

# MARKET ORIENTATION : THE CASE OF INDIAN FINANCIAL SERVICES FIRMS

Sanjay K. Jain\*

*Indian financial services market has undergone a significant metamorphosis since the initiation of the reform process in 1991. In such a changed scenario, market orientation has become a sine qua non for the survival, let alone growth, of the financial services firms. Based on empirical data, the present paper makes an attempt to analyse nature and extent of market orientation of the major Indian financial services firms and suggests measures to make them more market oriented in future.*

As against highly protected and fragmented markets in the past, the financial services markets the world over are becoming more complex, competitive and globally integrated. Indian financial services market is no exception to these changes. Slowly but steadily, the process of reforms initiated in India in 1991 has started paving way to a free and vibrant market and system. Many of the archaic rules and regulations of the yester years are gone. And in their place have emerged greater autonomy, transparency and market dynamism. Banking and mutual fund sectors - a preserve of the public sector undertakings for a long time - have been thrown open to the private sector, and the firms from both within and outside the country have already made a foray into the market. Insurance sector shall soon be witnessing arrival of private sector firms. Induction of new technology and introduction of new products and services, especially by the new entrants into the market, have considerably changed the very nature of the Indian financial services market. Customers too have become more sophisticated deliberative

and demanding, and their satisfaction has become a key to success.

Indian financial services firms in such a scenario can no longer afford to remain pre-occupied with merely financial planning of their operations and adherence to bureaucratic rules and regulations. Instead of relying upon erstwhile 'inside out' approach and selling concept, Indian firms today need to adopt an 'outside in' approach to be more market oriented.

Market orientation, with its focus upon the needs and wants of the target market customers and responsiveness of the firms to market changes, has been found to be of great help to the firms in delivering greater customer satisfaction and providing them with the much needed competitive advantages to withstand market challenges and improve business performance. Empirical studies, especially in the area of goods marketing, lend support these relationships (e.g., Lusch and Lackziak 1987, Narver and Slater 1990; Jaworski and Kohli 1993; Bhatia 1994).

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\* Reader in International Marketing, Department of Commerce, Delhi School of Economics, University of Delhi, Delhi-110007.

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Notwithstanding increased market competition and dire need for the Indian financial services firms to become market oriented, not much attention has been paid to undertaking empirical work in the area in the country. Though a few studies have recently come up (e.g., Jain and Shivakumar 1995a, 1995b; 1996a; 1996b; Shivakumar 1995), the focus of these studies have been on analysing environmental sensitiveness and select marketing practices of these firms. Virtually no study exists in the country in regard to market orientation of the financial services firms. The present study is a humble step to initiate researches in this area. Using Kohli and Jaworski's (1990) framework and employing data collected through a field survey in connection with another study, the paper analyses both the extent and nature of market orientation of major Indian financial services firms. The paper also examines relationships between market orientation and its select antecedents and consequences. Based on the findings of the study, marketing implications and suggestions for future research have been outlined.

### **MARKET ORIENTATION : THE CONSTRUCT AND ITS COMPONENTS**

The term marketing concept has been in vogue since 1950. It first gained currency in the United States and then spread over to other countries. Despite frequent mention in the chairmen's speeches and articles/books in marketing, the term continued to lack a generally agreed upon definition for a long time. Little wonder that both the marketing practitioners and researchers found the concept difficult to implement and analyse. It is only in the late eighties that the efforts were initiated to impart an operational definition to the concept (see, for instance, Houston 1986, Olson 1987,

Shapiro 1988, Webster 1988, Deshpande and Webster 1989). The work by Kohli and Jaworski in 1990 constitutes a major landmark in as much as it has laid a solid foundation for the systematic development of the concept.

