THE EFFECT OF MARKET ORIENTATION ON BUSINESS PERFORMANCE: A Case of Commercial Bank of Ethiopia

By
Ephrem worku

A Thesis Submitted to: department of Marketing Management School of Commerce College of business and economics

Presented in Partial Fulfillment of the Requirements for the Degree of Master of Arts in Marketing Management

May 2017
Addis Ababa, Ethiopia
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Advisor
Dr. Temsgen Belayneh

May 2017
Addis Ababa, Ethiopia
Declaration

I hereby declare that the thesis entitled “The Effect of Market Orientation on business Performance: A Case of Commercial Bank Of Ethiopia” is my original work and submitted by me for the award of Degree of Master of Marketing Management from Addis Ababa University college of business and economics School of Commerce at Addis Ababa and it hasn’t been presented for the award of any other Degree of any other university or institution and that all sources of material used for the study have been duly acknowledged.

Ephrem worku                        Advisor Dr. Temsgen  Belayneh

Signature------------------  Signature------------------

May 2017
Certification
Addis Ababa University
School of Graduate Studies

This is to certify that the thesis prepared by Ephrem Worku, entitled: The Effect of Market Orientation on business Performance: A Case of Commercial Bank Of Ethiopia and submitted in partial fulfillment of the requirements for the award of the Degree of Master of arts in marketing management compiles with the regulations of the University and meets the accepted standards with respect to originality and quality.

Signed by the Examining Committee:

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Examiner (external): D.r Saravana                   Signature ______________Date____________
Abstract

The growing number of academic studies on market orientation and the mixed findings they report complicate efforts among managers and academics to identify the antecedents and outcomes of this construct. In view of that, this study examined the effect of market orientation on business performance. A case study on a commercial bank of Ethiopia showed that market orientation is a critical component of business performance and offers evidence of the effectiveness of the implementation of the marketing concept by using MARKOR scale of Kohli, Jaworski and Kumar (1993) for independent variable market orientation with its components: intelligence generation, intelligence dissemination, and responsiveness. The 11 items scale for the dependent variable business performance (financial and non-financial) are adapted from Ali Kara et al. (2005). The data used for this study was collected using a structured questionnaire from CBE 249 top manager, customer service managers, and marketers who were selected by non-probability convenience sampling method. This study used explanatory research design with a quantitative research approach which were appropriate for this kind of study. To answer the basic research questions, descriptive, correlation, and regression analyses were computed. From the correlation analysis, it is explained that intelligence generation, intelligence dissemination, and responsiveness strongly correlated among themselves and with business performance measures. The overall market orientation analyses findings show that the extent to which market orientation is applied by CBE is good, particularly the highest score belongs to intelligence dissemination which implies that CBE is doing better on communication of information with its customers and among employees, and it shows that the level of market orientation is good. Moreover, CBE managers are aware of and doing a good job in exercising and implementing the concept of market orientation and its effects on the overall business performance. The results obtained from this study should be helpful for CBE top managers to develop the appropriate market-oriented strategy in order to achieve a better performance.
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Ephrem worku
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List of Acronyms and Abbreviations

AMA  American Marketing Association
BS  Balanced Scorecard
CBE  commercial bank of Ethiopia
MARKOR  A Measure of Market Orientation
MKTORA  Measure of Market Orientation
MSI  Marketing Science Institute
ROA  return on assets
ROE  return on equity
ROI  return on investments
SMEs  small and medium business
SPSS  Statistical Package for the Social Sciences
TQM  total quality management
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CHAPTER ONE

1. INTRODUCTION

This chapter introduces the reader to the study of the effect of market orientation on business performance a case of commercial bank of Ethiopia. It goes on to look at the Background of the study, Background of commercial bank of Ethiopia (CBE), Statement of the problem, Research questions, objective of the study, Significance of the study, scope of the research, limitation of the study, operational Definition of terms and organization of the study.

1.1 Background of the Study

In today’s unstable and competitive environments, customers are a scarce resource. To survive and prosper, business firms need to attend to and attract a sufficient number of customers who are willing to purchase their products and services at a price which at least covers the costs involved. Needs and wants of customers are always changing and recognizing these changes is necessary for firms’ success. Usually, firms also need to pay attention to competitors because competitors’ goods and services are likely to influence customers’ preferences and choices (Dickson, 1992). A market orientation offers a lens, believed to provide organizations with a unifying focus and clear vision that will lead to improved access to information and understanding centered on creating superior value for customers (Day, 1994; Kohli & Jaworski, 1990; Slater & Narver, 1995). It is also believed that firms oriented toward the market (i.e. customers and competitors) should have good prospects for attracting a sufficient number of profitable customers (Kohli & Jaworski, 1990). Thus, a market orientation is assumed to be highly beneficial for business firms and other types of organizations.

Market orientation is not a new concept in the marketing and management literature. Scholars argued that customers must be the focus of organization’s operations Drucker (1954) and the subsequent support given that the customers are the reason for the organization’s existence were all pointing to the fact that market orientation behavior was necessary at that time Levitt (1960). This idea was extended to become known as the marketing concept (McNamara, 1972). Following these developments, the subject market orientation has received a great deal of
attention from marketing scholars who have developed, tested and refined market orientation scales for measuring the degree of market orientation that organizations exhibit (see among others, Kohli and Jaworski, 1990; Narver & Slater, 1990; Heart & Diamantopoulos, 1993; Hooley et al., 1998; and Blankson & Stokes, 2002).

In addition, the concept of market orientation is considered a cornerstone of the marketing management field and emerged in the literature as the implementation of the marketing concept (Goldman & Grinstein, 2010; Kirca, Jayachandran & Bearden, 2005). The marketing concept is essentially a business philosophy where superior financial performance is considered to be the result of being more effective than competitors in determining and satisfying customer needs. Market orientation is conceptualized as a supplement to the marketing concept as it expands the focus from customer to market, including customers, competitors and exogenous factors affecting customer needs (Goldman & Grinstein, 2010; Hunt & Morgan, 1995; Kohli & Jaworski, 1990; Narver & Slater, 1990).

In the evolution of the market orientation concept, two approaches have been adopted.

- The first distinguishes three components: organization-wide generation of market information about current and future customer needs; dissemination of such information across departments and individuals within the market-oriented firm; and an organization-wide responsiveness to the disseminated information (Jaworski & Kohli, 1993, 1996; Kohli & Jaworski, 1990).
- The second one is a cultural perspective focuses on organizational norms and values that encourage behaviors that are consistent with market orientation (Narver & Slater, 1990, 1995). In this viewpoint, Narver & Slater (1990) present market orientation as formed from the gathering of three behavioral elements: customer orientation, competitor orientation and inter-functional coordination.

According to Laferty & Hult (2001), five perspectives on market orientation can be distinguished:

- The decision-making perspective proposed by Shapiro (1988) defines market orientation as an organization decision-making process characterized by a strong commitment of management to open interdepartmental decision-making.
The market intelligence perspective proposed by Kohli & Jaworski (1990) focuses on specific marketing activities, i.e. generation and dissemination of market intelligence and responsiveness of all departments to it.

The culturally based behavior perspective (Narver & Slater, 1990) stresses three behavioral elements which build market orientation: customer orientation, competitor orientation, and inter-functional coordination.

The strategic focus perspective developed by Ruekert (1992) is in some aspects similar to definitions of Kohli & Jaworski (1990) and Narver & Slater (1990). Namely, his approach stress first obtaining and using information from customers, then developing a customer focused strategy, and finally implementing that strategy by being responsive to customer needs.

The customer orientation perspective proposed by Deshpande, Farley & Webster (1993) who claim that the competitor focus must be excluded from the market orientation because it is opposed to a customer orientation, while inter-functional coordination is consistent with it.

Business performance has a variety of meanings (e.g. short- or long-term, financial or organizational benefits), we can broadly view from two perspectives, and those are subjective and objective methods.

The subjective method is primarily concerned with the performance of firms relative to their own expectations or assessments or relative to the competition.

The second method is the objective concept which is based on absolute measures of performance.

Objective measures relate mainly to financial measures, e.g. return on assets (ROA), return on equity (ROE), return on investments (ROI), growth in sales, growth in profit and other indicators. (Golden, P.A., Johnson, D.M. and Smith, J.R. 1995).

Kohli & Jaworski (1990) saw business performance as being influenced by four moderators, namely: market turbulence; technological turbulence; competitive intensity; and performance of the economy, which also suggests the possible impact of a national economy. Market and technological turbulence is the rate of change in the composition of customers and their
preferences and change in technology that causes an unstable economic climate and continually stirs up the market (Kotler & Armstrong, 2011). Competitive intensity is a commonly accepted measure of market concentration, indicative of the extent to which organizations put pressure on each other and limit each other’s profit potential as they compete for profit and market share (Vieira, 2010).

At present almost all the companies, irrespective of developed or developing countries, consider market orientation as a pivotal point in their decision making process. Literature on this concept suggests that environmental factors such as technology turbulence, competition, market turbulence, create the need of market orientation (Malhotra, 2001). Therefore, companies now adopt market orientation either as a culture or philosophy or behavior (Kohli & Jaworski, 1990, Narver & Slater, 1990).

1.2 Organization background

Banks are the major financial institutions in Ethiopia. Commercial Bank of Ethiopia (CBE) one and the pioneer commercial bank was legally established in 1963 as a share company to take over the commercial activities of the state bank which was founded in 1942 with twin objectives: performing the duties of commercial and central banking. With this CBE were started its operation on January 1, 1964 with a capital of. Birr 20 million. Commercial bank of Ethiopia is noted as the first bank which introduced modern banking in the country. (www.combanketh.et)

The state owned Commercial Bank of Ethiopia with a vision to become a world class bank by the year 2025 currently dominates the market in terms of Asset, capital, deposits, customer base and its branch coverage. The leading African bank with assets of 384.6 billion Birr as on June 30th 2016 and begin its international branches by opening four branches in South Sudan since June 2009 and has reliable and long-standing relationships with many internationally acclaimed banks throughout the world with more than 29,000 employees. (www.combanketh.et).

