



Measuring the level of market orientation among financial services providers in a resource-based economy: organizational and customer perspectives

Abdulmonem M. Al-Shirawi

A thesis submitted in fulfilment of the requirements for the degree of Doctor Philosophy in Marketing

Brunel University, 2012

Dedication

To my family for their continual love and support and the President of Ahlia University for his support that helped me to achieve and realize my dream.

Acknowledgments

It has been a long journey that demanded a lot of effort and time from me and my supervisor: Professor Charles Dennis. Therefore, I would like to thank him with gratitude for his dedicated support, guidance and encouragement during this journey. His passion for research and his approach to critical thinking made my work with him very inspiring, challenging, and thought-provoking. I would like also to acknowledge the contribution of my second supervisor Dr. Saeed El-Hajjar for his contribution and constructive feedback.

My deepest gratitude goes to the president of Ahlia University, Professor Abdulla Al-Hawaj for his encouragement and support during this long journey. Last but not least, I would like to thank all the Ahlia University staff members for the support provided to me during the last few years especially professor Amer Al Roubaie and Gowrishankar.

Finally, my warm and heartfelt thanks go to my family for their everlasting love and support which sustained me in the years it took to bring this work to completion.

Publications

Contribution to Conference Proceedings

Al-Shirawi, A. and Hajjar, S. (2012) 'Developing a scale to measure the level of market orientation in the financial services sector within a resource-based economy', Paper presented at the International Conference on Economics Marketing and Management, IPEDR Vol. 28, LACSIT Press: Singapore.

Sent to International Journal of Research in Marketing (waiting for acceptance)

'An Empirical Study of Exploring and Confirming a Reliable Scale to Measure the Level of Market Orientation in a Resource-Based Economy' (2012)

Abdulmonem Al-Shirawi, Professor Charles Dennis, and Dr. Said El-Hajjar

Currently being prepared

An Empirical Study to validate a scale to measure the level of market orientation in a resource-based economy through Structural Equation Modelling (SEM)

Abdulmonem Al-Shirawi, Professor Charles Dennis, and Dr. Said El-Hajjar

Academic and professional memberships

Fellowship member of the Chartered Institute of Marketing

Executive member of American Marketing Association

Member of the British Academy of Management

Abstract

Following the pioneering work of Kohli and Jaworski, Narver and Slater, and other academic researchers during the 1990s, the concept of ‘market orientation’ has evolved as an important area of study within the marketing discipline. This work has initiated a large number of empirical studies that have been undertaken during the last two decades. Despite its importance and the attention that this concept has received during the last two decades, most of these studies have conceptualized market orientation and measured its levels within only the Western contexts where it has been developed. Although other studies have been undertaken within newly developed and developing economies, there has been little focus on exploring the concept, its constructs and implementation in less developed and resource-based economies.

In order to address this research gap, a mixed-method design was adopted that consisted of two phases. Following a literature survey, the first phase involved a qualitative study to gain better understanding of the notion of market-orientation within a resource-based context and refine the preliminarily conceptual framework based on existing literature and Deshpandé’s definition of market-orientation. In the second phase, this framework was tested by means of a survey of both financial services providers and their customers. Confirmatory factor analysis (CFA) and structural equation modelling (SEM) were employed to analyse the survey responses. The models showed a good fit to the data and good convergent, nomological and discriminant validity, reliability and stability, demonstrating improvement to existing scales by the addition of further salient items elicited from the qualitative phase.

The findings of this study identified four constructs of market-orientation in financial services providers within a resource-based economy, viz. market-oriented corporate culture, strategy formulated and implemented, structure and systems employed, and market-oriented activities. Those dimensions (constructs) were consistent with various previous works in the market-orientation literature. Additionally, the study found that a market-oriented corporate culture had a mediating role in facilitating the business organizations’ responses through the strategy formulated and implemented.

A key contribution of this research was to offer a robust model that explained market-orientation within a resource-based economy and demonstrated that a market-oriented corporate culture had a mediating effect on facilitating financial services providers' responses to satisfying customer needs and expectations. The use of a qualitative approach to identify market-orientation dimensions in this context was also considered a methodological contribution in this area of marketing research. Moreover, the present study added a novel perspective to the body of market-orientation literature and suggested directions for future research. Finally, the study provided managerial implications for financial services managers to identify what they should do to become more market-oriented businesses or to enhance their level of market-orientation in order to meet their businesses' needs and customers' expectations.

Table of Contents

Dedication	II
Acknowledgments.....	III
Publications	IV
Abstract	V
Table of Contents	VII
List of Tables	XV
List of Figures	XVII
Chapter One	1
Introduction	1
1.1 Chapter outline	1
1.2 Introduction and research background.....	1
1.3 Defining the resource-based economy.....	2
1.4 Characteristics of the financial services markets.....	3
1.5 Statement of the research problem.....	4
1.6 Research aim	7
1.7 Research questions.....	7
1.8 Research objectives.....	8
1.9 Justification for the research.....	8
1.10 Methodology	9
1.11 Outline of the thesis	11
1.12 Chapter summary.....	12
Chapter Two.....	13

Definitions, Antecedents, Consequences, and Barriers to Market Orientation	13
2.1 Introduction	13
2.1.1 Chapter objectives.....	13
2.1.2 Chapter structure.....	13
2.2 Market orientation - historical background.....	14
2.3 Definitions of market orientation.....	20
2.4 Antecedents of market orientation.....	23
2.5 Consequences of market orientation.....	27
2.6 Barriers to market orientation.....	41
2.7 Conclusions	45
2.8 Chapter summary.....	46
Chapter Three.....	47
Implementation, Measurement, and Conceptual Model of Market Orientation	47
3.1 Introduction	47
3.1.1 Chapter objectives.....	47
3.1.2 Chapter structure.....	47
3.2 Introduction to the implementation of market orientation	48
3.2.1 The information processing approach	48
3.2.2 The norms-based approach.....	49
3.2.3 The strategy and support process approach	50
3.2.4 The capabilities approach	50
3.2.5 The cultural change and cultural transformation approaches	52
3.2.6 The system-based approach.....	56
3.2.7 The management behaviour approach.....	57
3.3 The measurement instruments of market orientation.....	61
3.4 The conceptual model	69

3.5 Conclusion.....	78
3.6 Chapter summary.....	78
Chapter Four	79
Research Methodology	79
4.1 Introduction.....	79
4.1.1 Chapter objectives.....	79
4.1.2 Chapter structure.....	80
4.2 Research process background.....	80
4.3 Research philosophy	81
4.3.1 Positivism	83
4.3.2 Criticism of positivism	84
4.3.3 Interpretivism (Phenomenology)	84
4.3.4 Criticism of interpretivism.....	85
4.4 Choice of research philosophy	86
4.5 Research method.....	86
4.5.1 Quantitative research.....	87
4.5.2 Qualitative research.....	88
4.5.3 Mixed methods	89
4.6 Research strategy.....	92
4.7 Justification of the research methodology.....	96
4.8 Research ethics	98
4.9 Research population characteristics.....	99
4.10 The first phase (qualitative study).....	99
4.10.1 Financial services organizations focus groups and interviews	101
4.10.2 Financial institutions' customers focus group	104
4.11 The second phase.....	105
4.11.1 Development of research instruments	112

4.11.2 Sampling procedure.....	113
4.11.3 Sample size	113
4.11.4 Questionnaire administration	114
4.11.5 Pilot survey	114
4.12 Data analysis techniques	115
4.13 Data sources	119
4.14 Limitations	121
4.15 Delimitations	121
4.16 Chapter summary.....	122
Chapter Five.....	123
Qualitative Study Results and Analysis.....	123
5.1 Introduction	123
5.1.1 Chapter objectives.....	124
5.1.2 Chapter structure.....	124
5.2 Data collection process objectives.....	125
5.3 Approach to qualitative data analysis	126
5.4 Academics' feedback on the results regarding Deshpandé and Farley's (1999) scale	126
5.5 Qualitative data analysis approach	130
5.6 Findings and analysis of qualitative data	132
5.6.1 Financial institutions	132
5.6.2 Financial institutions' customers findings.....	140
5.7 Discussion and conclusion	142
5.7.1 Financial institutions	142
5.7.2 Financial institutions' customers	145
5.8 The local and regional academics' feedback.....	146
5.9 The research definition of market orientation	147
5.10 The research conceptual models.....	148

5.11 The research hypothesis	150
5.12 Limitations of the qualitative research.....	153
5.13 Chapter summary.....	153
Chapter Six.....	155
Analysis of Results.....	155
6.1 Introduction	155
6.1.1 Chapter objectives.....	155
6.1.2 Chapter structure.....	156
6.2 Pilot study.....	156
6.2.1 Missing value.....	157
6.2.2 Financial services providers' scale.....	158
6.2.3 Financial services customers' scale.....	164
6.3 Main survey sample characteristics	166
6.4 Testing the normality assumption.....	167
6.5 Multicollinearity	170
6.6 Main survey — financial institutions.....	170
6.6.1 Exploratory factor analysis (EFA)	170
6.6.2 Confirmatory factor analysis (CFA)	173
6.6.3 The goodness of fit and path analysis	174
6.6.4 Calculated average variance extracted	176
6.6.5 Computation of construct reliability (CR).....	176
6.6.6 Business Organizations SEM Model.....	179
6.7 Banks and investment companies' customers	183
6.7.1 Exploratory Factor Analysis (EFA) (Banks and investment companies).....	183
6.7.2 Confirmatory factor analysis (CFA)	184
6.7.3 The goodness of fit and path analysis	184
6.7.4 Calculated Average Variance Extracted.....	186

6.7.5 Computation of Construct Reliability (CR).....	186
6.7.6 Banking and investment companies' SEM Model.....	188
6.8 Insurance companies.....	190
6.8.1 Exploratory Factor Analysis (EFA).....	190
6.8.2 Confirmatory Factor Analysis (CFA).....	191
6.8.3 The goodness fit and path analysis.....	191
6.8.4 Calculated Average Variance Extracted.....	192
6.8.5 Computation of Construct Reliability (CR).....	193
6.9 Testing the difference between customer perceptions of the financial services providers' level of market orientation and these organizations' self-reported level of market orientation	196
6.9.1 Customer perception of banks and investment companies.....	196
6.9.2 Customer perception of insurance companies	197
6.10 Nomological validity	198
6.11 Common method bias	199
6.12 Results of testing the hypotheses	199
6.13 Chapter summary.....	201
Chapter Seven	204
Discussion of Results	204
7.1 Introduction and summary so far.....	204
7.1.1 Chapter objectives.....	204
7.1.2 Chapter structure.....	204
7.2 Overview of the study.....	205
7.3 Business organizations.....	207
7.4 Focal constructs of the business organizations model	209
7.5 Financial services providers' customers	212
7.6 Focal constructs of the customer model.....	213
7.7 Discussion of the hypothesis test.....	214

7.7.1 Business organizations	214
7.7.2 Financial services providers' customers.....	216
7.8 Discussion of the current study's research questions.....	218
7.8.1 What constitutes market orientation in a resource-based economy context?	218
7.8.2 What is the level of market orientation among financial services businesses based on the identified constructs?	219
7.8.3 Do the business organizations' self-reported levels of market orientation and their customers' perceptions of such levels agree or not?	220
Chapter Eight	221
Conclusion	221
8.1 Introduction.....	221
8.1.1 Chapter objectives.....	222
8.1.2 Chapter structure.....	222
8.2 Implications of research findings.....	223
8.2.1 Theoretical implications	223
8.2.2 Managerial implications	227
8.2.3 Implications for Government policy	229
8.3 Limitations and future research	229
8.3.1 Limitations of this study.....	229
8.3.2 Future research.....	231
8.4 Conclusion.....	232
References	234
Appendices.....	266
Appendix A.....	266
Appendix B	270
Appendix C	275
Appendix D.....	291

Appendix E 307
Appendix F..... 311

List of Tables

Table 2.1: Selected studies of market orientation (compiled by the author).....	19
Table 2.2 Definitions of market orientation (compiled by the author).....	23
Table 2.3: Illustrating some of the various studies undertaken in different contexts where findings have revealed contradictory results even within similar contexts and different organizational sizes.....	34
Table 2.4: Some of the various published studies exploring the relationship between market orientation and performance.....	40
Table 3.1: Deshpandé and Farley (1999) 10-item proposed scale	68
Table 3.2: Dawes (2000) 5-item proposed customer responsiveness scale	69
Table 4.1: Some of the questions raised by the moderator during the financial institutions’ focus groups and interviews	103
Table 4.2: The list of questions provided by the moderator to the participants during the financial institutions’ customers focus groups and interviews.....	105
Table 4.3: The business organizations’ developed scale (compiled by the author)	109
Table 4.4: The customers’ developed scale (compiled by the author)	110
Table 5.1: The 12-item scale resulting from consultation with the financial institutions’ participants about the scale suggested by Deshpandé and Farley (1999)	128
Table 5.2: Phases in thematic analysis. Source: Braun and Clarke (2006).....	131
Table 6.1: The results of the reliability test for the financial businesses’ scale.....	160
Table 6.2: The results of the reliability test for the customers’ scale.....	165
Table 6.3: Skewness and Kurtosis Values –Business organizations	168
Table 6.4: Skewness and Kurtosis of banks and investment companies’ data.....	169
Table 6.5: Skewness and kurtosis of insurance companies’ data.....	170
Table 6.6: Factor loading and item reliability.....	177
Table 6.7 Regression Weights: (Group number 1 - Default model).....	182
Table 6.8: Factor loading and item reliability.....	186
Table 6.9: Regression Weights: (Group number 1 - Default model)	189
Table 6.10: Regression Weights: (Group number 1 - Default model).....	192
Table 6.11: Factor loading and item reliability	193
Table 6.12 Business organizations’ constructs correlation matrix (Standardized).....	198
Table 6.13: Banks and investment companies’ correlation matrix (Standardized).....	198
Table 6.14: Insurance companies’ correlation matrix (Standardized).....	198
Table 6.15: Results of testing the hypotheses	201

Table 7.1: Regression Weights: (Group number 1 - Default model) 208

List of Figures

Figure 3.1: An integrative perspective on market orientation.....	59
Figure 3.2: Jaworski and Kohli conceptual model.	70
Figure 3.3: Narver and Slater conceptual model. Source: Narver and Slater (1990, p. 23).....	71
Figure 3.4: Extended conceptual model. Source: Matsuno et al. (2005)	73
Figure 3.5: Gebhardt et al.'s conceptual model. Source: Gebhardt et al. (2006)	74
Figure 3.6: The preliminary conceptual model to measure the level of market orientation from both organizational and customer perspectives (compiled by author).	77
Figure 4.1: Empirical Research Process Framework (compiled by author)	120
Figure 5.1 The conceptual model (framework) for this research (compiled for current thesis).....	149
Figure 6.1: Theoretically Based BO SEM Model	179
Figure 6.2: Theoretically based banking and investment companies' SEM Model	188
Figure 6.3: Theoretically Based Insurance SEM Model.....	195
Figure 7.1: Illustrates the mediator market-oriented corporate culture, mediating the relationship between the strategy formulated and implemented and both dependent variables (structure and systems employed and market-oriented activities).....	208

Chapter One

Introduction

1.1 Chapter outline

This chapter outlines the scope of this thesis starting with the background of the study covered in Section 1.2. Section 1.3 defines the resource-based economy. Section 1.4 explains the characteristics of the financial services market. Section 1.5 identifies the research problem. Section 1.6 articulates the research aim of this study. Section 1.7 discusses and presents the research questions. Section 1.8 outlines the research objectives. Section 1.9 provides the justification and significance of this research study and explains why this research must be carried out. Section 1.10 explains and discusses the methodology that has been employed to answer the research questions and to test the suggested hypotheses. Section 1.11 outlines the sequences and chapters of this thesis. Section 1.12 provides a summary of this chapter.

1.2 Introduction and research background

Since the emergence of the marketing concept in the mid 1950s in the United States, which challenged all the preceding concepts (Mckitterick, 1957) practitioners and academics have raised a number of criticisms that are associated with adopting and implementing the concept. In fact, over a number of years there have been different discussions not only tackling the definition issue, but also related to what is the marketing concept and what is not (Kotler and Levy, 1969; Kotler and Zaltman, 1971). However, since 1987 when the Marketing Science Institute organized its conference on the topic of developing market orientation, there has been increasing interest in the topic. During the last two decades, the literature has been enhanced with various studies covering market orientation antecedents, its consequences, its implementation process, and barriers to market orientation. Moreover, various conceptual models and scales have been suggested based on empirical studies. The notion of market orientation has attracted the attention of both academics and practitioners, particularly in relation to the linkage between the adoption of market orientation by the business organization and the realization of its consequences reflected in the firm's performance. In addition, the works and contributions of Narver and Slater (1990), Kohli and Jaworski (1990), Kohli et al. (1993), and Deshpandé et al. (1993) have been critical and pioneering in reviewing and comparing the academics' and practitioners' understanding and interpretations of the definition of market orientation, providing different scales to measure the organizations' levels of market orientation, as well as identifying the different antecedents and consequences of market orientation.

Following such contributions, several empirical studies have been conducted covering the implementation of market orientation (Jaworski and Kohli, 1993; Narver and Slater, 1990, Narver et al., 1998; Lichtenthal and Wilson, 1992; Ruekert, 1992; Harris, 1996 and 2002a; Harris and Ogbonna, 1999; Becker and Homburg; 1999; Gebhardt et al., 2006; and Raaij and Stoelhorst, 2008), and barriers to implementing market orientation (Farrel and Oczkowski, 1997; Bisp, 1999; Slater and Narver, 1999; Harris, 2000 and 2002b; Harris and Piercy, 1999; and Harris and Ogbonna, 2000 and 2001b). In addition, some studies have covered the scaling issue to measure the level of market orientation within various for-profit and non-profit organizations in services and manufacturing industries in different contexts (Deng and Dart, 1994; Deshpandé and Farley, 1998 and 1999; and Matsuno, 2005). However, since 1990 the diffusion of market orientation could be observed throughout businesses and non-profit organizations operating in different markets and contexts in the global market (Matear et al., 2002; Greenley, 1995a and b; Harris and Piercy, 1999; Langerak, 2003b; Singh, 2003; Ellis, 2005; Osuagwu, 2006; and Lam et al., 2010).

1.3 Defining the resource-based economy

A resource-based economy (Rentier Economy) is an economy that depends heavily on natural resources such as oil and/or gas and agricultural crops whereby such resources contribute to a large extent to the gross domestic product (GDP) (see Gylfason, 2005). Therefore, a resource-based economy would utilize the various existing resources from the land and sea. Although the term and its meaning was first used by Jacque Fresco, it is now considered to be *“a holistic socio-economic system in which all goods and services are available without the use of money, credits, barter or any other system of debt or servitude”* (The-venus-project/resource-based-economy(2012, P. 1). Historically, most of Asia, especially the Middle East countries were at one time colonies of Western European countries. Accordingly, their economic structures had been modelled on those of their former colonial rulers (Todaro, 1997). However, the ownership pattern of the nation’s natural resources will to a large extent affect the distribution of wealth, and thus the pattern of demand (Dasgupta, 1982). According to the Economic Report-2010 (2011) although the Bahrain economy has diversified from its dependence on oil, especially since 1970, the oil revenues continue to play a significant and crucial role in the Government’s fiscal balance (see also the Bahrain Economic Development Board’s Vision 2030, 2008). In addition to the industrialization process that had been initiated during the 1970s and which depended on adding value to the natural resources such as oil and gas, the civil war in Lebanon had contributed in shifting the financial services sector to Bahrain. Therefore, Bahrain gradually became established as a financial services centre, providing such services for the Gulf Region and the Middle East. The financial services sector continues to be the second

largest contributor to Bahrain's economy, accounting for 24.6% of the real GDP in 2010 (Economic Report-2010, 2011). However, since 2008 there has been an attempt to undertake economic reform combined with privatization of the industry and part of the utilities services sector (Economic Report-2010, 2011). Furthermore, with the financial services sector being the second largest contributor to the economy and with this market becoming highly competitive over the last three years, it has become key factor for survival and success for businesses operating in this sector to become market-oriented (Hadcroft and Jarratt, 2007). Accordingly, this sector was chosen for investigation by the researcher.

1.4 Characteristics of the financial services markets

Over the last four decades, Bahrain seems to have successfully developed its financial system to a great extent. Creane et al. (2004) rank Bahrain's financial system as the most developed in the Middle East and North Africa region, though Grigorian and Manole (2005) suggest that it still faces competition from other regional financial systems despite its 'front-runner' position. The ownership pattern of the financial services sector differs from that of the natural resources and large industries in that it is dominated by the private sector and foreign investors. This sector consists of different types of banking institutions, non-bank financial institutions, capital markets and insurance companies with Islamic financial institutions existing within each of the financial system's institutional categories. The financial services providers include retail and wholesale banks, offshore banks, investment banks and companies, insurance and re-insurance companies, money exchange and specialized banks. The financial services market consists of corporate customers and individuals and the financial services institutions segment both types of customer in terms of their size, needs, expectations, and the level of services provided to them. During the last five years, this sector has become very crowded and fiercely competitive. As a result, it represents a different case in terms of its need to become market-oriented or enhance its level of market-orientation (Kohli and Jaworski, 1990) and therefore it may need to become more market-oriented compared with the other sectors in the resource-based economy. Becoming a more market-oriented services provider may foster enhanced interaction with customers and facilitate the role of customer as a co-producer and co-creator of the ultimate value within such a competitive environment. Accordingly, an organizational market-oriented corporate culture that mediates the business's responses to their identified customers' existing and potential needs and expectations through market oriented activities, fostered by its organizational structure and systems employed may have a great impact on the customers' view of such responsiveness, hence the business's level of market-orientation that would encourage these customers to play their expected role as a co-producer and co-creator of value within this sector.

In addition, although most of the top and middle management in this sector are either educated in the West or are expatriates from Western countries working in Bahrain, there are major differences from the business models in the well-developed economies. The local and Middle Eastern culture has a great impact on how business is conducted, the type and magnitude of the services provided to the customers and the way the market is segmented. This is assumed to influence the businesses' views and interpretations of what constitutes market-orientation, and therefore might affect the way market-orientation is conceptualized in this context (Bahrain).

1.5 Statement of the research problem

Since the 1990s a number of conceptual models and measurement scales for market orientation have been conceptualized (Narver and Slater, 1990; Jaworski and Kohli, 1993; Deshpandé et al., 1993; Kohli et al., 1993; Matsuno et al., 2005; and Gebhardt et al., 2006). However, these conceptual models have been developed and tested in specific cultural contexts and levels of economic and market development. Therefore, one can argue whether these models and measurement scales of market orientation can be understood and interpreted within different contexts in the same way that they have been interpreted in the contexts where they were developed. Putting it differently, will the market-orientation dimensions and constructs be relevant if they are implemented in different contexts? Furthermore, even the studies that have attempted to measure market orientation in different contexts from those in which the scales were developed have employed the same constructs and scales without recognizing or taking into account the effect of local contexts on the constructs that have been measured. The studies that have attempted to generalize scales from the literature to other contexts have reported contradictory findings. In fact, during the last two decades, the number of studies that have been conducted in underdeveloped and developing countries including emerging economies or economies going through transformation processes is minimal (see Au and Tse, 1995; Appiah-Adu, 1998; Bhuian, 1997 and 1998; Aggarwal and Singh, 2004; Ellis, 2005; and Dwairi et al., 2007).

Although academics and practitioners operating in underdeveloped and developing countries including the new emerging economies are well exposed to marketing literature and business models of developed economies, their cultural background and the level of economic development might influence or limit their interpretation and their implementation of market-orientation processes, as well as their understanding of what constitutes market orientation in their contexts. In addition, the literature does not provide evidence to suggest that market-orientation dimensions will be the same regardless of the local context and despite the level of economic and market development. Various studies that attempted to

generalize the MARKOR and MAKTOR scales suggested by Kohli et al. (1993) and Narver and Slater (1990) did not provide conclusive evidence that market-orientation constructs are the same in different contexts. Moreover, because there were different definitions, conceptual models, and measurement scales in the literature, it is a valid assumption that there may be different market-orientation constructs and dimensions based on different contexts. This might be due to the influence of cultural background and different levels of economic and market development.

Although two studies were previously conducted in what is defined as a resource-based economy (Saudi Arabia), these studies measured the level of market orientation by employing an adopted measurement scale that had been developed and tested in a different context with a different cultural background and level of economic development (see Bhuian, 1997 and 1998).

After reviewing the literature several themes were identified which suggested different dimensions of market-orientation employing various measures of the concept in different contexts. Although there are previous studies exploring the concept of market orientation in the service industry, mainly in the banking sector (Bhuian, 1997; Han et al., 1998), retail (Chang and Chen, 1998; Harris and Piercy, 1999) and insurance (Lado et al., 1998; Maydeu-Olivers and Lado, 2003), little research has been reported covering the entire financial services sector (Morgan and Tumell, 2003). Furthermore, as far as the author is aware, only three studies have been conducted that explore the level of market orientation in a resource-based economy (Bhuian, 1997 and 1998; Dwairi et al., 2007). But these studies employed a conceptual framework and measurement scales with little adaptation and without exploring whether these models and scales would be understood and interpreted in a resource-based context in the same way as where they were developed. In other words, these studies did not explore the antecedents and constructs of market orientation in a resource-based context. In fact, very few studies have researched customer perceptions of various organizations' customer orientation and even those few were in the manufacturing sector. This research is, as far as the author is aware, the first study to cover customers' perceptions of business organizations in the service sector. It would thus be unique in combining both organization and customer perspectives in a resource-based economy. as only three studies have previously attempted to measure the level of market orientation from both perspectives (Deshpandé et al., 1993; Deshpandé et al., 2000; and Dawes, 2000). This research also attempts to explore the validity and suitability of the scale employed by Dawes (2000) to obtain customers' perceptions about the level of market orientation in business organizations which will have great implications for managers in helping to realign their efforts to ensure that their customers are satisfied and really perceive them as market-oriented business organizations.

It is clear from the literature that there are a number of views and assessments related to the scales employed to measure levels of market orientation in different contexts. Therefore, this study attempts to find out if the 10-item scale suggested by Deshpandé and Farley (1999) would be valid for measuring the level of market orientation in a different context with a different level of market and economic development. In addition, the research seeks to establish whether the 10-item scale might be interpreted and understood in a resource-based context in the way it was intended by its developers in a different context. It will therefore employ this scale to find out whether the market-orientation constructs in a resource-based economy can be captured or whether the scale needs to be modified and revalidated. To this end, an exploratory qualitative study using interviews and focus groups will be employed, which may provide insight and result in a suitable scale that can be generalized to capture the level of market orientation in a resource-based economic context. From the above, it is apparent that there is a lack of studies in the literature that attempt to explore and identify the dimensions and constructs of market orientation in a resource-based economy. Moreover, in this era of globalization, businesses operating in resource-based economies need to compete not only where they are located but also in regional and international markets. One can argue that exploring the dimension of market orientation in a resource-based economy might contribute to the competitiveness of business organizations operating in these markets through the creation and delivery of superior value to their existing and potential customers.

Therefore, there is a need to first explore and identify the dimensions of market orientation in a resource-based economy context. Second, based on the identified constructs, there is a need to develop a scale that will measure the level of market orientation in this context. Third, further to the three studies identified above that explored market orientation from both the organization and customer perspectives, this issue needs further investigation to enhance the existing literature. Supporting evidence is needed on whether customer perceptions about the business organizations' level of market orientation and the measures based on the businesses' self-reported levels agree or not. This could potentially make a substantial academic contribution on managerial implications related to customer satisfaction, customer retention, and managing customer expectations. Of the three studies measured both business and customer perspectives only two of them focused on this particular issue (Deshpandé et al., 1993; Dawes, 2000). Furthermore, while Deshpandé et al. (1993) found that both perspectives agreed and provided evidence to support their hypotheses, Dawes (2000) reported that customer views on organizational responsiveness did not significantly impact the organizations' level of market orientation.

1.6 Research aim

The research aim is to develop scales that foster the measurement of the level of market orientation among financial services sector institutions in a resource-based economy from both the organizations' and customers' perspectives. Identifying the dimensions of market orientation may facilitate the development of a measurement scale that can capture the market-orientation constructs in this context to assist with measurement of such levels from both perspectives.

1.7 Research questions

Would practitioners and managers in different cultural backgrounds and within different contexts interpret the market-orientation constructs in the same way as in the contexts in which the constructs were originally identified? The first question facing the researcher is **what constitutes market orientation in a resource-based economy context?**

In other words, how do business organizations operating in a different context with a different cultural background and a different level of economic development view, perceive, and interpret market-orientation constructs? There is a need to address this question and identify market-orientation constructs in this context of a resource-based economy.

The second question of this study is **what is the level of market orientation among financial services businesses based on the identified constructs?**

Since the 1990s the literature has been rich with different suggested or employed scales to measure the level of market orientation as well as its consequences, which have been employed in different contexts either in the original version or with certain adaptations (see Deng and Dart, 1994; Deshpandé and Farley, 1998 and 1999; and Matsuno et al., 2005). In fact, there is no empirical evidence that any of these scales can be employed in their original version in a resource-based economy without considering the economic, cultural and market differences. Furthermore, business organizations may believe strongly that they are market-oriented businesses from their own managements' point of view, but the question is whether these businesses' customers perceive that they are market-oriented, based on the responsiveness of the organizations to their customers' needs and expectations. As the researcher found only three studies that measured the level of market orientation from both perspectives (Deshpandé et al., 1993; Deshpandé et al., 2000; and Dawes, 2000), there is a need for further research on this area. This would answer the third

question of this study which is: **do the business organizations' self-reported levels of market orientation and their customers' perceptions of such levels agree or not?**

1.8 Research objectives

The stated research aim is to measure the level of market orientation among financial services providers in a resource-based economy looking at organizational and customer perspectives through an exploration of the antecedents and dimensions of market-orientation in this context. To achieve these goals, the following list of more precise objectives is addressed:

1. To explore the concept of market orientation and its dimensions.
2. To identify the dimensions of market-orientation which involves identifying the various market-orientation constructs most likely to have a significant influence in determining the level of market-orientation in this context?
3. To develop and empirically assess a conceptual framework concerning market orientation and its antecedents, and facilitate its measurement from both organization and customer perspectives.
4. To investigate whether the level of market-orientation according to the financial service providers' self-reporting agrees with the perceptions of their customers.

