

Age of the Firm

The sampled units were classified into four age groups: less than 5 years, 5-10 years, 10-15 years, and 15 years and above. The mean market orientation scores for these four groups of firms are presented inTable 6. One-way analysis of variance fails to establish statistical significance of differences in the mean market orientation scores, implying thereby that age is not a significant determinant of firms' market orientation.

Type of Customers Served

Based on main types of customers served, the surveyed units were classified into

Table 5: Market Orientation and Its Constructs - Descriptive Statistics

Construct	No. of scale items	Possible score range[1]	Expected mean score	Observed mean score	Difference (Observed minus expected)[2]	Standard deviation of mean score	Range of observed mean score	Observed minimum score	Observed maximum score
Market Orientation	28	28-140	84	106.52	22.52***	13.37	75	57	132
Intelligence Generation (IG)	8	8-40	24	29.47	5.47***	4.85	24	15	39
Intelligence Dissemination (ID)	1	1-5	3	3.16	0.16**	1.16	4	1	5
Response Design (RD)	8	8-40	24	30.34	10.34***	4.07	24	16	40
Response Implementation (RI)	11	11-55	33	43.05	10.05***	5.24	33	20	53

Notes: 1. A five-point Likert scale ranging from 5 (Strongly agree) to 1 (Strongly disagree) used for measuring response to each scale item.

2. Asterix marks show significance level (2-tailed t-test)

*** p = 0.000

** p = 0.01

Table 6: Market Orientation of Firms of Different Age Groups - Mean Scores and ANOVA Results

Age	*Mean MO score*	*No. of firms*	*Between groups F value*	***Sig.***
Less than 5 years	108.00	48		
5-10 years	105.09	58		
11-15 years	105.41	34		
15 years and above	107.04	94		
Total	106.52	237	0.54	**0.65**

Table 7: Market Orientation of Firms Having Different Types of Customers - Mean Scores and ANOVA Results

Type of served customers	*Mean MO score*	*No. of firms*	*Between groups F value*	*Sig.*
Household	107.48	46		
Industry	107.38	148		
Both	102.53	43		
Total	106.52	237	2.37	0.096

following three categories of firms: (a) firms serving mainly household customers, (b) firms serving primarily industrial customers, and (c) firms serving both the household and industrial customers. Mean market orientation scores for three categories of the firms are: 107.48, 107.38, and 102.53 respectively (see Table 7). ANOVA analysis points to the statistical significance of differences in mean market orientation scores ($p<0.10$). The results suggest that firms serving household customers are much more market oriented than those who are supplying to industrial buyers and wholesale dealers. This probably seems to have happened due to the fact that household customers are larger in number in comparison to number of industrial and wholesale buyers with which a firm deals. Needs and wants of the household customers are also prone to faster changes than those of the institutional buyers, thus necessitating the firms to more systematically collect, disseminate and respond to market intelligence to remain competitive in the market.

Kind of Firm Ownership

Surveyed firms were categorised into sole proprietorship/partnership organisation, limited company, and public sector company/ government undertaking on the basis of their ownership. Mean scores and ANOVA results are presented in Table 8. The results reveal that limited companies rank highest in terms of market orientation scores - mean market orientation score being 109.46. Sole proprietorship/partnership organizations come next, with mean score of 101.97. A possible reason for higher market orientation among the limited companies can be explicit and formal dedication of their resources, structures and system to sensing and responding to market changes. Public sector companies, on the other hand, depict the lowest mean market orientation score of

98.78. Three types of firms are found to be statistically differing in their mean market orientation scores (p=0.000).

Firm Size

Firm size in the present study has been assessed through two variables – average annual sales and number of full time persons employed. These variables were measured on 8-point and 7-point categorical scales respectively, thus depicting eight and seven groups of firms that were put in an ascending order from the smallest sized to the largest sized firm. Results relating to their mean market orientation scores and ANOVA analyses are presented in Table 9. When categorised on the basis of sales turnover, no statistically significant differences are found to be present in the market orientation of different sized firms. In terms of number of workers employed, however, firms do differ significantly in their mean market orientation scores ($p<0.05$).