Apart from this, the bank plays a major role in directing Ethiopia’s economy towards development and progress and its branches that gives full operation banking service reached 1152 all over the country, of these 379 branches of the bank is found in Addis Ababa as December 2016(www.combanketh.et).
Commercial Bank of Ethiopia vision, mission and values

VISION

To become a world-class commercial bank by the year 2025

MISSION

Commercial bank of Ethiopia is committed to realizing the needs of stakeholders through enhanced financial intermediation globally, and supporting national development priorities by deploying highly motivated, skilled and disciplined employees as well as state-of-the-art technology. CBE strongly believe that winning the public confidence is the basis of the successes.

VALUES

➢ Integrity
Committed to the highest ideal of honor and integrity, act in an honest and trustworthy manner and we firmly adhere to ethical principles.

➢ Customer Satisfaction
Strive to excel in our business and satisfy our customers and committed to offer the highest quality service to our customers and aspire to be branded with quality in the minds of our customers and the general public.

➢ Employees Satisfaction
Committed to employee training and professional growth, distinguish our employees as valuable organizational resources and recognize them as valuable organizational resources.

➢ Learning Organization
Committed to anticipate and respond to internal and external changes through constant improvement and adaptation and strive to establish a culture that nurtures individual and group learning.
➢ **Teamwork and collaboration**

Recognize the importance of teamwork for our success and support to one another and working co-cooperatively.

➢ **Public Trust**

We understand that the sustainability of our business depends on our ability to maintain and build up the public's confidence.

➢ **Value for Money**

Use resources carefully to save expense, time or effort, deliver the same level of service for less cost, time or effort and deliver a better service or getting a better return for the same amount of expense, time or effort.

➢ **Decentralization**

Committed to delegate operations and decision-making responsibilities

➢ **Corporate Citizenship**

Value the importance of our role in national development endeavor and step-up for commitment, abide by the law of Ethiopia and other countries in which we do business and are about society's welfare and the environment. ([www.combanketh.et](http://www.combanketh.et))

### 1.3 Statement of the problem

In the modern business environment, competition among the business firms has reached an extraordinary level and obtaining bearable competitive advantage has become a key to survival for most of the firms. Market orientation is reported to be a major source of competition in many managements and marketing researches ([Hultand & Ketchen, 2001; Jowarski & Kohli, 1993](#)).

There appear to be several benefits of market orientation. However, the role of market orientation in improving business performance has been the subject of dispute for a long time. The results of empirical studies are for and against the proposition that a company’s performance is positively related to its market orientation. In general, market orientation is believed to be positively related to performance ([e.g. Kotler, 2003; Matsuno & Mentzer, 2000; Narver & Slater, 1990; Pelham, 2000](#)), all subscribe to the belief that market orientation is the key to successful
business performance, In contrast, other researches with a negative finding on the relationship between market orientation and business performance include: Au, & Tse, (1995) in their study which employed hotel as sample with marketing managers as respondents. The results indicated no significant association between market orientations and hotel performance. Demirbag et al. (2006) conducted a study on TQM and market orientations impact on SMEs performance, using structural equation modeling for data analysis, with one hundred and forty one SMEs operating in the Turkish textile industry. They found no significant relationship between market orientation and organizational performance.

Moreover, literature on the impact of market orientation on firm performance has revealed mixed discoveries in the developed and developing countries (Narver & Slater, 1990; Jaworski & Kohli, 1993; Perry & Shao, 2002 & Dwairi et al., 2007). Appiah-Adu (1998) found no significant relationship between market orientation and business performance among manufacturing and service firms in Ghana, Mahmoud et al., (2010) reported a positive relationship between market orientation and business performance in the Ghanaian public sector. Although there are numerous studies related to market orientation and its impact on business performance in European countries and in the USA, there is a gap in the literature since there has been almost no empirical study conducted in Ethiopia which examined the relationship between market orientation and business performance so this study attempted to fill the gap by examining market orientation-business performance relationship a case study on commercial bank of Ethiopia.

1.4 Research questions
The study was conducted with the aim of providing answers to the following basic research question.

- What is the relationship between market orientation and business performance?
- What is the level of CBE’s market orientation?
- What is the level of top manager’s awareness towards exercising market orientation?
1.5 Objective of the study

1.6.1 General objective

The main objective of this thesis is to investigate the effect of market orientation on business performance in Commercial Bank Ethiopia.

1.6.2 Specific objectives

The specific objectives of this thesis are

- To examine the relationship between market orientation and business performance
- To investigate the level of market orientation in CBE.
- To assess the extent of top managers awareness of market orientation

1.6 Significance of the study

Studying the Effect of marketing orientation on business performance on case of commercial bank of Ethiopia from Jaworski and Kohli concept of market orientation which distinguishes three components: organization-wide generation of market information about current and future customer needs; dissemination of such information across departments and individuals within the market-oriented firm; and an organization-wide responsiveness to the disseminated information will have a major significance not only for the topic of the study but also for practitioners, policy makers and planners. Moreover the result of the study might be used as a reference material for future studies that would be done in this area.

1.7 Scope of the research

The scope of the study was bounded on effect of market orientation on business performance in Commercial Bank of Ethiopia from top manages point of view. From geographical point of view, it would be an intimidating task to cover all of the bank’s branches due to time and financial constraints so the study will be restricted on selected Commercial Bank of Ethiopia Addis Ababa city branches. From methodological point of view this thesis bonded on quantitative approach and explanatory study design.
1.8 Operational Definition of Terms

Market orientation refers to organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization wide responsiveness to it Kohli and Jaworski (1990)

Business performance Olosula (2011) explained the performance concept as an ability to assess the level of success of a business organization is it small or big.

Commercial Bank of Ethiopia A government owned financial institution, which has given the authority to give financial service in Ethiopia. (www.combanketh.et)

1.9 Organization of the study

The paper have five chapters, chapter one includes background of the study, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study, delimitation of the study and operational definition of terms and . Chapter two covers review of related literature which consist theoretical review, empirical review, and conceptual framework with hypotheses. Under chapter three, the methodology part of the study is described in detail. The findings of the study is presented, analyzed and discussed in chapter four. Finally, in chapter five summary, conclusions, and recommendations are forwarded based on the study findings.
CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1 Introduction

This chapter presents the review of related literatures in the area of market orientation in order to familiarize readers with better understanding of the subject matter. Theoretical and empirical reviews are reviewed. Finally, the chapter also presents the conceptual framework of the study together with hypotheses formulated.

2.2 Theoretical Review

2.2.1 Market orientation

Market orientation is the more recently used synonymous with how to implement the marketing concept, and one of the major research topics in marketing literature during the past decades. Market orientation can be defined as a form of organizational culture where employees are committed to continuously create superior customer value, or as a sequence of marketing activities that lead to better performance (Gudlaugsson and Schalk, 2009). Years of research have concluded that market oriented companies perform better than companies that are less market oriented. They focus on adapting their products and services to the needs and expectations of their customers instead of those who are product oriented and focus on developing a product or service that is then marketed and hopefully sold (Gronross, 2006). To achieve this customer focus, a firm with a high degree of market orientation cultivates a set of shared values and beliefs about putting the customer first and reaps results in form of a defendable competitive advantage, decreased costs and increased profits (Desphande, 1999).

Bisp (1999) defines market orientation as a series of actions to obtain, analyze and apply information about current and new customers, consumers and competitors. He emphasizes the importance of organizational learning and states that the ability to attract and develop staff with the needed knowledge and skills drives market orientation. Farrell (2000) also emphasizes that organizational learning is of great importance when installing a market orientation. Other
scholars prefer to view market orientation as proactive business actions that take place in a certain sequence. Bisp (1999) emphasizes that market orientation should not be confused with marketing orientation which has a functional focus or customer orientation that has a stakeholder focus. According to Bisp (1999) the form and intensity of market oriented activity is a behavioral manifestation of elements of corporate culture and strategy.

According to Kotler (2003), the marketing concept is supported by four pillars: target market, customer needs (which both are related to customer focus), integrated marketing, and profitability. However, the question arises which specific activities are needed to translate the philosophy into practice successfully. The question has led several authors to contribute to the operational definition of market orientation as a construct. So, various conceptualizations of the construct can be found in the literature.

According to Laferty & Hult (2001), five perspectives on market orientation can be distinguished: The decision – making perspective proposed by Shapiro (1988) defines market orientation as an organization decision – making process characterized by a strong commitment of management to open inter departmental decision-making. The market intelligence perspective proposed by Kohli & Jaworski (1990) focuses on specific marketing activities, i.e. generation and dissemination of market intelligence and responsiveness of all departments to it." The culturally based behavior perspective (Narver & Slater, 1990) stresses three behavioral elements which build market orientation: customer orientation, competitor orientation, and inter functional coordination. The strategic focus perspective developed by Ruekert (1992) is in some aspects similar to definitions of Kohli & Jaworski (1990) and Narver & Slater (1990). Namely, his approach stress first obtaining and using information from customers, then developing a customer focused strategy, and finally implementing that strategy by being responsive to customer needs. "The customer orientation perspective proposed by Deshpande, Farley and Webster (1993) who claim that the competitor focus must be excluded from the market orientation because it is opposed to a customer orientation, while inter functional coordination is consistent with it.
2.2.2 Behavioral perspective

Kohli and Jaworski (1990) employ the marketing concept as their conceptual starting point for developing an operative conceptualization of market orientation. Based on extensive literature and field research they identified three aspects: intelligence generation, intelligence dissemination, and responsiveness, which they demonstrate are important components of a market orientation.

- **The generation** of market intelligence refers to the gathering of information about the market. Market intelligence is a wider perspective than the traditional view of the marketing concept of simply identifying customers’ needs. As Kohli & Jaworski discovered in their field research, this term includes both existing and potential customer current as well as future needs and preferences and all exogenous factors that may influence these preferences, such as competitors, government regulations, technology and other environmental factors. Kohli & Jaworski (1990) argue that intelligence generating activities should be carried out in all departments and levels of the organization, and that this should not just be assigned to the marketing department. While the marketing department will perform traditional market research and customer satisfaction inquiries, people in other parts of the organization will have access to other kinds of information about customers and their preferences and experiences, about technological developments and so on.