Differentiating between '**marketing concept**' and '**market orientation**', Kohli and Jaworski (1990) proposed that while the former means a corporate state of mind, the latter relates to its implementation. A market oriented organisation, according to them, is, therefore, an organisation whose actions are consistent with the marketing concept. In order to identify activities which can be considered as constituting market orientation, they carried out an extensive review of literature and conducted in-depth field interviews of marketing as well as non-marketing executives of a diverse set of organisations, and also of a few academicians. 'Customer focus', 'co-ordinated marketing' and 'profitability' were identified as the three major elements of marketing concept. Since profitability is more of a consequence than part of the marketing concept, they dropped it from the subsequent analysis. Focusing their attention on the 'customer focus' and 'co-ordinated marketing' as the two major pillars, Kohli and Jaworski operationalised the concept of 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".***

According to Kohli and Jaworski, market orientation is thus a set of activities which can help a firm actualising the marketing concept. Explication of market orientation in terms *intelligence generation,*

*dissemination and responsiveness* represents a marked improvement over the earlier definitions in as much as it focuses upon specific set of activities rather than philosophical notions.

To gain a full grasp of the construct, let us briefly examine each of the three components of market orientation. The readers interested in more details can refer to the original work cited in the text.

### **Components of Market Orientation (MO)**

#### *Intelligence Generation (IG)*

In order to develop a customer focus, a firm should collect and analyse information relating to customers' present and future needs. Firm is also required to monitor on a continuous basis various exogenous factors such as government regulations, technology, intermediaries, competition and other environmental forces that influence customers' needs and firm's business operations. Both formal and informal means such as surveys, focus group discussions with customers and agents, etc., can be used for gathering necessary intelligence. It, however, should be kept in mind that intelligence gathering in a market oriented organisation is an organisationwide phenomenon, and should not be viewed simply as a responsibility of the marketing department alone.

#### *Intelligence Dissemination (ID)*

A market oriented firm needs to have a system for not only generating intelligence but also its dissemination. Effective intelligence dissemination to all the departments and divisions in the organisation is essential for the entire organisation to be customer oriented and work harmoniously toward the attainment of this goal. Both the formal and informal means can be helpful in disseminating the

gathered intelligence.

#### *Responsiveness: Response Design (RD) and Response Implementation (RI)*

Intelligence generation and dissemination would be of no use unless a firm responds to market needs and changes. Responsiveness is comprised of two components, viz., response design (RD) and response implementation (RI). While the response design (RD) refers to actions related to plan development, the latter pertains to actual working on plans. Both the response design and response implementation may relate to activities like target market selection, positioning, product design, new product development, distribution and promotion.

### **THE STUDY**

The present paper makes use of data that were collected in connection with another study examining marketing practices of Indian financial services firm. Data for that study were collected through a survey of the top and middle level executives of 8 Indian banks (6 from public sector and 2 from private sector), 8 mutual funds (seven from the public sector including UTI and one from the private sector) and the Life Insurance Corporation of India (LIC) - a public sector undertaking. Using quota sampling technique, 300 executives of these institutions were approached during May-August 1994. Two hundred fifty seven filled in questionnaires were received back, out of which only 237 were found usable. Institutionwise, 94 responses were from the banks and 102 and 41 were from LIC and mutual funds respectively. Sample used in the study was quite representative as it covered executives working in the head/divisional offices as well as branches located at Delhi, Bombay, Madras, Bangalore and Pondicherry.

Questionnaire used for the survey was thoroughly scanned to identify items for constructing the market orientation (MO) scale. The item selection process did not pose much problem as a number of Jaworski and Kohli's (1993) scale items were already present in the questionnaire. Though the scale items based on 5-point Likert scale in the questionnaire were included for some other purpose, these very much served the objective of the present paper. Of course wording of some of the items differed from that originally proposed by Jaworski and Kohli (1993), but this was inevitable to make the questions understandable and appropriate to the respondents in the context of Indian financial services market.

Out of several items present in the questionnaire, only 24 items appeared appropriate for the MO scale, and the rest were found representing either antecedents or consequences rather than the construct of the MO itself. Twenty four items shortlisted for the MO scale were segregated into IG, ID, RD and RI components and are listed in Tables 3 through 6. Cronbach alpha values were computed for each of the MO components. Table 1 contains the results relating to reliability testing. Since the reliability co-efficient for each of the scale is greater than 0.6, it adequately meets the standards suggested by Nunnally (1967) for purposes of explorative researches.