1.9 Justification for the research

Although most studies measuring the level of market orientation, identifying its constructs, and suggesting definitions for market orientation were conducted in developed and developing countries' contexts, various studies have been conducted in underdeveloped country contexts and in countries that are going through economic transitions (Appiah-Adu, 1998; Bhuian, 1997 and 1998; Chelariu et al., 2002; Aggarwal and Singh, 2004; Ellis, 2005; and Dwairi et al., 2007). In fact, the researcher found only two studies conducted in a resource-based economy, which employed an adapted version of a scale replicating previous studies undertaken in developed countries such as the USA (Bhuian, 1997 and 1998). Furthermore, Bhuian (1997) claims that the *“empirical findings on the relationship between market orientation and performance are not conclusive”* (p.317). Therefore, there is a need to establish the understanding and interpretation of the market-orientation notion and concept within resource-based economy markets in order to foster measurement of the business organization's level of market

orientation to help practitioners and managers in adopting or enhancing their market orientation. Such research might help business organizations especially in emerging markets and markets going through transition to become more competitive by creating and delivering superior value for their existing and potential customers.

The Kingdom of Bahrain has been going through extensive programmes for freeing the market, increasing competitiveness, and enhancing the role of the private sector in economic activities. In addition, since the 1970s the financial services sector has been growing, taking over the role of the Financial Industry Hub lost by Lebanon as a result of that country's civil war. This sector has seen tremendous growth with a wide variety in the type of services offered including services provided by the Islamic Financial Institutions. The large number of different financial business institutions provide an excellent basis for empirical research to explore the sector's understanding and interpretation of the market-orientation constructs as well as its view of what constitutes a market-oriented business organization operating within the financial sector. The result will be the creation and purification of a scale that can measure the level of market orientation in other similar contexts which can then facilitate future researchers focusing on the generalizability of such a scale not only in the oil-based economies in the region, but in the entire Middle East due to the similarities in socio-economic and political environments and thus to a wider geographical area. Even though the economy of the Kingdom of Bahrain is considered a resource-based economy, there has been an increased contribution from the financial services sector to the GDP and GNP. In fact, this sector's contribution increased in real terms from 19.4% in 2003 to 26.7% in 2007. In addition, and despite the financial crisis during 2008 and 2009, this sector managed to maintain its contribution during 2010 at about 25%.

1.10 Methodology

This research will employ two paradigms of interpretive and positivist (deductive) research approach philosophies. First the research starts with an inductive approach to generate data to identify the constructs of market orientation as understood and interpreted by the financial sector institutions in a resource-based context, exploring both customers' and organizations' perceptions and views. This will be done by conducting a qualitative study as a first phase of this research, employing focus groups and in-depth interviews with respondents from the strategic and marketing management of the financial services providers' businesses. Therefore, phase one of this study will allow the researcher to identify market-orientation constructs in this context and develop a scale to capture these constructs through the collection of quantitative data. Then a deductive approach will be employed for the second phase, collecting

quantitative data, testing the reliability of the scale, exploring and confirming such a scale, then undertaking a structural equation modelling approach and measuring the level of market orientation using both organizational self-reported and customer data. In addition, the construct reliability will be examined and a comparison made between the perspectives of both organizations and customers, comparing the means through one-way ANOVA.

In order to achieve this study objective the following steps will be undertaken:

- 1) Literature related to market orientation, its definition, implementation, consequences, barriers, and measurement will be systematically reviewed. Literature will be collected from books, academic journals, conference proceedings, working papers, previous theses, and other academic sources covering the market-orientation concept, its various constructs, definitions, antecedents, consequences, implementation and operationalization, and measurement issues. Accordingly, the major components of the concept and notion within this context will be identified, reviewed and critically discussed including its previous conceptual models suggested and employed in different contexts by other researchers. This will also lead to identification of any gaps in the literature, which may be bridged through this study.
- 2) Focus group discussions and in-depth interviews will be employed to understand the views and perceptions of what constitutes a market-oriented business organization in this sector for both financial institutions and their customers. Such a qualitative research approach will allow the researcher to obtain insights and gain a thorough understanding of the market-orientation constructs in this context. In addition, identifying the constructs will help to develop the extended conceptual model for market orientation. Academic experts will be consulted about the scale(s) based on the scales suggested by Deshpandé and Farley (1999) and Dawes (2000). Finally, the aim is to develop two scales (for business organizations and customers) based on the feedback received from the academics, the qualitative study findings, and the literature, that will be employed in both research instruments to collect quantitative data from both business organizations and customers. Academics will be consulted again about the developed scale before it is employed in creating the research instruments.
- 3) Quantitative data will be collected from both business organizations and customers. Pilot surveys will be conducted, followed by the main survey. The main survey will test normality assumptions, conduct exploratory and confirmatory factor analysis, followed by path analysis, calculating the average variances, establishing the construct reliability and structural equation modelling for both the business organizations and their customers. Hypotheses will be tested

including the comparison between the levels of market orientation from both perspectives, which will be done through the comparison of the means using one-way ANOVA.

- 4) The findings will be critically discussed, identifying the various levels of market orientation within the financial sector in a resource-based economy including a comparison between the financial institutions' self-reporting and their customers' views of these organizations' responsiveness to their needs and expectations. Furthermore the research will evaluate adoption of the conceptual model to enhance the level of market orientation in resource-based countries, satisfying customers' needs and expectations and improving performance.

1.11 Outline of the thesis

This chapter outlines the background to the research and defines the problem. Thereafter, it aims to address the problem through the achievement of the aims and the research objectives. The chapter also summarizes the research methodology and outlines the research plan.

Chapter two focuses on the concept of market orientation, its definitions, constructs, antecedents, consequences, and barriers to market orientation.

Chapter three reviews the various market implementation approaches, issues with the measurement of the level of market orientation, and the conceptual models presented in previous studies. Finally, it outlines the gaps in the literature that are to be bridged by the research contributions.

Chapter four explains the research methodology framework including the research philosophy and approach selection and justification. It also explains the sampling approach for both the qualitative and quantitative research, and the development of data collection instruments and discusses the data analysis tools and processes.

Chapter five presents the findings of the qualitative research (focus groups and interviews), identifying the market-orientation constructs as understood and interpreted by the financial institutions and proposes revised conceptual models based on such findings. The chapter also provides feedback received from the academics related to the scale adapted from Deshpandé and Farley (1999) and the academic experts' feedback related to the final developed scale. In addition, it discusses the new developed measurement scale based on the qualitative study findings and the literature. Finally, the chapter provides the definition of market orientation in this context, and the conceptual framework, and articulates the hypotheses.

Chapter six analyses and discusses the quantitative study findings, assesses the feasibility of the proposed conceptual model through analysing the collected data, and assesses the validity of the scale employed to measure market orientation in a resource-based economy. In addition, it discusses the comparison between the organizations' self-reported levels and their customers' perceptions and views on their responsiveness to customer needs and expectations. In addition, the chapter tests the hypotheses presented in Chapter five.

Chapter seven provides an overview of this study and discusses the focal constructs for both the business organizations and customers. In addition the chapter discusses this study's hypotheses tests and the answers to the research questions.

Chapter eight presents the conclusions, the theoretical implications, the managerial implications, and limitations and future research.

1.12 Chapter summary

This introductory chapter clarifies the need to identify and understand the dimensions of market orientation in the resource-based context from both organizational and customer perspectives in order to facilitate the development, purification and validation of measurement scales. The chapter also emphasizes the need to measure market orientation in a different context from where the concept originated and was tested, and the need to establish an understanding of the market-orientation constructs within such a context. The research aims and questions are presented. Furthermore, the chapter outlines and illustrates the chapter sequences for the entire thesis. The next two chapters discuss the review of the literature.

Chapter Two

Definitions, Antecedents, Consequences, and Barriers to Market Orientation

2.1 Introduction

Chapter one outlined the background to this research as an attempt to extend the knowledge on market-orientation constructs in different contexts with different cultural and economic backgrounds and to develop, validate, and purify a scale to measure the level of market orientation adopted in financial sector institutions operating in a resource-based economy. It set the aims and the objectives of this research as well as discussing briefly the research methodology. This chapter provides an overview of the market-orientation concept. Therefore, the next two sections present this chapter objectives and the chapter structure. Then the section 2.2 reviews the historical background to the market-orientation concept.

2.1.1 Chapter objectives

The first objective of this chapter is to review and identify the different definitions for market orientation as suggested in the literature, which will lead to a preliminary definition that will be the basis for the suggested research definition based on the concept constructs within this culture. The second objective is to review the literature in an attempt to define the antecedents identified by various studies. The third objective is to review and discuss the identified consequences of market orientation reported in the literature and identify the limitations associated with some of the research reviewed. The fourth objective is to review and discuss the barriers to market orientation. The fifth objective is to draw conclusions from the discussion of literature reviewed.

2.1.2 Chapter structure

The following section, Section 2.2, provides a brief outline of the historical background to market orientation. Section 2.3 discusses the different definitions of market orientation suggested in the literature. Section 2.4 reviews the antecedents of market orientation identified in different contexts. Section 2.5 discusses the findings of various previous studies related to the consequences of market orientation. Section 2.6 discusses the various barriers to becoming a market-oriented business organization. Section

2.7 presents the conclusions that have been drawn from the discussion of the literature. Section 2.8 provides a summary of the chapter and links this chapter to the next chapter.

2.2 Market orientation - historical background

The fundamental question nowadays facing both practitioners and academics is what philosophy should be adopted to guide a company's marketing efforts? To answer such a question, we need to discuss the evolution of the marketing concept. The evolution of marketing as a business philosophy in the mid 1950s in the United States challenged all the preceding concepts (Mckitterick, 1957). The marketing concept suggests a shift to customer orientation, whereby the philosophy demands the process of sensing, analysing, understanding, disseminating, and responding to customers and market changes. The goal is not to find the right customers for your product, but the right products for your customers.

However, over a number of years there has been different discussion not only tackling the definition of the concept, but also related to what the marketing concept is and what it is not (Kotler and Levy, 1969; Kotler and Zaltman, 1971; Hunt and Burnett, 1982; Baker, 1987). Based on the reviewed literature, there are three components of the marketing concept, which cover the business organization's ability to focus on the customer as a focal point for all of the business activities, integrating the different marketing activities across the different functional areas, and the attainment of profit resulting from satisfying customer needs (McNamara, 1972). Others argue that there is a need to shift the emphasis from short-term financial goals to longer term marketing goals, which can facilitate the development of both the corporate attitude and structure that will allow the business organization to effectively implement its marketing activities (Hooley et al., 1990; Webster, 1994a). Furthermore, as a result of the diffusion of the concept, there has been an emphasis on the profit goals as opposed to the sales volume goals; suggesting the integration of the concept within the organizational and operational efforts (Konopa and Calabro, 1971). Hence, the marketing concept contends that the success of the business organization in achieving its goals is derived from being more effective than its competitors in creating, delivering, and communicating superior customer value to its chosen target markets (Konopa and Calabro, 1971). In fact, Kotler (2009) provides further support when he argues that "*marketing is about identifying and meeting human and social needs*" (Kotler, 2009, p. 45) (See also Houston, 1986; and Lichtenthal and Wilson, 1992).

Accordingly, it is worth noting here that the challenging question is whether the marketing concept is necessary under all the different market conditions and structures. Because if the objectives and goals of

the organizational members are what define the organization's purpose, and influence the philosophy adopted to conduct their activities in their markets, then the organization will adopt the philosophy that will lead to the attainment of its objectives and goals (Houston, 1986; Lawton and Parasuraman, 1980). In addition, one can argue that the earlier conceptualizations of the marketing concept failed to adequately address the need for a competitor orientation (Webster, 1988). Furthermore, Kohli and Jaworski (1990) argue that the organization's objectives and needs drive its activities to generate and disseminate intelligence related to its customers, then design and implement the response that will satisfy their needs. Therefore, one may wonder whether the organization's capabilities and resources would allow the business organization to do so successfully.

However, although many researchers have conducted studies to measure the extent to which business organizations adopt and implement the marketing concept, Kohli and Jaworski argue that, "***while the marketing concept is a cornerstone of the marketing discipline, very little attention has been given to its implementation***" and the measurement issues (Kohli and Jaworski, 1990, p.1). Therefore, one can conclude that the concept is misunderstood and even misused by some business organizations (see Barksdale and Darden, 1971; McNamara, 1972; Kerby, 1972; Lusch et al., 1976; Lawton and Parasuraman, 1977; Prahalad and Hamel, 1990, Ward and Lewandowska, 2008).

However, by the late 1980s, the term market orientation was being used synonymously with marketing concept (Shapiro, 1988; Webster, 1988). It is perhaps worth noting here that the importance of the market-orientation concept was recognized by academics years before that (Lear, 1963). However, in April 1987, the Marketing Science Institute (MSI) organized a conference covering the issue of "Developing a marketing orientation". This was followed by pioneering studies attempting to define the concept, identify its constructs, suggest different conceptual models and measurement tools, and argue its antecedents, consequences, and implementation (Kohli and Jaworski, 1990; Narver and Slater, 1990; Deshpandé et al., 1993; Day, 1990 and 1994b; Ruekert, 1992; Kohli et al., 1993). Kohli and Jaworski (1990) point out that market orientation is the process of operationalizing the marketing concept. Their pioneering work was followed by more empirical studies that tackled the barriers to market orientation, the approaches to its implementation, measuring the levels of market orientation in different contexts and its consequences (Jaworski and Kohli, 1993; Narver and Slater, 1990; Lichtenthal and Wilson, 1992; Ruekert, 1992; Deshpandé et al., 1993). Table 2.1 illustrates selected examples of this research.

Authors	Title	Journal
Deng, S. and Dart, J. (1994)	Measuring market orientation: A multi-factor, multi-item approach	Journal of Marketing Management, Vol. 10, pp. 725-742.
Harris, L.C. (1996)	Benchmarking against the theory of market orientation	Management Decision, Vol. 342, pp. 25-29
Kumar, K., Subramanian, R., and Yauger, C. (1998)	Examining the market orientation-performance relationship: A context-specific study.	Journal of Management, Vol. 24, 2, pp. 201-233.
Deshpandé R. and Farley, J. U. (1998)	Measuring market orientation: Generalization and Synthesis	Journal of Market-Focused Management, Vol. 2, pp. 213-232
Deshpandé, R. and Farley, J. U. (1998)	The market orientation construct: Correlation, culture, and comprehensiveness.	Journal of Focused Management, Vol. 2, pp. 237-239.
Harris, L. C. (1999)	Management behavior and barriers to market orientation in retailing companies.	The Journal of Service Marketing, Vol. 13, 2, pp. 113-131
Uncles, M. (2000)	Market orientation	Journal of Management, Vol. 25, 2, pp. 1-9
Harris, L. C. (2000)	The organizational barriers to developing market orientation.	European Journal of Marketing, Vol. 34, 5/6, pp. 598-624
Baker, W. E. (2002)	Market orientation, learning orientation, and product innovation: Delivering into the organization's black box.	Journal of Marketing Focused Management, Vol. 5, pp. 5-23.
Jaworski, B. (2002)	Generating competitive intelligence in organizations.	Journal of Market-Focused Management, Vol. 5, pp. 279-307.

Farrell, M. A. (2002)	Are market orientation and learning orientation necessary for superior organizational performance?	Journal of Market-Focused Management, Vol. 5, pp. 197-217
Harris, L. C. (2002b)	Sabotaging market-oriented culture change: An exploration of resistance justification and approach.	Journal of Marketing, Vol. 10, 2, pp. 58-74.
Homburg, C., Krohmer, H. and Workman, J.P. (2004)	A strategy implementation perspective of market orientation	Journal of Business Research, Vol. 57, pp. 1331-40
Kirca, A.H., Jayachandran, S. and Bearden, W.O. (2005)	Market orientation: a meta-analytic review and assessment of its antecedents and impact on performance	Journal of Marketing, Vol. 69, No.2, pp. 24-41
Sin, L. Y. M., Tse, A. C. B., Yau, O. H. M., Chow, R. P. M., Lee, J. S. Y., and Lau, L. B. Y. (2005)	Relationship market orientation: Scale development and cross-cultural validation	Journal of Business Research, Vol. 58, pp. 185-194.
Masuno, K., Mentzer, J. T. and Rentz, J. (2005)	A conceptual and empirical comparison of three market orientation scales	Journal of Business Research, Vol. 58, pp. 1-8
Gebhardt, G. F., Carpenter, G. S. and Sherry, J. F. Jr. (2006)	Creating a market orientation: A longitudinal multiform, grounded analysis of cultural transformation	Journal of Marketing, Vol. 70, 4, pp. 37-55
Hadcroft, P. and Jarratt, D. (2007)	Market orientation: An iterative process of customer and market engagement	Journal of Business to Business Marketing, Vol. 14, 3, pp. 21-57
Dwairi, M., Bhuian, S. and Jurkus, A. (2007)	Revising the pioneering market orientation model in an emerging economy	European Journal of Marketing, Vol. 41, 7/8, pp. 713-721

Raaij, E. M. V. and Stoelhorst, J. W. (2008)	The implementation of a market orientation: A review and integration of the contributions to date	European Journal of Marketing, Vol. 42, 11/12, pp. 1265-1293
Qu, R. and Ennew, C. T. (2008)	Does business environment matter to the development of a market orientation?	Journal of Travel and Tourism Marketing, Vol. 24, 4, pp. 271-283
Nwokah, N. G. (2008)	Strategic market orientation and business performance: The study of food and beverage organizations in Nigeria.	European Journal of Marketing, Vol. 42, 3, pp. 279-286.
Foley, A. and Fahy, J. (2009)	Seeing market orientation through a capabilities lens	European Journal of Marketing, Vol. 43, 1/2, pp. 13-20.
Pandelica, A., Pandelica, L. and Domitru, L. (2009)	What is market orientation and how did it evolve during time? What do empirical findings show?	The Business Review, Cambridge, Vol. 13, 1.
Engeln, A. and Brettle, M. (2010)	The antecedents and consequences of a market orientation: the moderating role of organizational life cycle	Journal of Marketing Management, Vol. 26, pp. 515-547.
Gray, B. (2010)	Fine tuning market oriented practices	Business Horizons, Vol. 53, pp. 371-383.
Taghian, M. (2010)	Marketing planning: Operationalising the market orientation strategy	Journal of Marketing Management, Vol. 26, 9/10, pp. 825-841.
Lim, T. C. and Brown, G. (2010)	Market orientation and performance outcomes: An empirical study of travel agencies in Taiwan	Asia Pacific Journal of Tourism Research, Vol. 15, 1.

Lam, S. K., Kraus, F. and Ahearne, M. (2010)	The diffusion of market orientation throughout the organization: A social learning theory perspective	Journal of Marketing, Vol. 74, pp. 61-79.
Kumar, V., Jones, E., Venkatesan, R. and Leone, R. P. (2011)	Is market orientation a source of sustainable competitive advantage or simply the cost of competing?	Journal of Marketing, Vol. 75, pp. 16-30

Table 2.1: Selected studies of market orientation (compiled by the author)

The works of these researchers have contributed significantly to advancing knowledge in this area. However, Webster (1994b) argues that there is a need to investigate the extent to which market orientation is a sound approach. He adds that there is a need to investigate the problems and shortcomings in its implementation process, and how to resolve conflicts inherited between marketing and other management functions in order to enhance connectedness. On the other hand, Deshpandé (1999) notes the three themes presented by John Farley, the MSI Executive Director, during the MSI conference in 1987. He argues that he can add two more themes, which require further investigation and exploration through empirical research. The resulting five themes are as follows:

1. *“A need for measurement of the level of a firm's market orientation”.*
2. *“A need for understanding whether there is an optimal level of market orientation given the strategic context of a firm and its industry”.*
3. *“A need for thinking of market orientation as a basis of, rather than a substitute for, innovation in businesses.*
4. *“A need to understand what causes a high market orientation in a company and its impact on business profitability”.*
5. *“A need for understanding market orientation at multiple levels, including those of a corporate culture and a strategic orientation”.*

(Deshpandé, 1999, pp. 4, 5)

Therefore, with this background in mind the researcher uses the term “market orientation” in the current study to discuss this concept, its antecedents and consequences, and its implementation, in an attempt to shed more light on it and identify missing links.

2.3 Definitions of market orientation

First, most researchers argue that customer orientation and competitor orientation are part of market orientation which is a broader concept and includes integrated marketing strategy, profit orientation, competitor orientation, inter-functional coordination, as well as innovativeness and company culture (Raaij and Stoelhorst, 2008). However, there have been several attempts to define market orientation in the literature, each emphasizing a different aspect of this concept.

Kohli and Jaworski (1990) claim that customer focus involves taking actions based on gathered market intelligence that includes consideration of the external market and environmental factors which affect customer needs and preferences, as well as understanding the current and future needs of the customer. Accordingly, Kohli and Jaworski define market orientation as "*the 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, p. 6). They add that market orientation also provides a number of other benefits as it provides employees with a sense of pride related to the team spirit within the organization and that their work and cooperation toward the achievement of a common goal enhances their moral and job satisfaction. They also suggest that the level of market orientation adaptation will vary according to the environmental context. Hence, they argue that organizations operating in a more competitive environment are expected to be more market-oriented (see also Bennett and Cooper, 1981; Houston, 1986; and Lusch et al., 1976). Furthermore, they propose that an organization must enhance its ability to generate, disseminate, and utilize the generated information in the process of coordinating the design and implementation of the organizational response.

On the other hand, Deshpandé et al. (1993) suggest that market orientation is a set of beliefs that puts the customer's interest first. In fact, they use the term customer orientation instead of market orientation to define the former as "*the set of beliefs that puts the customer's interest first, while not excluding those of all other stakeholders such as owners, managers, and employees, in order to develop a long-term profitable enterprise*" (Deshpandé et al., 1993, p. 27).

Similarly, Narver and Slater (1990) define market orientation as "*the business culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for customers*" (Narver and Slater, 1990, p. 20). They claim that market orientation "*consists of three behavioural components: customer orientation, competitor orientation, and inter-functional coordination – and two decision criteria – long-term focus and profitability*" (Narver and Slater, 1990, p.21). They provide support for Shapiro's (1988) suggestion that market orientation is the process of

coordinating and applying interdepartmental resources to continuously create superior value for customers.

However, Ruekert (1992) in his attempt to explore the degree of market orientation from an organizational strategy perspective, defines market orientation as *“the degree to which the business unit gathers and uses information pertaining to customers, develops a strategy that allows the business to meet its customer needs, and implements such strategy through responsiveness to customers’ needs and wants”* (Ruekert, 1992, p. 228). Furthermore, Becker and Homburg (1999) argue that there is a missing discussion in exploring the management issues related to market orientation. Therefore, they argue that there is a need to fill this gap by employing a systems-based perspective. They consider *“market-oriented management in terms of the degree to which management systems are designed in such a way as to promote a business organization's orientation toward its customers and competitors”* (Becker and Homburg, 1999, p.18). They suggest that such a management system consists of five subsystems that include organization, information, planning, controlling, and human resource systems.

In fact, while discussing the market-driven organization, Day (1994b) argues that a market-driven organization *“represents the superior skills in understanding and satisfying customers”* (p. 37) and emphasizes the organizational capabilities that foster an organization becoming more market-driven.

Even though there are remarkable differences in the understanding of market orientation, there seems to be a fair amount of overlap between the various perspectives. In fact, Cadogan and Diamantopoulos (1995) argue that the behavioural and cultural perspectives contain conceptual and operational overlaps in nearly all dimensions. In addition, and based on their empirical findings, Avlonitis and Gounaris (1999) suggest that a dissociation of the cultural and the behavioural approaches should be avoided. Therefore, one can always argue that the organizational members and department behaviours are driven by certain norms, values, and attitudes that guide their behaviour. Furthermore, Raaij and Stoelhorst (2008) assert that while most definitions imply an external focus and consider the customer as the vital focal point, all of these definitions except the definition suggested by Deshpandé et al. (1993) contain clear action components. They also point out that the major differences between the various definitions that have been suggested lie in the organizational elements, which have been emphasized in these definitions. So, while Shapiro (1988) emphasizes the decision-making process and Kohli and Jaworski (1990) emphasize the collection and dissemination of information, Narver and Slater (1990) and Deshpandé et al. (1993) emphasize culture with a set of behavioural components, Ruekert (1992) emphasizes the business strategy process, and Day (1994b) emphasizes organizational skills and capabilities as a means towards becoming a market-oriented business organization (Raaij and Stoelhorst, 2008).

One can argue that only the work of Raaij and Stoelhorst (2008) and Deshpandé (1999) managed to provide a perspective and conceptualization that tackles market orientation from a range of angles. However, while Raaij and Stoelhorst (2008) tackled the implementation of market orientation by integrating the different approaches to the process (see also Stoelhorst and Raaij, 2004), Deshpandé based his definition on the work undertaken by him and Farley during 1998 and 1999 (see Deshpandé and Farley, 1998 and 1999). This work facilitates the integration of the three models suggested by Narver and Slater (1990), Kohli et al. (1993) and Deshpandé et al. (1993) into one conceptual framework. Furthermore, Deshpandé's (1999) definition integrates various implementation approaches that cover the market-oriented culture, intelligence generation, management behaviour, business responsiveness, systems employed, and customer focus. This study chose to adopt Deshpandé's (1999) definition as an initial definition and to suggest a conceptual framework based around it. This definition and framework will be revised according to the reviewed literature and the qualitative study findings related to the market-orientation dimensions in this context. Therefore, the final definition of market-orientation for this study can be considered as part of a contribution to the body of marketing knowledge.

Accordingly, as a starting point, this research adopts Deshpandé's (1999) definition of market orientation as *“operating at three levels: as a culture”* that guides the organization members' behaviour to put the customer first, *“as a strategy creating continuously superior value for a firm's customers, and as tactics”* reflected in *“the set of cross-functional processes and activities directed at creating and satisfying customers”* (Deshpandé, 1999, p. 6). Table 2.2 illustrates the different definitions of market orientation.

Kohli and Jaworski (1990, p.6)	<i>“the 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”</i>
Narver and Slater (1990, p.20)	<i>“the business culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for customers”</i>
Deshpandé et al. (1993, p.27)	<i>“the set of beliefs that puts the customer's interest first, while not excluding those of all other stakeholders such as owners, managers, and employees, in order to develop a long-term profitable enterprise”</i>

Ruekert (1992, p.228)	<i>“the degree to which the business unit gathers and uses information pertaining to customers, develops a strategy that allows the business to meet its customer needs, and implement such strategy through its responsiveness to customers’ needs and wants”</i>
Becker and Homburg (1999, p.18)	<i>"market-oriented management in terms of the degree to which management systems are designed in such a way as to promote a business organization's orientation toward its customers and competitors"</i>
Day (1994b, p.37)	Customer-focused organization <i>“represents the superior skills in understanding and satisfying customers”</i>
Deshpandé (1999, p.6)	<i>“as a culture putting customer first, as a strategy creating continuously superior value for a firm’s customers, and as tactics reflected in the set of cross-functional processes and activities directed at creating and satisfying customers”</i>

Table 2.2 Definitions of market orientation (compiled by the author)

2.4 Antecedents of market orientation

Kohli and Jaworski (1990) argue that in a stable environment with a low level of competitive intensity, business organizations require few adjustments to their marketing mix. Therefore, such business organizations operating in such an environment will require a low level of market orientation. On the other hand, Ruekert (1992) identifies three organizational processes that foster and facilitate market orientation. These processes include recruiting and selecting customer-focused individuals, market-orientated training, and market-oriented reward and compensation systems. He also suggests that for a business organization to foster its adoption of market orientation, it must recruit and select customer-focused individuals, provide them with the required market-oriented training, and employ market-oriented appraisal and reward systems. He reports that these factors positively correlate with market orientation.

However, Jaworski and Kohli (1993) suggest that the antecedents include the role of top management in emphasizing the importance of being responsive to customers’ needs and encouraging individuals and

groups within the organization to monitor and sense the changes occurring in the market. In addition, they emphasize the sharing of such knowledge and being responsive to the market needs. However, their findings and other researchers' findings support the assumption that in order to respond to market development and evolving customers' needs, top management commitment and willingness to accept certain risks associated with new product development and failure is required.

Furthermore, various studies have suggested that the level of cross-functional coordination, cooperation, and connectedness will have a great impact on market intelligence dissemination, team spirit and sharing of knowledge, as well as the response to market needs (Narver and Slater, 1990; and Jaworski and Kohli, 1993). In addition, other studies' findings suggest that the management and employees must be appraised and rewarded on the basis of customer satisfaction, and building and maintaining enhanced relationships with customers (Harris, 1996). This supports the emphasis of the importance of a manager's evaluation and reward system for market-driven and customer-oriented businesses (Webster, 1988). In fact, Jaworski and Kohli (1993) claim that the level of the organizational structure, and the systems employed have a great influence on intelligence generation and dissemination, as well as the organizational effort to design and implement its response.

Day (1994b) argues that market orientation provides superior skills in understanding and satisfying customers' needs. Therefore one could claim that resources and capabilities are important for creating a sustainable competitive advantage, giving superior value for customers in order to achieve enhanced performance. Day (1994b) also claims that the extent to which the organization's capabilities are considered to be strategically important will lie in their demonstrable contribution to the creation of sustainable competitive advantage leading to superior performance.

In addition, even though Slater and Narver (1995) view market orientation as a business culture, they emphasize the continuous collection of information related to customers' needs and competitors' capabilities in order to utilize such information to create and maintain superior value for customers (see also Day, 1990 and 1991; Deshpandé and Webster, 1989; Narver and Slater, 1990; and Shapiro, 1988). Furthermore, Pelham and Wilson (1996) claim that formulating proper and suitable strategies can play an important role in facilitating the market-orientation behaviour. In fact most authors agree to a certain extent that market orientation contains elements of generating market intelligence, disseminating such generated intelligence throughout the entire organization, and employing the generated information to create superior value for the customers (Lafferty and Hult, 2001).