- **The dissemination** of market intelligence refers to how and to what extent the generated market intelligence is communicated to others within the organization in order to create a common understanding and unifying focus within the firm. This dissemination is important in order for the organization to respond effectively to new information about the market, which is the third dimension of the market orientation construct.

- **Responsiveness** refers to the concerted actions made by the organization to comply with the conditions in the market: selecting target markets, developing products and services. Kohli & Jaworski (1990) point out that the generating, disseminating, and responsive activities are likely to be both formal and informal and stress that the entire organization must be involved, additionally, that a successful market orientation anticipates future
market developments and respond accordingly. This activity is expressed in their behavioral definition of the market orientation construct.

2.2.3 Cultural perspective

Narver and Slater (1990) argue in line with strategic management literature that a firm’s ability to achieve above-normal performance depends on it being able to create a sustainable competitive advantage through the creation of superior value for customers. Further, they argue that in order to do so, the firm must have an organizational culture that is driven by a desire to create superior value for customers. Organizational culture refers to the norms and values among the employees of the organization, and Narver & Slater (1990) argue that organizations must create and maintain a culture that will generate the behavior necessary to achieve and sustain competitive advantages. Narver & Slater (1990) define market orientation as follows:

Market orientation is the organizational culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and, thus, continuous superior performance for the business. (Narver & Slater 1990)

As they develop a valid market orientation construct, Narver & Slater (1990) argue that market orientation consists of three behavioral components; customer orientation, competitor orientation and inter functional coordination, and two decision criteria; long-term focus and profitability.

- **Customer orientation** refers to all activities that enable organizations to develop a sufficient understanding of how to create value for their current and potential customers.

- **Competitor orientation** refers to the activities associated with creating knowledge about current and potential competitor strengths and weaknesses, capabilities and strategies. This includes both acquiring information about customers and competitors, and disseminating it across the organization.

- **Inter functional coordination** is the third behavioral component and refers to the coordinated effort and resource utilization of the organization as a whole to create superior value for its customers. Narver & Slater (1990) stress that market orientation and the three behavioral components are the responsibility of all departments and all members at all levels of the organization. They argue that this must be the common focus of the
entire firm in order for the firm to succeed in continuously creating superior value for its customers, and thus a sustainable competitive advantage.

The two decision criteria that Narver & Slater (1990) include in the market orientation construct are long-term focus and profitability. They argue that both a long-term perspective and the main objective of profitability are necessary to survive with the presence of competition.

2.2.4 Antecedents of market orientation

Kohli and Jaworski propose three sets of antecedents for market orientation and they are senior management factors, interdepartmental dynamics and organizational systems.

- **Senior management** has an important role to foster market orientation. Kohli & Jaworski state explicitly that the commitment of top managers is an essential prerequisite to a market orientation. Their job is to facilitate communication and data flows between organizational levels. Important characteristics that senior managers should have are a positive attitude towards change and organizational learning. They should not be too risk averse. Risk aversion was found to be a factor discouraging market orientation.

- Kohli & Jaworski define **interdepartmental dynamics** as the formal and informal interactions and relationships among an organization's departments. Their study findings suggested that departments that have conflicts are not likely to be willing to share information and as such endanger a high market orientation. Connected departments on the contrary cooperate and create an atmosphere leading to a higher degree of market orientation. As such, they are an important antecedent to market orientation.

- The third set of antecedents to a market orientation relate to **organization-wide characteristics**. Expectedly, high formality and centralization levels create a barrier for market orientation because it obstructs information dissemination and knowledge sharing. Important customer messages or market knowledge that must travel a long way before they can be acted upon become irrelevant and obstruct market oriented behavior. Levitt (1969) discusses departmentalization or specialization as a barrier to communication (and hence intelligence dissemination) which confirms this view.
2.2.5 Consequences of market orientation

The consequences of market orientation are organized into four categories: organizational performance, customer consequences, innovation consequences, and employees’ consequences (Jaworski & Kohli 1996). The marketing strategy literature posits that market orientation provides a firm with market sensing and customer linking capabilities that lead to superior organizational performance (Hult & Ketchen, 2001).

- **Organizational performance** consists of cost-based performance measures, which reflect performance after accounting for the costs of implementing a strategy (e.g. profit measures), and revenue-based performance measures, which do not account for the cost of implementing a strategy (e.g., sales and market share). In addition, researchers have also used global measures that assess managers’ perceptions of overall business performance, mostly through comparisons of organizational performance with company objectives and or competitors’ performance (Jaworski & Kohli 1996).

- **Customer consequences** include the perceived quality of products or services that a firm provides customer loyalty, and customer satisfaction with the organizations products and services (Jaworski & Kohli 1996). Market orientation proposes to enhance customer perceived quality of the organization’s products and services by helping create and maintain superior customer value (Brandy & Cronin, 2001). Market orientation enhances customer satisfaction and loyalty because market orientated firms are well positioned to anticipate customer needs and to offer goods and services to satisfy those needs (Slater & Narver 1994).

- **Innovation consequences** include firms’ innovativeness; their ability to create and implement new ideas, products, and processes (Hult & Ketchen 2001); and new product performance i.e.; the success of new products in terms of market share, sales, return environment, and profitability (Im and Workman 2004). Market orientation should enhance an organization’s innovativeness and new product performance because it drives a continuous and proactive disposition toward meeting customer needs and it emphasizes greater information use.
For **employee consequences**, Kohli & Jaworski (1990) argued that by instilling a sense of pride and camaraderie among employees, market orientation enhances organizational commitment (i.e.; willingness to sacrifice for the organization), employee team spirit, customer orientation (i.e. the motivation of employees to satisfy customer needs), and job satisfaction. In addition, market orientation can reduce role conflict; which Siguaw, Brown and Widing (1994) define as the incompatibility of communicated expectations that hampers employees’ role performance.
2.2.6 Market orientation measurement scales

There are two basic and main Market orientation measurement scales, Jaworski & Kohli (1993) Market orientation measurement scale and Narver & Slater (1990) Market orientation measurement scale.

Based on their behavioral definition of the market orientation concept, Jaworski & Kohli (1993) developed the 32-items scale of market orientation MARKOR which was refined and limited to a 21-items scale by Kohli, Jaworski and Kumar (1993). The items are designed to measure the three behavioral dimensions organization wide generation and dissemination of, and responsiveness to market intelligence.

Narver and Slater (1990) developed the 15-items MKTOR-scale reflecting their three behavioral components of their cultural definition: customer orientation, competitor orientation and inter functional coordination.

Both measurement scales have provided a large number of significant results regarding not only antecedents to but also consequences of market orientation in the literature (Kirca et al. 2005). Several studies comparing the two, however, show that the MARKOR-scale seems to provide greater explanatory power with regard to the relationship between market orientation and performance than the MKTOR-scale (Cano et al., 2004; Deshpandé & Farley, 1998; Matsuno et al., 2005). Of the two measurement scales, the MARKOR-scale seems to be more closely related to the market orientation definition, while MKTOR has received substantial critique regarding the lack of items addressing the cultural aspects that they emphasize in their definition.

The MARKOR-scale has been criticized for limiting its market focus to customers and competitors, and for including limited items regarding other exogenous factors such as government regulations, technology, suppliers and stakeholders that may potentially influence the evolution of customer needs (Kohli et al., 1993; Matsuno et al., 2000). Another issue with this scale is that the three dimensions of the construct are difficult to distinguish and thus the items may not reflect the theoretical dimensions as well as one would want (Kohli et al., 1993; Matsuno et al., 2000). Other critical points have been made regarding the MARKOR-scale and aspects relevant to the assessment of an organization’s market orientation that the scale fails to
take into account, some of which are equally relevant with regard to the MKTOR-scale. One is the issue of quality of both the documented market oriented behavior and the information it provides (Cadogan, Souchon and Procter, 2008; Jaworski and Kohli, 1996). This issue is not addressed in either scale, a limitation that may inhibit the applicability of the market orientation measurement scales for practitioners. Consequently, organizations may document a high degree of market orientation in terms of scores in either scale, but risk that a low quality market orientation results in high costs or even failure in the market place due to the lack of correct market intelligence.

Based on these shortcomings of the measurement scales, a number of attempts have been made to refine and develop new market orientation scales that capture all relevant dimensions. However, none have been successful in terms of establishing a new, widely agreed upon measurement scale that is adopted by a majority of market orientation researchers. The MARKOR and MKTOR-scales still seem to dominate the literature.

**2.2.7 Implementing a market orientation**

From literature we learn that market orientation is not an operating mode that can be turned on or off but rather a state of being that evolves over time (Narver & Slater, 1990). It will manifest itself through the organizational culture where employees strive to continuously provide outstanding service to internal and external customers. The higher the degree of market orientation, the more skilled employees become to integrate all processes in order to maximize performance for the company as a whole (Laforet, 2008).

There are a number of steps that must be taken in order to install a market orientation. What follows is a rough road-map that is grounded in theory. To install the market orientation process, one should start with thorough analysis of the company and its environment, the markets on which it operates, competition, customer demands and expectation and the satisfaction level of customers and employees to name a few. Kohli & Jaworski (1990) write about the antecedents in this context.
Marketing theorist have provided a number of simple tools such as SWOT (analysis of strengths, weaknesses, opportunities and threats), PESTEL (analysis of political, economic, social, technological, environmental, legal issues) to do this analysis.

The next step is to systematically and continuously mediate the obtained knowledge and information to all employees (Kotler et al, 2001). This organizational learning process will mix with the corporate culture and as such create market oriented behavior that will have a positive effect on employees and customers and lead to better overall performance. The third step is continuous learning and adapting. Firms must set clear and measurable goals and milestones, and improve along the way. Feedback is an important issue here. The concept of market orientation and its steps for implementation should be integrated with the strategy and decision making processes in the company (Perry and Shao, 2002).

Many business owners and top managers tend to focus on the Kohli & Jaworski (1990) behavioral/information perspective when introducing a market orientation in their company (Hafer and Gresham, 2005). That is understandable, because businesses are becoming more and more information driven, and their decisions, operations, customer relationships, supplier relationships and internal networking are increasingly information dependent. The decision to take the behavioral/information-related perspective is based on the belief that being able to change information acquisition, dissemination and responses to the information in reaction to customer, competitor and market conditions is expected to be faster, cheaper, and easier, and would produce more immediate consequences than trying to change company culture. Thus, the behavioral/information related (Kohli and Jaworski) perspective would offer a company the greatest immediate return for the least effort and could be the grass roots foundation of company culture or cultural change.