Table 1 : MO Scale : Reliability Analysis

Scale	No. of items	Cronbach alpha
Intelligence generation	6	0.640
Intelligence dissemination	4	0.648
Response design	5	0.673
Response implementation	9	0.808

Mean scores for the overall MO as well as its components were computed by summing up the respondents scores for the items making up the scales. *One-way analysis of variances* technique was applied to test the significance of differences in mean scores across the three types of surveyed financial services firms, viz., banks, LIC and mutual funds. Relationships between MO and its antecedents and consequences were examined with the help of *Karl Pearson correlation co-efficients* and *t-tests*.

## SURVEY FINDINGS

Major findings of the survey are presented in Tables 2 through 7, and are discussed below.

### Indian Financial Services Firms: Mean Market Orientation Scores

Based on the responses of the surveyed respondents, the overall market orientation is found to be 79.20, and it is only marginally above the theoretically expected mean, i.e., 72. One way analysis of variances reveals lack of significant differences among the three type of institutions, viz., banks, LIC and mutual funds (see Table 2).

A componentwise analysis of the market orientation scores presents almost a similar picture. Mean scores for the intelligence generation, intelligence dissemination, response design and response implementation are 21.05, 13.04, 15.92 and 29.34 respectively, and are in close proximity to their expected mean scores. Furthermore, in general there do not exist significant differences in the mean component scores among the three types of surveyed institutions. Response implementation constitutes the only exception where LIC holds significantly low mean score as compared to those of the

Table 2 : Market Orientation and Its Components : Mean Scores

	No. of scale items	Theoretical score range	Expected mean scores	Actual Mean Scores				
				Aggregative result	Banks	LIC	Mutual Funds	Prob. (F. value)
Intelligence generation (IG)	6	6-30	18	21.05	20.48	21.37	21.78	.188
Intelligence dissemination (ID)	4	4-20	12	13.04	13.44	12.65	13.10	.179
Response design (RD)	5	5-25	15	15.92	15.75	15.83	16.60	.427
Response implementation (RI)	9	9-45	27	29.34	30.90	27.47	30.50	.000
Market Orientation (MO)	24	24-120	72	79.20	80.26	77.54	81.25	.271

Notes : 1. Responses were obtained on a 5-point Likert scale with '1' standing for 'Strongly Disagree' and '5' for 'Strongly Agree'.

2. Theoretically possible range has been determined by multiplying the lowest and highest responses ( viz., 1 and 5 respectively ) by the number of items in a scale.

banks and mutual funds

Having discussed the overall results, let us now delve into an itemwise analysis of the IG, ID, RD and RI scales so as to gain a better insight into the nature of market orientation of the surveyed firms.

### Intelligence Generation (IG)

Quite in contrast to the overall IG scale scores shown in Table 2, an itemwise analysis of the statements constituting IG scale in Table 3 reveals statistically significant differences among the surveyed financial institutions in respect of all the six scale items ( $p < .09$ ). While banks outperform both the LIC and mutual funds in regard to meeting the customers to determine as to how they feel about the quality of their products (item 'c') and what their needs are likely to be in future (item 'a'), but lag considerably behind the LIC and mutual funds in respect of gathering information as to why people buy their products and services (item 'b'), surveying intermediaries and others who can influence their

customers (item 'd') and systematically generating intelligence about the competitors' strategies (item 'e').

In so far as the periodical review of the likely effect of changes in the regulatory environment on the business is concerned, all the three types of institutions reveal good results, with mutual funds being on the top. Their relatively high mean scores in the range of 3.85 to 4.44 for the item 'f' substantiate this fact (see Table 3).

### Intelligence Dissemination (ID)

Table 4 containing results regarding four items constituting the ID scale presents a somewhat mixed picture. In regard to persons working in different departments/zonal offices/branches discussing customers' future needs (item 'a') as well as dissemination of information about the important events concerning major customers or markets in a short period within the whole organisation (item 'b'), respondents report a higher degree of agreement. While the mean scores do not