Various studies in the literature have identified the external antecedents, which include competitive intensity and market dynamism (Jaworski and Kohli, 1993; Pelham and Wilson, 1996; Avlonitis and

Gounaris, 1999). Understanding market-orientation antecedents can help practitioners and managers by providing clues that help them in developing market orientation within their organization (Kennedy et al., 2003). It can also be argued that goal-setting and managing by objectives are important and effective tools, which can be employed by management to ensure employees' involvement in the market-orientation activities (Martin et al., 1998). Therefore, in order to facilitate a full adaptation of market orientation, business organizations should adjust their goal-setting to reflect the cultural variations and the level of economic development in these different cultures and contexts (Martin et al., 1998). On the other hand, other studies suggest that in such dynamic and competitive markets, acquiring knowledge and learning may be the only source for creating or obtaining a sustainable competitive advantage and creating and delivering superior value to customers (Slater and Narver, 1999; Kumar et al., 2011). Accordingly Slater and Narver (1999) suggest that a learning organization that continuously acquires knowledge, processes it, and disseminates it throughout the entire organization will be able to learn better and faster than its competitors about the markets, products, technologies, and business processes that will help such an organization to be in a better position to achieve its objectives and deliver superior value to its customers. They also claim that generating market intelligence and disseminating such intelligence across the entire organization may not be enough without achieving congruence in the interpretation of the acquired information. This can be achieved through the enhancement of communication and coordination processes that allow the organization to act swiftly and decisively to exploit the opportunities in competitive and fragmented markets. Accordingly one can argue that market orientation is only one of the components of a learning architecture, as the learning organization must also be entrepreneurial, accepting of risk, and have the capability to develop and apply the acquired knowledge aggressively (Slater and Narver, 1999). While Kirca et al. (2005) support and confirm Jaworski and Kohli's (1993) arguments and findings, Raaij and Stoelhorst (2008) argue that, of the eight hypotheses of Jaworski and Kohli (1993) on market orientation antecedents, only top management emphasis, interdepartmental connectedness, and reward systems appear to be related to market orientation. The findings of Kirca et al. (2005) lead them to conclude that top management emphasis and commitment, interdepartmental connectedness, and market-based appraisal and reward systems are critical for the implementation process of market orientation. They claim that market orientation can be successfully and effectively implemented even within business organizations with a centralized decision-making process and structure.

There appear to be two types of antecedents pinpointed by Raaij and Stoelhorst (2008). They claim that the antecedents of market orientation influence the degree of market orientation within a firm. Therefore, understanding comprehensively those antecedents helps practitioners and management in their efforts to

implement a market-orientation approach within their firm. They also claim that product development and innovation processes play a mediating role. Therefore, they suggest that improving the level of market orientation in a firm might not be enough to improve its performance. They distinguish between the external and internal antecedents, suggesting that the external antecedents are those environmental factors which stimulate and initiate the process of adopting market orientation. On the other hand, the internal antecedents are related to the organizational factors which facilitate the process of adopting market orientation in a business organization. So an organizational culture that facilitates an internal environment which fosters customer focus can be considered an internal antecedent. Furthermore, the strategies formulated and systems employed in generating and disseminating intelligence and the organizational approach to evaluating and rewarding employees are also internal antecedents (Kohli and Jaworski, 1990; Narver and Slater, 1990; Deshpandé et al., 1993; Harris, 1996 and 1998).

Finally, one can conclude from the literature that different market-orientation antecedents are equally important in being able to adopt and enhance market orientation within a business organization (Raaij and Stoelhorst, 2008). In fact, Raaij and Stoelhorst assert that *“the mediating role of product development and innovation suggests that improving market orientation may not be enough to improve a firm’s performance”* (Raaij and Stoelhorst, 2008, p. 1272).

It is perhaps interesting to note that most of the studies exploring the concept, antecedents, implementation, and consequences of market orientation have been undertaken in developed economies such as the USA and Europe (Kohli and Jaworski, 1990; Narver and Slater, 1990; Jaworski and Kohli, 1993; Lüneburg and Nielsen, 2003; Greenley, 1995a and b; and Langerak, 2003b); others have been undertaken in developing economies such as China, Hong Kong, India, Taiwan, and Africa (Horng and Chen, 1998; Tse, 1998; Deshpandé et al., 2000; Sin et al., 2003; Appiah-Adu, 1998; Loubser, 2000; and Osuagwu, 2006) which have different contexts from resource-based economies. In fact, in reviewing the available literature the researcher found limited studies investigating and exploring the concept of market orientation, its antecedents and consequences in resource-based economies, and less-developed economies (Bhuiyan, 1997 and 1998; Dwairi et al., 2007). Accordingly, it is questionable whether the issues related to market orientation and its attributes and antecedents in resource-based economy countries, which are going through economic and political reformation associated with the trend of privatization, are comparable to what has been found in other contexts and economies.

2.5 Consequences of market orientation

Even though several empirical studies have been conducted since the 1990s covering the consequences of market orientation, the review of the literature reveals that there are different views from various researchers related to the relationship between market orientation and business organization performance. In addition, different studies that have been undertaken even within similar economies have reported contradictory findings on such a relationship. Moreover, these studies were conducted in either industrialized or developing countries enjoying tremendous economic growth as compared to the underdeveloped and resource-based economy context (Kohli and Jaworski, 1990; Narver and Slater, 1990; Ruekert, 1992; Jaworski and Kohli, 1993; Greenley, 1995 a and b; Gray et al., 1998; Narver et al., 1998; Han et al., 1998; Appiah-Adu, 1998; Becker and Homburg, 1999; Harris and Ogbonna, 1999; Pelham and Wilson, 1996; Harris, 2002a; Cadogan et al., 2002; Sin et al., 2003; Verhees and Meulenber, 2004; Ellis, 2005; Blankson et al., 2006; Osuagwu, 2006, Raaij and Stoelhorst, 2008; and Nwokah, 2008). Therefore, the question remains vital as to whether or not the level of market orientation adopted by a business organization is positively related to its performance under different market conditions and different levels of economic development. Several studies have provided empirical support for a positive relationship between the level of market orientation and performance indicators, such as sales growth, new product success, and return on investment or capital (Narver and Slater, 1990; Ruekert, 1992; Jaworski and Kohli, 1993; O'Sullivan et al., 2009). Others either report a weak relationship or provide limited support for the role of a moderator such as competitive intensity on the relationship between market orientation and performance (Slater and Narver, 1994a and b; Day and Nedungadi, 1994; Greenley, 1995a and b; Pelham and Wilson, 1996, and Bhuian, 1997 and 1998). However, despite the contradiction in the empirical evidence provided by these studies, they have contributed to enhancing the body of knowledge and to a large extent have provided academics and practitioners with several indications that guide them through their efforts to enhance marketing theory or improve business organization performance. Therefore, this section attempts to review and explore the consequences of market orientation as reported in the empirical studies undertaken within several different contexts.

Kohli and Jaworski (1990) report that their field interviews reveal that market orientation facilitates a unified clarity of focus and vision in the organization's strategy that leads to a superior performance. They add that market orientation provides psychological and social benefits to employees, which are reflected in a sense of pride in belonging to a business organization in which all the members and functional areas cooperate to achieve the common goal of serving customers and delivering superior value to them. Other studies also report that market orientation enhances the overall performance, including return on investment, business profitability, sales volume, market share sales growth and return on assets (Narver

and Slater, 1990; Ruekert, 1992). In addition, Ruekert (1992) claims that the analysis between high and low performing business units indicates that market-oriented training programmes are necessary in both high and low performing business units. He argues that *“the degree of market orientation in the implementation of the business unit’s strategy shows a strong discriminating factor between high and low performing businesses”* (Ruekert, 1992, p. 243). On the other hand, Kohli et al. (1993) argue that although their findings support the belief that market orientation is positively related to business performance using the objective measure of market share, market share may nevertheless be an inappropriate indicator of performance. They conclude that their findings suggest that despite market turbulence, competitive intensity, and technological turbulence of the environment, market orientation is an important determinant of business overall performance. However, while Slater and Narver (1994a) conclude that there is little support for the proposition that the competitive environment influences the strength of orientation and performance relationship, their findings reveal that the relationship between market orientation and performance is slightly weaker in a high growth and less competitive environment. Nonetheless, Diamantopoulos and Hart (1993) provide further support for the contextual influences in concluding that market turbulence and competitive intensity influence management perception of the marketing concept and accordingly their organization’s activities to adopt this concept. Therefore, they suggest this means that the degree of market orientation is shaped by the environmental contingencies.

Slater and Narver (1994a) argue that return on equity is a function of return on assets and capital structure. Therefore, even though market orientation would influence capital structure to a certain extent, this would dilute its influence on return on equity. However, they claim that the result of their study extends and supports their earlier findings concerning the positive relationship between market orientation and business performance including return on assets (ROA), sales growth, and new product success (See also Dawes, 2000). In addition, Bisp (1999) claims that a positive link exists between financial performance and market-oriented activities in consumer as well as industrial markets covering different sizes of firms, which has been identified in different contextual settings (see also Horng and Chen, 1998). He claims that *“such a positive relationship together with the intense market-oriented activities may influence the new product development performance”* (Bisp, 1999, p. 78) (see also Atuahene-Gima, 1996).

This positive relationship has been supported by other studies arguing that market orientation provides the business organization with better market-sensing and customer-linking capabilities that foster the attainment of superior performance (Day, 2000). Kirca et al. (2005) argue that market orientation leads the firm to enjoy cost-based as well as revenue-based performances that enhance the profitability through sales and market share. Furthermore, other studies provide support for the positive relationship including

the customer perception of the product or services provided by the firm, which may lead to customer satisfaction, retention, loyalty and the capability to create and maintain superior value for customers (Jaworski and Kohli, 1993 and 1996; Slater and Narver, 1994b; Brady and Cronin, 2001). In addition, Hult and Ketchen (2001) assert that market orientation enhances a firm's ability to create and implement new ideas, thus becoming more innovative. Further support comes from Im and Workman (2004) who claim that market orientation enhances the ability of new products to enjoy success, increase market share and sales and achieve profitability and return on investment.

However, Han et al. (1998) report that despite customer orientation being highly significant for organizational innovativeness, competitor orientation and departmental coordination are less significant although still very important components in relatively high environmental uncertainty. In addition the literature reveals that the three components of market orientation are important in facilitating both technical and administrative innovations, when the level of technological turbulence in the business environment is relatively high (Han et al., 1998, and Matear et al., 2004). However, it is also revealing that while the customer orientation component is the dominant factor responsible for the impact of innovativeness and performance, in high market turbulence the inter-functional coordination indicates a significant effect of technical and administrative innovation on performance (Han et al., 1998).

Kirca et al. (2005) claim that their findings show the positive relationship between market orientation and an organization's overall performance including the consequences related to customers' perceived quality, loyalty, and satisfaction. They confirm that such a relationship exists with the level of the firm's innovativeness and new product performance, as well as with the employees' commitment, and team spirit. They further report from their analysis that market orientation affects the firm's performance "*through innovativeness, customer loyalty, and quality*" (Kirca et al., 2005, p.36). In addition, they claim that the internal processes have greater influence than the organizational structure variables in the implementation of market orientation. Other research findings indicate that such a positive relationship is higher in manufacturing firms than in services firms (Kirca et al., 2005). Furthermore, it contributes to a large extent to improving business economic performance on issues such as market share, premium growth and profitability, and it can be defined as a strategy employed to create sustainable competitive advantage through generating information within the organization and selecting a target market to satisfy (Maydeu-Olivares; 2003; and Kumar et al., 2011). Further support is provided by Blankson et al. (2006) who point out that small businesses emphasize customer care, concern for employees' welfare, reliance on intuition and greater awareness of the environment (see also Verhees and Meulenber, 2004).

Cadogan et al. (2002) explore export market-orientation activities and claim that market orientation contributes significantly in predicting export performance and is strongly related to export activity success in terms of sales volume, export profit, export market share, and new market entry. They point out that competitor orientation has shown a strong relationship with a firm's performance even when the above-mentioned controlled variables have been included in the analysis. Finally, notwithstanding that a positive relationship between market orientation and performance has been accepted, a number of studies have been undertaken to empirically test such a relationship and various aspects of business performance (Raaij and Stoelhorst, 2008; Gonza'lez-Benito and Gonza'lez-Benito, 2005; Kirca et al., 2005; Rodriguez-Cano et al., 2004; and Cadogan et al., 2002).

On the other hand, Greenley (1995a) claims that his findings indicate that market orientation has no direct effect on performance. He points out that despite various studies reporting a direct relationship between market orientation and performance, his results provide support for some of the findings reported by Jaworski and Kohli (1993) and Diamantopoulos and Hart (1993). He argues that market orientation may not have a direct positive relationship with performance in different national business cultures because the influence of market orientation seems to be dependent on the environment in which the business organization is operating. Instead he points out that market turbulence and technological change would moderate the return on investment (ROI) and new products' successes. Greenley (1995a) reports that sales growth will depend on the level of market orientation adopted by the organization, which in turn is influenced by the customer power. He adds that market orientation does not have an overriding importance in all trading conditions and different contexts. In fact, he points out that if there are lagged relationships between market orientation and performance, then this will certainly not be identified in a cross-sectional study such as his. However, despite the limitations related to the cross-sectional approach or the subjective versus objective measures employed, some researchers using both approaches argue that they have found a strong correlation between the subjective and objective responses (Sinkula et al., 1997; Slater and Narver, 1995; and Shoham et al., 2005). In fact, Shoham et al. (2005) claim that both measures provide a combination that captures the middle ground. They add that the subjective measures lead to a better assessment of performance, which is due to the managers incorporating environmental conditions into their performance assessment. Their argument is based on the assumption that subjective measures may provide a more contextual and accurate assessment of performance than do the objective measures.

The literature also suggests that market-orientation activities can be the basis for organizational learning (Greenley, 1995b; and Slater and Narver, 1995). In addition, previous studies indicate that even the most comprehensive market-oriented businesses do not enjoy a superior performance and better return on investment compared with the others (Greenley, 1995a and b). They argue that there are indirect effects

through external moderation. In fact, Greenley (1995a and b) asserts that he either did not find any support for the positive relationship between market orientation and performance, or found a weak relationship. Furthermore, Nwokah (2008) claims that his findings have not provided strong support for such a relationship, which might be due to the effects of moderating variables such as the business environment in the Nigerian context. O'Sullivan et al. (2009) tackle the impact of mediating variables, and their analysis reveals that when mediating variables were tested, these variables influenced the significance of the relationship between the independent variables and dependent variables.

Furthermore, Harris (1996) argues that while Jaworski and Kohli (1993) claim that market orientation will lead to performance improvement despite market conditions, their study did not provide evidence that market orientation is linked to market share. Bhuian (1997) adopted Jaworski and Kohli's conceptual model and therefore focused on measuring the extent to which banks in Saudi Arabia are involved in generating, disseminating, and responding to market intelligence. Although he employed their conceptual framework, he used only 18 items from their suggested scale. He reported that banks in Saudi Arabia are marginally market-oriented and direct a small portion of their efforts toward generating, disseminating, and responding to market intelligence. He claims that this might be due to the fact that market orientation in developing countries is at an early stage. He adds that the missing positive relationship between market orientation and performance measures employed may be affected by several factors such as the multidimensional nature of performance that might lead one performance dimension to run counter to other dimensions, or the lag in the effect of market orientation on the return on assets and sales per employee due to the cross-sectional nature of the study. However, one can argue that such a conclusion was based on measuring constructs that may or may not facilitate such measurements in this context. In fact, he claims that this is because his study started without any previous research to guide expectations relating to the nature of market-orientation in the Saudi context. In addition, he pinpoints several limitations including the use of a judgmental sample that is normally questioned for its generalizability. However, Bhuian's 1998 study examined the applicability of the market-orientation frameworks of Kohli and Jaworski (1990) and Jaworski and Kohli (1993) in Saudi Arabia using a reduced versions of the Jaworski and Kohli Scale. He reported that because of the lower tolerance of Saudi respondents to lengthy questionnaires, he included only five antecedent variables to market-orientation. In addition, he reported that because top management risk aversion and market turbulence did not achieve internal consistency both were dropped from further analysis. Furthermore, he reported that when confirmatory factor analysis and structural equation modelling were employed, neither provided a sufficient fit with the data. Although Bhuian (1998) pinpointed various limitations including sample size, length of questionnaire, and the weakness of the measurement model fit with the data, one could argue that an additional limitation could

have been ignorance of the assumption that a framework that has been developed in a different context may not be applicable in a resource-based economy such as Saudi Arabia with a different cultural background, market structure, and level of economic development. Accordingly, one can understand Gray et al.'s (1998) argument that more generalized measures should be developed in view of the inconsistency of findings of other research and the indications of the influence of environmental variables that may affect the relationship between market orientation and performance.

Hadcroft and Jarratt (2007, p. 31) provide further support for other researchers' findings (Kohli and Jaworski, 1990; and Jaworski and Kohli 1993) that market-orientation "**may not be an appropriate strategy when market choice is limited or stimulation of short-term profitability is desired**" (see Gray et al., 1999). In fact, this provides further support for the researcher's decision to explore the level of market-orientation existing in the financial services sector, which is associated with high competitiveness and market turbulence. Therefore, if the financial services providers need to understand the existing and latent needs of their customers, they need to embark on the process of continuously making changes in order to "**achieve unity in values, strategy, structure, systems and culture**" (Hadcroft and Jarratt, 2007, p.32).

In addition, Appiah-Adu (1998) claims that market orientation does not directly affect sales growth or return on investment. He argues that there is an indirect impact through environmental variables such as competitive intensity and market dynamism. He also argues that there may be a lagged relationship between market orientation and performance indicators, which cannot be detected due to the cross-sectional nature of his study (see Bhuian, 1997 and 1998). His findings however, are not in line with other studies' findings which report that the relationship between business performance and market orientation will vary based on the different contexts and environments in which the firms are operating (Kohli and Jaworski, 1990; Narver and Slater, 1990; Slater and Narver, 1994a; Loubser, 2000; and Pitt et al., 1996).

Avlonitis and Gounaris (1999) argue that market forces are critical in the development of marketing orientation, as a change in even one of these forces will influence the market conditions, and hence, the way the organization competes in its market. They add that neither market orientation nor customer retention is significantly positively related to return on investments (ROI). Furthermore, Hadcroft and Jarratt (2007) report that their findings confirm that market orientation may not be a suitable strategy in stable or monopolized markets or when short-term profitability is desirable.

Notwithstanding, several studies have provided empirical support for a positive relationship between the level of market orientation and performance such as sales growth, new product success, and return on investment or return on capital (Kohli and Jaworski, 1990; Jaworski and Kohli, 1993; Kohli et al., 1993;

Narver and Slater, 1990; and Ruekert, 1992). Studies report this positive relationship even in non-profit organizations and service industries such as hospitals and life insurance companies (Raju et al., 2000; Wood et al., 2000; Kara et al., 2004; and Ho and Huang, 2007). Furthermore, studies that investigate the relationship between market orientation and performance within service providers consider market orientation as a higher level of customer relationship management (Javalgi et al., 2005). However, even though Javalgi et al. (2005) claim that their findings support such a relationship, they point out that managers who are integrating market orientation in their organization should not expect a short-term improvement in performance. In fact, when market orientation is linked to marketing planning, some researchers report that those organizations which undertake high quality marketing planning stand a good chance of attaining good performance. This is based on the fact that the process represents one of the “*antecedents to market orientation*” and not an independent activity (Pulendran et al., 2003, p. 493).

Furthermore, other studies report either a weak relationship or limited support for the impact of moderators or mediators such as a competitive environment, market turbulence, or technological turbulence on the relationship between market orientation and performance (Diamantopoulos and Hart, 1993; Greenley, 1995a and b; Harris, 1996; Bhuian, 1997 and 1998; and Appiah-Adu, 1998). Accordingly, one can argue that market turbulence, technological turbulence, and competitive intensity may influence not only the relationship between market orientation and performance, but also the level of market orientation adopted by the business organization (Avlonitis and Gounaris, 1999; Hadcroft and Jarratt, 2007; and Gray et al., 1998). It is questionable whether the adoption of market orientation is necessary in all different market conditions and contexts (Diamantopoulos and Hart, 1993; Matear et al., 2004; and Han et al., 1998). In fact, based on the findings of some studies, one can question whether or not various mediators and moderators such as the market and technological turbulence, level of market and economic development, and competitive intensity may influence such relationships or even necessitate the adoption of market orientation as a business philosophy. Therefore, it would appear that there is not enough empirical research related to the existence or development of market orientation in developing and resource-based economies, especially those which are going through economic transitions or market reform. Therefore, research in such types of economies is suggested in order to measure the level of market orientation and to identify any relationship that exists between market orientation and performance. Furthermore, Nobel et al. (2002) argue that since Bhuian (1997 and 1998) conducted his studies in a context different to that of the USA and European countries, those different contexts might reveal different attributes and antecedents of market orientation. Thus it is worth noting that although Bhuian’s studies were conducted in a resource-based economy (Saudi Arabia), there was no attempt to generalize the findings, and the study’s findings were inconclusive.

Table 2.3 below illustrates some of the studies that have been undertaken in different contexts where findings have revealed contradictory results even within similar contexts and different organizational sizes. These studies cover both small and large businesses, manufacturing and service industries.

Context where studies undertaken	Empirical studies
United States of America (USA)	Kohli and Jaworski, 1990; Narver and Slater, 1990; Jaworski and Kohli, 1993; Slater and Narver, 1996
Canada	Deng and Dart, 1994
United Kingdom	Diamantopoulos and Hart, 1993; Greenley, 1995a and b; Pitt et al., 1996; Appiah-Adu, 1997; Appiah-Adu and Ranchhod, 1998; Harris and Piercy, 1999
Scandinavian countries	Selnes et al., 1996; Lüneburg and Nielsen, 2003; Cadogan et al., 2002
Other European Countries	Avlonitis and Gounaris, 1997; Fritz, 1996; Lado et al., 1998; Honburg and Pflesser, 2000; Langerak, 2001a and b; Langerak, 2003b
Australia	Atuahene-Gima, 1995 and 1996; Oczkowski and Farrell, 1998; Vorhies and Harker, 2000
New Zealand	Esslemont and Lewis, 1991; Gray et al., 1998 and 1999; Matear et al., 2002
Asia	Au and Tse, 1995; Chang and Chen, 1998; Nagi and Ellis, 1998; Horng and Chen, 1998; Tse, 1998; Deshpandé and Farley, 2000; Sin et al., 2003; Singh, 2003; Ellis, 2005
Africa	Appiah-Adu, 1998; Loubser, 2000; Osuagwu, 2006

Table 2.3: Illustrating some of the various studies undertaken in different contexts where findings have revealed contradictory results even within similar contexts and different organizational sizes.

It is also worth noting some of the limitations associated with several of these studies. Very few studies have collected data based on a longitudinal approach (Pelham and Wilson, 1996; and Narver et al., 1999). Marketing and market-orientation concepts were introduced and explored within Western contexts. This was done based upon a certain level of economic development and with a different cultural background. Therefore, applying these concepts in developing or resource-based economies might not be possible, for various reasons including the fact that not all these countries enjoy a totally free market structure. Furthermore, the economic development in these countries might not follow the same stages as in Western developed countries (Appiah-Adu, 1998). However, even if some firms within these developing and resource-based economies have accepted and adopted market orientation, they might be faced with environmental and market condition obstacles that prevent them from enjoying its benefits. Notwithstanding, it can be argued that in developing countries those who undertake marketing research, and offer competitive prices and delivery might be able to perform better in the marketplace than their competitors (Ellis, 2005). In addition, some studies, especially in developing countries, have employed an adapted version of the original scales without purifying such adapted scales, which might lead to either

not capturing the real sequences of market orientation or misinterpreting the findings (Bhuian, 1997 and 1998). In fact, Bhuian points out that the questionnaire length employed for both studies might have affected the reliability and accuracy of the collected data owing to the informants not being able to think carefully before answering the questions. An additional limitation is related to the fact that some studies did not attempt to consider the different cultural backgrounds and contexts, and the different levels of economic development, which might have led to misinterpretation of the questions by the respondents (Bhuian, 1997 and 1998; and Aggarwal and Singh, 2004).

Diamantopoulos and Hart (1993) pinpoint that their findings of the existence of a relationship between market orientation and performance should not be considered as conclusive but rather as tentative evidence. They also point out that while various variables can contribute to the operationalization of the intelligence generation process they employed only two indicators and, therefore, claim that this might have affected the reliability of the data collected. However, another limitation noted by various studies, is related to the cross-sectional nature of their research which might have influence their findings on the link between market orientation and business performance (Atuahene-Gima, 1996; Bhuian, 1997 and 1998; Dawes, 2000; Sin et al., 2003; Aggarwal and Singh, 2004; Blankson et al., 2006; and Osuagwu, 2006). Furthermore, some researchers claim that there are various limitations associated with their studies such as their sample size (Jaworski and Kohli, 1993; and Blankson et al., 2006), studying various different industries (Osuagwu, 2006), the employment of subjective versus objective measures and whether both should be employed (Sin et al., 2003; Gonzáles-Benito and Gonzáles-Benito, 2005; and Osuagwu, 2006), and the employment of short- versus long-term measures (Kara et al., 2004).

The following table (2.4) details some of the various published studies exploring the relationship between market orientation and performance (compiled by the author).

Empirical study	Market orientation measures	Reported result related to market orientation-performance relationship
Narver and Slater (1990)	Subjective measure of return on assets over one year.	Positive relationship

Jaworski and Kohli (1993) Kohli et al. (1993)	Objective measures related to market share in served markets and subjective measures based on the overall performance over one year	No relationship for objective measures and positive relationship for subjective performance. Market turbulence, competitive intensity and technological turbulence have no moderating effects.
Deshpandé et al. (1993)	Subjective measures related to profitability market share, growth rate and size compared to the largest competitor.	No relationship based on self-reported customer orientation but positive relationship reported by customers
Ruekert (1992)	Objective composite measures based on Strategic Business Unit profitability and sales growth over five years.	Positive relationship
Diamantopoulos and Hart (1993)	Objective measures based on sales growth and profit margin.	No conclusive relationship, but there are moderating effects of competitive intensity, market turbulence, and level of demand conditions
Deng and Dart (1994)	Subjective measures related to the overall performance, liquidity, sales, market share, market penetration, level of exports, new product and market development, quality, productivity, and expectations over the past three years.	Positive relationship
Slater and Narver (1996)	Subjective measures of return on assets, sales growth rate over one year.	Positive relationship related to sales growth rate but no relationship to return on assets

Atuahene-Gima (1995 and 1996)	Subjective measures of new product market performance related to market share, sales, growth, and profit objectives. In addition, new product performance related and based on cost efficiency, sales and profitability of other products.	Positive relationships but there are moderating effects of environmental hostility, stage of the product life cycle, and service compared to product.
Golden et al. (1995)	Subjective measures related to the sales, market share and its growth, and profitability compared with competitors.	Positive relationship related to product attributes. There are no relationships related to the promotional activities and price.
Greenley (1995a and 1995b)	Subjective measures related to return on investment, new product success and sales growth over the past three years in relation to competitors.	No relationship or may be an indirect relationship. There are moderating effects related to market turbulence and technological change. Market growth did not show any moderating effects.
Fritz (1996)	Subjective measures based on competitiveness, level of customer satisfaction, and long-term profitability related to the last three years' actual results.	Positive relationship
Pitt et al. (1996)	Subjective measures related to the return on capital employed, sales growth, and the overall performance compared with other companies within the industry over the past 5 years	Positive relationship with no moderating effects related to different contexts and economic performance
Selnes et al. (1996)	Objective measures related to market share in the served markets, and subjective measures related to the overall performance compared with competitors over last year.	Positive relationship for subjective measures but no relationship for objective performance. No moderating effect of country – related to national culture, economy, and politics.

Appiah-Adu (1998)	Subjective single measure of return on investment and sales growth compared with the expectation over the past three years.	No overall relationship. Competitive intensity and market dynamism play moderating role while no effect due to market growth.
Bhuiyan (1997)	Objective measures based on return on assets, return on equity, and sales per employee.	No conclusive relationship which may be due to the poor implementation of market orientation
Bhuiyan (1998)	Subjective measures related to quality of product, revenue, financial position, customer satisfaction, and overall performance.	No conclusive relationship
Appiah-Adu and Ranchhod (1998)	Subjective measure of new products/services success, market share growth, profit margin, and overall performance compared with main competitors over the last three years.	Positive relationship in all areas except new products/services success.
Gray et al. (1998 and 1999)	Objective measures related to return on investment and pre-tax profit, in addition to subjective measures related to brand awareness, customer satisfaction and loyalty, and profitability compared with the nearest competitor.	Positive relationship except for relative return on investment. Strong relationship for the subjective compared with the objective performance. Reported moderating effects of competitive intensity, technological turbulence, market growth, buyer power and entry barriers.
Harris and Piercy (1999)	Subjective measures of the company and store performance.	Positive relationship

Han et al. (1998)	Objective measures related to return on assets and net income, in addition to subjective measure of growth and profitability.	Did not find direct relationship
Oczkowski and Farrell (1998)	Subjective measures related to customer retention, new product success, sales growth, return on investment, and overall performance compared to competitors over the last year.	Positive relationship
Vorhies et al. (1999)	Subjective measures related to profitability, growth, the level of adaptability to customer satisfaction compared to major competitors.	Positive relationship
Deshpandé and Farley (2000)	Subjective measures related to profitability, market share and growth rate, and size compared to the largest competitor.	Positive relationship
Deshpandé et al. (2000)	Subjective measures related to profitability, growth rate and market share, and size compared to the largest competitor.	No relationship and no moderating effect related to cultural and contextual environment.
Loubser (2000)	Subjective measures related to the growth in market capitalization, total assets, equity, sales, return on investment, return on assets, and price earning.	Reported positive relationship between market orientation and return on equity and growth in total assets.
Atuahene-Gima and Ko (2001)	Objective measures related to profit and sales, and average profit over the last three years. In addition, subjective measures related to market share, sales and profit achieved from the recent new product compared with the original objectives.	Positive relationship

Langerak (2001a and 2001b)	Subjective measures related to the financial performance, which is based on sales growth, profit achieved, new product success, and return on investment. Subjective measures of trust, cooperative norms and satisfaction, and the relationship between customer and supplier firms.	Positive relationship between the downstream market orientation and financial performance through the establishment of trust, cooperative norms, and satisfaction. Positive relationship between upstream market orientation and financial performance through cooperative norms and trust.
Matear et al. (2002)	Subjective measures related to the financial performance and based on profitability, revenue, market performance linked to customer satisfaction and loyalty, brand awareness, brand equity, firm reputation, and new product success. Objective measures related to return on assets and return on sales.	Positive relationship both directly and through innovation.
Langerak (2003b)	Subjective measures related to sales growth, profitability achieved new product success in terms of sales and market share and return on investment compared with competitors over the last year.	Positive relationship that had been achieved through differentiation and being customer and competitor focused.
Lüneborg and Nielsen (2003)	Subjective measures of internet-banking attractiveness, relationship marketing, sales and financial performance compared with competitors.	Positive relationship for attractiveness and relationship to marketing performance.
Lim and Brown (2010)	Subjective measures related to financial performance, customer satisfaction, and customer loyalty.	Positive relationship with customer satisfaction and customer loyalty but no relationship with financial performance.