### 2.2.8 Market orientation in banking industry

According to Kotler (1994) banks were slow at adopting marketing concepts and they did not adopt marketing as a business philosophy, but merely as a concept of advertising and sales promotion. Baker (1999) found out that a clear lack of a marketing approach was evident at the
level of organization-wide philosophy and on the functional level which encompasses planning and utilization of marketing tools.

Today, banks are pursuing proactive policies in the market place, bringing contemporary marketing tasks on to the bank agenda and banks have become increasingly market oriented (Howcroft and Durkin, 2003). As a result the construct of market orientation and different issues related to its conceptualization, measurement, implementation, antecedents and consequences, have become prominent topics in the banking sector (Slattery and Nellis, 2005; Lancaster and van der Velden, 2004; Nielsen Kock, Jaensson Hoest and Selnes, 2003).

Additionally, (Sattam D. Alshammri, 2003) has also tried to see if market orientation and performance relationship is validated in the banking industry context in a developing country and his findings is also consistent with past research findings about the nature and effects of market orientation.

### 2.2.9 Business Performance

Although the concept of business performance has a variety of meanings (e.g. short- or long-term, financial or organizational benefits), in the literature it is broadly viewed from two perspectives, those are subjective and objective methods.

The subjective method is primarily concerned with the performance of firms relative to their own expectations or assessments or relative to the competition.

The second method is the objective concept which is based on absolute measures of performance.

Objective measures relate mainly to financial measures, e.g. return on assets (ROA), return on equity (ROE), return on investments (ROI), growth in sales, growth in profit and other indicators.

Olosula (2011) explained the performance concept as an ability to assess the level of success of a business organization is it small or big. According to Shariff, Peous and Ali (2010) measures of performance can be seen from an objective perspective that is more about the financial
assessment to organizational performance such as return on equity, return on assets and sales growth.

Some studies have some inclination in using financial performance measures as an indicator of overall firm performance (Murphy, Trailer & Hills 1996). On the other hand, other studies prefer the subjective measure performance, while Davood and Morteza (2012) viewed performance as the ability of a firm to create acceptable outcome and actions. Hence, firm performance is a central issue in business activities that need adequate planning and commitment. Trkman and McCormack (2009) asserted that measuring performance is important for all firms because it helps the organization to attain the level of organizational success or failure and also serve as a yardstick for achieving significant improvement in the overall organizational activities.

2.2.10 Measuring Business Performance

There are several points of departure that can be used to assess performance of a business.

These include, among others, accounting perspective (assessment of financial measures of performance), marketing perspective (assessment of marketing inputs, too) and operations perspective (assessment of effectiveness and efficiency) (Neely, 2002).

Apart from purely accounting-based assessment, all the assessment systems are increasingly using non-financial indicators as to help analyses. Especially concept of Balanced Scorecard (BS), introduced by Kaplan and Norton (1992) has been lately applied (situation- sensitively) more than ever. Examination with a standard BS includes four dimensions: financial, customer, internal business process, and learning and growth. Business performances are two types financial performance (market share growth, sales volume, ROI, ROE, operating income, net income) and non-financial performance (success in achieving customer satisfaction, success in retaining current customers, success in attracting new customers, success in building a positive image and overall performance of a company). Ali Kara et al. (2005).

In general, performance assessment systems can be viewed as processes with four basic steps: setting a desired performance standard, collecting and communicating information relating to
actual performance, comparing this information with the performance standard, and taking corrective action where necessary (Morgan, Clark and Gooner, 2002).

Although the concept of business performance is easily thought to be simple and unequivocal, this view is not supported by several researchers (e.g. Lebas and Euske, 2002; Clark, 2000). On the contrary, business performance is not just something one observes and measures. It is a relative concept defined in terms of some referent employing a complex set of time-based and causality-based indicators bearing on future realizations.

2.2.11 Market orientation and business performance

Many empirical findings of the market orientation research have produced complex and mixed results with respect to the relationship between market orientation and business performance (Voss and Voss, 2000). The previous research that predicted a positive relationship between market orientation and performance was using the assumption that a market orientation provides a firm with a better understanding of its environment and customers.


A plausible explanation for the lack of clear relationship with market orientation is that it is a more complex relationship than those tested for in previous studies (Pelham 1997). While many scholars have provided abundant evidence in extant literature linking the adoption of market orientation with organizational performance, (Day, 1994, 1998; Jaworski & Kohli, 1993; Narver & Slater, 1990, 1995; Narver, Park & Slater, 1994; Ruekert, 1992; Pelham, 1997, 2000), others postulate that organizational and environmental influences particularly in developing countries can further constrict the market orientation implementation (Sandri & Williamson, 1989; Okoroafo & Russow, 1993; Diamantopoulos & Cadogan, 1996). These studies were sort of
summarized to reflect the positive relationships existing between market orientation, customers perceptions, environment as strategic management tools and organization performance (Ogunsiji and Akanbi 2013a), later arguments emphasize the need to further explore and understand the challenging tasks of effective market orientation development and strategies implementation in emergent economies undergoing economic and market re-structuring.

2.3 Empirical review

Mohammed A. Mahmoud (2011) this study sought to assess the causal links between market orientation and business performance a focus on the SMEs sector in Ghana. Scale measures were adopted from both Narver and Slater (1990) and Jaworski and Kohli’s (1993) constructs. The questionnaire was divided into five different sections. In line with Narver and Slater (1990), the market orientation scale was assigned 15 items and each was measured using a seven-point Likert type scale. Similarly, four performance variables were adopted from Narver and Slater’s work and were measured with the aid of a five-point Likert type scale. Following Jaworski and Kohli (1993), the antecedent variables had 50 items and 17 items were assigned to the moderating variables. A five-point ranking scale was used in measuring both antecedent and moderating variables. To ensure the robustness of the business performance model, three items (size, age and sales turnover) were included as control variables in order to minimize specification bias. The study employed a convenience sample of managers and business owners in the SME domain within the cities of Accra and Tema. The sample has been restricted to these two cities in view of the fact that most businesses in Ghana are situated within the two cities. The sample frame from which the population of SMEs is drawn was obtained from a database held by the National Board for Small Scale Industries (NBSSI) and the Association of Ghana Industries (AGI). These SMEs were operating in service and manufacturing. The final pool of SMEs to whom questionnaire were sent totaled 600. Eventually, only 191 (constituting 31.83% response rate) useable questionnaires were returned by the respondents. The sample size and the response rate are consistent with related studies. This study validates previous scholar’s assertions about the relationship between market orientation and performance with a focus on the SMEs sector in Ghana. Therefore it is reasonable to conclude that marketing orientation and business performance positively related.
Mulugeta Gebre-Medhin Kassie (2015) this thesis aims to evaluate relationship between marketing orientation and business performance. The units of analysis used in this study were banks including the 3 public and the 15 private banks which have a service life of at least three years in the industry. The unit of analysis for 49 measuring market orientation has often been at a strategic business unit level where the key informants are top level managers (Jaworski and Kohli, 1993). It is believed that managers at various organizational echelons shall be the key informants so that top level managers address the broader view of the organization and lower level managers who are near to the market operation provide more candid information related to customers and the competition facing the bank. In this study, therefore, bank managers at various levels in the hierarchy including top level marketing managers and branch managers participated as respondents in the survey. The total effect of market orientation on business performance was observed to be positive and significant.

Micheels and Gow (2011) employed a sample from Illinois beef producers, a total of one thousand five hundred and sixty-eight constitute the population, whereas, three hundred and forty-seven represent the sample. The finding indicated that trust and commitment, positive influence market orientation, while, market orientation and organizational learning are found to be significant contributors to firm performance.

Au, and Tse, (1995) employed hotels as sample with marketing managers as respondents. The results indicated no significant association between market orientations and hotel performance. Demirbag, Lenny Koh, Tatoglu and Zaim, (2006), conducted a study on market orientations impact on SMEs performance, using structural equation modeling for the interpretation, with one hundred and forty one SMEs operating in the Turkish textile industry. They found no association between market orientation and organizational performance, the only relationship established was between market orientation and organizational performance with the mediation of total quality management.

Ghani and Mahmood (2011) examined the factors influencing performance of microfinance firms in Pakistan using a quantitative survey and multiple regressions for data analysis. The
The finding of the study shows that market orientation was negatively associated with micro-finance performance.

The study of De Luca, Verona and Vicara (2010) examined market orientation and research and development effectiveness in high-technology firms. The finding from the study reported a mixed result.

### 2.4 Conceptual framework and Hypotheses

#### 2.4.1 Conceptual framework

![Conceptual framework diagram]

**MARKETING ORIENTATION**
- Intelligence Generation
- Intelligence Dissemination
- Responsiveness

**BUSINESS PERFORMANCE**

**Figure 2. Conceptual framework**

#### 2.4.2 Research hypotheses

Based on the above empirical review and conceptual framework the following hypotheses are formulated.

- **H1** - There is a significantly positive association between generation of market information and business performance
- **H2**- There is a significantly positive association between dissemination of information and business performance
- **H3**- There is a significantly positive association between responsiveness and business performance
- **H4**- There is a significant positive association between market orientation and business performance
CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology used for conducting this research. The research approach, research design, Population and Sampling Techniques, Data source and types used Data Collection procedures, Data Analysis Approach, Reliability and validity and finally, ethical issues related to the study are explained and justified.

3.2 Research Approach

Research approaches are plans and procedures for research that span the steps from broad assumptions to detailed methods of data collection, analysis, and interpretation. Creswell (2009). According to Creswell (2009) there are three research approaches.

Qualitative research is an approach for exploring and understanding the meaning individuals or groups ascribe to a social or human problem. The process of research involves emerging questions and procedures, data typically collected in the participant’s setting, data analysis inductively building from particulars to general themes, and the researcher making interpretations of the meaning of the data. The final written report has a flexible structure. Those who engage in this form of inquiry support a way of looking at research that honors an inductive style, a focus on individual meaning, and the importance of rendering the complexity of a situation.