Table 3 : Intelligence Generation : Mean Scores<sup>1</sup>

Item	Aggregative Results	Disaggregative Results			
		Banks	LIC	Mutual-Funds	Prob. (F. value)
1) In our organisation, we meet with customers once a year to find out what products and services they will require in future.	3.36	3.58	3.21	3.25	.086
2) Studies are made in our organisation to know as to why people invest in or buy our products and services.	3.39	3.19	3.56	3.45	.030
3) We make a survey of our customers at least once a year to assess what they think about the quality of our products and services.	3.36	3.64	3.16	3.23	.013
4) We often talk with or survey those (e.g., brokers and agents) who can influence our customers.	3.62	2.91	4.13	3.99	.000
5) We systematically collect information on our competitors' strategies.	3.31	3.12	3.40	3.54	.062
6) We periodically review the likely effect of changes in our business environment, e.g., regulation, on our business.	4.07	4.15	3.85	4.44	.000

Note : 1. Responses were obtained on a 5-point Likert scale with '1' standing for 'Strongly Disagree' and 5 for 'Strongly Agree'.

significantly differ for item 'b' for the three types of institutions, responses to item 'a' do show significant differences ( $p=.000$ ) with mutual funds being on the top.

In respect of items 'c' and 'd' the respondents from all the institutions under study turned out to be ambivalent. Mean

scores in proximity of value 3 are a pointer to the indifference prevailing among the respondents. The only exception seems to be the banks for which the respondents somewhat had a feeling that the data on customer satisfaction are communicated to all levels in the organisation on a regular basis.

Table 4 : Intelligence Dissemination: Mean Scores<sup>1</sup>

Item	Aggregative Results	Disaggregative Results			
		Banks	LIC	Mutual-Funds	Prob. (F. value)
1. Persons in different departments /zonal offices/branches of our organisation spend time discussing customers' future needs.	3.37	3.55	3.34	3.95	.000
2. When something important happens to our major customers or markets, the whole organisation comes to know about it in a short period.	3.49	3.62	3.41	3.49	.287
3. Data on customer satisfaction are communicated to all levels in the organisation on a regular basis.	3.06	3.23	2.89	3.05	.098
4. There is minimal communication among various departments/ zonal offices/branches concerning market developments.*	2.97	2.97	3.02	2.85	.724

Notes: 1. Responses were obtained on a 5-point Likert scale with '1' standing for 'Strongly Disagree' and '5' for 'Strongly Agree'.

2. The responses to item with '\*' mark were reverse coded at the time of computing market orientation (MO) and intelligence dissemination (ID) scores as shown in Table 2.

### Response Design (RD)

On the aggregative level, a mean score of 15.92 as against an expected mean score of 15 shown in Table 2 implies indifference or ambivalence prevalent among the respondents in regard to R.D. component<sup>1</sup>. But an itemwise analysis of this component reveals a different picture. While the respondents appear indifferent in their opinion about their organisations developing marketing plans only after collecting all the necessary information or being careful in deciding as to who will directly deal with customers (items 'd' and 'e'), their agreement with items 'b' and 'c' implies that management of their organisations

periodically review their products and services to ensure that the same are in line with customers' wants, and the people from different departments/branches get together to plan a response to changes taking place in the market ( see Table 5 ).

The picture, however, once again turns disconcerting when we look at the response to item 'a'. Mean scores of 3.32 at the aggregative level and 3.49 and 3.39 at the levels of banks and LIC indicate respondents' agreement the statement that their business plans are driven more by government rules and regulations than by changes taking place in the market. Mutual funds are the only exception. A significantly

Table 5 : Response Design : Mean Scores<sup>1</sup>

Item	Aggregative Results	Disaggregative Results			
		Banks	LIC	Mutual-Funds	Prob. (F. value)
a) Our business plans are driven more by government rules and regulations than by changes taking place in the market.*	3.32	3.49	3.39	2.77	.003
b) Management of our organisation periodically reviews our products/ services to ensure that they are in line with what customers want.	3.63	3.71	3.49	3.83	.099
c) Several departments/zonal offices/ branches get together to plan a response to changes taking place in the market.	3.39	3.50	3.35	3.25	.402
d) Marketing planning in our organisation is done only after all the information about customers has been collected.	3.07	3.05	3.12	3.00	.794
e) Our organisation is very careful in deciding as to which persons will directly deal with customers.	3.09	2.97	3.19	3.15	.378

Notes: 1. Responses were obtained on a 5-point Likert Scale with '1' standing for 'Strongly Disagree' and '5' for 'Strongly Agree'.