Table 2.4: Some of the various published studies exploring the relationship between market orientation and performance

From the above table one can conclude that although the majority of the presented findings reported a positive relationship between market-orientation and performance, there are others studies that either did not find a direct relationship or reported that no conclusive relationship was found. This may be due to the different context in which these studies were conducted that may influence the respondents' understanding and interpretation of the various dimensions and antecedents of market orientation. Based on the different findings reported, it could be argued that measuring the level of market-orientation and its consequences might be influenced by a different cultural background, and different levels of economic and market development. It could also be argued that market-orientation is a process which may not need to be adopted by businesses operating within certain market conditions (see Hadcroft and Jarratt, 2007, Jaworski et al., 2000, and Narver et al., 2004).

2.6 Barriers to market orientation

It is important to note here that if there are antecedents to market orientation, then one can expect certain barriers that may prevent the adoption of a market-orientation philosophy by business organizations. In fact, one can argue that barriers to fostering the adaptation of market orientation can include the inability of management to cope with the complexities of the process, and the management conflicts resulting from their attempt to gain power or pursue their personal goals at the expense of cooperation and achievement of congruence within the organization (Felton, 1959). Such an argument is supported by Jaworski and Kohli (1993) who provide empirical evidence that in addition to the attitude of top management, the management's behaviour such as departmental conflicts can also create obstacles to adopting the concept. In addition, they argue that interdepartmental conflict presents a barrier to the intelligence dissemination and congruence in its interpretation (see also Wong et al., 1989). Harris and Piercy (1999) provide further support for this, emphasizing that formulization, political conflict, and absence of communication and cooperation among top management can restrict the development of market orientation. In fact, Harris (2000) pinpoints organizational barriers to becoming market-oriented as including direct management actions such as systems employed, strategies formulated, and organizational structure. Other studies covering the link between the strategies formulated and market orientation provide further support for the claim that a decentralized organizational structure may not support the required level of connectedness (Slater and Narver, 1996; Pulendran and Speed, 1996; Morgan and Strong, 1998; Hadcroft and Jarratt, 2007; and Avlonitis and Gounaris, 1999). Therefore, competition between departments, divisions, SBUs and corporate groups may become obstacles to the process of successfully implementing market orientation especially if reflected in the top management team (Hadcroft and Jarratt, 2007) simply

because this behaviour will prevent coordination and cooperation, and therefore will hinder the process of implementing market orientation. Accordingly, Hadcroft and Jarratt (2007) suggest that attaining unity of purpose and achieving congruence is based on a compromise approach that will foster the market-orientation adaptation process. Furthermore, the organizational structure must foster such a process through the enhancement of cooperation and connectedness between functional areas, facilitating the decision-making process and enhancing the firm's ability to respond to customer needs (Slater and Narver, 1994b; and Bisp, 1999). Furthermore, Narver et al. (1998) suggest that bureaucracies and bureaucratic structures have a negative effect on innovativeness, as they reduce the sharing of knowledge and information dissemination, commitment, and the level of involvement. In fact, other studies claim that the barriers to the successful development of market orientation are also related to the limitations of top management in their commitment to providing the required support (Jaworski and Kohli, 1993; Harris and Piercy, 1999; Van Egeren et al., 1999; and Hammond et al., 2006).

Furthermore, other studies argue that the main barrier to the development of market orientation is the values, beliefs, and the deep-held assumptions embedded within the organization (Messikomer, 1987; and Slater and Narver, 1995). In addition, Masiello (1988) identifies various reasons which prevent companies from becoming market oriented. These reasons include the ability of the organization to understand how or what it takes to become a market-oriented organization, and to understand precisely and clearly the roles and different responsibilities of the various functional areas in the process of becoming a market-oriented organization. In addition, barriers include miscommunication within the organization and failure in the process of sharing knowledge. Therefore, one can conclude that it is important for a firm embarking on market orientation to make sure that its employees within the different functional areas are able to translate their duties into the context of being market-oriented (Lichtenthal and Wilson, 1992; Masiello, 1988; and Canning, 1988).

Others conclude that a decentralized structure and the encouragement of informal communications can facilitate intelligence-gathering and dissemination of information (Van Egeren et al., 1999; Avlonitis and Gounaris, 1999; and Maltz and Kohli, 2000). In fact, Moorman (1995) also finds that a hierarchical bureaucratic culture prevents the dissemination of market information and organizational responsiveness. However, Harris and Ogbonna (1999) while discussing the issue of cultural dominance, argue that organizational cultural unity cannot always be attained and cannot be consciously manipulated by management.

Furthermore, the literature contains various studies covering the barriers to market orientation that include attitudinal, behavioural, structural, strategic, and systems-related obstacles (Harris, 2000). In fact, while

there are a number of empirical studies covering the barriers to market orientation, there are few studies into the management approaches and efforts to overcome such barriers (Harris, 2000). Harris (2002b) claims that there are two types of barriers that prevent firms from being market-oriented, namely the actions, attitudes and behaviour of management, and the organizational characteristics.

In addition, Kumar et al. (2000) suggest that for business organizations to become market-oriented organizations, they should focus on being creative, search continuously for new ideas, encourage competitiveness across teams, accumulate knowledge through experiments, avoid cannibalization, and encourage entrepreneurial behaviour. On the other hand, Jaworski et al. (2000) propose the approach of shaping the market structure by eliminating players, adding or combining players, and modifying functions. In other words a market-driven organization must be proactive and attempt to shape its market structures to foster its success. In addition, Avlonitis and Gounaris (1999) emphasize the importance of understanding and considering the main market forces during the process of developing marketing orientation. Accordingly, they argue that market forces are critical in the development of the marketing orientation as even a change of one of these forces will influence the market conditions, hence, the way the organization competes in its market. In fact, Webster (1994b) suggests different interrelated activities that include defining quality, building long-term relationships with customers, and creating a culture that facilitates continuous improvement to create a market-driven organization. Furthermore, Day (1990 and 1999) suggests that in order to create a successful market-driven organization, such an organization must have an external orientation culture, unique capabilities, and a structure that can facilitate the required change.

In addition to the barriers that represent obstacles to becoming a market-oriented business organization, there are the effects of factors moderating such a process. Diamantopoulos and Hart (1993) replicated Kohli and Jaworski's (1990) work within a British context and reported that competitive hostility moderates the relationship between marketing-orientation adoption and organizational performance. Furthermore, Greenley (1995b) discusses the moderators involved in becoming a market-oriented organization and argues that *“highly turbulent markets, low customer power, and intense technological change may reduce the positive impact of a high level of market-oriented activities”* (Greenley, 1995, pp.77-78). Bisp (1999) asserts that the ability and capability of the business organization to learn, or to learn faster than its competitors, can be a source of creating or obtaining sustainable competitive advantage (see also De Gues, 1988; Stata, 1989; Dickson, 1992; and Slater and Narver, 1995). In addition, Liu (1995) argues that the organization's control mechanisms influence the process of becoming market oriented. He pinpoints that the structure adopted and the systems employed also have an influence on such a process. Furthermore, Bisp (1999) claims that when employing the frameworks suggested by

Slater and Narver (1994b) and Sinkula et al. (1997) and building on them, the market-oriented activity reflects unique competence that allows the firm to create and deliver superior value for customers. Accordingly, he argues that management personality, individually held beliefs, organizational structure factors, human resource management, lack of market-oriented competences, and psychological climate domains can inhibit the process of increasing or enhancing the market-orientated activities. He explains that when management is seeking personal achievement, looking after their own interests, reflecting autocratic behaviour, and avoiding accepting a degree of calculated risk, then market-oriented activities will be inhibited. He also argues that beliefs are considered an integral part of organizational culture, and therefore influence the individual's attitude toward an object or an issue; the management perception of the market-oriented activity will determine the extent to which the organization is willing to increase or enhance its market orientation. In fact, those who perceive change as a threat to stability will resist change, and will not accept challenges to the organization's deep-held assumptions, which may represent a barrier to increased market-oriented activity (Bisp, 1999). Therefore, in order to support and foster market-oriented activity, organizations, through their human resources management policies and strategies, must focus on selecting, recruiting, training, and motivating employees who possess the required market-oriented activity competences or the capability to develop such competences (Bisp, 1999; Deshpandé and Webster, 1989). In fact, Bisp (1999) emphasizes the organizational environment and climate and claims that it is crucial for intensifying market-oriented activity. Furthermore, Day (1999) argues that ***“the real challenge is to turn a short-term survival program into a long-term transformation that fully engages employees”*** (Day, 1999, p. 12).

Harris (2000) reports that the factor analysis of his collected data led him to extract eight factors, three related to the structure, two related to the strategy, and three related to the systems. He asserts that the ***“correlation analysis found strong associations between all of these factors and market orientation”*** (Harris, 2000, p.616). He further claims that the regression analysis for these factors suggests that there are direct and indirect links with market orientation. These factors include connectedness, centralization, formalization, service and cost focus strategies, communication, integration devices, marketing functions, and controlled coordination systems. Furthermore, Harris argues that ***“irrespective of the conception of market orientation, it is commonly accepted that practitioners face an array of barriers to developing market orientation”*** (Harris, 2002b, p.59). He lists these barriers under two general categories, namely organizational attributes and attitudinal or behavioural factors.

In addition to the previously identified barriers one can argue that given the diversity of barriers to market orientation that have been identified in the literature, one should not be surprised to find that the development of market orientation cannot be generalized across different contexts and market conditions

(Harris, 2000; Harris, 2002b; Pulendran and Speed, 1996; Jaworski and Kohli, 1993; and Ruekert, 1992). Therefore, it seems that there are different forms and levels of market orientation, and that the form and level of market orientation that exists in an organization will depend on the nature of obstacles experienced by that organization (Harris, 2002b).

2.7 Conclusions

Based on the various studies that have identified different antecedents to market orientation one can conclude that the antecedents to market orientation may vary from one context to another. In fact, even those studies that were conducted in almost similar cultural backgrounds and similar levels of economic development identified different antecedents to market orientation (Narver and Slater, 1990; Jaworski and Kohli, 1993; Ruekert, 1992; Slater and Narver, 1995; and Harris, 1996). Others pinpoint the effects of external as well as internal antecedents to market orientation and emphasize their influences (Pelham and Wilson, 1996; Avlonitis and Gounaris, 1999). Therefore, it can be argued that there is a need to investigate these antecedents or the dimensions of market orientation in different contexts and not assume that they will be similar in different cultural backgrounds and with different levels of economic development. Therefore, further research is required to enhance the body of knowledge.

However, this chapter identifies and discusses in quite some detail the various studies that have explored the relationship between market orientation and business performance. This research will not be exploring such relationships, for various reasons. One of these is because this research is attempting to develop a scale suitable for measuring the level of market orientation and the fact that it will be difficult to obtain primary data based on objective as well as subjective measures from the financial services sector in this area. However, it is hoped that with the political and economic reform processes that have been started in this area, the level of transparency will be enhanced, thus facilitating such a study. In addition, based on the limitations this chapter identified in Section 2.5, one may conclude that further research especially of a longitudinal nature is needed in order to provide concrete evidence for the positive relationships between the level of market orientation adopted by the business organization and its performance based on the employment of both subjective and objective measures. However, one can also argue that such a positive link might be found strong or weak depending on the context in which the study is undertaken and the extent to which transparent data can be collected.

Accordingly it is worth noting that more studies in different contexts are required covering the various obstacles faced by managers and practitioners during the process of becoming market oriented or enhancing the level of market orientation in their organizations.

2.8 Chapter summary

This chapter provides a historical background to the notion and concept of market orientation, identifies the various definitions of the concept and elicits a preliminary definition. It also discusses the various antecedents and consequences found in the literature. In addition, the chapter considers the different barriers that represent obstacles to adopting or enhancing the level of market orientation within business organizations.

As reviewed in the literature there are various definitions for market orientation that imply a different operationalization of this concept. In addition, the literature is rich with different studies that have identified the antecedents and consequences of market orientation in different contexts other than underdeveloped countries and resource-based economies. Furthermore, the chapter also analyses the barriers that represent obstacles to adopting the market-orientation concept that have been reported by several empirical studies. However, in order to comprehensively cover all the issues related to the concept and identify what is missing, it is necessary also to review different implementation approaches to market orientation and its constructs, and review and discuss the different scales suggested to measure the level of market orientation in the above-mentioned contexts. The next chapter will identify and discuss the various implementation approaches to market orientation; its different constructs, measurement and scaling, and will develop a preliminary conceptual model of market orientation.

Chapter Three

Implementation, Measurement, and Conceptual Model of Market Orientation

3.1 Introduction

Chapter two presents and discusses the various definitions of market orientation and the barriers reported in different studies for market orientation. However, one would expect with such varying definitions that there would be different implementation and measurement approaches to market orientation. Therefore, this chapter reviews and discusses the different implementation approaches, market orientation constructs and the various conceptual models found in the literature. In addition, it will discuss the different scales suggested and employed to measure the level of market orientation by various studies found in the literature. The chapter aims to identify the gaps that might appear in the literature.

3.1.1 Chapter objectives

The first objective of this chapter is to review and discuss the different approaches to implementing market orientation in business organizations. The second objective is to review and discuss some of the market orientation constructs and conceptual models and measurement scales. The third objective is to identify what is missing and articulate the gaps in the literature that this research attempts to fill.

3.1.2 Chapter structure

The following section provides a brief introduction to market-orientation and defines the implementation of market-orientation process before discussing the different implementation approaches identified in the literature. Section 3.3 presents and discusses the various measurement instruments (scales) of market orientation, in addition to the justification for the scale adopted for this research. Section 3.4 discusses some of the different conceptual models suggested by previous studies and presents a preliminary suggested conceptual framework for this study. Section 3.5 presents the conclusions drawn from the literature discussion. Finally, section 3.6 presents the chapter summary.

3.2 Introduction to the implementation of market orientation

The implementation process refers to the process that business organizations pursue in order to become market-oriented organizations or enhance their level of market-orientation. However, despite the wealth of literature covering this issue, Mason and Harris (2005) argue that many practitioners still face difficulties in interpreting the dimensions of a market-orientation concept including its implementation process. While the literature proposes different approaches to implementing market orientation, managers and executives still have little understanding of the interplay between market orientation and relationship management within a firm (Helfert et al., 2002). Furthermore, while the information processing approach suggested by Jaworski and Kohli (1993) is derived from their definition of the market-orientation concept, there have been other approaches that have emphasized organizational culture strategies, capabilities, and various other issues (Ruekert, 1992; Narver and Slater, 1990; Narver et al., 1998; Harris, 1996; and Raaij and Stoelhorst, 2008). However, in the next section different approaches will be identified and will be presented with an attempt to emphasize the view and argument that there is an implied overlap between these implementation approaches which must be considered when managers attempt to employ any one approach (Raaij and Stoelhorst, 2008).

3.2.1 The information processing approach

Jaworski and Kohli (1993) suggest that a business organization's responsiveness to the generated and disseminated intelligence consists in designing and implementing its response. However, while Kohli and Jaworski (1990) suggest that top management commitment, interdepartmental dynamics, **and** organizational systems and structure are antecedents to market orientation, they argue that the above factors are controllable by senior management and can be done through their intervention in order to promote market orientation within the firm. In fact, such intervention can be operationalized through the strategies formulated, systems employed, the internal environment, and the structure employed. Therefore, it is argued that senior management should communicate throughout the organization their commitment to market orientation and reflect such commitment through their behaviour and allocation of resources (Kohli and Jaworski, 1990; Jaworski and Kohli, 1993). In addition, they emphasize interdepartmental connection in order to reduce conflict, restructuring the organization, and utilizing market-based reward systems to foster the implementation of market orientation. Furthermore, Kohli et al. (1993) suggest a measurement instrument (MARKOR) and argue that it can be employed during the

initial diagnosis of the current degree of market orientation in a business organization as well as during the process of management intervention in order to measure the degree to which market orientation has been adopted. In addition, Jaworski and Kohli (1996) suggest that the basic approaches to enhance the level of market orientation in an organization are based on top-down and bottom-up continuous change efforts. They even restate the critical role of top management commitment and behaviour, conflict resolution, enhancement of inter-functional relationships, and the adoption of appropriate organization-wide systems that would facilitate sending the required signal of top management dedication and support for the adaptation process of market orientation.

3.2.2 The norms-based approach

Lichtenthal and Wilson (1992) argue that changing the norms within the organization will lead to a change in the behaviour of the individuals within that organization. Accordingly, they suggest employing Bates and Harvey's (1986) framework; to enable the firm to embed the buyers' views into the norms that guide organizational members' behaviour throughout the different functional areas and different managerial levels. Therefore, they propose cultural change through embedding the appropriate values and norms that will guide the entire organization's behaviour. They add that if we accept that norms prescribe and guide individual behaviour, then the business organization must persistently transmit the appropriate required values and norms to facilitate the market-oriented behaviour. Furthermore, they argue that for the firm to be market oriented, it must create a market-orientation culture that will guide the whole organization's members' behaviour and ensure that it is in line with market orientation. Therefore, they suggest a contingency management approach that can be developed and emerge within the firm. The ultimate goal is to ensure the development of a shared set of beliefs, values, and norms that will lead to the appropriate behaviour, and facilitate the process of becoming a market-oriented organization. They suggest that the organization must first identify and understand the existing values and norms that drive the current behaviour. Then the organization must select those values that need to be altered in order to initiate changes in these values. Accordingly, in order to adopt market orientation, management should create and enhance the implementation of values and create a set of norms to guide market-oriented behaviour within the organization. On the other hand, it is important to point out here, as Homburg and Pflesser (2000) argue, that the establishment of norms will not lead to market-oriented behaviour if not supported by artefacts, stories, rituals and language. However, Lichtenthal and Wilson (1992) claim that change can be realized through top management commitment and their top-down direction to ensure norm compliance and enrolment of all levels in the change process. In fact, literature in this area suggests a

perspective that tackles the issue of the employees' ability in the different functional areas within the business organization to translate their duties into the context of being market oriented (Masiello, 1988; Canning, 1988). In fact, Raaij and Stoelhorst (2008) categorize Lichtenthal and Wilson's approach as a social structure perspective.

3.2.3 The strategy and support process approach

Ruekert (1992) argues that despite the evolution of market orientation resulting from recent experiences in both domestic and global markets, managers and practitioners who might be interested in implementing market orientation in their firms have not been provided with clear guidance on how to go about the implementation process. Therefore, he argues that the level of market orientation is related to the degree to which the business organizations collect and use information about their customers, formulate a strategy that will meet customers' needs and wants, and implement such a strategy through being responsive to those identified needs and wants. This is supported to a certain extent by Pelham and Wilson (1996) who suggest that the strategies employed by business organizations may lead the firm to adopt market orientation behaviours. In addition, Ruekert (1992) provides precise suggestions that cover the diagnosis of the current level, intervention to implement changes, and evaluation. However, in order to assess the existing level of market orientation, he suggests that a questionnaire should be administered to survey managers, sales representatives, and sales managers to facilitate the evaluation process of the existing level of market orientation. This will facilitate top management intervention and the design of initiatives to improve customer responsiveness in the organization. He also explains that such a questionnaire should include subscales covering market-orientation practices and behaviours, organizational systems that include recruitment and selection, training, appraisal and reward systems, individual outcomes, and business performance. He further emphasizes the role of organizational support systems that are not limited to human resources. He adds that repeating the assessment process using the same questionnaire can help to evaluate the ongoing progress. Finally, he claims that his findings support the proposition that different business units can vary significantly in their degree of market orientation in their strategic planning process, even within the same organization.

3.2.4 The capabilities approach

Day (1990) outlines the key challenges facing executives and top management in today's business environment. He points out that top management face various challenges in their attempt to cover issues

such as building a shared strategic vision, fostering an orientation that puts customers first, and creating effective and strong processes for screening and choosing competitive strategies. He claims that competitive advantage can be obtained through the application of management marketing knowledge and insights that facilitate their attempt to select between the various strategic choices available to them. However, he stresses the need to develop a persuasive basis for the creation of competitive advantage, and emphasizes the need for successful implementation. He also stresses that marketing is not a functional responsibility, but rather is the job of the entire organization. In addition, he suggests an intervention programme that emphasizes the alignment of strategy, structure, people and programmes in addition to the redesigning of the performance measures to encourage and reward market-driven behaviour. Furthermore, Day (1994b) argues that in order to build a market-driven organization, a cultural shift is required. He argues that there must be a commitment to various sets of processes, beliefs, and values that reflect the attempt to adopt the concept of market orientation. Therefore, all decisions are made while focusing on the customer, guided by a deep shared understanding of the customer's needs and behaviour, including the competitors' capabilities and intentions, in order to attain superior performance when compared with the competitors. In addition, Day (1994b) believes that building a market-driven organization requires designing and implementing a process of diagnosing current capabilities, predicting future needs for various capabilities, redesigning the underlying process through a bottom-up approach, providing top-down direction and support, and continuously monitoring progress and taking the necessary alignment actions. He adds that market-sensing and linking a firm's capabilities to market knowledge are especially important in order to facilitate the understanding of these external realities in the market. However, while the diagnostic stage suggested by Day (1994b) consists of analysing the current capabilities and predicting the required future capabilities, he recommends that defining the key performance indicators for the processes will support the management efforts to monitor progress and evaluate results as well as providing indications related to the required level of interventions. Furthermore, Day (1999) argues that acquiring the skill to understand, attract and retain customers is the only way for an organization to be able to formulate strategies that will create and deliver superior value to the customer through the alignment of such strategy with changing market requirements. Therefore, a market-driven organization will not only be able to retain valuable customers, but will also outperform its competitors. Accordingly, he suggests a change programme that will enable a business organization to create and maintain superior value for its customers through the alignment of its culture, capabilities, and the organizational structure. Furthermore, he emphasizes that an organization must customize the change programme to fit its heritage, market strategy, and leadership personality. In fact, he suggests that a successful change programme will have six overlapping stages, and emphasizes that they are not sequential, and may occur simultaneously. The six stages are as follows:

- *Demonstrating leadership commitment*
- *Understanding the need for change.*
- *Shaping the vision.*
- *Mobilizing commitment at all levels.*
- *Aligning structures, systems and incentives.*
- *Reinforcing the change.* (Day, 1999, p.14)

However, he stresses the need for those who are responsible for initiating and implementing the change programme to keep their attention focused on the changes, and keep an eye on benchmark measures to ensure early success. He adds that in order to ensure success the entire organization at all the different levels must be involved in the process. Hence, he emphasizes the need for the human resources and marketing departments to provide the necessary support during the process instead of dominating the process. In addition, he emphasizes the role of top management in initiating and driving the required change programme. Finally, while he recognizes the role of top management to create the environment that facilitates the employees' performance and enables them to achieve good results, he asserts that the change of behaviour will eventually be embedded into the underlying norms, beliefs and mindsets. Therefore, he claims that “*in a market-driven firm, a pervasive market orientation is woven into the fabric of the organizational culture*” (Day, 1999, p. 8).

3.2.5 The cultural change and cultural transformation approaches

Narver et al. (1998) claim that there is agreement among scholars that market orientation is a culture in which all employees share the same values and are enrolled in the process of creating and delivering superior value for customers (see also Narver and Slater, 1990). However, they argue that even though there is empirical evidence suggesting a positive relationship between market orientation and performance, the question is how a business can best create and increase its market orientation level. However, they argue that if adopting, maintaining, and increasing the level of market orientation is the result of various desired behaviours as suggested by the behavioural perspective (Jaworski and Kohli, 1990 and 1993), then there will be fewer business failures (see also Deshpandé and Webster, 1989; Harris, 1998; and Harris and Ogbonna, 1999). Accordingly, Narver et al. (1998) argue that market-orientation adoption is the result of an overriding value related to the level of commitment throughout the entire organization to persistently and continuously create and deliver superior value for customers. They add that if the organization's culture is a pattern of deep assumptions based on experience, then there may

be resistance to change unless it is perceived by the whole organization's membership, as it provides them with a solution to the problem at hand (see also Harris and Ogbonna, 2000). Therefore, such a perception will foster the creation and delivery of better value to one's customers. Accordingly, Narver et al. (1998) assert that the creation of market orientation is directly related to the extent to which the organization's members learn to create, maintain, and deliver enhanced customer value. This lends support to the argument that learning provides new knowledge and insights that facilitate behavioural change, and lead to performance improvement (Slater and Narver, 1995). In fact, Slater and Narver (1995) argue that learning is critically important for businesses competing in a dynamic and turbulent market environment, because it facilitates behavioural change in order to improve performance (see also Senge, 1990). Furthermore, while Garvin (1993) argues that in order to achieve meaningful learning, a behavioural change is required, Narver et al. (1998) suggest that such learning can be achieved through two approaches "the programmatic approach" and the "market-back approach". They argue that these learning loops are important in order to attain a cultural change. They propose that the programmatic approach is based on teaching and training the individuals within the organization the different principles to achieve the required level of understanding of the nature and importance of market orientation including the different approaches, processes and skills necessary to create superior value for customers. On the other hand, the market-back approach is a learning strategy that focuses on applying experiential learning about the most effective and profitable ways of creating better value for customers. They add that a priori learning is required in order to prepare employees in different functional areas and through the different levels of problem-solving and experimentation based on a results-driven continuous improvement process. However, they claim that the failure of businesses to engender market orientation is mostly the result of favouring a priori learning over experiential learning as they emphasize the importance of its role in realizing cultural change.

Additionally, Kennedy et al. (2003) cite several arguments made by various authors related to the examination of the cultural phenomena and assert that it is "*phenomena that occur at multiple levels in an organization over time*" (Kennedy et al., 2003, p. 68). They note that various authors have suggested an ethnographic strategy approach to evaluating cultural transformation (see also Deshpandé and Webster, 1989; and Stewart, 1998). They claim that their findings support the importance of the role played by leadership in the transformation process in becoming a market-oriented organization. This agrees to a certain extent with Jaworski and Kohli's (1993) findings regarding the need for top management commitment and support. However, they argue that top management commitment is not enough unless such commitment is evidenced through the different levels of the chain of command in the organization during the transformation process. They assert that senior leaders must consistently

communicate their commitment to the process in order to drive changes throughout the organization. They add that an effective transformation process requires sending clear signals to the employees from top management, which provides evidence of the organization's acceptance and commitment to adopting market orientation. In addition, they argue that middle management is required to participate in the strategic planning process which will ensure their total engagement. This is understood to facilitate focusing on the creation and delivery of superior value to the customers. They argue that their findings support the view that inter-functional connectedness, coordination and cooperation are critical in fostering the transformation process.

Kennedy et al. (2003) claim that their observations provide support for the process of generating and disseminating market intelligence throughout the entire organization in order to facilitate designing and implementing an organizational response (see also Kohli and Jaworski, 1990; Jaworski and Kohli, 1993). They also claim that integrating and unifying the externally gathered data with the internal customer data is critical for attaining success. This would imply that an integrated management and marketing information system is required. They further claim that *“the value of robust tracking of multiple customer satisfaction indicators, including those of internal customers, and tying operational performance to measures across multiple stakeholders”* is important (Kennedy et al., 2003, p. 75). They assert that their findings support the need for conflict resolution systems and reward systems to facilitate the transformation process and also support the notion that (i) focusing on customer requirements; (ii) creating an effective mechanism to obtain feedback from customers; and (iii) achieving cooperation and alignment during the process is critical (see also Webster, 1994b). They report that acquiring thorough knowledge and learning about the different roles of the internal and external customer requirements during the process of creating organizational culture is important to foster the transformation to market orientation. They add that inter-functional coordination and connectedness, setting priorities, tailoring the marketing offer to meet different customers' requirements, and employees' empowerment are all important in the process of creating and delivering value to customers.

This is notwithstanding that Kennedy et al. (2003) did not clearly and directly address the diagnosis, intervention, and evaluation stages in the transformation process, even though suggesting the need for obtaining feedback that is based on customers' data, which indicates the critical role such data plays in the diagnosis and evaluation stages (Raaij and Stoelhorst, 2008).

Furthermore, Gebhardt et al. (2006) argue that despite the considerable attention and focus received by the concept of market orientation, the process of creating it has received little attention. Accordingly, they employed an ethnographic research approach covering seven firms and using in-depth longitudinal

interviews to investigate firms that managed to successfully create a market-oriented organization. They conducted their study through observation and analysis of the firms that were seeking to increase the level of their market orientation. However, they claim that in order to adopt a market orientation, the process should go through a four-stage model. Their proposed model consists of initiation, reconstitution, institutionalization, and maintenance stages and these stages are path-dependent, with each stage consisting of multiple activities. The initiation stage occurs when the different stakeholders recognize the threat and cooperate in order to implement their plan for change. The reconstitution stage involves developing values and norms, understanding the market thoroughly, restructuring the organization, recruiting market-orientation believers, and formulating a collaborative strategy. In the institutionalization stage, the stakeholders formalize the organizational structure and process, link the reward systems to market-oriented behaviour, and build the culture through training and instruction. In addition, the maintenance stage involves the reinforcement and enhancement of a market-oriented culture. However, according to Gebhardt et al., this can be done by screening their culture in order to ensure that new members are enrolled in the process, and adapting and maintaining the culture. Furthermore, they suggest the enhancement of market-sensing processes in order to update market schemes and validate market-oriented processes.

They also suggest that in order to create a market-orientation culture, values such as trust, openness, keeping and honouring promises, attainment of respect between all stakeholders, cooperation, and viewing the market as the focal point, need to be embedded in the culture. However, they claim that in order to create a market-oriented firm, various interdependent changes are required at individual, group, and organizational levels. They also indicate that their analysis, as reflected in their proposed model, suggests that *“creating a market-oriented organization is essentially a process of cultural transformation”* (Gebhardt et al., 2006, p. 51) and that in order to create cultural change in an organization, one must delegate, share and communicate market experience. This will provide the organization’s members with shared meaning and purpose. Accordingly, they claim that their model for creating market orientation differs from those proposed by Jaworski and Kohli (1993) and Kirca et al. (2005), simply because their model reveals that the process is more complex and richer than other researchers have suggested.

In fact, while the supporters of the behavioural perspective, such as Kohli and Jaworski (1990) suggest that the activities of market orientation are separate from organizational culture, others suggest that the organizational culture is what encourages and fosters the behaviour and leads to market orientation (Homburg and Pflesser, 2000; Moorman, 1995; and Narver et al., 1998). Therefore, Gebhardt et al. (2006) argue that their analysis provides additional support for the cultural perspective. In addition they claim

that their model for successful transformation will provide the organization with the culture that supports and facilitates market-oriented activities, foster the shared understanding of the market, and provide the organization with learning capabilities. Therefore, the cultural values are critical to the emerging process of the new organization, bearing in mind that intra-organizational distribution of power and organizational learning play an important role in creating and sustaining market orientation.