Quantitative research is an approach for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures. The final written report has a set structure consisting of introduction, literature and theory, methods, results, and discussion. Like qualitative researchers, those who engage in this form of inquiry have assumptions about testing
theories deductively, building in protections against bias, controlling for alternative explanations, and being able to generalize and replicate the findings.

Mixed methods research is an approach to inquiry involving collecting both quantitative and qualitative data, integrating the two forms of data, and using distinct designs that may involve philosophical assumptions and theoretical frameworks. The core assumption of this form of inquiry is that the combination of qualitative and quantitative approaches provides a more complete understanding of a research problem than either approach alone. John W. Creswell (2014). since the main purpose of this thesis is examining the effect of market orientation on business performance quantitative research approach was used.

3.3 Research Design

According to Kothari (2004), research design is a plan, a roadmap and blueprint strategy of investigation conceived so as to obtain answers to research questions; it is the heart of any study. According to Yin (1914) the type of research design can be categorized into three: exploratory, descriptive and explanatory (casual) research design.

Exploratory research might involve a literature search or conducting focus group interviews. The exploration of new phenomena in this way may help the researcher’s need for better understanding, may test the feasibility of a more extensive study, or determine the best methods to be used in a subsequent study. The objective of exploratory research is to identify key issues and key variables.

Descriptive Research As its name suggests, descriptive research seeks to provide an accurate description of observations of phenomena. The object of the collection of census data is to accurately describe basic information about a national population at a particular point in time. The objective of much descriptive research is to map the terrain of a specific phenomenon. A study of this type could start with questions such as: What similarities or contrasts exist between A and B? Such descriptive comparisons can produce useful insights and lead to hypothesis-formation.
Explanatory Research Explanatory studies look for explanations of the nature of certain relationships. Hypothesis testing provides an understanding of the relationships that exist between variables. Based on the research questions and the purpose of the study an explanatory research design was used.

### 3.4 Population and Sampling Techniques

A population consists all elements (individuals, items or objects) whose characteristics are being studied (Mann, 1995). Since this research was limited to commercial bank of Ethiopia in Addis Ababa the population are top managers, customer service managers and marketing managers of the bank in Addis Ababa. The sampling frame incorporated top managers, customer service managers and marketing managers in selected branch in Addis Ababa city branches and because of limitations like time, money and workforce a non-probability convenience sampling was used to select the individual from the population. Furthermore, convenience sampling method is used in order to solicit willing respondents in filling the questionnaire or when population elements are selected for inclusion in the sample method based on the ease of access (Kothari, 2004).

Furthermore choosing Addis Ababa as a sample frame is appropriate since it is a capital city of the country, where the majority of business transaction and economic activities are taking place with many marketing dynamics and also it is where most of banks branches are located.

CBE has a total of 1152 branches all over the country from these 379 branches of the bank is found in Addis Ababa as December 2016(www.combanketh.et) and the branches are categorized in four districts i.e., North Addis which has 91 branches, South Addis which has 89 branches, East Addis 92 branches and West Addis 107 branches. The number of top managers customer service managers and marketing managers differ from branch to branch depending on their grades; this grading system is based on variety of services provided, site location, volume of transaction, facilities and staff strength, cash holding limits and other similar consideration. This research took six top managers customer service managers and marketing managers, on average from all CBE Addis Ababa branches as a population which is 1516.

Sample size were selected based on the Table for sample size determination given by http://research advisors.com which is based on a 5% margin error and 95% confidence level which
states that if the number of population under study is 1500, then it is sufficient to draw 306 as sample size.

This is proportionally distributed to each district of Addis Ababa branches of CBE city branches

**Table 3.4 sample size**

<table>
<thead>
<tr>
<th>District</th>
<th>Total No. of Branches</th>
<th>No. Branches Questionnaires distributed</th>
<th>No. of Questionnaires distributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>91</td>
<td>12</td>
<td>74</td>
</tr>
<tr>
<td>South</td>
<td>89</td>
<td>12</td>
<td>72</td>
</tr>
<tr>
<td>East</td>
<td>92</td>
<td>12</td>
<td>74</td>
</tr>
<tr>
<td>West</td>
<td>107</td>
<td>14</td>
<td>86</td>
</tr>
</tbody>
</table>

3.5 Data source and types

It is important to keep the research questions in mind and decide what kind of information is sought to be extracted. Data can be divided into primary and secondary data. Primary data consists of data collected by the researcher and is particularly to address the specific research objective (Lundahl & Skärvad, 1992). Secondary data is an already available data since it was collected for another purpose than the present problem (Aaker & Day, 1990).

This research used primary source data. The primary data was collected from questionnaire.

3.6 Data Collection procedures

Choosing a data collection procedure is the next step in the process, and this entails deciding how to conduct the research as well as how to collect the data needed. Research can be divided in two types depending on what kind of data the research is based on. Quantitative research deals
with information that can be quantified, data that can be given numbers and that can be analyzed by using programs, such as the statistical computer program SPSS. The other type of research is qualitative, which is focused on gathering information in the form of words (Bryman & Bell, 2007, p. 402).

This research is a Quantitative research with the structured questionnaire that contains questions about the dependent and independent variables. Independent variables are adapted from MARKOR scale of Kohli, Jaworski and Kumar. They are intelligence generation, intelligence dissemination and responsiveness. Totally 21 items are identified, including 7 items for intelligence generation, 5 items for intelligence dissemination and 9 items for responsiveness. All these items use 5-point Likert scale to measure the level of market orientation. The respondents were subjected to indicate the degree of how much they agree with the statement about market orientation’s performance in their companies. The scales are 1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree.

Dependent variable of the model is business performance. The 11 items for business performance are adapted from Ali Kara et al. (2005). These 11 items was measured by 5-point Likert scale, 1=lower, 2= low, 3=average, 4=high and 5=higher to major competitors.

3.7. Data Analysis Approach

With regard to data analysis, the study utilized both descriptive statistical analysis and linear regression analysis. Descriptive statistics used mainly to organize and summarize the general information’s of the respondent. In inferential Cronbach's Alpha test tasted to assure reliability of the items. Linear regressions and correlation analysis were used to analyze the impact and the relationship between the dependent and independent variables applying Statistical Package for Social Sciences (SPSS version 21).

The regression model was done in the form of:-

\[ Y = \alpha + \beta_1X_1 + \beta_2X_2 + \ldots + \beta_nX_n + \varepsilon_i \]

Where
Y is dependent variable:- variable which is affected by other variables or explained by the independent variables

α is an intercept, where the regression line crosses the y axis

β₁…βₙ are the coefficient of the independent variables X₁ to Xₙ. Substituting both dependent and independent variables in above equation, we got the following equation

Specifically, for this study the expression is appropriate:

$$BP = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \varepsilon_i$$

Where,

β₁ is the partial slope for x₁ on y and indicates the change in y for one unit change in x₁, controlling x₂ …… B₅ is the same way.

BP - Business Performance

X₁ - Intelligence generation
X₂ – Intelligence dissemination
X₃ – Responsiveness
ε₁ - Error term

### 3.8 Reliability and Validity

Reliability and validity are the two pillars of scientific research methods. According to Cooper and Schindler (2003, p. 236), a measure is reliable to the extent that it supplies consistent results. The reliability of the measuring instrument shall be ensured even before considering the validity of the measurement instrument. From a measurement perspective, reliability is defined as the degree to which the measures are free from error so that the consistency of the results is assured (Fuchs & Diamanto puolos, 2009). Reliability checked using the Cronbach’s Alpha test. Reliabilities less than 0.6 are considered to be poor, those in the 0.7 range, acceptable, and those over 0.8 good. The closer the reliability coefficient gets to 1.0, the better. The alpha of a scale should be greater than 0.700 for items to be used together as a scale. Therefore minimum 0.700 coefficient alpha values accepted to finalize the item reliability Alkhattabi (2014) cited Sekaran (2000).
The level of reliability of the instrument that is the consistency of the variables is checked with the Cronbach’s alpha statistics. Cronbach’s alpha is an index of reliability associated with the variation accounted for by the true score of the “underlying construct” (Nunnally, 1978). Cronbach’s Alpha’s can only be measured for variables which have more than one measurement question. Nunnaly (1978) has stated that 0.5 is a sufficient value, while 0.7 is a more reasonable Cronbach’s alpha.

Table 3.8: Cronbach’s alpha test for market orientation and business performance

<table>
<thead>
<tr>
<th>No.</th>
<th>variables</th>
<th>Cronbach’s Alpha</th>
<th>No.of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Intelligence generation</td>
<td>0.951</td>
<td>7</td>
</tr>
<tr>
<td>2</td>
<td>Intelligence dissemination</td>
<td>0.897</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Responsiveness</td>
<td>0.938</td>
<td>9</td>
</tr>
<tr>
<td>4</td>
<td>Market orientation</td>
<td>0.976</td>
<td>21</td>
</tr>
<tr>
<td>5</td>
<td>Business performance(financial)</td>
<td>0.937</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Business performance(non-financial)</td>
<td>0.900</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Business performance</td>
<td>0.961</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: Survey result 2017

According to Table 3.8 Cronbach’s Alpha values varies from 0.897 to 0.976, that is higher than 0.7. Thus the questions used to measure variables in this research show the high reliability and meet the standards recommended for research purposes.

Validity is defined as how much any measuring instrument measures what it is intended to measure. Bryman and Bell (2003) also suggested that the important issue of measurement validity relates to whether measures of concepts really measure the concept. “Validity refers to the issue of whether an indicator (or set of indicators) that is devised to measure a concept really measures that concept. Several ways of establishing validity are: face validity; concurrent validity; predictive validity; construct validity; and convergent validity. (Bryman and Bell, 2003,) face validity which was done by collecting feedback from top managers about the
questionnaire before filling it for the study purpose was applied to measure the standard questionnaire in this particular study.