2. The responses to item with "\*" mark were reverse coded at the time of computing market orientation (MO) and response design (RD) scores as shown in Table 2.

different mean score of 2.77 ( $p < .01$ ) for the mutual funds reflects their disagreement to the statement.

### Response Implementation (RI)

Itemwise mean scores for the construct RI are presented in Table 6. Excepting for the last two items, the mean scores show statistically significant differences the banks, LIC and mutual funds in regard to implementation of response design.

In respect of co-ordinated action (item 'a'),

while the executives working in LIC appear somewhat indecisive with the statement that 'different divisions/departments/persons in our organisation generally do not work together to provide customer satisfaction', the respondents from the banks and mutual funds show disagreement. Mean scores of 2.69 and 2.63 respectively for these two groups of institutions substantiate the denial.

Organisations also differ significantly in respect of their entire staff being sensitive to customer satisfaction or people directly dealing with customer being customer



Table 6 : Response Implementation : Mean Scores<sup>1</sup>

Item	Aggregative Results	Disaggregative Results			
		Banks	LIC	Mutual-Funds	Prob. (F. value)
a) Different divisions/departments/ persons in our organisation generally do not work together to provide customer satisfaction.*	2.88	2.69	3.16	2.63	.009
b) No matter which department they are in or the job they are doing, people in our organisation are highly sensitive to customer satisfaction.	3.29	3.65	2.90	3.38	.000
c) The employees of our organisation who directly deal with customers are less customer-oriented.*	2.53	2.12	3.04	2.22	.000
d) When a customer is dissatisfied, his complaint is attended to immediately.	3.73	4.04	3.40	3.85	.001
e) In the present set-up, the staff in our organisation gets more concerned with adhering to rules and regulations/ formalities than serving customers.*	3.27	3.14	3.54	2.95	.011
f) For one reason or the other, we are slow to introduce changes in our products or services as per changing customers' needs and wants.*	3.54	3.38	3.83	3.15	.001
g) If a major competitor launches an intensive campaign targeted at our customers, we implement a response immediately.	3.37	3.55	3.34	3.02	.026
h) Our organisation develops different products/services for different segments of the market.	4.01	3.88	4.11	4.08	.137
i) Our organisation develops separate advertising campaigns for different customer groups.	3.26	3.08	3.38	3.41	.127

Notes : 1. Responses were obtained on a 5-point Likert scale with '1' standing for 'Strongly Disagree' and '5' for 'Strongly Agree'.

2. Responses to items with "\*" mark were reverse coded at the time of computing market orientation (MO) and response implementation (RI) scores as shown in Table 2.

oriented (items 'b' and 'c' ). While staff of the banks and mutual funds appear to be customer friendly, response of the executives from LIC is ambivalent. In regard to attending customer complaints immediately (item 'd'), all the three organisations appear responsive but the banks and mutual funds show a lead.

Even in respect of placing too much emphasis on adherence to rules and regulations, while the responses of executives from banks and mutual funds reveal ambiguity, LIC executives do admit their staff being excessively concerned with complying with rules and regulations.

A different situation exists in respect of responsiveness of the surveyed organisations to changes in the customers' needs and wants or launching of a campaign by competitors (items 'f' and 'g'). While the banks and LIC show higher scores on both these fronts, executives of mutual funds report their indecisiveness. Interestingly all the surveyed institutions show a high incidence of developing different products and services to meet the varying needs of different market segments (item 'h'). The response, however, does not seem that encouraging in regard to launching of separate advertising campaigns for different market segments (item 'i'). Though performance of LIC and mutual funds is somewhat better than that of banks, the difference is not statistically significant.

### **CONSEQUENCES OF MARKET ORIENTATION : ANALYSIS OF RELATIONSHIP OF MO WITH COMPETITIVE STRENGTH AND CUSTOMER SATISFACTION**

Market orientation is advocated to be practised by the firms because it can help them improving their business performance.