Nature of Organisation

Origin of an organisation can have a

Table 8: Market Orientation of Organizations of Different Kind of Ownership - Mean scores and ANOVA Results

Kind of ownership	*Mean MO score*	*No. of firms*	*Between groups F value*	*Sig.*
Sole proprietorship or partnership	101.97	73		
Limited company	109.46	150		
Government undertaking	98.78	14		
Total	106.52	237	11.00	0.000

Table 9: Market Orientation of Organizations of Different Sizes - Mean Scores and ANOVA Results

Size	*Mean MO score*	*No. of firms*	*Between groups F value*	*Sig.*
Average annual sales (Rs.)				
Less than 10 lacs	102.06	17		
Rs. 10-25 lacs	104.40	15		
Rs. 25-50 lacs	103.43	23		
Rs. 50 lacs – 1 crore	104.46	24		
Rs. 1 crore – 10 crores	104.93	43		
Rs. 10-50 crores	110.22	41		
Rs. 50-100 crores	112.09	21		
Above Rs. 100 crores	107.06	53		
Total	106.52	237	1.68	0.11
Number of workers employed				
Less than 10	101.78	42		
10-25	106.03	31		
25-50	103.00	21		
50-100	106.34	32		
100-200	112.23	26		
200-500	111.18	33		
Above 500	106.04	48		
Total	106.52	237	2.40	0.02

Table 10: Market Orientation of Organizations of Different Nature - Mean Scores and ANOVA Results

Nature of firm	*Mean MO score*	*No. of firms*	*Between groups F value*	*Sig.*
Indian organization	105.69	209		
Subsidiary of foreign company	113.50	20		
Foreign company	110.87	8		
Total	106.52	237	3.63	0.03

profound influence on its organisational structure and management system, which in turn can have a bearing upon its market orientation. In the present study, we classified the surveyed firms into three groups of organisations: Indian organisations, subsidiaries of foreign company, and foreign companies. Mean market orientation scores of these three types of firms turn out to be: 105.69, 113.50, and 110.87 respectively (see Table 10). Variations in mean scores are statistically significant (p£0.05). It can be observed from the data presented in Table 10 that organisations with foreign origin are much more market oriented than the Indian organizations. Intuitively this seems justifiable in view of the fact that foreign organisations have much more pressures on them to be market oriented because of operating in relatively much more competitive markets than Indian firms which till recently had the privilege of operating in a highly insulated and protected market environment.

Export Status

Similar to the findings observed in the preceding sub-section, present study reveals that export oriented organisations are more market oriented than non-exporting organisations (see Table 11). Market orientation of the firms that are exporting their products is 109.22, and it is significantly different (p=0.01) from a mean score of 103.88 of the firms that are supplying their products exclusively to the domestic market. Table 11 also contains classification of firms on the basis of their export intensity and

Table 11: Market Orientation of Firms with Different Export Orientation - Mean Scores and ANOVA Results

Sole proprietorship or partnership	*Mean MO score*	*No. of firms*	*Between groups F value*	*Sig.*
Exporting status				
Do not export	103.88	122		
Export	109.22	112		
Total	106.43	234	3.98	0.01
Export Intensity				
0-5%	110.25	24		
5-10%	109.12	33		
10-25%	109.09	21		
25-50%	110.37	16		
50 % and above	107.12	17		
Total	109.23	111	2.02	0.08

their mean market orientation scores. Once again the results show presence of significant differences among the firms in their mean market orientation scores ($p<0.10$). The relationship of export intensity to market orientation, however, is not found to be straight forward and monotonic.

AGE AND QUALIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF MARKETING EXECUTIVE

(i) Age of Executives

On the basis of the age of the chief executive officers (CEOs) and chief marketing executives (CMEs), the surveyed firms were categorised into four groups of organisations: organisations with chief executive age being less than 35 years, 35-45 years, 45-55 years and above 55 years. Results reported in Table 12 show presence of statistically significant differences in the four types of organisations ($p=0.000$ for CEOs and $p=0.05$ for CMEs). More specifically, organisations with CEOs and CMEs in the middle age-groups, viz., 35-45 years and 45-55 years, depict a higher degree of market orientation than the organisations with executives from the younger or older age groups.