3.9 Ethical considerations

Participants of the study were asked for their consent before participating in the study. During the consent process, they were provided with information regarding the purpose of the study, why and how they are selected to be involved in the study, and what is expected from them and that they can withdraw from the study at any time, in addition they were assured about confidentiality of the information obtained in the course of the study by not using personal identifiers and analyzing the data in aggregates. Respondents were not asked to write their name in order to increase the confidentiality of the information they give. And also the questionnaire explained that the purpose of research was only for academic purpose.
CHAPTER FOUR

4. RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter composed of the, demographic characteristics respondents’, reliability analysis, market orientation analysis, business performance measures analysis and the effect of market orientation on business performance analysis. A total of 306 questionnaires were administered. From the 306 questionnaires distributed, only 257 (83.99%) have been collected and from returned questionnaires 249 (81.37%) were completely filled and analyzed using the descriptive and inferential statistics.

4.2 Demographic characteristics of respondents

This section is designed to discuss the general demographic characteristics of respondents such as service year, gender, age and education level of the respondents which was consisted in the first part of the questionnaire.
Table 4.1 Demographic characteristics of respondents

<table>
<thead>
<tr>
<th>variables</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Service years</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 5</td>
<td>37</td>
<td>14.9</td>
<td>14.9</td>
</tr>
<tr>
<td>5-15</td>
<td>162</td>
<td>65.1</td>
<td>79.9</td>
</tr>
<tr>
<td>16-25</td>
<td>39</td>
<td>15.6</td>
<td>95.6</td>
</tr>
<tr>
<td>more than 25</td>
<td>11</td>
<td>4.4</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>249</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>154</td>
<td>61.8</td>
<td>61.8</td>
</tr>
<tr>
<td>female</td>
<td>95</td>
<td>38.2</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>249</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 25</td>
<td>19</td>
<td>7.6</td>
<td>7.6</td>
</tr>
<tr>
<td>25-35</td>
<td>72</td>
<td>28.9</td>
<td>28.9</td>
</tr>
<tr>
<td>36-45</td>
<td>108</td>
<td>43.4</td>
<td>43.4</td>
</tr>
<tr>
<td>greater than 45</td>
<td>50</td>
<td>20.1</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>249</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Academic qualifications</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>degree</td>
<td>193</td>
<td>77.5</td>
<td>77.5</td>
</tr>
<tr>
<td>masters</td>
<td>56</td>
<td>22.5</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>249</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey result 2017

As shown in Table 4.1: service years of the respondent in the organization were classified in to four categories among the total population under study, 14.9% (37) of the respondents have less than five years of experience in the organization., 65.1% (162) have 5-15 experience in the organization, 15.7% (39) have 16-25 experience in the organization and 4.4 % (11) of respondents stayed in the organization more than 25. Most of the respondents, which are 85.2% (212), have greater than five years of experience in the organization.

From a total respondents most of them were male which is 61.8 %( 154) and the rest 38.2(38.2) were female.
The respondent’s age in the organization were classified in to four categories among the total population under study, 7.6% (19) are less than 25 years old, 28.9% (72) have an age between 25-35, 43.4% (108) have an age between 36-45 and 20.1% (50) are greater than 45 years old.

The academic qualification of the respondents was classified in to four. 77.5% (193) hold a degree, 22.5% (56) have master’s degree and none of the respondents’ have a whether a diploma or phd.

### 4.3 Market orientation

The mean scores have been computed for all twenty one items of market orientation, intelligence generation with seven items, intelligence dissemination with six items and nine items of responsiveness.

The minimum and maximum responses of this study are ranging from 1 to 5 for all the variables used in the descriptive statistics section, the mean value represents the average of all customer response on certain dimensions Mean scores 4.51-5.00 excellent or very good, 3.51-4.50 good, 2.51-3.50 average or moderate, 1.51-2.50 fair and 1.00-1.50 is poor (Poonlar Btawee:1987) while, standard deviation shows how diverse the responses of the respondents are meaning, if the standard deviation shows smaller number it indicates that the response of the respondents shows close opinions and when the standard deviation is high it indicates the response of the respondents show high variation.
Table 4.2 Intelligence generation

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>In our business unit, we meet with customers at least once a year to find out what products or services they will need in the future</td>
<td>249</td>
<td>4.21</td>
<td>.553</td>
</tr>
<tr>
<td>Individuals from our service department interact directly with customers to learn how to serve their needs better.</td>
<td>249</td>
<td>4.13</td>
<td>.491</td>
</tr>
<tr>
<td>We are slow to detect changes in our customers’ product/service preferences</td>
<td>249</td>
<td>1.90</td>
<td>.751</td>
</tr>
<tr>
<td>We survey end-users at least once a year to assess the quality of our product and service offerings.</td>
<td>249</td>
<td>4.04</td>
<td>.627</td>
</tr>
<tr>
<td>We collect industry information by informal means (e.g., lunch with industry friends, talk with trade partners).</td>
<td>249</td>
<td>4.34</td>
<td>.634</td>
</tr>
<tr>
<td>In our business unit, market intelligence on our competitors is generated independently by several departments of our firm</td>
<td>249</td>
<td>4.30</td>
<td>.819</td>
</tr>
<tr>
<td>We periodically review the likely effect of changes in our business environment such as regulations and technology on customers</td>
<td>249</td>
<td>4.38</td>
<td>.611</td>
</tr>
</tbody>
</table>

Source: Survey result 2017

According to table 4.3 the mean score of dimensions of intelligence generation ranges from 1.90 to 4.38. The highest mean scored from dimension seven followed by dimension five, and the least mean scored from item three. The overall score of intelligence generation is good. The mean score from dimension three which is 1.90 shows that almost all respondents disagreed with the item. And the standard deviation shows the respondent varies from 0.491 to 0.819 with their respond to the variable intelligence generation.
Table 4.3 Intelligence dissemination

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>We have interdepartmental meetings at least once a quarter to discuss market trends and developments.</td>
<td>249</td>
<td>4.33</td>
<td>.759</td>
</tr>
<tr>
<td>Our business unit periodically circulates documents (e.g., reports, and newsletters) that provide information on our customers</td>
<td>249</td>
<td>4.24</td>
<td>.645</td>
</tr>
<tr>
<td>When something important happens to our major customer of market, the whole business unit knows about it within a short period</td>
<td>249</td>
<td>4.31</td>
<td>.463</td>
</tr>
<tr>
<td>Data on customer satisfaction are disseminated at all levels in this business unit on a regular basis.</td>
<td>249</td>
<td>3.73</td>
<td>1.393</td>
</tr>
<tr>
<td>When one department finds out something important about competitors, it is slow to alert other departments.</td>
<td>249</td>
<td>1.89</td>
<td>.764</td>
</tr>
</tbody>
</table>

Source: Survey result 2017

According to table 4.4 the mean score of dimensions of intelligence dissemination ranges from 1.89 to 4.33. The highest mean scored from dimension one followed by dimension three, and the least mean scored from item five. The overall score of intelligence dissemination is good. The mean score from dimension five which is 1.89 shows that almost all respondents disagreed with the item. And the standard deviation shows the respondent varies from 0.463 to 1.393 with their respond to the variable intelligence dissemination.
According to table 4.5 the mean score of dimensions of responsiveness ranges from 1.48 to 4.53. The highest mean scored from dimension three followed by dimension four, and the least mean scored from item seven. The overall score of responsiveness is good. The mean score from dimension seven which is 1.48 shows that almost all respondents disagreed with the item "Customer complaints fall on deaf ears in this business unit." And the standard deviation shows the respondent varies from 0.456 to 1.361 with their respond to the variable responsiveness.


4.4 Business performance

Table 4.5 business performance (financial) measure

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share growth</td>
<td>249</td>
<td>4.85</td>
<td>.356</td>
</tr>
<tr>
<td>Sales volume</td>
<td>249</td>
<td>4.49</td>
<td>.501</td>
</tr>
<tr>
<td>ROI (return on investment)</td>
<td>249</td>
<td>4.74</td>
<td>.500</td>
</tr>
<tr>
<td>ROE (return on equity)</td>
<td>249</td>
<td>4.57</td>
<td>.579</td>
</tr>
<tr>
<td>Operating income</td>
<td>249</td>
<td>4.44</td>
<td>.633</td>
</tr>
<tr>
<td>Net income</td>
<td>249</td>
<td>4.37</td>
<td>.654</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>249</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey result 2017

According to table 4.6 the mean score of dimensions of business performance (financial) ranges from 4.37 to 4.85. The highest mean scored from dimension one followed by dimension three, and the least mean scored from item six. The overall score of business performance (financial) is good. And the standard deviation shows the respondent varies from 0.356 to 0.654 with their respond to the business performance (financial).

Table 4.6 business performance (non-financial) measure

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Success in achieving customer satisfaction</td>
<td>249</td>
<td>4.67</td>
<td>.472</td>
</tr>
<tr>
<td>Success in retaining current customers</td>
<td>249</td>
<td>4.52</td>
<td>.554</td>
</tr>
<tr>
<td>Success in attracting new customers</td>
<td>249</td>
<td>4.84</td>
<td>.372</td>
</tr>
<tr>
<td>Success in building a positive image</td>
<td>249</td>
<td>4.89</td>
<td>.312</td>
</tr>
<tr>
<td>Success in overall performance of a company</td>
<td>249</td>
<td>4.63</td>
<td>.484</td>
</tr>
</tbody>
</table>

Source: Survey result 2017
According to table 4.7 the mean score of dimensions of business performance (non-financial) ranges from 4.52 to 4.89. The highest mean scored from dimension four followed by dimension three, and the least mean scored from item two. The overall score of business performance (non-financial) is good. And the standard deviation shows the respondent varies from 0.312 to 0.554 with their respond to the business performance (non-financial).

**Table 4.7 overall business performance measure**

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business performance</td>
<td>249</td>
<td>4.6431</td>
<td>.42226</td>
</tr>
</tbody>
</table>

Source: Survey result 2017

According to table 4.7 the mean score of overall business performance dimension is 4.6431 so we can conclude that managers of CBE agree that business performance measure is good.