3.2.6 The system-based approach

Becker and Homburg claim that their review of literature “*shows that there is no integrative conceptualization of market orientation management*” (Becker and Homburg, 1999, p.20). They add that, except for the human resource management issues, which have been studied from a market-orientation perspective, no other issues have been studied (see Martin et al., 1998; and Harris and Ogbonna, 2001b). However, they suggest a different perspective of market orientation which they define as “*the degree to which the different management systems of an organization are designed in a market-oriented way*” (Becker and Homburg, 1999, p. 20). They further suggest a market-oriented management model that consists of an organizational system, information system, planning system, controlling system, and human resource management system. They also suggest an approach to designing these various management systems in order to represent the market-oriented management approach. However, they argue that even though their findings provide evidence that market-oriented management has a significant effect on business performance; it has no direct effect on financial performance. Therefore, they suggest that practitioners and managers should focus not only on the financial figures when evaluating the relationship, but also on market-related performance measures such as customer satisfaction and loyalty. They also claim that their measurement instrument can be employed to measure the existing degree of market-oriented management, and to assess the required level of management interventions needed to increase market orientation in the firm. On the other hand, it can be argued that while various studies suggest different scales for measuring the level of market orientation, they have not examined empirically the required organizational structure and changes that are needed to become a customer-orientated firm (Homburg et al., 2000; Jaworski and Kohli, 1993; Deshpandé et al., 1993; Slater and Narver, 1994b; and Deshpandé and Farley, 1999). Therefore, they discuss the implementation of a customer-focused organizational structure and identify the main determinants of such an organization as the information system, the accounting system, the planning system, the reward system, and the human resource management system. Furthermore, Homburg et al. (2004) discuss market orientation from a strategy implementation perspective. They suggest that the role of market orientation has not been addressed

properly by researchers from a strategy implementation perspective. Therefore, they claim that their findings provide evidence that market orientation is one of the important organizational intangible variables that play a critical role in the context of strategy implementation.

3.2.7 The management behaviour approach

Harris (1996) focuses on the cultural perspective as an important basis for facilitating the adoption of market orientation. He notes that the cultural perspective attracts different scholars attempting to define a market-orientation culture (Narver and Slater, 1990; Webster, 1992; and Deshpandé et al., 1993). Jaworski and Kohli's (1990 and 1993) definition of market orientation focuses on the behavioural aspect rather than the abstracts themselves and, therefore, their work can be considered as contributing to a logical, coherent and comprehensive model of market orientation (Harris, 1996). However, Harris (1996) asserts that Jaworski and Kohli were not able to produce a definitive model due to the complexities of their findings, which were not represented in a modular form. Accordingly, he suggests that market orientation should be viewed as a state of mind rather than a flow of information and that a market-oriented culture is *“the dominant, dynamic segment of an organization whose marketing attitudes and actions are geared toward the market”* (Harris, 1996, p. 360). Accordingly, he claims that management's desire for a fully prescriptive model has not yet been fulfilled and hence suggests that executives should consider relevant issues that include top management commitment and support, understanding the degrees of departmental conflict and connectedness, the organizational structure and the style of the reward system. He adds that the ability and capability of the organization's information systems to generate and disseminate the required information and the firm's responsiveness to various environmental influences must also be considered in its attempt to adopt market orientation.

On the other hand, Harris and Ogbonna (1999) argue that while many marketing authors suggest that the marketing orientation can be adopted as a management philosophy, the organizational culture theory contradicts such arguments. They claim that organizational culture is pluralist in nature. Therefore if we accept that a market-oriented culture has an organization-wide cultural dominance, then the market-orientation subculture dominates and controls all the other organizational subcultures (Harris, 1998; Harris and Ogbonna, 1999). Furthermore, if the organizational culture is created through work experiences that are accumulated by all employees within the organization, then there is a weak potential for cultural dominance by any other subculture. In addition, if one assumes that cultural dominance is possible, then a number of contextual factors will influence the different subculture interaction processes (Harris and Ogbonna, 1999). It is worth noting in this context that different studies that have examined

the development of market-oriented culture have assumed that culture is an organizational variable and is governed and manipulated by management (Narver and Slater, 1990; Payne, 1988; and Webster, 1994b). However, after discussing the issue of cultural dominance, Harris and Ogbonna (1999) criticize this view and instead claim that cultural change can only be realized either through revolutionary or evolutionary approaches. They emphasize the management behavioural approach and argue that market-oriented change must be achieved through political manoeuvring of marketing and top management (see also Piercy, 1989; Whittington and Whipp, 1992). Furthermore, Harris and Piercy (1999) claim that their findings contradict assumptions that becoming a market-oriented organization is an easy task and strongly suggest that certain management behaviours are required since such behaviours are important determinants of successful adoption of market orientation in the service industry. Therefore, building market orientation will be a difficult task, because political manoeuvring, conflict and formalized behaviour are associated with a low level of market orientation. They add that building effective market orientation requires the development of programmes that help to overcome tendencies towards political manoeuvring, conflict and friction between various management groups or functional areas. Finally, they claim that when a positive relationship exists to enhance the amount of internal communications through the creation of a successful conflict resolution system, then a higher level of market orientation can be achieved. In addition, management must establish and support effective feedback mechanisms that facilitate top management intervention to take corrective action, modify, and customize change as required or recommended to facilitate market-oriented cultural change (Harris and Ogbonna, 2000). In fact, Harris and Ogbonna (2000) claim that their findings provide evidence that the development of market orientation will require more than just systems, functions, and procedures. They argue that the success of a culture change programme will depend on the employees who are responsible for implementing it, especially the front-line employees. Accordingly, they suggest that management, through the understanding of potentially different employees' reactions to change, will facilitate their change efforts more effectively and efficiently.

Furthermore, Harris and Ogbonna (2001a) assert that although various studies indicate that management behaviour is a key determinant for the adoption of market orientation, it can become a barrier to developing a market-oriented culture. Their study finds that participative and supportive leadership styles have a strong positive relationship with the level of market orientation achieved, but the instrumental leadership style has a negative relationship with market orientation. Therefore, they argue, this positive relationship indicates how the process can be managed through creating and maintaining an appropriate environment that facilitates market-oriented change (see also Harris, 2002a).

Harris and his colleague have provided a number of empirical studies exploring the process of becoming a more market-oriented business organization, which have continued to contribute to the body of knowledge and emphasis on management behaviour in the implementation process of market orientation (see Harris, 1996; Harris, 1998; Harris and Piercy, 1999; Harris and Ogbonna, 1999; Harris, 2000; Harris and Ogbonna, 2000; Harris, 2001; Harris and Ogbonna, 2001a; Harris and Ogbonna, 2001b; Harris, 2002a, and Harris, 2002b).

There is no doubt that with such different implementation approaches to market orientation, executives and managers will be provided with some guidance on how to implement or enhance the level of market orientation in their organizations (Raaij and Stoelhorst, 2008). However, Stoelhorst and Raaij (2004) have suggested a unified framework that can integrate the different perspectives (see Figure 3.1).

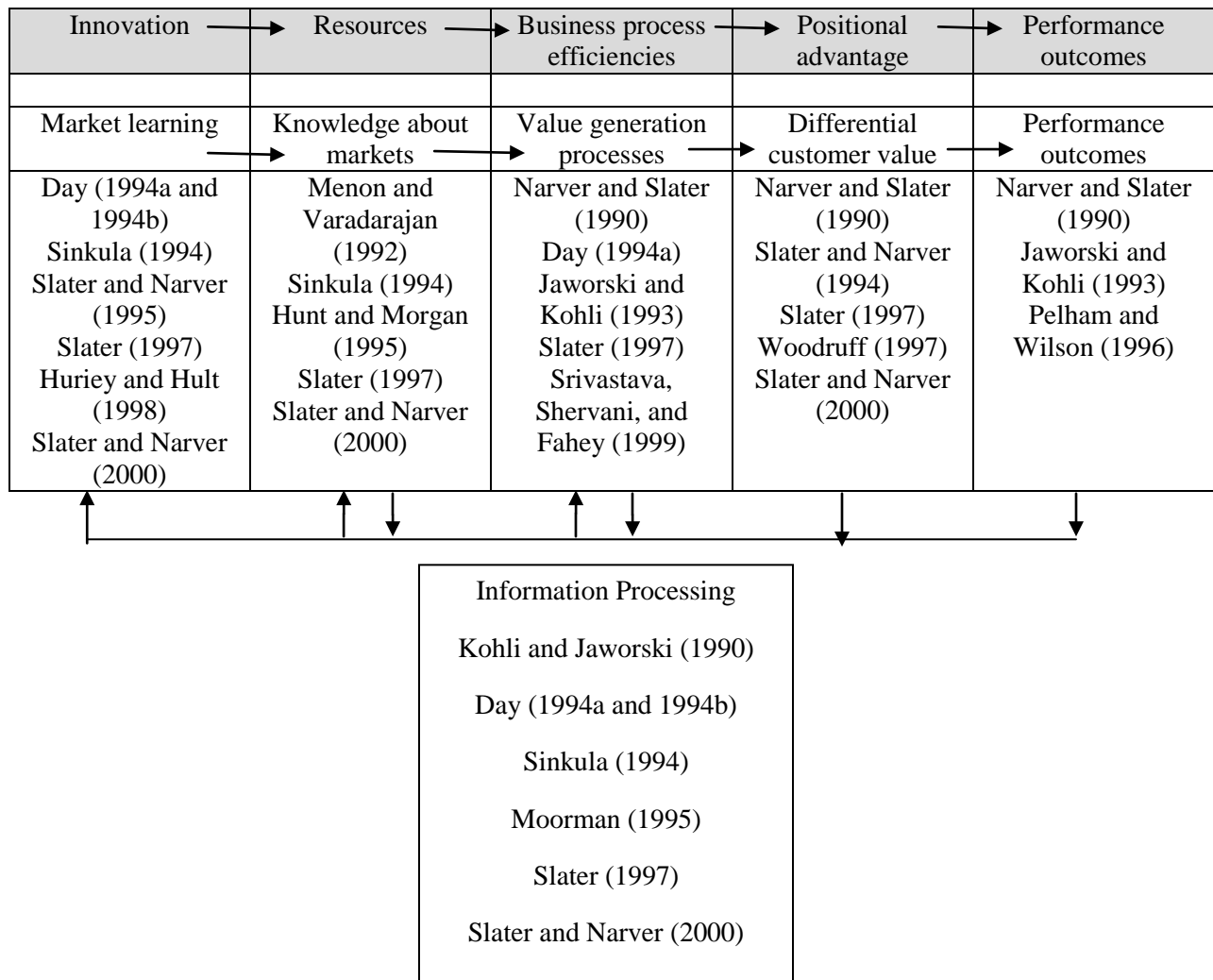


Figure 3.1: An integrative perspective on market orientation.

Although this framework provides an integrative perspective that can help and guide practitioners through the implementation process, one can argue whether an integrative approach to implementation can be applied in a context different from those where it was developed. Furthermore, on the assumption that customer value is created through the business processes, one can expect that these processes will be considered as core for successful implementation of market orientation (Stoelhorst and Raaij, 2004). Thus, it depends on the firm's ability to generate market knowledge that can be employed in business processes to create and deliver superior value for customers (Stoelhorst and Raaij, 2004).

While there is a need for an integrative approach for implementing market orientation (Hunt and Lambe, 2000; Raaij and Stoelhorst, 2008) it can be argued that there is also a need to examine whether such an integrative framework can be generalized and used in different contexts and levels of economic development. Raaij and Stoelhorst (2008) claim that this perspective supports the various studies which suggest that innovativeness and new product development mediate the relationship between market orientation and performance (see Han et al., 1998; and Langerak et al., 2004). Accordingly, they argue that executives and managers must first diagnose the current situation of their organizations and focus their attention on the process of generating, disseminating, and utilizing information to facilitate the creation and delivery of superior value to customers. They assert that once the processes that need improvement have been identified, one can focus on the enablers that facilitate the creation of market knowledge, which can be used to deliver the value to customers.

In fact, Raaij and Stoelhorst (2008) identify different enablers, which include the organizational structure, the processes' design, the information system, the appraisal and reward system, the organization leadership, the norms and value that shape and guide members' behaviour, and the availability of competence management. Therefore, managers must first assess the existing barriers to improve the level of market orientation in their firms in order to achieve a successful implementation process. In addition, Raaij and Stoelhorst claim that the absence of ***“these enablers can alone or in combination turn out to be barriers to implementing a market orientation”*** (Raaij and Stoelhorst, 2008, p.1286). So they suggest that market orientation is the process of learning how to create and deliver superior value to customers through the generation, dissemination, and utilization of market knowledge.

This raises the question as to whether the above-mentioned enablers are understood and interpreted in underdeveloped or developing countries in the same way that they are understood and interpreted in more developed countries with different cultural and contextual backgrounds. In addition, one can argue that organizations in economies going through major transitions and market-freeing processes especially in resource-based economies may have a different understanding and interpretation of what it takes to

become a market-oriented business organization. It is also worth noting here that while such an integrative approach provides insights and guidance to managers willing to implement market-orientation in their businesses it might complicate the process of measuring the existing level of market-orientation if trying to measure of various constructs belonging to different suggested conceptual frameworks.

Raaij and Stoelhorst acknowledge the crucial role of market-orientation antecedents in increasing the level of market orientation within a firm (Hult et al., 2005), but argue that *“the mediating role of product development and innovation suggest that improving market orientation as such may not be enough to improve a firm’s performance”* (Raaij and Stoelhorst, 2008, p.1272). They explain that such implementation of market-orientation depends on the approaches used by the firm to improve its core business processes. In addition, Hunt and Lambe (2000) while attempting to discuss the contribution of marketing to business strategy focusing on market-orientation, relationship marketing and the resource-advantage theory, they conclude that market-orientation has operationalized and enhance the marketing concept (see Kohli and Jaworski, 1990). They assert that market-orientation *“is considered by many (Kohli and Jaworski, 1990; Hunt and Morgan, 1995) as a measure of the behaviours and activities that reflect the marketing concept”* (Hunt and Lambe, 2000, p. 25). Such an argument provides support for Deshpandé’s (1999) definition of market orientation, which has been adopted as a preliminary definition for this study.

3.3 The measurement instruments of market orientation

Based on the different definitions and different implementation approaches proposed for market orientation, one expects that there will be different scales that have been used to measure the level of market orientation within business organizations. Therefore, reviewing the literature covering the measurement and scales may reveal various issues that must be considered, including what is missing and needs to be investigated.

Churchill (1979) criticizes the way marketers measure variables. He also criticizes marketers’ definitions and measures of the reliability and validity of what they are using to measure the various constructs. Instead he suggests a framework and procedures by which measures of constructs can be developed successfully. Accordingly, he claims that *“the rigour with which the rules are specified and the skill with which they are applied determine whether the construct has been captured by the measure”* (Churchill, 1979, p. 65). In addition, he argues that undertaking the sampling process systemically and scientifically is not enough to provide content validity of the scale employed. Furthermore, the ambiguity

of the questions and other influences tend to produce errors in the measure due to human factors (Churchill, 1979). If respondents have to guess the meaning of a vague question in a questionnaire, the *“subsequent calculation of item-to-total correlation will then suggest the item to be eliminated”* (Churchill, 1979, p. 69). Churchill (1979) also claims that *“specifying the domain of the construct, generating items that exhaust the domain, and subsequently purifying the resulting scale should produce a measure which is valid and reliable”* (Churchill, 1979, p.70). Accordingly, he suggests that researchers undertaking applied research should ensure that they complete the process through four steps. These four steps comprise articulating a precise and clear definition, generating items that capture the specified domain, purifying the measures, and assessing the reliability and validity of the scale. Therefore, and based on Churchill (1979), It is therefore important to identify and understand the various dimensions of the phenomenon that will foster the articulation of a precise and clear definition and, accordingly, based on the review of literature including previous studies and scales employed, generate items that capture the specified domain, then collect data to facilitate the purification of measures and assess the reliability and validity of the scale.

Webster (1994a) argues that even though Narver and Slater (1990) did not suggest any measures related to the business unit culture, they employed the cultural concept to interpret some of their findings and results. In fact, different studies have used the Narver and Slater (1990) and Kohli et al. (1993) suggested scales of market orientation based on the assumption that these measures were developed and refined and produced valid and reliable results (Diamantopoulos and Hart, 1993; McDermott et al., 1993; Greenley, 1995a and b; Pitt et al., 1996; Appiah-Adu, 1997; Harris and Piercy, 1999; Lonial and Raju, 2001; Atuahene-Gima and Ko, 2001; and Calantone et al., 2003). However, when it comes to measuring the market orientation and performance relationship, various studies have employed either subjective or objective measures while others use both (Dess and Robinson, 1984; Robinson and Pearce, 1988; Venkatraman and Ramanujam, 1986; and Greenley, 1995a and b). In addition, Greenley (1995b) argues that the findings of the Narver and Slater (1990) study address the form of market orientation that exists in the companies rather than measuring the degree of market orientation. Therefore, he asserts that his results provide new insights and empirically illustrate the multidimensional nature of market orientation. He claims that the combination of variables with different degrees of importance in each of the different forms of market orientation illustrates how each company focuses on market-related phenomena. Greenley’s (1995b) results provide support for the 3-component model suggested and used by Narver and Slater (1990), and suggest that there are *“differences in the relative importance of the variables that make up customer, competitive and inter-functional co-ordination orientation”* (Greenley, 1995b, p. 62).

But if market orientation is about being able to create and deliver value to customers through a comprehensive understanding of their needs and wants and being responsive to the generated intelligence, then the achievement of customer satisfaction and retention is the ultimate goal. However, Jones and Sasser (1995) argue that sometimes customer satisfaction does not correlate highly with the organization's performance, or it does not keep up with changes that occur in the customers' needs and wants. In addition, Woodruff (1997) argues that the application of customer satisfaction measurement has fallen short of its promise for several reasons. He explains that although many organizations set customer satisfaction goals, few of them have rigorously measured it. Furthermore, Dutka (1994) argues that even if companies measure customer satisfaction, they do not act on their findings. Therefore, he asserts that understanding thoroughly the customer-perceived value and what drives customer evaluation can provide guidance to managers in order to design and deliver their responses.

Furthermore, Farrell and Oczkowski (1997) question the suitability of MKTOR as a composite measure of market orientation. In fact, they question which of the different dimensions of MKTOR determines business performance. They argue that focusing on customer versus competitor may lead to different results that may be based on particular environmental conditions. On the other hand, Gray et al. (1998) claim that academics and practitioners have failed to provide empirical support for market orientation. They explain that this is because both academics and practitioners fail to establish a model of market orientation that can be generalized and can precisely and adequately measure market orientation in different contexts to enable managers to employ it and pinpoint their organization's shortcomings. They claim that the problem is partly related to definitions because there seems to be confusion between the term 'market orientation' and the implementation of that concept. They claim that another difficult problem is the unresolved issue of how to measure company performance especially as the debate continues "*over the applicability and reliability of various organizational and social measures*" (Gray et al., 1998, p. 885). Therefore they argue that "*given the diverse range of research methodologies, measures and sample frames employed, it is unsurprising that there has been only limited validation*" (Gray et al., 1998, p. 885). In addition, they assert that Narver and Slater's scale (1990) has been validated to some degree in both the Canadian (Deng and Dart, 1994) and UK (Greenley, 1995a and 1995b) contexts, while Jaworski and Kohli's scale (1993) has not received enough attention from researchers attempting to develop market-orientation measures in contexts other than the USA.

Narver and Slater (1990) suggested and employed the MKTOR scale with a 15-item and 7-point Likert-type scale, whereby market-orientation is conceptualized as a one-dimensional construct, with three components, namely: customer-orientation, competitor-orientation, and interfunctional coordination. Therefore, the simple average of the scores of the three components is the market-orientation score.

However, this scale included another 6-item scale measuring the long-term view and profit emphasis (Narver and Slater, 1990). On the other hand, Kohli et al. (1993) suggested and employed the MARKOR scale with a 32-item, 5-Likert scale, whereby only the ends of the scale were specified. Market orientation is composed of three components or constructs, namely: intelligence generation (measured by 10 items), intelligence dissemination (measured by 8 items), and responsiveness (measured by 14 items) (Kohli et al., 1993). Gauzente (1999) argues that from a statistical point of view MARKOR's reliability is considered to be lower than the MKTOR scale (see also Pelham, 1993; and Pelham and Wilson, 1996), and *“does not achieve simple factor structure”* (Gauzente, 1999, p. 76). She argues that neither of these two scales can be used in their original form. Her argument is supported by previous studies (Farrell and Oczkowski, 1997; and Oczkowski and Farrell, 1998). However, although customer orientation was considered by Narver and Slater (1990) as the most important component compared with the other two components, Kohli et al. (1993) criticizes such over-representation of this component. However, Gauzente (1999) argues that MKTOR is measuring customer-orientation rather than market-orientation. She concludes that MARKOR is more consistent with the definition proposed by its developers. In addition, Farrell and Oczkowski's (1997) analysis led them to reduce the original 32-item scale related to MARKOR to just a 10-item scale. They also suggest that MKTOR can be employed with only an 8-item scale, which will produce a better fit with the model. However, the work of Deshpandé and Farley (1999) undertaking a meta-analysis of the three market-orientation scales including MKTOR, MARKOR, and the scale suggested and employed by Deshpandé et al. (1993) provided a final 10-item scale which is in line with Deshpandé's (1999) definition of market-orientation.

Deshpandé and Farley (1998) argue that in order to obtain substantive generalizability of the scales suggested by Narver and Slater (1990), Kohli et al. (1993), and Deshpandé et al. (1993), it is necessary to examine whether the three scales will behave similarly under a fixed set of conditions. They also assert that the cross-national application is intended to assess the international generalizability related to the measures applied in different contexts and countries. However, some studies have reported either a significant positive correlation between Kohli et al.'s (1993) scale and subjective performance measures in the USA and Sweden, or report that the findings from five different countries were not consistent in relation to the regression effect of market orientation on performance (Selnes et al., 1996; Deshpandé et al., 1997) Others employed the scale in a different context and reported that they favoured Kohli and Jaworski's (1990) proposal of market orientation (Varela and Rio, 2003). Matsuno et al. attempted to refine and validate the MARKOR scale and reported that their suggested scale had *“exhibited improved and more desirable properties than the MARKOR scale in terms of undimensionality and reliability”* (Matsuno et al., 2000, p. 353). Deshpandé and Farley define reliability as *“patterns of high inter-*

correlations among the elements in a scale which indicates that they constitute a coherent whole in measuring a concept" (Deshpandé and Farley, 1998, p. 216). They add that from the reliability point of view, the Narver and Slater (1990) and Deshpandé et al. (1993) scales had acceptable levels of reliability, concluding that all three scales correlated significantly and positively with the validity check for market orientation. Because it is important to measure market orientation, these three scales were employed later in different settings and contexts in order to expand the venues of research. When they examined the predictive validity of these scales, they noted that the three scales significantly correlated with both performance measures. Lado et al. observe that even though Kohli et al.'s (1993) empirical procedure "*is more systematic than Narver and Slater (1990)*", it has received certain criticism (Lado et al., 1998, p.24). It has been criticized on a methodological basis because they employed small samples from different economic sectors without providing information related to the type, nature, and characteristics of these organizations.

Kumar et al. (1998) emphasize the importance of the different factors and forces that shape the environment and suggest that each has a distinct influence on organizational performance. Accordingly, they argue that even though Narver and Slater (1990) made a major contribution in exploring the nature of market orientation and its relationship to performance, "*their efforts to construct a valid and reliable measure of market orientation were only partly successful*" (Kumar et al., 1998, p. 202). They further argue that Narver and Slater (1990) in their attempt to validate their hypotheses of the five components did not meet the scale reliability criteria. Accordingly, they claim that their own revised and expanded market-orientation scale provides "*a reliable and valid measure of all the five components of market orientation*" (Kumar et al., 1998, p. 225). They claim that adding the long-term focus and survival and growth/profit emphasis components to their scale allows them to measure market orientation as it was conceptualized by Narver and Slater (1990). Ward and Lewandowska (2008) assert that MKTOR can be considered as a one-dimensional score of marketing orientation (see Narver and Slater, 1990). Others argue that the determinants of market orientation are those factors which influence the process of developing a set of the required attitudes and behaviours that will guide the entire organization to adopt and enhance the concept of market orientation (Avlonitis and Gounaris, 1999).

According to Harris and Ogbonna (1999), cultural theorists have continually claimed that in order to reveal cultural breadth and depth, culture must be examined in depth terms, however, they note that the nature and limitations of certain forms of quantitative research prevent researchers from exploring certain aspects of organizational culture. Therefore, they claim that because of such difficulties in examining the organizational culture, Kohli and Jaworski (1990) focus on the behaviour and systems employed. This may be why Kohli and Jaworski were not able to capture the breadth of any given business's culture in

their study (Harris and Ogbonna, 1999). Harris and Ogbonna (1999) point out that the limitations of the existing conceptualization of market-oriented culture and the theories of developing a market-oriented culture indicate that there is a need for further theoretical development in order to enhance the body of knowledge. They add that “*many components of culture cannot adequately be studied using the predominant methodology employed by the marketing discipline*” (Harris and Ogbonna, 1999, p.190). They continue, arguing that conceptualization of market orientation cannot be comprehensive and complete due to the absence of cultural components. In fact, they argue that there is a need to develop a more advanced conceptualization of the market-oriented culture that takes into account the cultural incongruence and inconsistency.

Deshpandé and Farley (1999) undertook a meta-analysis of the three market orientation scales suggested by Narver and Slater (1990) (MKTOR); Kohli et al. (1993) (MARKOR) and Deshpandé et al. (1993) and assert that even though the three different scales have been developed independently, they are similar in terms of reliability and have shown internal and external validity when they have been employed. Therefore, they suggest a customer orientation scale, which they claim can be used with other measurement schemes and with different samples (see Deshpandé and Farley, 1998). When synthesizing the three scales, Deshpandé and Farley (1999) used the 44 items from these scales, and undertook a factor analysis. Based on such analysis they suggested a 10-item scale, which deals with the customer focus notion of market orientation. In fact, other issues such as competitive intelligence, competitor orientation, and human resources that are drivers of market orientation were not included in this scale. However, they claim that the 10-item scale was examined for its reliability, inter-item correlation, and consequently the Cronbach’s alpha coefficient was found to be extremely robust.

It is worth noting here that the Deshpandé et al. (1993) scale was developed to measure businesses’ levels of customer orientation as part of a broader study to explore the impact of corporate culture, innovation, and market orientation. While Deshpandé et al.’s (1993) scale was used to undertake a cross-country comparison (see Deshpandé et al., 1995), the Narver and Slater scale was employed to explore whether a competitive environment moderates the relationship between market orientation and performance (see Slater and Narver, 1994). In addition, Selnes et al. (1996) conducted a cross-country comparison using the Kohli et al. (1993) scale. Despite the emphasis Narver and Slater (1990) assign to customer orientation, it is considered by them as one of the components of market-orientation, they in fact measure customer orientation focusing on firm or SBU activities such as understanding customer needs, measuring customer satisfaction, commitment to create customer value, and after-sales services. On the other hand, Deshpandé et al. (1993) were measuring customer-orientation focusing on the norms that operate in the businesses.

Therefore, they were considering the firm’s corporate culture as a driver of becoming more customer-oriented.

With regard to the cross-national measurements of market orientation Deshpandé and Farley (1999) assert that the major concern is whether the scales developed and tested in a given national culture and context can be transferred usefully to other environments and contexts. Therefore, they argue that Deshpandé et al.’s (1993) scale has the broadest international application even in developing countries such as India, China, Vietnam and Thailand and industrialized countries such as Hong Kong, Japan, England, and Germany. On the other hand, they report that Kohli et al.’s scale (1993) was highly reliable when applied in Scandinavia. They conclude, therefore, that the scales have proven reliable when used in different countries and cultures other than the countries where they were developed. However, it is worth noting here the question of whether the market-orientation scale suggested by them will prove to be reliable in other contexts than where it has been employed and tested previously.

Finally, Raaij and Stoelhorst (2008) argue that even though the Narver and Slater scale (MKTOR) and the Kohli et al. scale (MARKOR) have been employed by several researchers either in their original forms or as the basis for adapted scales, both scales have been criticized for various reasons, the most important being that they are not useful as a diagnostic tool (see also Gabel, 1995; Wensley, 1995; Steinman et al., 2000; Van Bruggen and Smidts, 1995). They argue this on the grounds that the two scales were developed originally to assess the differences in the level of market orientation across companies.

The next two tables (3.1 and 3.2) illustrate Deshpandé and Farley’s (1999) 10-item proposed scale, and Dawes’ (2000) customer perception of the businesses’ responsiveness to their needs and expectations.

		Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
		1	2	3	4	5
1	Our business objectives are driven primarily by customer satisfaction.					
2	We constantly monitor our level of commitment and orientation to serving customer needs.					
3	We freely communicate information about our successful and unsuccessful customer experiences across all business functions.					

4	Our strategy for competitive advantage is based on our understanding of customers' needs.					
5	We measure customer satisfaction systematically and frequently.					
6	We have routine or regular measures of customer service.					
7	We are more customer-focused than our competitors					
8	I believe our business exists primarily to serve customers.					
9	We poll end-users at least once a year to assess the quality of our products and services.					
10	Data on customer satisfaction are disseminated at all levels in our business organization on a regular basis.					

Table 3.1: Deshpandé and Farley (1999) 10-item proposed scale

Customer responsiveness scale

	Scale Item	Source
1	The firm responds very quickly to negative customer satisfaction information	Adapted from MARKOR scale (Kohli and Jaworski, 1993) item 31 'when we find out that customers are unhappy with the quality of the service we take corrective action immediately'.
2	The firm responds quickly to changing customer requirements	Adapted from MARKOR scale (Kohli et al., 1993) item 32 'When we find out that customers would like us to modify a product or service the department involved we make concerted efforts to do so'.
3	If customers complain, changes are made very quickly	Adapted from MARKOR scale item 28 'Customers complaints fall on deaf ears in this business unit'.
4	The firm is quick to respond to factors affecting its market	Adapted and significantly altered from MARKOR scale (Kohli et al., 1993) item 30 'We are quick to respond to significant changes to our competitors' pricing structures'.