(ii) Educational Level of Executives

Based on the education level of their chief executives, firms were classified into two groups: firms having graduates as their chief executives and the firms having postgraduates as their chief executives. Mean market orientation scores and ANOVA results are reported in Table 12. So far as the educational level of chief executive officers is concerned, no difference is found in the mean market orientation scores of the surveyed organisations. However, organisations with postgraduates as their chief marketing executives are found to be much more actively involved in market oriented activities than organisations having graduates as the chief marketing executives (p£0.05).

(iii) Professional Training of Executives

Surveyed organisations were also classified on the basis of the professional courses or training in marketing, management or some other field of knowledge of their chief executives. Results reported in Table12 clearly indicate that higher the professional training of chief executives, greater is the market orientation of their organisations (p£0.01 for both the CEOs and CMEs).

Strategy Pursued

Another significant issue examined in the study pertains to possible association between market orientation and business strategy pursued by the firms to compete in the market place. According to Hall (1990), strategies leading to business success share common characteristics. These characteristics, also referred to as forms of competitive advantage, include: product differentiation, relative lower cost, a focus strategy, a preemptive move, and synergy (Porter 1980, Aaker 1988, Treacy and Wiersema 1993, Day and Wensley 1988, Day 1985). Narrowing down the analysis in the present study to the first two forms of competitive advantages, viz., product differentiation and relative lower cost; the respondent firms were classified into three groups of organisations based on primary thrust of their business strategies: (a) firms following product differentiation strategy, (b) firms pursuing low cost strategy, and (c) firms adopting both the strategies. Side by side, the surveyed firms were classified into three groups of organisations based on their market orientation scores. Market orientation scores of the respondent organisations at 25th and 75th percentiles

Table 12: Market Orientation of Organizations with Executives from Different Age and Qualification Groups - Mean Scores and ANOVA Results

	Mean MO score	*No. of firms*	*Between groups F value*	*Sig.*
Age of CEO				
Below 35 years	104.45	29		
35-45 years	106.33	75		
45-55 years	111.68	75		
Above 55 years	100.23	44		
Total			7.67	0.000
Age of CME				
Below 35 years	105.81	32		
35-45 years	108.69	100		
45-55 years	107.58	53		
Above 55 years	98.27	15		
Total			2.86	0.04
Educational level of CEO				
Graduate	105.48	89		
Post-graduate	108.14	123		
Total			2.00	0.16
Educational level of CME				
Graduate	104.52	89		
Post-graduate	108.92	108		
Total			5.50	0.02
Professional course or training of CEO				
None	102.49	61		
One field of study	106.55	100		
Two fields of study	112.50	40		
Three fields of study	114.10	10		
Total			4.21	0.00
Professional course or training of CME				
None	104.15	47		
One field of study	105.52	104		
Two fields of study	113.27	41		
Three fields of study	113.22	9		
Total			5.01	0.00

were taken as dividing lines to categorise them into three categories of firms, viz., lowly market oriented firms, moderately market oriented firms, and highly market oriented firms. Based on the extent of market orientation and thrust of their business strategy pursued, firms were cross-classified into nine distinct groups of organisations. A Chi-square analysis was performed to ascertain the interdependence among the two variables under investigation, viz., market orientation and business

Table 13: Strategy Pursued by Organisations with Different Levels of Market Orientation - Cross-tabulation and Chi-square analysis

		Market orientation			
		Low	Medium	High	Total
Strategy pursued	- Product differentiation	19	37	25	81
	- Low cost	12	23	3	38
	- Both	28	56	31	115
	Total	59	116	59	234

Pearson Chi-square value 7.61
Significance (2 tailed) level = 0.11

strategy thrust. Results presented in Table 13 reveal that organisations differing in their market orientation do not significantly differ in respect of business strategies pursued by them.

CONCLUSION AND IMPLICATIONS

The study brings to the fore two interesting results. Firstly, the surveyed manufacturing firms in India are found to be high in market orientation. A significant difference between the observed and expected mean market orientation scores leads us to the conclusion that surveyed Indian manufacturing firms are high in market orientation.