### 4.5 Correlation Analysis

The correlation analysis between independent variables (market orientation’s components) and dependent variables (business performance financial, business performance non-financial and business performance overall) was carried out. Correlation analysis helps to find out, if relationship between variables exists and how strong it is. The Pearson correlation coefficient was used as the data is normally distributed. Correlations of 0.30 is regarded to mention worthy (Cohen, 1988). High correlation coefficients illustrate higher level of association between the influences.

According to Cohen (1988), the value of Pearson’s correlation is divided into three areas. A correlation coefficient between 0.10 and 0.291 indicates a small correlation, a correlation coefficient between 0.30 and 0.49 indicates a medium correlation, and a correlation coefficient between 0.50 and 1.0 indicates a large correlation.
Table 4.8 Correlation analysis between market orientation indicators and business performance

<table>
<thead>
<tr>
<th></th>
<th>IG</th>
<th>ID</th>
<th>R</th>
<th>FBP</th>
<th>NFBP</th>
<th>MO</th>
<th>OBP</th>
</tr>
</thead>
<tbody>
<tr>
<td>IG</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ID</td>
<td></td>
<td>.950**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>.922**</td>
<td>.971**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FBP</td>
<td>.914**</td>
<td>.934**</td>
<td>.915**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NFBP</td>
<td>.843**</td>
<td>.905**</td>
<td>.881**</td>
<td>.954**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MO</td>
<td>.971**</td>
<td>.992**</td>
<td>.983**</td>
<td>.937**</td>
<td>.894**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>OBP</td>
<td>.893**</td>
<td>.932**</td>
<td>.910**</td>
<td>.991**</td>
<td>.985**</td>
<td>.929**</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Survey result 2017

**. Correlation is significant at the 0.01 level (2-tailed).

According to the results from table 4.9, there is a significant correlation among all indicators and business performance.

There is a significant correlation between financial business performance and intelligence generation intelligence dissemination and responsiveness. Furthermore, the correlation between financial business performance and intelligence dissemination (0.934) is greater which is followed by responsiveness (0.915) and intelligence generation (0.914).

There is a significant correlation between nonfinancial business performance and all components of market orientation. Correlation of non-financial business performance is stronger with intelligence dissemination (0.905) which is followed by responsiveness (0.881) and intelligence generation (0.843).

There is significant correlation between overall business performance with intelligence dissemination (0.932) which is followed by responsiveness (0.910) and intelligence generation (0.893).

The correlation between market orientation and financial business performance (0.937) is higher than correlation between market orientation and non-financial business performance (0.894).
Totally, there is strong correlation between market orientation and business performance (0.929). Moreover, all of the components of market orientation are inter-correlated.

**4.6 Regression analysis**

Additionally a linear regression analysis to measure the Effect of Market Orientation on Business Performance was carried out by considering Responsiveness, Intelligence generation, Intelligence dissemination as independent variables and financial and non-financial business performance as dependent variables using R square, beta coefficient and p-value for significant of the relationship. Under the following regression outputs the beta coefficient may be negative or positive; beta indicates that each variable’s level of influence on the dependent variable. P-value indicates at what percentage or precession level of each variable is significant. R2 values indicate the explanatory power of the model.

**Table 4.9 Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.932^a</td>
<td>.869</td>
<td>.868</td>
<td>.15356</td>
</tr>
</tbody>
</table>

^a. Predictors: (Constant), Responsiveness, Intelligence generation, Intelligence dissemination

Source: Survey result 2017

According to table 4.10 model summary business performance is dominantly predicted by market orientation variables with R square 0.869 (87%) extraneous variables predict business performance by 13%.

**Table 4.10 ANOVA^b**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>38.443</td>
<td>3</td>
<td>12.814</td>
<td>543.435</td>
<td>.000^a</td>
</tr>
<tr>
<td>Residual</td>
<td>5.777</td>
<td>245</td>
<td>.024</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>44.220</td>
<td>248</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

^a. Predictors: (Constant), Responsiveness, Intelligence generation, Intelligence dissemination
b. Dependent Variable: business performance
Source: Survey result 2017

Based on table 4.11 the value of \( F = 543.435 \) and is significant at 0.000 level (less than 0.05). This indicates that the model is acceptable and market orientation variables explain well business performance.

4.7 Hypotheses Testing

The researcher further used regression to test constructed hypothesis as follow.

4.11 Table Regression analysis between generation of market information and business performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.069</td>
</tr>
<tr>
<td></td>
<td>Intelligence generation</td>
<td>.660</td>
</tr>
</tbody>
</table>

According to table 4.11 business performances has a positive relationship with Intelligence generation with slope of 0.660 and beta 0.893 and alpha value 0.00 which is less than 0.05. so hypothesis seven is accepted.
**H2**-There is a significantly positive association between dissemination of information and business performance

**Table 4.12 Regression analysis between dissemination of information and business performance**

<table>
<thead>
<tr>
<th>Coefficientsa</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model</strong></td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>Intelligence dissemination</td>
</tr>
</tbody>
</table>

a. Dependent Variable: business performance
Source: Survey result 2017

According to table 4.12 business performances has a positive relationship with Intelligence dissemination with slope of 0.541 and beta 0.932 and alpha value 0.00 which is less than 0.05.so hypothesis eight is accepted.

**H3**-There is a significantly positive association between responsiveness and business performance
Table 4.13 Regression analysis between responsiveness and business performance

<table>
<thead>
<tr>
<th>Model</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
<td>Sig.</td>
</tr>
<tr>
<td>1</td>
<td>2.841</td>
<td>.053</td>
<td>53.348</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>.566</td>
<td>.016</td>
<td>.910</td>
<td>34.595</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: business performance  
Source: Survey result 2017

According to table 4.13 business performances has a positive relationship with responsiveness with slope of 0.566 and beta 0.910 and alpha value 0.00 which is less than 0.05.so hypothesis nine is accepted.

H4-There is a significant positive association between market orientation and business performance

Table 4.14 regression analysis between market orientation and business performance

<table>
<thead>
<tr>
<th>Model</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardized Coefficients</td>
<td>Standardized Coefficients</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
<td>Sig.</td>
</tr>
<tr>
<td>1</td>
<td>2.468</td>
<td>.056</td>
<td></td>
<td>43.994</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>.605</td>
<td>.015</td>
<td>.929</td>
<td>39.394</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: business performance  
Source: Survey result 2017
According to table 4.14 business performances has a positive relationship with market orientation with slope of 0.605 and beta 0.929 and alpha value 0.00 which is less than 0.05.so hypothesis ten is accepted.

4.8 Summery of hypotheses test

Table 4.15 Summery of hypotheses test

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Analysis used</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>regression</td>
<td>accepted</td>
</tr>
<tr>
<td>H2</td>
<td>regression</td>
<td>accepted</td>
</tr>
<tr>
<td>H3</td>
<td>regression</td>
<td>accepted</td>
</tr>
<tr>
<td>H4</td>
<td>regression</td>
<td>accepted</td>
</tr>
</tbody>
</table>
CHAPTER FIVE
SUMMARY, CONCLUSION, RECOMMENDATION

5.1. Introduction
This chapter will summarize findings, make conclusive remarks and formulates recommendations.

5.2. Summary
The main source of the data in the study was primary data source that was gathered in a form Questionnaire which was analyzed using SPSS version 21. In line with the objectives mentioned, the main findings are concluded as follows.

When we summarize Demographic characteristics of respondents, 14.9% (37) of the respondents have less than five years of experience in CBE, 65.1% (162) have 5-15 experience, 15.7% (39) have 16-25 experience and 4.4 % (11) of respondents stayed in CBE more than 25. regarding gender most of the respondent were male which is 61.8 % (154) and the rest 38.2 (38.2) were female. With respect of their age 7.6 % (19) are less than 25 years old, 28.9% (72) have an age between 25-5, 43.4% (108) have an age between 36-45 and 20.1(50) are greater than 45 years old. The academic qualification of the respondents was classified in to four.77.5 %( 193) hold a degree, 22.5 % (56) have master’s degree and none of the respondents’ have a whether a diploma or phd.

From data analysis the Cronbach’s Alpha of this study for market orientation is 0.976 and for business performance is 0.961 which shows that there is internal consistency among the variables.

Regarding descriptive analyses of market orientation variables and business performance measures, descriptive analyses of market orientation which are intelligence generation, intelligence dissemination and responsiveness were analyzed considering mean and standard deviation from the result the mean score of dimensions of intelligence generation ranges from 1.90 to 4.38.the least mean obtained from the dimension that most of the respondent strongly disagreed. Managers of CBE perceived the overall intelligence generation is good .the mean
score from And the standard deviation shows the respondent varies from 0.491 to 0.819 with their respond to the variable intelligence generation similarly, the mean score of dimensions of intelligence dissemination ranges from 1.89 to 4.33 And the standard deviation shows the respondent varies from 0.463 to 1.393 with their respond to the variable intelligence dissemination. And mean score of dimensions of responsiveness ranges from 1.48 to 4.53. The overall score of responsiveness is good .the least mean score which is 1.48 shows that almost all respondents disagreed with the item Customer complaints fall on deaf ears in this business unit. And the standard deviation shows the respondent varies from 0.456 to 1.361 with their respond to the variable responsiveness.

In addition descriptive analysis was computed for dimensions of business performance (financial) the mean score ranges from 4.37 to 4.85. And the standard deviation shows the respondent varies from 0.356 to 0.654 with their respond to the business performance (financial). Managers of CBE perceived that the overall business performance (financial) is good. Similarly the mean score of dimensions of business performance (financial) ranges from 4.37 to 4.85. And the standard deviation shows the respondent varies from 0.356 to 0.654 with their respond to the business performance (financial).managers of CBE perceived that the overall business performance (financial) is good.

Correlation results showed that there is a strong relationship among market orientation variables and with business performance measures with Pearson correlation coefficient ranging from 0.881 to 0.992.

Regression analyses result showed business performance is dominantly predicted by market orientation variables with R square 0.869 (87%) extraneous variables predict business performance by 13%. market orientation variables intelligence generation (beta 0.914), intelligence dissemination (beta 0.934) and responsiveness (beta 0.915) affected financial business performance measure of CBE and market orientation variables intelligence generation (beta 0.843), intelligence dissemination (beta 0.905) and responsiveness (beta 0.882) affected non-financial business performance measure of CBE. Generally business performance is affected
by market orientation with beta 0.929 at CBE. Ten hypotheses were constructed and tested by considering p-value and beta were accepted.