5	A high priority is placed on implementing changes to increase future customer satisfaction	Based on Kohli and Jaworski's (1990) statement 'Market intelligence is a broader concept as it includes consideration of current as well as future needs'.
---	--	--

Table 3.2: Dawes (2000) 5-item proposed customer responsiveness scale

Deshpandé and Farley's (1999) 10-item proposed scale was adopted originally because it is the result of their meta-analysis and reflects Deshpandé's (1999) definition of market-orientation, which has been adopted preliminarily for this study. On the other hand, Dawes' (2000) customer responsiveness 5-item scale was adopted, only changing some of the wording to facilitate respondents' understanding. The researcher chose to use an adapted version of Dawes' (2000) customer responsiveness scale because it could help in reflecting customers' perceptions of the business organisations' level of market-orientation based on these businesses' responses to customer needs and expectations. However, both scales will be revised based upon the findings of the qualitative study and the feedback after consulting the participants about whether they are suitable to capture the level of market-orientation from the two perspectives or whether there is a need for further adaptation. This is because there is a lack of empirical studies in the literature exploring the dimensions and identifying the constructs of market-orientation in a resource-based context.

3.4 The conceptual model

Kohli and Jaworski (1990) identified various market-orientation constructs and conceptualized the antecedents and consequences of market orientation in the USA context. They explained in detail the various constructs of market orientation to include intelligence generation, intelligence dissemination, and responsiveness of the organization to the gathered, disseminated and interpreted intelligence. Jaworski and Kohli (1993) proposed a conceptual framework supported by their empirical study findings notwithstanding that criticism of the study related to the size of the sample (Lado et al., 1998). Their conceptual model provides a visual understanding of their model of market orientation; its antecedents and consequences (see Figure 3.2). It is worth noting here that even though their proposed definition fostered the operationalization of market orientation, it focuses on the organizational behaviour rather than the constructs (Harris, 1996). In addition, Kumar et al. argue that "*market orientation can be viewed as continuous rather than a dichotomous either-or construct*" (Kumar et al., 1998, p. 204).

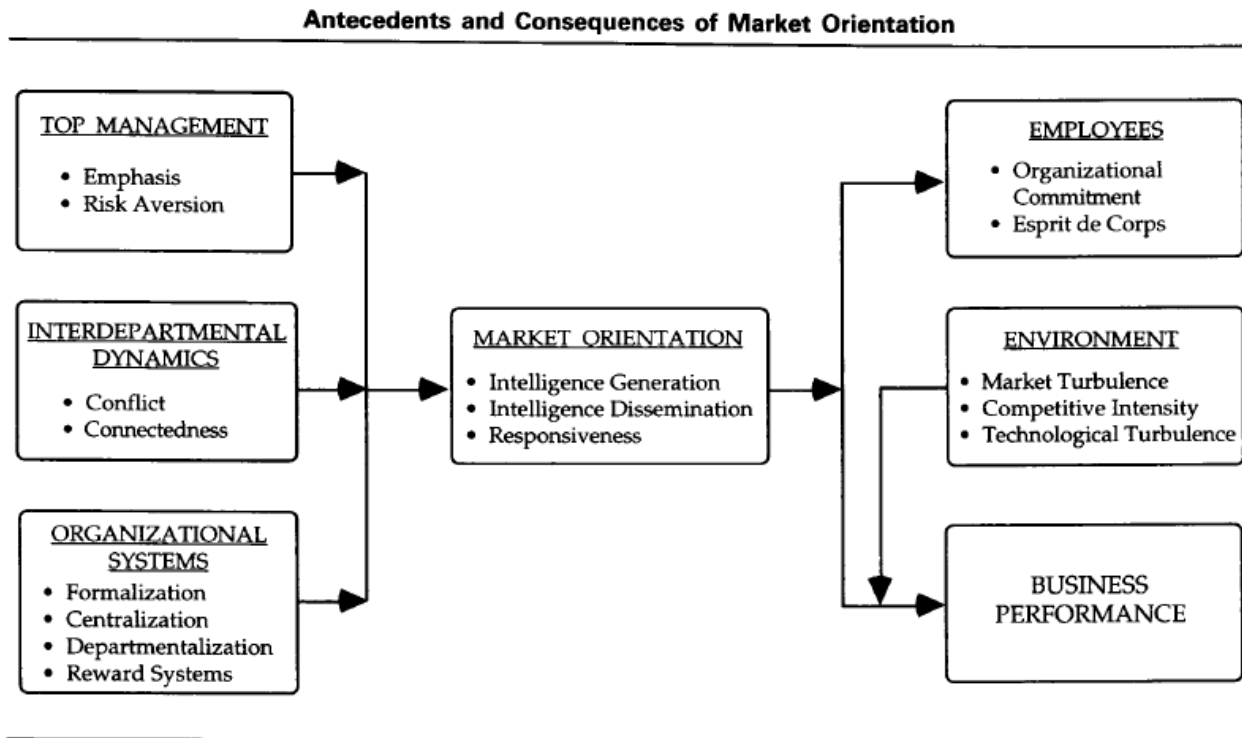


Figure 3.2: Jaworski and Kohli Conceptual Model (1993, p. 55)

In addition, Narver and Slater (1990) conceptualized the relationship between market orientation and organization performance arguing that for a business organization to attain a consistently enhanced performance, it must be able to create a sustained competitive advantage that would foster such performance. However, based on their review of the literature, they suggest that market orientation consists of three behavioural components, which are customer orientation, competitor orientation, and inter-functional coordination. In addition to these three components they suggest two more decision areas related to long-term focus and profitability. Figure 3.3 illustrates their conceptual model of market orientation.

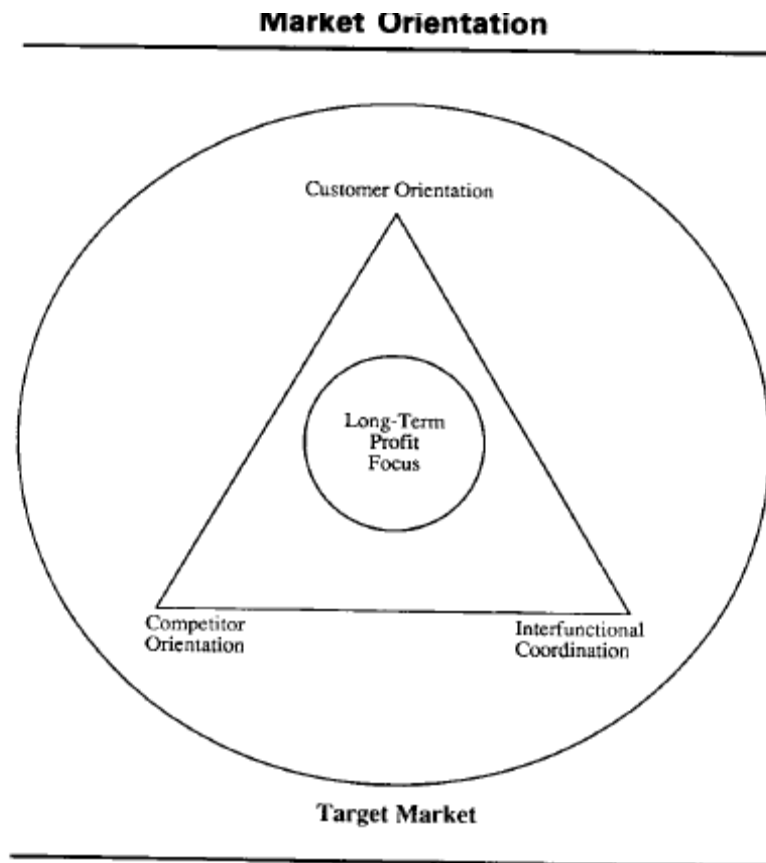


Figure 3.3: Narver and Slater conceptual model. Source: Narver and Slater (1990, p. 23)

Deshpandé et al. (1993) undertook an exploratory study designed to examine the relationship between corporate culture, market orientation, innovativeness and organizational performance, collecting data from both vendors and customers. Based on their approach, one can assume that they are considering organizational culture as an integrated component that can facilitate (or prevent) an organization becoming more market oriented and, hence, more responsive in creating better value for customers. Accordingly, they report that “*firms with cultures that are relatively responsive (market) and flexible (adhocracy) outperformed more consensual (clan) and internally oriented, bureaucratic (hierarchical) cultures*” (Deshpandé et al., 1993, p. 31).

Furthermore, more studies have been undertaken investigating the impact of organizational culture on the process of becoming market oriented (Narver and Slater, 1990; Slater and Narver, 1994a; Harris, 1996; Harris and Piercy, 1999; and Harris, 1998). In fact, Harris (1998) notes that market-oriented culture may be viewed as the dominant culture through the entire organization. Other studies have conceptualized

market orientation based on the development of the organization's capabilities that would foster the creation and delivery of superior value to customers through learning and developing market-sensing capability (Day, 1994a and b; Salter and Narver, 1995). However, despite many studies having adapted the measurement instruments suggested and employed by Narver and Slater (1990) and Kohli et al. (1993) (see Pelham and Wilson, 1996; Pelham, 1997a and b; and Pelham, 1999), other studies have used these scales with some adaptation (Vorhies et al., 1999; Matsuno and Mentzer, 2000; Dawes, 2000; Matsuno et al., 2002; and Olsen and Olsen, 2004). However, based on the assumption that creating superior value for customers is a driver of the creation of sustainable competitive advantage and also that market orientation is a key success factor that predicts the organization's long-term competitive position, Kyriakopoulos et al. (2004) argue that market orientation and hence superior performance can be conceptualized as the result of three components. They conceptualize these components as "cooperative structure", "entrepreneurial cooperative firm culture", and the "control variables" (see also Deshpandé, 1999; Homburg and Pflesser, 2000; and Narver and Slater, 1990).

Matsuno et al. (2005) consider the various factors including organizational culture as antecedents to organizational behaviour and the way that business is conducted. Therefore, they suggest an extended market-orientation conceptual model that reflects only the firm's behavioural approach constructs. In addition, they suggest an extended scope of market factors that includes customers, competition, suppliers, regulatory factors, social/cultural trends, and the macroeconomic environment. They conceptualize that this leads to the realization of the economic and organizational consequences that are influenced by certain moderators. They suggest that business performance is the result of the interaction between "*the firm and its internal and external environments in which it operates*" (Matsuno et al., 2005, p.3). This is understood to mean that while external environment factors such as market characteristics and level of competitiveness may stimulate businesses to become market oriented, business activities and behaviour will be influence by the level of Government and regulatory body interference through regulations and legislation governing such activities. However, although businesses may be stimulated by such market conditions (see Hadcroft and Jarratt, 2007), they need to tune their organizational structures, adopt a market-related appraisal and evaluation system, improve their interdepartmental connectedness, and secure top management commitment toward the achievement of customer satisfaction. Additionally, in order to facilitate such a process one can argue that cultural change may be required with shared values and norms that consider customer and customer satisfaction as a focal point. Figure 3.4 illustrates their extended conceptual model of market orientation.

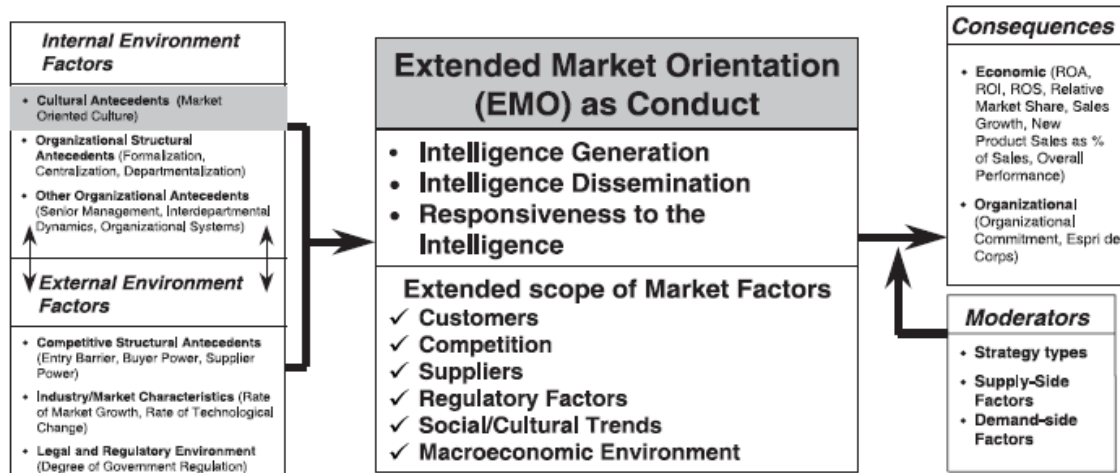


Figure 3.4: Extended conceptual model. Source: Matsuno et al. (2005)

The extended market-orientation model reflects the behavioural activities and the way the firm conducts its business, in addition to the extended scope of market factors. Matsuno et al. (2005) conceptualized that both aspects lead to the realization of the consequences, albeit influenced by certain moderators.

Furthermore, an interesting issue highlighted by Ellis (2005) is that *“before any claims regarding the robustness of the market-orientation construct can be made, more research is needed from developing nations”* (Ellis, 2005, p.632). He argues that market-orientation is to a certain extent affected by the context in which the research is undertaken because of the different levels of economic development and market conditions (see also Ellis, 2004a). In fact, Ellis (2004b) undertakes a meta-analysis of the extended research and his findings reveal that the relationship between market orientation and performance is significantly correlated with the nation’s gross national income. Certainly, in some developing and underdeveloped countries where government intervention is high or businesses are operating in monopolized markets, market orientation might not be a potent predictor of businesses performance. This provides further support for the need to explore the level of market orientation in a resource-based economy context. In addition, Ellis (2005) explores and discusses market orientation and marketing practice in a developing economy. He argues that *“conditions in developing economies are qualitatively unlike those found in mature markets. Products are typically in short supply, consumers have fewer choices, supply chains are unreliable, and prices often do not reflect the true state of supply and demand owing to government intervention in the market”* (Ellis, 2005, p. 634). However, if we add to

all of that the fact that information is neither available nor reliable then important components of market orientation such as intelligence generation will be affected by such a situation (Kohli and Jaworski, 1990; Ellis, 2005). It is also worth noting here that Ellis's (2005) findings reveal that while marketing practice has a greater impact on a firm's performance, market orientation does not correlate with the firm's performance or customer satisfaction. Furthermore, the cultural transformation approach (Kennedy et al., 2003; Gebhardt et al., 2006) to implement market orientation suggests a different conceptualization. This was clearer in the work undertaken by Gebhardt et al. (2006) who suggest a 4-stage model explaining the process through which such transformation can be achieved. Figure 3.5 illustrates this model, which starts with initiating the process and ends with maintaining and enhancing the level of market orientation.

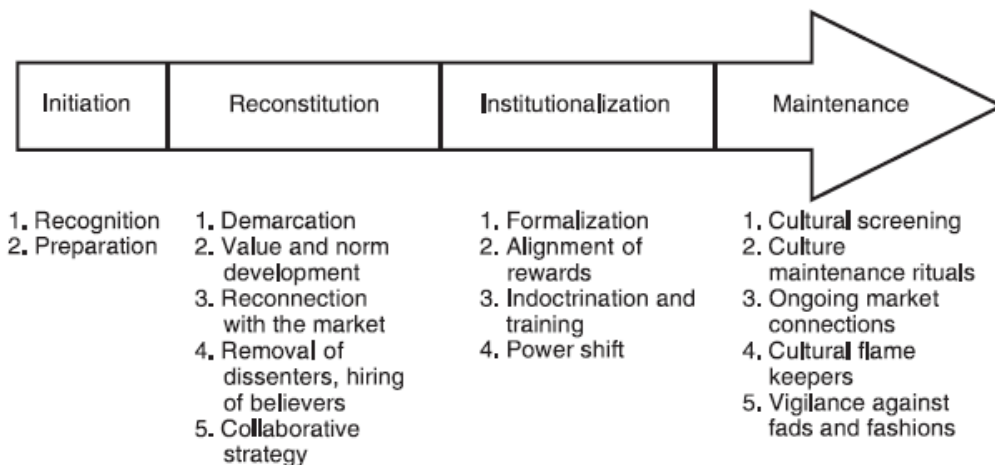


Figure 3.5: Gebhardt et al.'s conceptual model. Source: Gebhardt et al. (2006)

In addition, Dwairi et al. (2007) replicated Kohli and Jaworski's (1990) and Jaworski and Kohli's (1993) model in the context of Jordanian banks. They claim that their findings provide further support for the robustness of the original model. This finding is in line with a further study that employed the same model in a similar developing economy context (Kuada and Buatsi, 2005). However, it is worth pointing out that while they recognize the impact of the cultural background in Jordan and explain this issue based on Hofstede's categorization of the Jordanian culture, they argue that this is not the case in the Jordanian banking industry (see Hofstede, 1997). In fact, their argument which relates to the structure of the banking industry in Jordan (considered as a resource-based economy) to justify measuring the level of market-orientation in such a context can be applied to Bahrain's financial services sector especially as this

sector is much more developed. Therefore, Bahrain “*is unlikely to fit into one specific description of Hofstede’s typology*” (Dwairi et al., 2007, p. 715). In addition, and despite a number of items being dropped during the factor analysis (EFA), they adopted the Kohli and Jaworski (1990) and Jaworski and Kohli (1993) conceptual framework measuring 12 constructs without providing justification that these constructs or dimensions do exist within this context and can be understood and interpreted by banks’ managers the way that the model was developed (in the USA). Furthermore, they assert that there is no firm conclusion explaining how different organizational factors are directly related to market orientation. Additionally, they reported that they could not explain the nature and role of environmental factors in the market-orientation model.

Although Dwairi et al.’s (2007) work can be considered as the third attempt to explore the concept of market orientation in a resource-based economy (see Bhuian, 1997 and 1998), there is a need to enrich the marketing literature with a series of research studies which may help in the future to facilitate the development of an integrative and more applicable practical model for the implementation of market-orientation in this context.

One can draw out several themes related to the various dimensions of market-orientation from the previously conducted empirical research in the literature. In fact, while some researchers emphasize the crucial role of the market-oriented organizational corporate culture and the process of undertaking cultural transformation (Narver and Slater, 1990; Kennedy et al., 2003; and Gebhardt et al., 2006), Lichtenthal and Wilson (1992) suggest that implementing market-orientation can be achieved through a norms-based approach. It can be argued that if changing the norms within the organization will lead to the development of a shared set of beliefs, values, and the behaviour of the individuals within the organization, then the emphasis is on the realization of cultural transformation as a precondition to becoming a market-oriented organization. This dimension is also emphasized by other researchers and is identified by Deshpandé (1999) as a crucial integrated dimension in his definition, and is indirectly measured in Deshpandé and Farley’s (1999) suggested 10-item scale (see also Deshpandé and Webster, 1989; Harris, 1998; and Harris and Ogbonna, 1999). It is also worth noting here that Day’s (1990; 1994a; 1994b; and 1991) argument for the development of business capabilities is to a certain extent linked to the organization’s processes of designing and implementing its response to the generated intelligence through its strategy formulation and implementation processes (see Ruekert, 1992; Jaworski and Kohli, 1993; and Deshpandé, 1999). This is because developing a persuasive basis to create competitive advantage and emphasize the need for a successful implementation process is an important dimension in the process of becoming a more market-oriented organization. However, in order to successfully do that, business organizations need to continuously generate and disseminate customer and market intelligence (Kohli and

Jaworski, 1990; Jaworski and Kohli, 1993) and ensure knowledge-sharing across the entire organization's structure. Additionally, one also can argue that an organizational structure that facilitates departmental connectedness and effective conflict resolution (Kohli and Jaworski, 1990; Narver and Slater, 1990; and Jaworski and Kohli, 1993) is crucial. Furthermore, other organizational systems that foster the creation and delivery of superior value to customers and reward employees on the basis of market-linked factors is important (Becker and Homburg, 1999; Martin et al., 1998; Harris and Ogbonna, 2001b; Homburg et al., 2000; Jaworski and Kohli, 1993; Deshpandé et al., 1993; Slater and Narver, 1994b; and Deshpandé and Farley, 1999). Finally, securing top management commitment to becoming market-oriented is important. In fact, such commitment must be reflected through top management behaviour by sending a clear signal to the entire organization that the customer is their focal point, and creating and delivering superior value to customers that is better than the competitors' is crucial to business survival and growth.

However, this research at its preliminary stage is adopting Deshpandé's (1999) view and definition of market orientation as "*operating at three levels: as a culture*" that guides organization members' behaviour to put the customer first, "*as a strategy creating continuously superior value for a firm's customers, and as tactics* reflected in "*the set of cross-functional processes and activities directed at creating and satisfying customers*" (Deshpandé, 1999, p. 6). Based on this definition and the various themes and dimensions identified in the literature, this study will preliminarily define market orientation as "**a culture that fosters the organizational strategy creating consistently superior value to customers which is implemented through the set of cross-functional processes and activities directed at creating and satisfying customers**". In addition, the various themes identified will be explored at the qualitative study phase, which is employed to identify the various dimensions and constructs of market-orientation that may exist in a resource-based economy among the financial services providers sector.

Accordingly, this research primarily conceptualizes market orientation as consisting of three components. The first component is the organizational culture that facilitates and fosters the entire organization's behaviour (Deshpandé, 1999; Harris, 1998; Harris and Ogbonna, 1999; Narver and Slater, 1990; and Gebhardt et al., 2006). The second is the strategy formulated and implemented to create and deliver superior value to customers in response to their needs, wants, and expectations (Deshpandé, 1999; Ruekert, 1992). Such strategy must be tuned with the organization's structure and systems employed. The third component covers the process and activities that facilitate the understanding, creation, and delivery of such superior value (Deshpandé, 1999; Kohli and Jaworski, 1990; Jaworski and Kohli, 1993; and Jaworski et al., 2000). These three components are considered to be independent variables that will influence the organizational internal factors (see Matsuno et al., 2005) and will foster the organizational

structure and systems employed and the business’s market-oriented activities (as dependent variables). This will allow the researcher to measure the level of market-orientation based on financial services providers’ self-reported responses. On the other hand, it is assumed that the services providers’ responsiveness as identified and reported by their customers (Customer view of the organization’s responsiveness) will influence the customers’ perception of these organizations’ levels of market-orientation. Such customer’s view is referring to the customer’ opinions and perception of the service provider responsiveness to its customers identified needs and expectations. Then a comparison between both levels will be undertaken to find out whether the level as defined by the financial services providers agrees with the level as perceived by their customers.

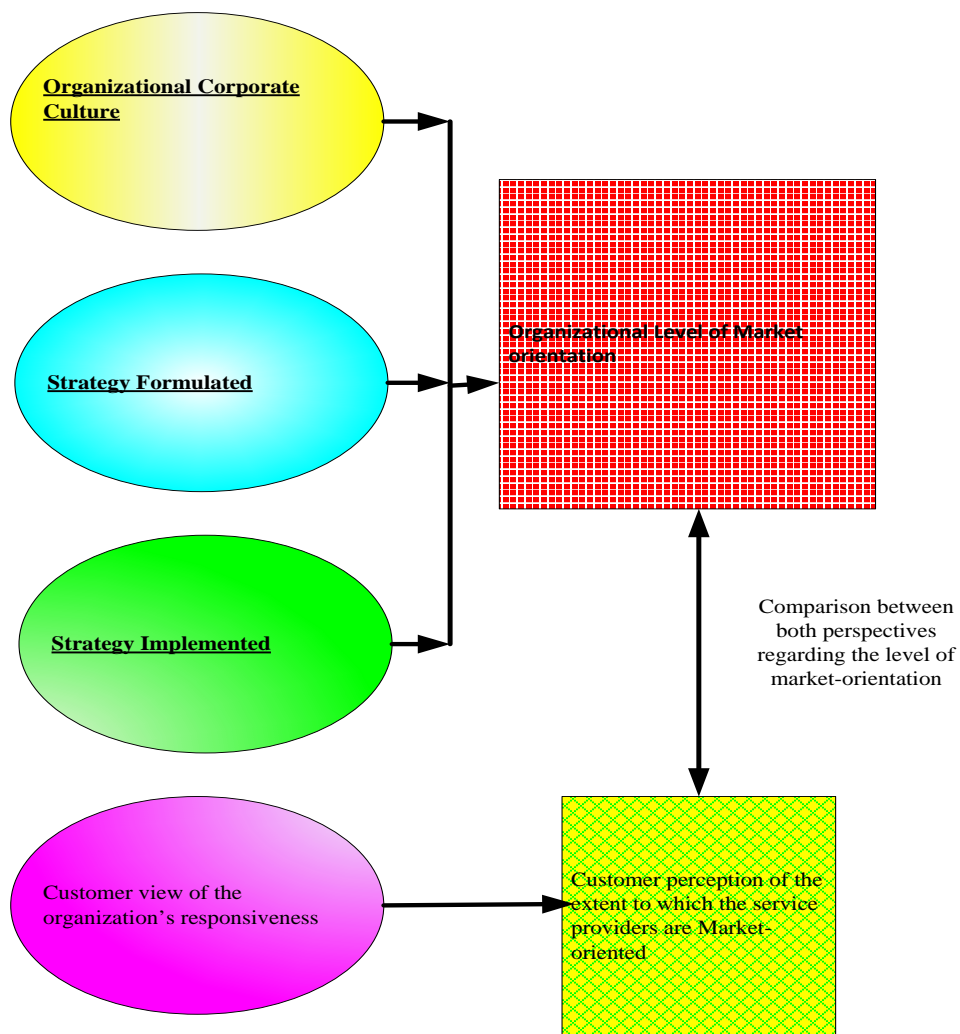


Figure 3.6: The preliminary conceptual model to measure the level of market orientation from both organizational and customer perspectives (compiled by author).

Therefore, Figure 3.6 illustrates the preliminary conceptual model adapted from Deshpandé's (1999) and Dawes' (2000) definitions resulting from the literature review. However, this research will try to validate or improve the conceptual model based on the qualitative data to be collected.

3.5 Conclusion

Although various implementation approaches were identified in the literature, these approaches were based on studies that were conducted in a different culture, with a different level of economic development and might not be understood or interpreted the same way as when developed. In fact, measurement scales that have been developed in a different context might not be easily and safely used in different contexts and the debates continue in the literature about their generalizability even in a similar context. Additionally, it can be argued that conceptualizing market orientation in a different cultural background with a different level of economic development and based on a different business model might not allow it to be adequately adopted in a different context such as a resource-based economy country. Therefore, this study concludes that there is a need to identify the dimensions of market orientation in a resource-based economy, conceptualize market orientation in a resource-based context, develop a scale related to the identified constructs, purify such a scale, and measure market orientation in this particular context.

3.6 Chapter summary

This chapter provides an introduction to implementation approaches to market orientation and outlines and discusses nine different approaches. It also discusses some of the different measurement scales that have been suggested and employed to measure levels of market orientation and its consequences. Finally, this chapter presents different conceptual models and articulates a preliminary definition and conceptual model of market orientation. However, the preliminary definition and conceptual model will be revised after conducting the qualitative research findings and discussion, as well as this research hypothesis. The next chapter attempts to identify and discuss research philosophies and approaches, selecting the most suitable philosophy and approach for this research and justifying the selection. In addition, it will outline the research sampling approach and the instruments that will be employed to collect the data. Furthermore, the chapter will explain and illustrate the research process and justify the choices.

Chapter Four

Research Methodology

4.1 Introduction

The previous two chapters present the literature review and identify the contribution this research intends to make. Therefore, this chapter identifies and discusses the various paradigms, approaches, strategies and techniques available to conduct this research, along with their associated advantages and disadvantages. Such discussion will enable suggesting a research framework that will ensure that the research problem is tackled, and is suitable to achieve the research aim and objectives. However, this research will first attempt to understand how the financial services providers perceive the elements of the market orientation concept within this cultural background and economic level of development. It will then use such knowledge to develop and purify the appropriate scale in order to measure the level of market orientation of the financial services institutions in this context. It will also provide the justifications for the choices made to achieve the research aims and objectives. It is essential to note here that the research approaches and tactics available to the researcher are critically reviewed quite early in the process in order to establish the most suitable research strategy approach for designing a research framework that will develop the appropriate scale to measure the level of market orientation within the financial institutions in a resource-based context. Finally, this research attempts to compare the findings of the data collected from these institutions with the findings of the data collected from their customers.

4.1.1 Chapter objectives

The first objective of this chapter is to review the different research philosophies, approaches, and strategies available and select and justify the most appropriate ones for this research. The second objective is to review and discuss the different available research methods and select those that can be appropriately employed in this research. The third objective is to develop the research framework that governs this research and provide justification for its various stages.

4.1.2 Chapter structure

The next section of this chapter, Section 4.2, provides the overall background to the research methodology process leading to the concept of the research design. Section 4.3 presents and discusses the research philosophies available for conducting research and outlines their respective limitations and criticisms, as reported in the various literature. Section 4.4 discusses and justifies the choice of these research philosophies. Section 4.5 discusses the various research methods available to the researcher. Section 4.6 provides an overall view and discusses the research strategy. In addition, this section argues the need to employ a mixed methods approach employing qualitative and quantitative methods. Section 4.7 discusses the justifications for the research methodology. Section 4.8 discusses the research ethics. Section 4.9 provides the research population characteristics. Section 4.10 presents the approach to the first phase of this study through qualitative research. Section 4.11 outlines the second phase of this study including the development of the research instruments, the sampling procedure and size, the questionnaire administration, and the pilot survey. Section 4.12 presents and discusses the various data analysis techniques. Section 4.13 provides details of the data sources. Sections 4.14 and 4.15 outline and discuss the limitations and delimitations of this study. Finally, Section 4.16 provides the chapter summary and outlines the next chapter.

4.2 Research process background

Research is a vital process for businesses' development and enhancement (Gill and Johnson, 2002). In fact, scholars have defined it as a systematic and methodological investigation approach to collect and interpret different information and data in order to improve knowledge, test a new product, procedure, or system, and/or explore or find solutions for the problems that the business is facing (Collis and Hussy, 2003; Saunders et al., 2007). Kumar (2005) defines research design as "*the plan, structure, and strategy of investigation so conceived as to obtain answers to research questions or problems*" (Kumar, 2005, p. 84). He notes that the research design will include the total research outline from defining the research problem, through the articulation of the researcher's objectives and hypotheses, to the final analysis of the data collected. Similarly, Malhotra defines the research design as "*a framework or blueprint for conducting the research project*" (Malhotra, 2010, p.78). Other researchers also pinpoint that the research design is the researcher's plan and framework, which is employed to guide the research process of collecting and analysing data. They also add that sometimes exploratory research is used to obtain insights and ideas that lead to further investigation (Keslinger, 1986; Churchill and Iacobucci, 2005).