In this connection Kohli and Jaworski (1990) rightly observe that "*market orientation provides a unifying focus for the efforts and projects of individuals and departments within the organisation, thereby leading to superior performance*". Empirical studies by Lusch and Lackziak (1987), Narver and Slater (1990), Jaworski and Kohli (1993) and Bhatia (1994) provide support to this relationship.

Sales volume, profits, ROI, sales growth, etc., are the measures that are usually used as indicators of business performance. But the concept of business performance is much wider and includes non-financial measures also such as adaptability, *esprit de corps*, job satisfaction, organisational commitment and customer satisfaction (e.g., Kotler 1988, Kohli and Jaworski 1990). Taken together, these and other measures like clarity of firm's focus, low employees' turnover, greater responsiveness of the firm to market changes, etc., can be posited as leading to an improvement in the firm's competitive strength too.

For the present study, data were available only in respect of two variables, viz., respondents' perceptions about their firm's ability to withstand competition, especially the foreign competition; and customer satisfaction. The results relating to correlation of MO with these variables are presented in Table 7. The results reveal more market oriented firms to be having greater perceived ability to withstand foreign competition. Customer grievance cells are also working better, and customer happiness is also higher in these organisations. Positive and highly significant correlation coefficients thus lend support to the posited relationship between MO and its consequences.

**Table 7 : Market Orientation and Consequences : Correlation Analysis**

Consequence	Correlation with MO
Perceived Competitive Ability	
- Organisation being competitive enough to withstand foreign competition	.36*
Customer Satisfaction	
- Proper functioning of the customer grievance cell	.27*
- Customer happiness with the organisation's services	.52*

Note : \*  $p < .01$  (one-tail test).

### ANTECEDENTS OF MARKET ORIENTATION

Having examined the level and nature of market orientation and its relationship with the perceived competitiveness of the firms and customer satisfaction, let us now have a look at some of the factors influencing market orientation.

A review of the extant literature reveals a host of factors, both internal and external to the firm, to be influencing the level of market orientation. Management related factors such as management emphasis and risk aversion; interdepartmental dynamics such as interdepartmental conflicts and interdepartmental connectedness; organisation system consisting of variables like centralisation, departmentation and reward system; and environmental factors including market turbulence, technological turbulence and degree of competition are among the antecedents that have been empirically analysed in the previous studies (e.g., Jaworski and Kohli 1993; Slater and Narver 1994, Bhatia 1994).

Because of data constraints, only a select antecedents, and that too with somewhat different explications and operationalisations, could be examined in the present study. The results relating to relationship of market orientation with various antecedents are presented in Table 8.

*Top management* has been posited as an important determinant market orientation. Unless the top management feels concerned with customer satisfaction and is knowledgeable about customer needs and wants of different market segments, the middle and lower level staff cannot be expected to be customer focused. Since marketing has not received much emphasis in financial services firms in India for a long time ( Jain and Shivakumar 1996b ), top management emphasis on developing marketing plans on a continuous basis in the organisation can be expected to play a catalytic role in causing a shift in focus from an exclusive emphasis on financial management to that laying on efficient marketing planning and implementation, and thus paving way for greater market orientation in these firms. Results of the present study are a pointer to this fact. Firms with greater awareness among management of customer needs of different market segments and emphasis on continuous marketing planning are found having greater market orientation. Highly positive correlation coefficients of 0.62 and 0.42 (  $p < .01$  ) do confirm the hypothesised relationships.

*Departmentation*, i.e., a formal division of work, has been hypothesised to be inversely related to intelligence dissemination, intelligence utilisation and organisation responsiveness (e.g., Levitt 1969; Deshpande and Zaltman 1982; Jaworski and Kohli 1993). Departmentation can be a barrier to even organisationwide

intelligence generation as it might compartmentalise intelligence generation and make it an exclusive responsibility of one single department. Findings of the study in this regard are somewhat mixed. While the presence of a separate marketing department is found hindering organisation wide intelligence dissemination and response implementation, no significant correlation exists between the presence of customer service cell in the organisation and intelligence generation, dissemination and organisation's responsiveness.