5.3 Conclusion

In today’s unstable and competitive environments, customers are a scarce resource. To survive and prosper, business firms need to attend to and attract a sufficient number of customers who are willing to purchase their products and services at a price which at least covers the costs involved. Needs and wants of customers are always changing and recognizing these changes is necessary for firms’ success. CBE one of the major and pioneer commercial bank in Ethiopia has been implementing and implemented several strategies to attract its customers from these strategies market orientation is one, the main purpose of this thesis was to measure how business performance is affected by market orientation on CBE and finds that business performance is strongly affected by market orientation as per CBE managers perspective.

Furthermore, market orientation requires the flattening of the organizational structures, managing processes rather than functional specialization and outsourcing. It also require forming network of relationships with other organizations, and creating an organizational culture in which every employee views the customer as stakeholder whose interests and needs should be protected, the result of this study showed that CBE is doing a good job in finding interests and needs of customers though applying market orientation components.

Market orientation provides us with a way to formalize our relationship with the market we serve rather than standing above these markets. It has been proved that satisfaction of customer’s need through market orientation improves organizational growth and profitability which are required for its competitiveness and survival. CBE top managers have to understand the need of their customers and provide them. Therefore, market orientation would be beneficial to top managers in many ways; their actions must be based on market understanding, they should have better understanding of business operating environment and they must work as a team and not as heads of individual function. The study conducted by Consuegra and Esteban (2007) investigates potential influence of market orientation on airline performance. The results support the positive influence of market orientation on business performance. Their findings confirm that market
orientation is a key element of business performance for the airline industry. The results of this study show that all of the variables of market orientation have almost the same influence on business performance. In comparison with the findings of this study, The overall market orientation analyses findings in this study shows that the extent to which market orientation which incorporates intelligence generation, intelligence dissemination and responsiveness being applied by CBE is good, particularly the highest score belongs to intelligence dissemination which implies that CBE is doing better on communication of information with its customers and among employees, and it shows that the level of market orientation is good moreover CBE managers are aware of and doing a good job in exercising and implementing the concept market orientation and its effect on the overall business performance.

In the article of Raju (2011) the summary of researches which investigated the relationship between market orientation and business performance in SMEs is presented. Generally, the Market orientation Performance correlations in these studies range from .20 to .44. The correlation coefficient between Market orientation and performance in small and medium high-tech companies in Kazan is 0.404 that also fits to the above-mentioned statistics in this study correlation Pearson correlation coefficient ranging from 0.881 to 0. 992 explained that intelligence generation, intelligence dissemination and responsiveness correlated strongly among themselves and with both financial and non-financial business performance measures. intelligence dissemination correlate better which is followed by responsiveness then intelligence generation with both financial and non-financial business performance measures.

5.4 Recommendations

In light of the above summary of findings and conclusions, the following are recommended.

- The findings of this study have some important managerial implications. The successful implementation of market orientation component requires that CBE should strike the right balance between tight and lose control mechanisms, and formal and informal modes of communication to maintain a degree of flexibility and responsiveness appropriate to the speed of change clear within their served product-markets. Above and beyond these practical marketing initiatives, there is some evidence in this study to suggest that CBE top
managers should consider their underlying business philosophy and become more customer- and competitor-focused both at the corporate level and across the different functional departments.

- The results obtained from this study should be helpful for CBE top managers to develop the appropriate market-oriented strategy in order to achieve a better performance and to reach its vision to become a world-class commercial bank by the year 2025 and mission which CBE strongly believe that winning the public confidence is the basis of the successes.

- The study shows that managers at CBE are performing a good job in exercising and implementing the concept market orientation but they have to work further to enhance generating market intelligence.

- Customer need and wants are unlimited and changed each and every time so to keep up the level that was showed in these study managers at CBE must follow their customer’s heart.

- Generating market intelligence can be improved by working on research and development on different aspects of marketing so the researches recommended timely training and workshops to be given for respective employees to achieve a better result.

- Although the result of this result reviled that CBE is performing a good job in applying market orientation to keep up the ever fluctuating customer needs and wants, top managers should always search a way to improve the existing culture.

5.5 Limitations and direction for future study

Though CBE have many branches all over the country, the study was restricted only to Addis Ababa city branches from top manager’s perspective. It would be more appropriate if examining market orientation on business performance from both managers and customers’ point of view and from wider area. So the research findings were bounded in this line. In addition the study applied only quantitative approach ignoring qualitative aspects.

With respect to future projects, a further study can be done by incorporating other branches outside Addis Ababa and the major limitations of this work arise from the use of managers as the sole respondents. Despite being knowledgeable respondents, managers can only report their subjective views of the performance of their operations. However, more objective measures of performance may provide additional insights into the impact of market orientation.
References


Cochran,W,G.(1963),the sampling techniques ,2nd Ed,NewYork, JhonWinley and Sons,inc.


Davood, G. and Morteza, M. “ Knowledge Management capabilities and SMEs organizational performance”. *International Journal of Business and Social Science* Vol. 5, No. 9(1); August 2014


Laferty and Hult (2001), the Journal of Applied Business Research – September/October 2015 Volume 31, Number 5


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Appendices
Dear respondents, I am conducting a research which shall be submitted in partial fulfillment of the requirements for Master’s Degree in Marketing Management. The purpose of this study is to examine the effect of marketing orientation on business performance case study on commercial bank of Ethiopia. Therefore, this is to kindly request you to take some of your precious time to fill the questionnaire at your convenience. Your honest and accurate response will make this study more valuable. Your responses are only meant for academic purpose and will be kept confidential. So, please read it carefully and give your opinion.

Thank you in advance for your time!

Ephrem Worku
Ephab2004@yahoo.com
Mob.0911164412

Part I: General Information of the Respondents

This part of the questionnaire is about your general information
1. District _________________
2. Position______________

For the following questions, please put write mark in the boxes
3. No. of years of service in your current position
   Less than 5 □  5-15 □ 16-25 □ more than 25 □
4. Gender
   Male □ Female □
5. Age
   Less than 25 □ 25-35 □ 36-45 □ more than 45 □
6. Academic qualifications
   Diploma □ Degree □ Master’s degree □ PhD □
### Part II: Market Orientation Measures

This part of the questionnaire covers items related to market orientation dimensions. Please put write mark on the number that best represents your opinion.

1=strongly disagree 2=disagree 3=neutral 4=agree 5=strongly agree

<table>
<thead>
<tr>
<th>No.</th>
<th>Intelligence generation</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>In our business unit, we meet with customers at least once a year to find out what products or services they will need in the future</td>
<td></td>
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<tr>
<td>2</td>
<td>Individuals from our service department interact directly with customers to learn how to serve their needs better.</td>
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<td>3</td>
<td>We are slow to detect changes in our customers’ product/service preferences</td>
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<tr>
<td>4</td>
<td>We survey end-users at least once a year to assess the quality of our product and service offerings.</td>
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<td>5</td>
<td>We collect industry information by informal means (e.g., lunch with industry friends, talk with trade partners).</td>
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<tr>
<td>6</td>
<td>In our business unit, market intelligence on our competitors is generated independently by several departments of our firm</td>
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<tr>
<td>7</td>
<td>We periodically review the likely effect of changes in our business environment such as regulations and technology on customers.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Intelligence dissemination</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>We have interdepartmental meetings at least once a quarter to discuss market trends and developments.</td>
<td></td>
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<td>9</td>
<td>Our business unit periodically circulates documents (e.g., reports, and newsletters) to provide information on our customers</td>
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<tr>
<td>10</td>
<td>When something important happens to our major customer of market, the whole business unit knows about it within a short period</td>
<td></td>
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<tr>
<td>11</td>
<td>Data on customer satisfaction are disseminated at all levels in this business unit on a regular basis.</td>
<td></td>
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<tr>
<td>12</td>
<td>When one department finds out something important about competitors, it is slow to alert other departments.</td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Responsiveness</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>It takes us forever to decide how to respond to our competitor’s price changes</td>
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<tr>
<td>14</td>
<td>For one reason or another we tend to ignore changes in our customer’s product/service needs</td>
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<tr>
<td>15</td>
<td>We periodically review our product development efforts to ensure that they are in line with what customers want.</td>
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<tr>
<td>16</td>
<td>Several departments get together periodically to plan a response to changes taking place in our business environment</td>
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<tr>
<td>17</td>
<td>If a major competitor were to launch an intensive campaign targeted at our customers, we would implement a response immediately.</td>
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</tbody>
</table>
Part III: Business performance Measures

This part of the questionnaire covers items related to business performance dimensions. How do you rate your company’s business performance on the following 1. Lower 2. Low 3. Average 4. High 5. Higher measuring scales that best describes your judgment in relation to your competitors in the banking service sector? Please indicate where your company is with each of the following statements by putting write mark to the scale that best represents your opinion.

1=lower 2=low 3=average 4=high 5=higher

<table>
<thead>
<tr>
<th>No.</th>
<th>Financial performance</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Market share growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td>Sales volume</td>
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<td></td>
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<tr>
<td>3</td>
<td>ROI (return on investment)</td>
<td></td>
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<tr>
<td>4</td>
<td>ROE (return on equity)</td>
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<td>5</td>
<td>Operating income</td>
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<tr>
<td>6</td>
<td>Net income</td>
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<td></td>
</tr>
<tr>
<td></td>
<td><strong>Non-financial performance</strong></td>
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<tr>
<td>7</td>
<td>Success in achieving customer satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Success in retaining current customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>9</td>
<td>Success in attracting new customers</td>
<td></td>
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<tr>
<td>10</td>
<td>Success in building a positive image</td>
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<tr>
<td>11</td>
<td>Success in overall performance of a company</td>
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</tr>
</tbody>
</table>

18. The activities of the different departments in this business unit are well coordinated.

19. Customer complaints fall on deaf ears in this business unit.

20. Even if we came up with a great marketing plan, we probably would not be able to implement it in a timely fashion.

21. When we find that customers would like us to modify a product or service, the departments involved make concerted efforts to do so.