In other words, the research design provides overall guidance for the process of collecting and analysing data for a project study (Churchill, 1979). Establishing the overall strategy together with the tactics for the research project is an important step in initiating it (Remenyi et al., 2009). Further, an understanding of the major advantages and disadvantages of the different philosophies and approaches is likely to help the researcher to select the most appropriate methodology for the task in hand (Remenyi et al., 2009; Bell, 1999). Moreover, a clear understanding and definition of the research questions and articulation of the research objectives, with the rationale for the choices made is also quite critical. Therefore, the research methodological aspects must consider the objectives set for the research as well as focusing on the context in which the research is going to be conducted. The choice of research method will depend on the concepts related to the research methodology. The literature shows that researchers must have a sound knowledge of the various research philosophies and approaches in order to ensure that their research objectives are achieved (Silverman, 2005; Creswell and Plano Clark, 2007; Malhotra, 2010; and McDaniel and Gates, 2010). Accordingly, the following sections discuss in detail the various aspects related to the research philosophies, research approaches, research methods and data analysis methods.

4.3 Research philosophy

Research philosophies provide the basis for researchers to raise questions related to a phenomenon enabling more in-depth study using the research approach and research methods suitable for the research (Smith, 1998). Thus, it is necessary to explore the research philosophy prior to choosing the research approach and research method. A wrong choice of research philosophy will risk the researcher not achieving the stated research objectives (Proctor, 1998).

There are several research philosophies that contribute to the researcher's way of viewing the world, and these philosophies reflect the research strategies and methods which need to be used in order to attain the research goals properly (Saunders et al., 2007). However, for business and management research, the most applicable philosophies are those under the epistemology assumption (Myers, 2009). Epistemology is divided into two main paradigms: positivistic and phenomenological or interpretive (Collis and Hussy, 2003; Saunders et al., 2007). The literature shows positivism and interpretivism (phenomenology) as being two commonly used research philosophies (Galliers, 1991; Remenyi et al., 2009; Churchill and Iacobucci, 2005; and Creswell, 2009).

However, it is necessary to choose the correct research philosophy that will foster the process of data collection, particularly in reference to the research at hand, in order to achieve successful measurement of

the level of market orientation in the financial services sector within a resource-based economy. The literature has shown that one of the components of the research philosophy is the research method, and the choice of qualitative, quantitative or mixed method of research could be difficult if an appropriate research philosophy is not chosen. Therefore, it is necessary to examine the requirements of the research at hand. This research has first required an understanding of the financial services organizations and their customers' views on what constitutes a market-oriented business organization and how it would respond to its customers' needs and expectations. At this stage, exploratory qualitative research would be required, which should lead to gaining insights and an understanding of what constitutes market orientation in this cultural background and level of economic development. Therefore, the qualitative data would help not only to validate or develop the scale to measure the level of market orientation, but also identify market orientation constructs, in the Bahrain context. Hopefully, the qualitative data analysis would lead to the identification of market orientation constructs which would foster the articulation of a market-orientation definition, developing the conceptual model to formulate the research hypothesis, and develop the survey instruments. Once this is achieved, a survey covering both perspectives (the financial services institutions and their customers) would facilitate the attempt to collect quantitative data, analyse such data statistically, validate the reliability of the identified constructs, and measure the level of market orientation within this context. In addition, the collected quantitative data would enable testing of the hypotheses and undertaking a comparison between data collected from the financial institutions and data collected from these businesses' customers.

This brings the possibility of a research philosophy that comprises an overlap of both positivist and interpretivist philosophies, if mixed research methods need to be chosen. In fact, the literature shows that it is becoming increasingly common for researchers to choose mixed research philosophies (Polit et al., 2001; Creswell, 2009; and Malhotra, 2010). It is thus possible to conclude that researchers do not concur on a single common philosophy for all types of research, and the researcher needs to explore in detail the various research philosophies and develop research questions that will achieve the study's objectives through appropriate research methods. An important point that needs to be borne in mind by the researcher is that it is the choice of research philosophy that will lead to the next step of choosing the research approach, inductive or deductive, and whether qualitative or quantitative research methods (Ali and Birley, 1999).

Thus, the researcher proposes to make a brief critical review of both extremes of research philosophy, namely positivism and interpretivism, in order to understand their limitations and decide on the choice of research philosophy.

4.3.1 Positivism

The positivistic philosophy is a quantitative and experimental paradigm, which mostly deals with natural science and the search for reality or the source of social phenomena (Prus, 1996; Schutt, 2006). Positivists suggest that reality is singular and objective, as they believe that social science is not affected by humans and that the research and the researcher will not affect the reality of nature (Carson et al., 2001). Accordingly, a positivist paradigm is about numbers, accuracy, neutrality, and severity (Jupp, 2006).

Creswell (2009) claims that the positivism philosophy can be employed as a determinist approach "*whereby the cause determines the effects or outcomes*" (Creswell, 2009, p.8). He adds that it is reductionist, reducing ideas into a small discrete set of ideas allowing the researcher to test variables, which "*comprise hypotheses and research questions*" (Creswell, 2009, p. 7). Furthermore, Riley et al. (2000) argue that positivism research is considered as research that describes the interrelationship "*between real and observable phenomena*", and is therefore considered as an approach "*seeking to apply scientific methods to the study of social phenomena*" (Riley et al., 2000, p. 10). The concept of positivism suggests that the world can be described as a system of observable variables that need to be discovered (Maguire, 1987).

Guba (1990) argues that positivists believe that human cognition and reality are independent, meaning that the variables being investigated and their discovery need to have credibility due to the non-interference of the researcher. The literature shows that positivists use scientific methods of inquiry, implying that such methods lack human involvement because of their assumption that such scientific inquiry could lead to capturing the true meaning of reality (Maguire, 1987; Guba, 1990; and Crotty, 1998). This leads to the conclusion that results achieved using the positivist approach aim at eliminating potential bias that could be introduced by researchers during the research process, and that they are verified scientifically to produce knowledge (Guba, 1990; Kent, 1999).

Common positivist research methods include surveys, experiments and statistical analysis (Saunders et al., 2007). Other important characteristics of positivism include the tendency of positivists to believe that everything can be known and proved (Fisher, 2007), and that the researcher can obtain large quantities of empirical data that can be analysed statistically to bring out the underlying regularities (Hudson and Ozanne, 1988). Others claim that positivism also relies on the testing of hypotheses deduced from existing theory, hence, it may be considered a deductive approach based philosophy, and that observation is needed to gather credible data. In addition, it is worth noting here that collected data is quantitative in nature, samples are required and the findings are generalizable (see Fisher, 2007; Saunders et al., 2007;

Blaikie, 1993; Eriksson and Kovalainen, 2008; Easterby-Smith et al., 2008; and Hatch and Cunliffe, 2006).

4.3.2 Criticism of positivism

According to Denscombe (2002) positivism has serious limitations and cannot provide answers to many questions in areas such as arts, aesthetics or religion. He argues that these areas need a different philosophy to construct knowledge. Another major criticism of positivism is the assumption that all the research objects should be value-free in order to enable an objective investigation. However, this has been opposed by many researchers. It is felt that it is not possible for researchers, in the sphere of social research, not to be part of the society and its values, beliefs and experiences which will inevitably influence the researcher due to the underlying knowledge gained during the research process (Cloke et al., 1991). Furthermore, some researchers consider that treating human beings as objects and quantities without understanding the values and meanings that contribute to the development of human beings and the capability they have, limits the application of positivism (Cloke et al., 1991; Smith, 1998). Additionally, the literature shows that positivism disregards concern for social structure and the model for individual action (Cloke et al., 1991; Smith, 1998).

4.3.3 Interpretivism (Phenomenology)

In contrast to the positivistic philosophy, the interpretive (phenomenological) paradigm is a qualitative paradigm that engages with the social sciences as phenomena of activities and behaviours (Remenyi et al., 2009). Interpretivists believe that actions and behaviours are created within individuals' minds. Also, they emphasise that the researcher is interrelated to the investigation and has an effect on it, which means that they deem the nature of social reality to be pluralist and subjective, not objective (Prus, 1996; Lindlof and Taylor, 2002; Collis and Hussy, 2003; and Schutt, 2006). Additionally, they focus on humans as they think that individuals are the key elements of making sense (Lindlof and Taylor, 2002 and Saunders et al., 2007). Thus, the interpretive philosophy is about intuition, arguments, experiences, explanations, assessments and descriptions (Jupp, 2006).

Researchers believe that interpretivism views the world as a complex entity, which needs rationalization leading to the development of general rules and theories or hypotheses. They add that it is difficult to fully understand the world around us (Saunders et al., 2007). Interpretivists believe that there is no one world that exists and it is a perception of the mind that interprets the perceived reality (Hudson and

Ozanne, 1988). Furthermore, interpretivists suggest that faith in multiple realities and the inquiry into a phenomenon to any level of depth is not sufficient to achieve convergence on one reality (Hudson and Ozanne, 1988; Denzin and Lincoln, 2003). In fact, Crotty (1998) argues that human beings interact with their surroundings and the world they live in and, therefore, their construction of reality is based on their experience, not through discovery. Other researchers believe that such an interaction makes human beings assign meaning to their actions and the world around them (Jean, 1992; Crotty, 1998). Saunders et al. (2007) claim that actions and beliefs provide a basis for interpreting the world around them. Therefore, it is viewed as interpretive philosophy, which depends on a qualitative research methodology. They further explain that interpretive philosophy is highly contextual and is not generalizable, leading to the belief that the focus of the researcher adopting this philosophy has an understanding of the underlying meaning and interpretations of the human beings and develops a view based on their point of view. Thus the result of the inquiry could be used to build new theories on the phenomenon being studied and hence researchers consider that this philosophy is based on an inductive approach (Hatch and Cunliffe, 2006).

4.3.4 Criticism of interpretivism

As in the case of positivism, researchers have criticized interpretivism, pinpointing its various limitations. Researchers believe that interpretive philosophy does not investigate certain external conditions that can provide some meanings and experiences (Bernstein, 1978; Burrell and Morgan, 1979; Fay, 1987; Gibbons, 1987; and Orlikowski et al., 1991). The literature shows that interpretive research cannot explain the unintended consequences of actions which could be important under many circumstances enabling the researcher to give shape and meaning to social reality (Giddens, 1979). Furthermore, Fay (1987) claims that interpretive philosophy is silent on the structural conflicts within society and organizations and does not address conflicts within social systems, which are common phenomena. Another important criticism of interpretive research philosophy is the lack of consideration of historical changes (Fay, 1987). Some researchers have also criticized the interpretive research philosophy arguing that it fails to provide an agreed doctrine underlying the research method adopted (Silverman, 2003). Others claim that interpretivism exemplifies the belief that it provides in-depth knowledge and hence exaggerates meaningful research outcomes. Furthermore, the research outcomes lack reliability and could be more subjective, thus limiting their use in many areas of social and scientific research (Nudzor, 2009). However, some researchers argue that despite interpretivist research philosophy being criticized as a minor research philosophy, it could be used at the early stage of the research to gain familiarity with the research settings as a precursor to the more serious sampling process or gaining of insights (Nudzor, 2009).

4.4 Choice of research philosophy

The foregoing discussions have brought out many positive and negative points of using both positivist and interpretive research philosophies. As stated earlier in this chapter, the research objectives set for this research have played a major role in deciding the research philosophy to be used. The research objective involved measuring the level of customer orientation in the financial sector within a resource-based economy, which entailed the need to collect data from a large population of customers and service providers in an objective manner. However, in order to develop the research instrument for collecting primary data, the researcher needed to obtain the opinions and perceptions of the industry's representatives as to what constitutes a market-oriented organization. The researcher needed to ascertain and understand the service providers' existing behaviour and to validate the scale that would be employed to measure the level of market orientation. In other words, did the industry consider that the various constructs within the scale were sufficient to measure such concepts or not? This would allow the researcher to gain thorough understanding and prepare for the next step of designing both questionnaires. Accordingly, the researcher used both positivist and interpretivist philosophies (Westberg et al., 2009).

Based on the discussions provided above it could be construed that there was a necessity to gain knowledge about the financial sector representatives' view of what constitutes market orientation, and what they were doing to become customer-oriented institutions. Therefore an interpretive research philosophy was initially adopted to gain an understanding of the constructs and variables within this context. Then the researcher used these factors and variables to measure customer orientation using statistical techniques which required the use of positivist philosophy as the main research philosophy for this research during the second stage.

4.5 Research method

Crotty (1998) argues that research methods form an essential part of the research design and strategy. Researchers largely employ one of two methods of research, namely quantitative and qualitative research (Bryman, 2006). The choice of a research method depends upon the research question a researcher is trying to answer. For instance a researcher who wants to answer the research questions by testing hypotheses will normally be expected to use quantitative research methods whereas a researcher who intends to generate new theories as part of answering the research questions would be expected to use the qualitative research methods (Leedy and Ormrod, 2000). However researchers of late have more

frequently started to use a combination of both quantitative and qualitative research – called mixed methods (Williams, 2007). Many researchers have suggested that use of mixed methods maximizes the value of the research outcomes (Punch, 2000). Thus in this section all three research methods' approaches will be discussed.

4.5.1 Quantitative research

Important reasons why researchers adopt quantitative research include the ability of the researcher to maximize objectivity, replicability and generalizability of research findings (Harwell, 2011). Additionally Harwell (2011) argues that key features of quantitative research include the use of questionnaires for surveys to collect data, using statistical methods to test hypotheses that are related to the research questions and reliance on probability theory. Another important aspect is that quantitative research is independent of the researched phenomenon. It is the dominant research method used by researchers in empirical research (Williams, 2007). Lincoln and Guba (1985) argue that quantitative researchers assume that a single truth exists and that the truth is independent of human perception.

At the philosophical level, researchers who employ quantitative research usually adopt a positivist epistemological stance with an objective ontology. Furthermore, researchers using quantitative research normally adopt a deductive approach to research (Holden and Lynch, 2004).

There are a number of different methods that have been identified by researchers to conduct quantitative research, that include descriptive research methods, correlational, and developmental design, observational studies, and survey research (Williams, 2007). The choice of the method depends on the research question a researcher attempts to answer. For instance if a researcher wants to know the correlation between consumer satisfaction and quality of service provision in the banking industry, a correlational study would be indicated. Thus the choice of a particular quantitative research method depends on the research question to be addressed.

Although quantitative research is the dominant research method adopted by researchers, there are many pitfalls in using quantitative research. Many researchers caution that quantification can provide a false sense of objectivity due to an artificial separation of the researcher from the researched (Cloke et al., 1991). Another criticism against the quantitative research method is that researchers tend to use people as objects without considering the values and meanings that constitute part of being human. A more serious criticism is that quantitative research might just look at how things seem to be rather than knowing how they might actually be under various social situations (Cloke et al., 1991). Considering the criticisms that

are levelled against quantitative research methods, researchers need to consider adequate precautions when using it.

4.5.2 Qualitative research

According to Denzin and Lincoln (2000) qualitative research crosscuts disciplines, fields and subject matter. However it is argued that qualitative research is surrounded by complex and interconnected terms as well as concepts and assumptions (Denzin and Lincoln, 2000). Furthermore researchers argue that the term 'qualitative research' can be used to mean different things. For instance it may be used as a situated activity enabling the researcher to be located as an observer in the world; or alternatively, viewed as consisting of a set of interpretive, material practices that make the world visible (Denzin and Lincoln, 2000).

An important feature of qualitative study concerns the study of phenomena in their natural settings enabling the researchers to make sense or bring out interpretations in terms of the meanings people bring to them (Denzin and Lincoln, 2000). Hiatt (1986) asserts that qualitative research methods focus on discovering and understanding the experiences of participants in the research as well as their perspectives and thoughts. Hiatt (1986) argues that qualitative research explores meaning, purpose or reality. Unlike quantitative researchers, qualitative researchers believe in the existence of multiple truths that are socially constructed (Lincoln and Guba, 1985).

A number of different types of qualitative research methods are adopted by researchers, including case studies, ethnographic work and interviews (Harwell, 2011). Similar to the case of quantitative research methods above, the type of qualitative research method to be adopted depends on the research topic being tackled by the researcher. For instance a researcher who is exploring in-depth a phenomenon within a defined time frame may use the case study method (Creswell, 2003; Leedy and Ormrod, 2001). Similarly a person who is studying an intact cultural group in its natural setting over a protracted period of time and collects data through observation could use ethnography (Creswell, 2003). Thus it can be seen that the research topic plays an important role in the choice of a particular qualitative research method. Furthermore qualitative researchers may adopt a constructivist epistemological stance that uses a subjective ontology. Additionally qualitative research methods may employ an inductive research approach as opposed to the deductive research approach often followed by quantitative researchers (Holden and Lynch, 2004).

Despite the many advantages that surround the adoption of qualitative research, many researchers criticize qualitative research as having serious limitations. For instance qualitative researchers might sometimes be accused of producing fiction and not science (Denzin and Lincoln, 2000). Another important limitation of qualitative research is the lack of generalizability of findings across various settings (Denzin and Lincoln, 2000). A more serious allegation is that qualitative research inherently includes researcher bias thus failing to comply with an essential requirement of research, that findings should be value-free (Carey, 1989).

While more and more researchers are adopting qualitative research methods, it is necessary for qualitative researchers to be alert to the many criticisms that have been made of qualitative research methods and pay attention to the limitations when reporting results.

4.5.3 Mixed methods

Although in empirical research the dominant research method is quantitative research, a third research method is also being used by researchers. For instance Creswell (2003) and Tashakkori and Teddlie (2003) argue that mixed methods can be used as part of research methodology. According to Creswell (2003) mixed methods involve collection of data using both quantitative and qualitative research methods together in a single research study. In other words, researchers not only collect numerical data but also collect narrative data to answer their research questions. It should be mentioned here that mixed methods are a recent phenomena. According to Tashakkori and Teddlie (2003) mixed methods emerged during the mid 1990s. Thus while mixed methods have the advantages of both the quantitative and qualitative research methods the number of research outcomes that have used mixed method research cannot be compared with either quantitative or qualitative research methods. Quantitative and qualitative methods are now well established in comparison with mixed methods. However considering the advantages a researcher may gain in using mixed methods, for instance to minimize the weaknesses of qualitative and quantitative research and maximize their strengths (Johnson and Onwuegbuzie, 2004), it is necessary to consider mixed methods for this research.

As can be understood from the above discussions on quantitative and qualitative research methods, combining the two can lead researchers to design research that enables them to address the complex nature of the phenomena as viewed by the participants as well as relationships amongst constructs that are measurable. Mixed method study envisages that researchers are able to test theories and build them as well. Researchers are able to use both inductive and deductive research approaches in one study. The

most important advantage of using mixed methods is that it utilizes the compatibility that exists between quantitative and qualitative research methods as well as the complementary nature of the two methods. This aspect has caught the imagination of many researchers who have started to call for the use of mixed methods in research (Carr, 1994; Johnson and Onwuegbuzie, 2004; Mingers, 2001; and Tashakkori and Teddlie, 2003). Thus the mixed method promises a strong base to inquire into phenomena both from an objective perspective as well as a subjective assessment.

Some of the methods that have been used by researchers include survey methods, for instance survey instruments and qualitative interviews, such as semi-structured interviews and unstructured interviews Bryman (2006). Furthermore mixed method research designs used by other researchers include cross-sectional design, case study, longitudinal, experimental and comparative studies. Another important aspect that needs to be considered by researchers when choosing mixed methods is the justification for this method. Some researchers have brought out some justifications that are commonly found in the literature on mixed methods which include triangulation, complementarities, development, initiation and expansion (Greene et al., 1989) all of which are types of enquiry that may be conducted by researchers adopting mixed methods.

However the mixed method has its own limitations. For instance some researchers believe that results of mixed method research are not always predictable and, therefore, the research may not be truly confirmatory (Erzberger and Kelle, 2003). Another important aspect is that there are no guidelines that can lead the researchers to decide on when the methods need to be combined. In fact some researchers lament that academic debates on combining research methods have led to a situation where researchers have been prevented from seeing the different ways in which methods are combined in reality. Other researchers have espoused more serious doubts on mixed methods, for instance Bryman (2006) who, based on his study of several research papers using mixed methods, came to the conclusion that there is a lack of certainty about the use of mixed methods. Another argument put forward by Bryman (2006) points towards data redundancy in mixed method research leading to wastage of research resources and time unless there is a semblance of rationale for using the method.

Despite heavy criticisms that have been levelled against the mixed method, researchers observe that articles are being published using mixed method research with increasing frequency (Creswell, 2003). This suggests that some of the criticisms may have already been addressed by researchers.

However, based on the research questions identified in Chapter 1, Section 1.7, this study needed to explore the dimensions of market-orientation in a resource-based context. To do so, it was important to explore how the business organizations operating within the financial services sector understand and

interpret market-orientation and what they are doing to become market-oriented businesses. Such an approach necessitated the use of a qualitative study approach to illuminate insights and lead to the identification of the various market-orientation dimensions in this context. Gaining insights and identifying these dimensions required an in-depth discussion with and between the representatives of top and strategic management levels in these businesses. Therefore, it was decided that in order to achieve such a goal, conducting focus groups with participants representing top management from these businesses was the most suitable method to employ. However, conducting a focus group would require gathering managers and directors for a period of time that might not be convenient for all the invited participants. Therefore, it was decided that those who could not participate in the focus group sessions could be interviewed employing an in-depth interview approach. In addition, once the market-orientation constructs in this context have been clearly and precisely identified, a scale has to be developed that can capture the measurements of these constructs. Therefore, items have to be generated based on the literature and the findings of the qualitative research in order to develop a scale that is capable of measuring these identified constructs. However, once the scale is developed, its reliability has to be established, then it needs to be purified. To do so, quantitative data had to be collected from both business organizations and their customers, which would enable the researcher to establish the reliability of the scale used and then conduct exploratory and confirmatory factor analysis, path analysis, and structural equation modelling, and establish the reliability of the suggested conceptual models. This means that in order to answer the research questions the qualitative study phase has to be followed by a quantitative study stage. Therefore, the mixed-method approach was considered as the most suitable approach that would allow the researcher to answer the three research questions.

It is worth noting here that while Deshpandé et al. (1993 and 2000) report that both the suppliers and sellers agree on the level of market orientation based on both perspectives, Dawes (2000) concludes that although competitor-orientation has strong correlation with performance, customer analysis and responsiveness are important. However, Dawes' (2000) customer responsiveness scale is only one of the components employed in his study's scale to measure the consequences reflected in the firm's profitability. Nevertheless, it was considered suitable for measuring the business organizations' responsiveness to customers' needs and expectations as viewed by the businesses' customers. It was also considered as such views would influence these customers' perceptions of the businesses' levels of market orientation.

4.6 Research strategy

A number of factors will influence the researcher's choice of research strategy, including the research question, the budget available to the researcher, the time limitations, and the skills of the researcher (Bell, 1999; Remenyi et al., 2009). The limited time available for this research was an important consideration that led to selecting a cross-sectional rather than longitudinal research approach (Saunders et al., 2007; Robson, 2002).

However, there are different research strategies such as experiments, surveys, case studies, action research, grounded theory, ethnography, and archival research (Saunders et al., 2007). Therefore, each research strategy will normally suit different research topics (Gill and Johnson, 2002). Action research, for example, depends upon an external view of the situation. Therefore, it involves taking a static picture of the situation, formulation of hypotheses, manipulation of controlled variables, and then taking a second static picture in order to determine the change that occurs as a result of the manipulated variables (Gummesson, 1991; Agunis, 1993; Ledford and Mohrman, 1993; and Remenyi et al., 2009). On the other hand, a case study is used when the aim of the research is to focus on a set of issues in a given organization, and to identify the factors involved in an in-depth study of that organization or part of it (Jankowicz, 1995). Others argue that the approach is particularly appropriate for an individual researcher and that it allows the researcher to study in depth the problem in hand within a limited timescale (Bell, 1999). A survey is another research strategy that has been recommended by many scholars (Bell, 2005; Saunders et al., 2007). In the survey method, the researcher draws data from the present in order to answer the question in hand or support an argument (Jankowicz, 1995). The survey is a widely employed strategy for gathering a large quantity of data, and aims to answer research questions by comparing different features with each other and revealing the relationship between various characteristics and categories (Oppenheim, 1992; Bell, 2005; and Saunders et al., 2007). Furthermore, Jankowicz (1995) argues that researchers *“carry out a survey in order to establish people’s views on what they think, believe, value or feel, in order to discover these views for their sakes, or to support an argument that you’re presenting, sampling a population of potential respondents in order to generalise conclusions more widely”* (Jankowicz, 1995, p.182). Further, Bell (1999) suggests that a survey is used to obtain information, which is analysed in order to extract patterns and make comparisons. A census is one example of a survey where the same questions are asked of all of the selected population. It is often more time- and cost-effective to survey a sample of respondents rather than a whole population. Bell (1999) draws attention to the necessity, when a sample survey is employed, for great care to be taken to ensure that the sample of the population is truly representative. Oppenheim notes that *“the term ‘sample’ is used to indicate a smaller group, usually but not always a representative one, within a population”*

(Oppenheim, 1992, p.38). Therefore, in order to identify what research strategy this research would adhere to, the researcher started by highlighting the research objectives. This study aims to identify and understand the various constructs and antecedents of market orientation in a resource-based economy, which will foster the measurement of the level of market orientation in this context from both businesses' and customers' perspectives. This study also aims to explore whether or not both perspectives agree. The antecedents and constructs were derived from the literature and previous studies. Therefore, the research problem of this thesis is to build on what is already known from previous studies. However, the approach when building or testing a theory is to employ a deductive or inductive approach and sometimes both approaches are employed.

The research approach is usually imitative of the chosen research philosophy (Collis and Hussey, 2003). The main research approaches are the deductive and inductive approaches (Lindlof and Taylor, 2002). This section defines the differences between these two approaches, and then identifies and justifies what was appropriate for this research.

According to the literature, two general approaches to reasoning have traditionally been used by researchers in the process of acquiring new knowledge, namely inductive and deductive reasoning approaches (Hyde, 2000). Literature abounds with discussions on the choice between deductive and inductive research approaches from a number of researchers (Cavaye, 1996; Hussey and Hussey, 1997; and Perry, 2000). Inductive reasoning is a process that begins with an observation of particular instances and leads the researcher to generalizations. In contrast, a deductive approach begins with generalizations and proceeds to establish that these generalizations could be applied to particular instances (Hyde, 2000). The researcher needs to choose the research approach based on the research question, which allows them to avoid future problems. Thus, knowledge of the two types of research approaches is essential for researchers and, accordingly, is considered in the next sections.

According to Johnson (2008), the inductive approach is premised on specific instances of empirical study that enable the researcher to generate theory systematically. Furthermore, Mautner (2005) claims that induction is the process of inferring from a defined set of finite particular cases to a further case or to a general conclusion. Inductive reasoning calls for a detailed observation of the world by the researcher based on which abstract generalizations or ideas can be developed (Neuman, 1997). The inductive approach is generally considered as the reverse process of the deductive approach (Hussey and Hussey, 1997) and tends to be associated with the use of qualitative research methods (Wooda and Welcha, 2010; and Hyde, 2000).

Creswell (2009) suggests that qualitative research is employed to explore and understand the views, perceptions, attitudes, and the interpretation of individuals or groups related to various human problems. Accordingly, he asserts that the data collected are analysed "*inductively building from particulars to a general theme*" that enables the researcher to interpret "*the meaning of the data*" (Creswell, 2009, p. 4).

One of the common features of inductive reasoning is that the observer is expected to keep an open mind without embracing a particular theoretical point of view (Wood and Welch, 2010). In addition, the inductive approach embraces an interpretivist philosophy and data collection framework (Spiggle, 1994). Some of the advantages of using inductive reasoning as a research approach include generating rich data through interviews and interaction with the subject (Wood and Welch, 2010); gaining in-depth knowledge on the phenomena leading to generalizations that have not been discovered before (Ali and Birley, 1999; and Hyde 2000); and understanding the underlying reasons for certain human behaviour and actions (Carson et al., 2001; Collis and Hussy, 2003; Saunders et al., 2007; and Williams, 2007). Examples of types of inductive approach include grounded, discovery-oriented, exploratory, expansionist and descriptive (Ali and Birley, 1999).

However, there are limitations to using the inductive approach because it might lead the researcher to compromise due to the influence of existing theories and fail to take into consideration the respondents' or the subjects' views. Such compromise may limit the depth of investigation and lead the researcher to arrive at a theory that is not tested (Ali and Birley, 1999; and Hyde, 2000). Furthermore, some of the limitations in employing an inductive approach include that the theory or hypothesis generated using an inductive approach cannot totally and objectively lead to the confirmation of the theory or concept generated (Gasson, 2003). Another important limitation of the inductive approach is the inability on the part of the inductive researcher to preclude the use of existing theories or concepts while conducting the research, leading to possible researcher bias in terms of ignoring or not paying attention to the respondents' points of view (Ali and Birley, 1999). Such a bias could result in a lack of acceptance of the research outcomes.

The deductive approach is drawn from the positivist paradigm. It is a quantitative and experimental research process which first simplifies the original theory by deriving some hypotheses from it, then examining and falsifying or verifying these hypotheses, and finally developing an original theory to be available for future research (Collis and Hussy, 2003 and Saunders et al., 2007). According to Hyde (2000), the deductive approach begins with existing generalizations and proceeds to establish whether such generalizations could be applied to specific situations. In other words, a deductive approach follows the path of testing a theory, implying that it begins with an established theory that is generalized and tests

its applicability to specific instances or contexts. The literature shows that the deductive approach proceeds from the general to the particular (Hussey and Hussey, 1997). On the other hand, while Creswell (2009) says that a quantitative research approach allows researchers to examine the relationship between certain variables, he asserts that qualitative research is needed to explore and understand the views, perceptions, attitudes, and the interpretation of its relationship with the social human side of the problem. When a researcher is interested in describing or exploring meanings, and gaining insights, an inductive approach through a qualitative paradigm is more appropriate as a research instrument (Creswell, 2009; and Morse, 1991). However, one of the important limitations of a deductive approach is the lack of depth in the investigations due to over-dependence on statistical data (Belgrave and Smith, 1995) and hence the deductive approach can be said to lack richness of data (Ali and Birley, 1998). For instance respondents who provide data through structured questionnaires are forced to answer from the choices provided and therefore the answer may not indicate the real feelings or experiences of the respondent that could be obtained through interviews in unstructured settings. The reason for this is that sometimes such deductive approaches to investigations are cross-sectional and do not reflect the behaviour of the customers or service quality over a period of time. Another important limitation of deductive research is the question of absolute generalizability of the result outcomes. In deductive research, researchers are constrained to test whether or not, or to what extent, a certain relationship that has been hypothesized exists. Thus there could be a situation where the researcher might have ignored unanticipated factors that could exist (Ali and Birley, 1998). Thus researchers must take into account these limitations prior to drawing conclusions from the data analysis.