The other important finding is that different types of firms differ in their market orientation. Such differences exist in respect of six out of the eight firm characteristics examined in the study. Mean scores are found to be significantly different for the firms differing in type of customers served, kind of firm ownership, firm size, nature of the firm (i.e., foreign or Indian one), exporting status, age of the chief executive officer and chief marketing executive, educational level of chief marketing executive and professional level or training of chief executive officer and chief marketing executive working in the firm. It is observed that organisations that cater to the needs of final customers are more market orientated than those that supply their products to other industries for further processing or wholeselling. As pointed out earlier, this may be due to a larger number of their customers and their fast changing demand pattern which force the firms to embrace market oriented activities to a greater extent to be able to more efficiently and effectively serve their customers. Market orientation to this extent in a formalized form may not be needed in firms that deal with institutional buyers who are relatively smaller in number and are closer to the firms.

Private limited companies are more market oriented than public sector companies. This finding is parallel to the otherwise sagging image prevalent among the customers about their poor performance in terms of delivery of customer satisfaction. In order to improve their competitiveness in future, public sector firms are suggested to more intensively and extensively pursue market oriented activities. This can greatly help the public sector firms to improve their business performance too as the market orientation has been found to significantly and positively related to firms' business performance in the past studies.

When differentiated on the basis of size in terms of number of persons employed, it has been found that relatively large sized organisations are more market orientated than small ones – implying thereby that firms with larger number of employees perforce need to employ formal methods of intelligence generation and dissemination. They also need to have specific norms and processes to ensure effective use of this intelligence to respond in a timely manner to the customer requirements.

Furthermore, the study finds that organisations whose executives are in the middle age group, post-graduates and possess specialized training or qualifications engage more actively in market oriented activities than their counterparts. The obvious strategy implication is that the organisations that have grown and matured in terms of their human resources both with respect to its age and professional skills are in a better position to embrace the marketing concept than those which have either too young or too old pool of chief executives with limited educational qualifications and training.

An interesting finding of the study is that firms that are operating across national boundaries such as foreign companies or subsidiaries of foreign companies or Indian companies with relatively greater export involvement are more market orientated than the firms of purely Indian origin and operating solely in the domestic market. This implies that organisations that have exposure to operate in varied cultures and relatively more competitive environments tend to become more externally oriented, i.e., market oriented, as against those who operate in safer and controlled environments, and thus get bogged to developing their strengths internally. To be more market oriented in future, firms must be encouraged to increasingly go in for foreign linkages and increase their export involvement as all this exposes them to marketing practices prevalent abroad. Benchmarking and adoption of the some of the best practices prevalent abroad can substantially help these firms to improve their competitiveness and business performance in the domestic market.

The study also made an attempt to investigate whether firms pursuing different business strategies differ in their market orientation. No significant difference are, however, found among firms in this respect. It implies that market orientation is a concept which firms employ irrespective of thrust they place on product differentiation or low cost advantages for consolidating their position in the ever increasing competitive markets.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

Though the study brings to the fore interesting findings and managerial implications, a few caveats are warranted. Like other studies, this study too has certain limitations that affect generalisability of its findings. First, the present study is confined to manufacturing firms located in and around Delhi. Findings of the study are, therefore, not generalisable to the universe of the Indian manufacturing firms as a whole. In future, studies using larger samples and having representation from both the goods and services sectors from different part of the country are needed to have greater confidence in the study findings.

Using Kohli and Jaworski's (1990) framework, the study has made use of unweighted scores of market orientation constructs to judge the extent to which an organisation is market oriented. The three market orientation constructs, however, may vary in importance; and hence may require computation of a weighted market orientation score. Future studies can delve into this aspect.

Further, the correlation of intelligence dissemination with market orientation and other constructs is not as high as found with respect to other market orientation constructs. This has happened probably due to the use of a single-item instead of multi-item scale used in the study to measure intelligence dissemination. Though initially a multi-item scale was employed, it got reduced to a single-item scale at the scale purification stage due to its poor reliability. In order to make the scale psychometrically sound, it is necessary that efforts be made in future to develop a multi-item scale to measure market intelligence dissemination construct.

Finally, no attempt has been made in the present study to examine antecedents and consequences of market orientation. An extensive body of literature has come into existence in this respect (see, for instance, Appiah-Adu and Singh, 1998; Jaworski and Kohli, 1993; Jain,1998; Narver and Slater, 1990; Pelham and Wilson, 1996; Slater and Narver, 1994; Woodruff, 1997). The same may be used by researchers in future studies to gain managerially more useful insights in convincing the business firms that market orientation does help improving business performance and also suggesting ways and means to make the organisations more market oriented in future.

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