Presence of a separate marketing research department is surprisingly found to be positively related to all the four components of market orientation. Possible explanation seems to lie in the absence of a formal intelligence generation and dissemination system in the surveyed organisations (Jain and Shivakumar 1996a). Therefore, with the setting up of a marketing research department in the organisation a process of intelligence gathering and dissemination makes a beginning at least in one of the departments of the organisation. Top management emphasis can later crystallise this process into an organisationwide phenomenon.

Presence of a well designed system for handling customer complaints implies interdepartmental connectedness. Its highly significant and positive correlations with MO and its various components imply its positive contribution to the organisationwide intelligence generation, intelligence dissemination and responsiveness of the firm. The results of the study in this connection are at par with those of Jaworski and Kohli (1993).

Results of the present study in regard to the knowledge acquired by the employees, especially those working in the marketing departments or dealing with customers,

through formal education or training programmes in the areas of marketing and effective interactions with customers reveal a positive relationship with IG, ID, RD and RI components. This is a noteworthy aspect of the study which has not been researched in the past.

Market-factor based reward system is another important antecedent which has been posited to be positively related with market orientation (Webster 1988; Jaworski and Kohli 1993). The idea underlying this premise is that if the employees, especially the managers, are evaluated and rewarded on market based factors (rather than on short term profitability and sales), they are likely to give more attention to these factors, thus making the firm more market driven and customer oriented. Positive and highly significant correlation coefficients in the range of 0.27 to 0.41 in the present study lend support to the hypothesised relationships.

Jaworski and Kohli (1993) also hypothesised that greater the perceived expertise of the source generating marketing intelligence, greater the responsiveness to it by the organisation. Results of present study are, however, diametrically opposite. The reason for this unexpected relationship between market orientation and expertise of the source might be that in organisations where separate marketing research departments exist and are manned by knowledgeable/trained staff, other departments in such organisations start getting less concerned with intelligence generation, and dissemination.

## CONCLUSIONS AND IMPLICATIONS

The study reveals that the surveyed Indian financial services firms are only moderately market oriented - their mean scores being proximate to the theoretically expected mean market orientation score. Further,

Table 8 : Market Orientation and Antecedents : Correlation Analysis

Antecedent	Correlation between MO and antecedent				
	IG	ID	RD	RI	MO
<b>I. Management Factor</b>					
- Management knowledgeable about needs and size of different market segments	.46*	.47*	.62*	.53*	.62*
- Marketing planning not done on an adhoc basis	.25*	.41*	.39*	.43*	.42*
<b>II. Organisation System</b>					
<i>Departmentation /Formalisation/ Connectedness</i>					
- Presence of separate marketing department	n.s.	-.16*	n.s.	-.20*	-.12*
- Presence of separate marketing research department	.27*	.16*	.28*	.10**	.25*
- Presence of customer service cell	n.s.	n.s.	n.s.	n.s.	n.s.
- Existence of well designed system for handling customer complaints	.26*	.41*	.39*	.51*	.48*
<b>Staff Trained/knowledgeable in Marketing</b>					
- Organisation regularly conducting training programmes for the staff in the area of marketing	.37*	.31*	.45*	.33	.44
- Persons trained to interact well with customers	.16*	.31*	.22*	.30*	.28*
- Most of the persons in the organisation having specialised degree/diploma/training in marketing	.22*	.19**	.32*	.23*	.28*
- Number of persons working in marketing department having degree/diploma/training in marketing	.23*	.23*	.36*	.27*	.31*
<b>Reward System</b>					
- Use of customer feedback to evaluate staff	.27*	.41*	.34*	.30*	.41*
<b>III. Expertise of the Intelligence Generation Source</b>					
- Head of marketing research having knowledge/training/diploma in marketing	-.28*	-.16**	-.23*	n.s.	-.23*
- Number of persons in marketing research department having knowledge/training/ diploma in marketing	-.23*	-.12**	-.16*	n.s.	-.17*

Note : \* p&lt;.01 ( one-tail test ).

\*\* p&lt;.05( one-tail test ).

\*\*\* p&lt;.10 ( one-tail test ).

n.s. not significant

the three types of financial services firms, viz., banks, LIC and mutual funds, do not differ significantly from one another in terms of both the overall and componentwise mean scores. Only in respect of response implementation (RI) that the banks and mutual funds depict somewhat better and statistically significant results.

An itemwise analysis of the statements constituting each of the market orientation component scale presents a different picture. Significant differences among the three types of firms in respect of the majority of the scale items for each of the component imply that the nature of market orientation is not the same for all the surveyed firms. In general we find that mutual funds and banks operating under relatively more competitive marketing environment have greater incidence of activities representing market orientation than LIC - a public sector monopolistic organisation.

Since market orientation of the firms is found positively and significantly related to their perceived competitive strength and customer satisfaction, it is suggested that the Indian financial services firms make endeavours to become more market oriented in future so as to be able to withstand emerging competition and market challenges. Itemwise analysis of the components of market orientation undertaken in the study provides useful insights. It points out areas where the firms are deficient and actions are called for. In connection with banks, for instance, the itemwise analysis suggests that meeting people to know as to why they invest in or buy their products, systematically collecting information about competitors' strategies, improving communication among various departments/zonal offices/branches concerning market developments, giving more attention to market changes than

merely emphasising government rules and regulations while developing marketing plans, and developing separate advertising campaigns for different customer groups are the major areas where the banks lag, and they, therefore, need to pay greater attention to these activities in order to become more market oriented in future.

In a similar vein, the analysis suggests that the LIC should start undertaking surveys of its customers at least once a year to assess what the customers think about the quality of its products, communicating the data on customer satisfaction on a regular basis to various departments/zonal offices/branches, giving more importance to market changes rather than government regulations, in developing marketing plans, and asking its staff to be more customer oriented in future.

Though mutual funds are found to be ahead of banks and LIC in respect of majority of the market orientation generating actions, yet they need to lay greater emphasis on dissemination of information concerning customer satisfaction to various departments and divisions, and should be quick in implementing a response in case the competitors launch an intensive campaign.

There are certain activities in respect of which all the three types of institutions show deficiency, and all of them need to take steps to improve the situation. The areas where all the three types of institutions lag behind include : increasing communication among various departments/zonal offices/branches relating to market developments, developing market plans after collecting all the necessary information about the customers and taking due care in deciding as to which persons in their organisations shall directly deal with the customers.

Another interesting finding of the study relates to antecedents of market orientation. The study observes that a set of antecedents exist which affect initiation of activities constituting market orientation. For instance, it has been found that management knowledge about the needs and wants of different customer segments and their emphasis on developing marketing plans on a regular basis in the organisation are positively related to market orientation. It implies that if the top management of the financial services firms become more knowledgeable of target market needs and starts emphasising marketing planning in their organisations, the financial firms can be expected to become more market oriented in future.

Similarly, the study reveals that establishment of separate marketing department in the firms, recruiting people who have marketing knowledge, conducting training programmes on a regular basis in the area of marketing for the staff, establishing greater connectedness among the departments for handling customer grievances can help creating an environment within the organisations which is conducive for the organisationwide intelligence generation, intelligence dissemination and responsiveness of the firms to market changes. Use of customer feedback for evaluating staff, especially managers, can also go a long way in improving the employees' focus on customer satisfaction, and thus making the entire organisation customer and market-driven.

Though the study entails interesting managerial implications, a few caveats may be added. Like other studies, this study also has certain limitations which affect the generalisability of its findings. First, because of data constraints the study has made a partial use of the market orientation scale and its antecedent -

consequence framework as suggested by Kohli and Jaworski (1990). Future studies collecting data on all the scale items of market orientation and its various antecedents and consequences are called for to make the findings more generalisable. The present study has focused only on the views of top and middle level executives which might not be truly representative of the state of affairs prevailing in the surveyed organisations. Data should be collected in future about the opinions of lower level staff and customers to cross-check the validity of the results. Studies of such kind be conducted on a regular basis by the firms themselves as well as by independent research organisations and persons to periodically assess the changes in market orientation of the firms and their competitors, and to draw inferences for maintaining or enhancing their market orientation in future.

#### Note

1. If most of the people tick a response of '3', then it is a case of indifference. But if people are found divided in their opinion, i.e., about half of the respondents report agreement and the rest show disagreement, then it is a case of ambivalence.

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