In fact, most researchers have employed both approaches at various points of their studies. Therefore, this study employed an inductive approach to generate a thorough understanding of market-orientation constructs in a resource-based economy. This study aimed to use such identification and understanding of the market-orientation dimensions in this context to build on the theories that already exist in the domain that had been researched (Bryman and Bell, 2007). This would allow the researcher to develop a scale that could capture these constructs and foster the measurement of the level of market orientation in a resource-based context. Accordingly, hypotheses were developed which would be tested after the data collection and analysis through a deductive approach during the second stage of this study. This study employed a mixed methods approach (Tashakkori and Teddlie, 2003), which is an approach employing qualitative and quantitative approaches sequentially (Cresswell, 2003). The reasons for employing both approaches were to generate understanding and develop a theory through conducting a qualitative study that could be tested through the quantitative approach.

4.7 Justification of the research methodology

The mixed methods approach does not mean gathering and analysing both sets of data simultaneously. It is rather that the data collected through both approaches is employed to enhance the strength of the study itself (Creswell and Plano Clark, 2007). In fact, researchers involved in investigation in this field have used both qualitative and quantitative research methods, starting with an inductive approach to generate theories or gain insights that would help them at the later stage of the research to develop their final conceptual model and articulate their hypothesis, which would be tested through a deductive approach (Nielsen et al., 2000; Benamour and Prim, 1999; Riley et al., 2000; Churchill and Iacobucci, 2005). Accordingly the qualitative research approach was chosen for the exploratory research which would be based on a relatively small sample employing in-depth unstructured interviews and focus groups (see Jankowicz, 1995; Morgan, 1997; Malhotra, 2010; and McDaniel et al., 2010). Such an approach would allow and facilitate advancing to the second stage of designing the questionnaires, collecting quantitative data, and analysing them statistically (see Gummesson, 1991; Oppenheim, 1992; Decorp, 1999; Jankowicz, 1995; Tashakkori and Teddlie, 1998; and Creswell, 2009). Hence, at the early stage of this research the social science approach was considered more appropriate to facilitate interaction with the industry representatives and their customers to obtain a thorough understanding of the issues at hand. The knowledge and data collected at this stage fostered the employment of the quantitative approach to survey the entire industry and their customer samples using two different questionnaires. Creswell (2009) provides further support for such selection noting that this approach is employed to verify sources of data, verify the collected data itself, and/or to cross-check the data collected (see also Seiber, 1973; Jick, 1979; and Tashakkori and Teddlie, 1998).

Therefore, on the assumption that what constitutes market orientation in a resource-based economy with a different cultural background and level of economic development might be different to what was reported by other studies undertaken in other contexts, it was essential to explore and identify the various dimensions of market orientation in this context. This was done through the qualitative study phase of this research. Exploring the views, opinions, and perceptions of the financial sector business organizations' representatives through focus groups and in-depth interviews provided the insights and thorough understanding that could facilitate the development of a theory or support an existing theory of what constitutes market orientation in a resource-based economy context. It was also important to obtain the views of these financial institutions' customers concerning the organizations' levels of responsiveness to customer needs and expectations. Therefore, a qualitative approach at the early stage of this research was critical to gain such knowledge and insights. Furthermore, it was also important to obtain feedback from the respondents on whether the scale suggested by Deshpandé and Farley (1999) resulting from syntheses

of the three scales of Narver and Slater (1990), Kohli et al. (1993) and Deshpandé et al. (1993) captured the constructs in this context. In other words, it was important to gain a thorough understanding of whether or not the Deshpandé and Farley (1999) scale reflected the financial services sector's view of what constitutes a market-oriented organization. In addition it was important to establish whether the conceptual model based on Deshpandé's (1999) definition was valid or needed to be modified for this research. This would enable a better understanding of whether this scale could measure what the research intended to measure or if a new scale had to be developed, validated and purified through the collection of quantitative data.

It is worth noting that Dawes (2000) conducted his study in an attempt to measure the relationship between market orientation and company profitability focusing on providing further evidence through the incorporation of longitudinal data. Accordingly, he adapted some of the scales found in the literature such as those of Kohli et al. (1993), Narver and Slater (1990), Deshpandé et al. (1993), and Deng and Dart (1994). In addition, he used some items from Faulkner's (1998) scale. He explains that such adaptation and addition of new items was necessary for various reasons. His argument is based on the criticism of Narver and Slater's (1990) scale by Sigauw and Diamantopoulos (1995) and Kohli et al. (1993). He adds that Pelham (1993) also criticized the Kohli et al. (1993) scale as being too narrow as it did not include measures related to customer understanding as opposed to generating and disseminating information (see also Farrell and Oczkowski, 1997). However, Dawes claims that his scales were developed through a review of existing instruments and based on face-to-face interviews with 42 managers conducted by Faulkner (1998) and separately pre-tested with 25 managers in 1996 in South Australia. However, he reports that his scales were subject to reliability testing using Cronbach's alpha followed by expiatory and confirmatory factor analysis and then structural equation modelling. His results indicate that the scales did exhibit acceptable psychometric properties. Accordingly, this study adopted the customer responsiveness scale suggested by Dawes (2000).

The same process had to be undertaken for the scale developed from Dawes' (2000) responsiveness scale and the qualitative research findings in order to measure customers' perceptions of the organizations' responsiveness. The reliability of Dawes' (2000) responsiveness scale had been established and would therefore be used to measure the financial services providers' responsiveness to customers' needs and expectations. It was assumed that the financial services providers' responsiveness would influence customers' perceptions of the financial institutions' levels of market orientation. Primarily, this research assumed that Deshpandé and Farley's (1999) and Dawes' (2000) scales had been purified and, therefore, this research attempted to explore whether they could be employed in their original form or whether new scales had to be developed and tested. In fact, both scales employed a Likert scale, rated 1-5. Therefore,

qualitative research employing in-depth interviews and focus groups to explore the constructs of market orientation in a resource-based economy was required and justified. However, once this had been done, it was critical to undertake a survey of the industry and its customers to collect the required data that would allow the researcher to undertake the pilot and main surveys.

4.8 Research ethics

Ethics in business research refers to a code of conduct or expected societal norm of behaviour while conducting research. Ethical conduct should also be reflected in the behaviour of the researchers who conduct the investigation, the participants who provide the data, the analysis of the results and presentation of the interpretation of the results, and when suggesting alternative solutions. Thus ethical behaviour pervades each step of the research process including data collection, data analysis and reporting and even dissemination of information on the Internet. Therefore, the research process and how confidential information is safeguarded, are all guided by business research ethics (Sekaran, 2000). Additionally, there should be absolutely no misrepresentation or distortion in reporting the data collected during the study (Sekaran, 2000). An example of research conducted with ethical responsibility would be the steps adopted by the researcher in accordance with the general principles of research ethics briefly stated by Ticehurst and Veal (2000). They assert that, first; no harm should befall the research subjects. Second, subjects should take part freely. Third, respondents or participants should give informed consent. Regarding the ethical behaviour of the respondents, it is argued that the subjects have committed to participate in a study and therefore the researcher has a justifiable expectation that respondents will cooperate fully in the agreed tasks. Moreover, the respondents have obligations to be truthful and honest in their responses. They should avoid misrepresentation and giving of information known to be untrue (Sekaran, 2000).

For this study all participants in the focus groups and in-depth interviews as well as in the pilot and full survey were assured of confidentiality concerning the data collected and that it would only be used for the current research. This was made clear to respondents in the invitation letter as well as before conducting each focus group session or in-depth interview. The same approach was undertaken for the pilot and full survey. In addition, it was agreed with participants that their names would not be disclosed except to the researcher and the researcher's supervisors if necessary. Following collection, the qualitative data were recorded and transcripts prepared. All recordings and transcripts were stored safely in a locked filing cabinet as well as a protected personal computer. The pilot and full survey data were coded and also stored safely using the same method. All participants were informed verbally and in writing that the data

would be deleted and hard copy would be shredded after successful completion of the research and when the final thesis had been accepted. In addition, and to eliminate any bias introduced by the researcher through leading or misleading questions or comments, the focus groups and interviews were conducted and controlled by an independent moderator (Professor Niren Vyas). Furthermore, this research was conducted with ethical responsibility in accordance with the three general principles of research ethics concluded by Ticehurst and Veal (2000) outlined above. In addition, the purpose of the research was explained at the outset to all respondents participating in both the qualitative phase and the quantitative phase of this study by way of covering letters.

4.9 Research population characteristics

The population of this research was the entire group of people that the researcher wished to investigate (Sekaran 2003), were CEOs, General Managers, and marketing directors or managers who were involved in strategic management decision-making within the financial services providers' sector in Bahrain. They were well educated and had accumulated reasonably long experience within the industry. The study population consisted of 524 executives holding CEO and marketing director/manager positions within retail and wholesale banking, investment companies and banks, offshore banks, insurance and re-insurance companies, and money exchange. They were executives who were involved in the overall strategic direction of their organizations, who contributed to and influenced the strategy formulation and implementation process, and were perceived as a role models in their businesses.

4.10 The first phase (qualitative study)

Some researchers argue that qualitative research is suitable when unfolding what surrounds a phenomenon (Carson et al., 2001). Others such as Celsi et al. (1993) and Thompson (1997) have employed such an approach to gain insights into the phenomena under investigation. Additionally, a qualitative approach is employed as an exploratory approach that facilitates advancing the research process to design questionnaires and collect quantitative data that can be analysed statistically (Jankowicz, 1995; Morgan, 1995; and Zikmund, 2003). Creswell (2009) suggests that mixed methods can be employed sequentially whereby one method is employed in order to explore, elaborate, and expand the findings, which will facilitate the use of the other method. This approach allows the researcher in the process of designing the research questionnaires, to facilitate the collection of the quantitative data (Creswell, 2009; Tashakkori and Teddlie, 1998).

Focus groups allow people to discuss their true views, opinions, and feelings in depth and facilitate the discussion of numerous topics to gain new insights (Zikmund et al., 2010). One problem with employing focus groups is ensuring that the moderator remains objective, sensitive, and effective (Zikmund et al., 2010; Nagi and Biber, 2011). The moderator for this research however, Professor Niren Vyas, had an accumulated rich experience in moderating focus groups and had previously undertaken qualitative research with focus groups both in his capacity as a lecturer and as Dean of the Business School in the University of South Carolina. The moderator and note-taker (researcher) assured participants that everything they shared in the focus group would be treated as confidential (see Mack et al., 2005). In addition, emphasized at both the beginning and end of each session that participants should respect each other's privacy and anonymity and must not reveal the identities of other participants nor indicate who made specific comments during the discussion. Zikmund et al. (2010) argue that the traditional face-to-face focus group may not be useful for discussing sensitive topics. However, discussing the respondents' opinions and views of the various dimensions of market-orientation in a context where most of the respondents knew each other was interesting and produced a very thorough understanding of the topic. In fact, the moderator explained very clearly the purpose of conducting focus groups and in-depth interviews as they fitted within the broader context of the research study (see Mack et al., 2005). In fact, in this context (Bahrain) the only possibly commercially sensitive topics within the financial services sector might have been the businesses performance measures and newly developed services that had yet to be launched. In addition, due to the size of the market, most, if not all, the various firms' activities were known by all the businesses operating within the sector. Additionally, focus groups were found to be the most suitable methods for gaining insights into the phenomena under investigation and could help to identify the various dimensions of market-orientation within this context. It is worth noting here that although executives who were not able to attend the focus group sessions were interviewed using in-depth interviews, all of these interview sessions were attended by at least two or three executives representing their business and were conducted like one-organization focus groups. Therefore, there was no difference between the data collected through the in-depth interviews and the focus group methods.

In order to be able to answer the research questions and measure the level of market orientation in the financial services sector, it was important to understand the industry view of what constitutes a market-oriented business organization. This was because it was not appropriate to assume that market-orientation constructs and variables that had been identified in a different cultural background and different level of economic development would be the same in a resource-based economy context. Therefore, the first stage of this research started by conducting qualitative research employing in-depth interviews and focus

groups to obtain a thorough knowledge and understanding of what in the industry representatives' view constitutes market-orientation and what they are doing (if anything) in order to become a market-oriented business organization in the financial service sector. In addition, such an approach allowed the researcher to obtain insights and in-depth knowledge so as to articulate a market-orientation definition in this context and develop the conceptual research model and hypotheses. In addition, both scales (Deshpandé and Farley, 1999 and Dawes, 2000) were presented to the industry representatives and also their customers in order to find out whether the scales could measure what they were intended to measure or if a new scale had to be developed and purified (see Jankowicz, 1995; Morgan, 1995; and Zikmund, 2003).

However, based on the feedback received from respondents on Deshpandé and Farley's (1999) and Dawes' (2000) scales, academics were consulted. Then this study used the findings of the qualitative study, the academics' feedback, and the literature to develop the scale that would be used in this research. Once the scale was developed, the academics could be consulted in order to gain feedback on it before designing the research instruments. This approach has been commonly used in previous studies where academics were consulted and acted as advisors on a proposed scale's domain (Zaichowsky, 1985; Babin and Burns, 1998; Sweeney and Soutar, 2001; and Arnold and Reynolds, 2003).

4.10.1 Financial services organizations focus groups and interviews

Based on the list of the complete population of financial institutions operating in Bahrain obtained from Bahrain Central Bank, a sample of 141 financial institutions was selected. However, in order to ensure that financial institutions with the largest customer base were included, a mixed approach to the sampling procedure was employed using a probability and non-probability sampling procedure. Accordingly, the sample contained representatives of the entire population of insurance companies, wholesale and retail banks. In addition, a random sample of offshore and investment banks was selected using the random numbers tables. A letter was sent to each selected organization's CEO inviting them to participate in focus groups, explaining the purpose of the research, and assuring them of the confidentiality of the gathered data. These letters were addressed to 24 retail conventional banks, 55 wholesale conventional banks, 6 retail Islamic banks, 21 wholesale Islamic banks, 27 locally incorporated insurance companies, 6 investment companies, and 2 overseas insurance companies. The above selected institutions represented the entire population in their categories except for the investment companies and the overseas insurance companies, which were selected using a random sampling approach. Follow-up was undertaken through telephone calls and emails to maximize participation in the focus groups. Those who were not able to attend the focus groups sessions were asked for in-depth interview appointments. The focus group

participants were consulted about the 10-item scale suggested by Deshpandé and Farley (1999) at the end of each session. Focus groups were conducted in the conference room at Ahlia University premises with Professor Niranjana Mohanlal Vyas performing the role of moderator. All focus groups were tape recorded. Seven focus groups were conducted, attended by a total of 45 participants. In addition, seven in-depth interviews were conducted, four of them attended by two executives representing a particular business organization. The profile of the participants included chief executives, a vice president, a marketing director, a marketing manager, and a branch manager.

Table 4.1 presents the various questions and issues raised by the moderator during the focus groups and later used for the in-depth interviews. However, because the focus group sessions were open discussions there were more discussions and elaborations than have been recorded.

No.	Questions
1	<p>Moderator: Can you explain the process through which your organization gathers information about the market, competitors, overall market conditions, and the environment in which you operate?</p> <p>In doing so please elaborate on how the generated information is shared and disseminated throughout the organization.</p>
2	<p>Moderator: Would you please explain how important the cooperation and coordination is between the various departments within your organization and how important your internal and external communication is with the various stakeholders. Please also elaborate on what you are doing to enhance such communication.</p>
3	<p>Moderator: Can you explain the level of your top management commitment to create and deliver superior value to customers? And please also elaborate on the means through which this is communicated with the entire organization. What kind of signals they are sending?</p>
4	<p>Moderator: Can you explain how important your employees' and managers' attitudes and behaviour are toward their customers in maintaining the required level of customer satisfaction?</p> <p>Would you also explain and elaborate regarding the values, norms and attitudes held by your organizational members toward customers, and the level of services supposed to be provided to them.</p>

5	Moderator: Would you explain how your organization behaves in order to respond promptly and decisively to the identified customer needs and expectations. Please elaborate if such behaviour is an integral part of your strategy and how this is facilitated by your organizational structure and systems employed. Would you explain how your organization behaves in order to respond promptly and decisively to the identified customer needs and expectations.
6	Moderator: It has been argued that part of generated intelligence is to measure and understand the level of your customer satisfaction, what do you think about such a statement? Explain how your organization measures customer satisfaction, how it is done, and how often.
7	Moderator: Can you explain in detail how your organization handles customers' complaints and inquiries and whether you have a formal mechanism through which such issues are dealt with. Explain how important this issue is and whether there is follow-up by management.
8	Moderator: Explain the overall environment that dominates within your organization. Explain also how your organization facilitates a comprehensive understanding and appreciation of marketing and customer satisfaction and whether internal and external training to support such issue is adopted and how.
9	Moderator: In your opinion, please explain what constitutes market orientation and what are the major dimensions of a market-orientated organization operating within the financial services sector in Bahrain. If an organization would like to enhance its level of market orientation, explain what such an organization would do to enhance such a level?

Table 4.1: Some of the questions raised by the moderator during the financial institutions' focus groups and interviews

It is worth also noting that the above questions represented the various themes discussed, and the moderator during the focus group sessions or the in-depth interviews was very active in stimulating discussion and requesting elaboration from the participants, which enriched the data collected and fostered a thorough understanding of the topics in question.

4.10.2 Financial institutions' customers focus group

Due to the Central Bank regulations it was impossible to obtain either corporate or individual lists for customers of the financial institutions. Therefore, at this stage a non-probability convenience sampling approach was employed to select an individual customer sample of about 20 participants. In addition, based upon the Bahrain Chamber of Commerce list of registered commercial and industrial members a random sample of 40 corporate customers (20 industrial and 20 commercial) was selected who were invited to participate in the focus groups. All participants were consulted about the 5-item scale employed by Dawes (2000).

The focus groups for individual and corporate customers were conducted in the conference room at Ahlia University with Professor Niranjana Mohanlal Vyas again taking the role of moderator, and all focus groups were tape recorded. Four focus groups were organized, two for individual customers and two for corporate customers. 16 individual customers attended the first two focus group sessions and 12 corporate customers attended the second two. The profile of the financial institutions' customers included individuals holding different positions in various organizations and utilizing the services provided by the banks, insurance and investment companies. The corporate customer participants held positions as financial controllers, general managers and directors of risk management.

Table 4.2 presents the various questions and issues that were raised by the moderator during the financial institutions' customers focus groups. These questions were supported by open discussion to obtain the data required.

The moderator, after assuring participants of confidentiality and explaining the purpose of the research addressed them as follows: *"I have a number of issues that we need to discuss with you. Therefore, please feel free in the issue you would like to start with. These issues include your opinions and views related to the extent to which the banks, investment companies, and insurance companies do understand your needs and expectations. Do they at least once a year measure your level of satisfaction? To what extent you are satisfied with the level of services they provide to you? Please also explain what they should do to ensure your loyalty. Explain also the kind and level of communication they maintain with you, such as how regularly you are informed about new services they are offering or intend to offer"*. The moderator also provided the participants with a list of questions as illustrated in Table 4.3 below.

No	Questions
1	Please explain your opinions and views related to the extent to which the banks, investment companies, and insurance companies do understand your needs and expectations
2	Do they at least once a year measure your level of satisfaction?
3	Explain to what extent you are satisfied with level of services they provide to you.
4	Please also explain what they should do to ensure your loyalty.
5	Explain also the kind and level of communication they maintain with you, such as how regularly you are informed about new services they are offering or intend to offer.

Table 4.2: The list of questions provided by the moderator to the participants during the financial institutions' customers focus groups and interviews.

4.11 The second phase

This phase of the study was intended to establish the validity and reliability of the measures related to the theoretical constructs through synthesizing the insights generated from the existing literature and the qualitative study. Creswell (2009) states that this allows the researcher, in the process of designing the research questionnaires, to facilitate the collection of the quantitative data, and use such data to establish the validity and reliability of the measures related to the identified constructs. In fact, a number of academics evaluate the items generated from the qualitative study in order to eliminate redundant measures, which will ensure that the remaining items are representative of the scale's domain. Such an approach is supported by Churchill (1997) for the process of developing measures of multi-item marketing constructs. However, based on the constructs of the market-orientation domain identified through the qualitative research findings (see Chapter 5), and the pool of items provided by the literature (Narver and Slater, 1990; Kohli et al., 1993; Deshpandé et al., 1993; Deshpandé and Farley, 1999; and Dawes, 2000) two scales were developed (see Tables 4.4 and 4.5).

Furthermore, based on the criticisms received of the Narver and Slater (1990) scale (MKTOR) and Kohli et al. (1993) scale (MARKOR), it was decided that both scales could not be adopted or adapted for this study (see Pelham, 1993; Farrell and Oczkowski, 1997; Oczkowski and Farrell, 1998; and Gauzente, 1999). In addition, it was decided that once the constructs had been identified, items measuring these constructs would be selected from a pool based on the literature, qualitative study findings, and Deshpandé and Farley's (1999) suggested scale. It was assumed that Deshpandé and Farley's (1999) 10-item suggested scale resulted from their work when they conducted meta-analysis on the three available

scales (Narver and Slater, 1990; Kohli et al., 1993; and Deshpandé et al., 1993). This was also the scale that the respondents representing the business organization were consulted about, which clearly indicated that it could capture the various constructs if an additional two items were added to measure the corporate culture construct. However, when academics who had undertaken research covering the same topic were consulted about the revised 12-item scale (Deshpandé and Farley, 1999; and the two items added), their feedback led the researcher to base the screening process of the generated items on this study's definition, and the qualitative study findings. Then, to ensure that the items selected could capture the various constructs, local and regional academics working and undertaking research in the marketing discipline all provided the researcher with their feedback, stating that these final selected items could capture the various constructs identified in this context.

Table 4.3 illustrates the developed 25-item scale for business organizations that resulted from the literature and qualitative study including the feedback received from the academics and researchers consulted.

Identified constructs and item codes	Items to measure the variables	Source
Corporate Culture		Qualitative research findings and analysis
CC1	Our business exists primarily to serve customers.	Adopted from Deshpandé and Farley (1999), Item 8
CC2	Our corporate culture guides all members of our organization to focus on creating superior value to our customers	Based on qualitative research finding, suggested by participants
CC3	Our corporate culture guides all members of our organization to focus on delivering superior value to our customers.	Qualitative research finding and analysis
CC4	Our corporate culture fosters our top management commitment to continuously emphasize that serving customers is most important to our business.	Qualitative research finding and analysis

CC5	Our corporate culture facilitates the enhancement of our communications with all stakeholders.	Qualitative research finding and analysis
Strategy Formulated		Research qualitative study finding which supports Deshpandé's (1999) definition of market orientation
SF1	Our business objectives are driven primarily by customer satisfaction	Adopted from Deshpandé and Farley (1999), Item 1
SF2	Our strategy for competitive advantage is based on our understanding of customers' needs	Adopted from Deshpandé and Farley (1999), Item 4
SF3	We are periodically reviewing our product development efforts to ensure that they are in line with what customers want.	Adopted from Jaworski and Kohli (1993), Item 4 (Response design)
SF4	Our formulated strategy is based on thorough understanding of customer expectations.	Qualitative research finding and analysis
SF5	We are more customer-focused than our competitors	Adopted from Deshpandé and Farley (1999), Item 7
Strategy Implemented		Qualitative research finding and analysis which supports Deshpandé's (1999) definition of market orientation
SI1	We constantly monitor our level of commitment to serving customer needs	Adopted from Deshpandé and Farley (1999), Item 2
SI2	We constantly monitor our level of orientation to serving customer needs	Adopted from Deshpandé and Farley (1999), Item 2
SI3	We are quickly responding to changes in our customers' expectations	Qualitative research finding and analysis
SI4	The activities of the deferent departments in this business organization are well coordinated	Adopted from Jaworski and Kohli (1993), Item 2 and Kohli et al. (1993), Item 27

SI5	We are quickly responding to significant changes in our competitors' offerings	Adopted from Jaworski and Kohli (1993), Item 5 (Response implementation)
Structure and Systems employed		Qualitative research finding and analysis which supports Deshpandé's (1999) definition of market orientation.
SSE1	Our organizational structure fosters the implementation of our strategy.	Qualitative research finding and analysis
SSE2	Our management information systems facilitate the collection of market information	Qualitative research finding and analysis
SSE3	Our management information systems facilitate systematic dissemination of generated intelligence	Qualitative research finding and analysis
SSE4	Our performance appraisal system is based on market-linked factors	Qualitative research finding and analysis
SSE5	Our appraisal system rewards employees based on customers' satisfaction	Qualitative research finding and analysis
Market-oriented Activities		Qualitative research finding and analysis which supports Deshpandé's (1999) definition of market orientation
MOA1	We freely communicate feedback on customer experiences across all business functions	Adopted from Deshpandé and Farley (1999), Item 3
MOA2	We measure customer satisfaction systematically at least once a year	Adopted from Deshpandé and Farley (1999), Item 5
MOA3	We have established measures of customer service	Adopted from Deshpandé and Farley (1999), Item 6
MOA4	We disseminate feedback on customer satisfaction regularly at all levels in our business organization	Adopted from Deshpandé and Farley (1999), Item 10

MOA5	Could you please give me some idea of approximately how often you survey customers to assess the perceived quality of customer service?	Adopted from Deshpandé and Farley (1999), Item 9
------	---	--

Table 4.3: The business organizations' developed scale (compiled by the author)

Table 4.4 illustrates the developed scale which was employed to measure the customers' view of the business organizations' responsiveness to their customers' needs and expectations, and the customers' perception of the extent to which these financial institutions were customer-focused.

Constructs identified and the item code	Items to measure Independent variables	Source
Customer view of organization's responsiveness		Adopted from Dawes (2000)
Banks and investment companies (BCV1) Insurance companies (ICV1)	They respond very quickly to negative customer satisfaction information.	Adopted from Dawes (2000), originally adopted from Kohli et al. (1993), Item 31
Banks and investment companies (BCV2) Insurance companies (ICV2)	They respond quickly to changing customer requirements.	Adopted from Dawes (2000), originally adopted from Kohli et al. (1993), Item 32
Banks and investment companies (BCV3) Insurance companies (ICV3)	If customers complain, changes are made very quickly.	Adopted from Dawes (2000), originally adopted from Kohli et al. (1993), Item 28
Banks and investment companies (BCV4) Insurance companies (ICV4)	They respond very quickly to factors affecting their market.	Adopted from Dawes (2000), originally adopted from Kohli et al. (1993), Item 30
Banks and investment companies (BCV5) Insurance companies (ICV5)	A high priority is placed on implementing changes to increase future customer satisfaction.	Adopted from Dawes (2000), originally adopted from Kohli and Jaworski's (1990) statement "market orientation is a broader concept as it includes consideration of current as well as future needs".

Customers' Perception of the Organization's Market Orientation		Qualitative research finding and analysis
Banks and investment companies (BCP1) Insurance companies (ICP1)	The organization exists primarily to serve customers such as me	Qualitative research finding and analysis
Banks and investment companies (BCP2) Insurance companies (ICP2)	The organization focuses on creating superior value to customers such as me	Qualitative research finding and analysis
Banks and investment companies (BCP3) Insurance companies (ICP3)	The organization has a structured programme that obtains the feedback necessary to fully understand customers' needs and expectations.	Based on Deng and Dart (1994), Item 2 and Dawes (2000) , Item 4
Banks and investment companies (BCP4) Insurance companies (ICP4)	The organization responds to information that states customer preferences.	Based on MARKOR (Kohli, Jaworski and Kumar, 1993), Item 4.
Banks and investment companies (BCP5) Insurance companies (ICP5)	To what extent do you consider the organization to be more customer-focused than its competitors?	Qualitative research finding and analysis

Table 4.4: The customers' developed scale (compiled by the author)

It is important to note here that two scales with almost similar item content were developed and adapted to certain extent from Dawes (2000), to measure the customers' views and perception of banks and insurance companies separately in order to explore whether such views and perceptions would be similar for both financial services providers' categories.

The Oxford Dictionary defines a bank as "*an establishment for custody of money, which it pays out on a customer's order*". As per the Central Bank of Bahrain Rulebook, bank licensees provide regulated banking services which include accepting deposits, providing credit, providing money exchange and remittance services, issuing and administering means of payment, as well as dealing in, managing,

safeguarding and advising on financial instruments, among other similar business activities in relation to financial instruments. The only difference between a conventional and Islamic bank in this respect would be that the latter operates and structures its transactions in accordance and in compliance with the Shariah. According to Bahrain Economic Quarterly (2012), Bahrain's banking system consists of both conventional and Islamic banks and is the largest component of the financial system. The report asserts that the key feature of the banking system in Bahrain is the rich variety of locally incorporated and international conventional and Islamic banks that operate in the Kingdom. Between them, these banks provide professional services and products to retail, wholesale and private wealth clients. Several locally incorporated banks have either branches or subsidiaries in other countries throughout the Middle East, Far East, Africa, Europe and the USA. Furthermore, investment companies are banks or firms managing funds and providing various medium and long-term investment portfolios. Some of these companies act as wholesaler banks, or provide finance through the creation of a consortium to finance projects in addition to providing administrative and asset management services. As per the Central Bank of Bahrain Rulebook, licensees providing regulated investment services conduct business activities including dealing, managing, safeguarding and advising on financial instruments among other business activities in relation to financial instruments. The only difference between a conventional investment company and an Islamic one would be that the latter conducts its business in accordance with the Shariah. In other words, investment companies are similar to banks in terms of business activities relating to financial instruments. However, they differ in that investment companies cannot accept deposits and provide credit in the manner that banks do.

On the other hand, the Central Bank of Bahrain Rulebook defines insurance licensees as including insurance firms which assume insurance risk by providing both long-term insurance contracts (such as life insurance or insurance against accident) and/or general insurance contracts (including insurance against fire and property damage, motor insurance, insurance against accidents). Insurance licensees also include insurance brokers acting as an agent for their clients when buying insurance, insurance consultants giving advice on insurance, insurance managers and insurance exchange operators. The Central Bank of Bahrain (2012) reports that the insurance industry in Bahrain has been growing steadily and strongly in recent years demonstrating double-digit growth, and mirroring the expansion of Bahrain's financial sector. This category includes insurance companies operating locally, regionally and overseas including those restricted to operating in offshore markets. In addition, other insurance companies are operating in the re-insurance market.

Moreover, in addition to the differences in the definitions of the two categories, it is important to note that banks and investment companies provide a wider range of services to customers compared with insurance

companies in Bahrain. Therefore the customers have a higher level of interaction and consumption of bank services, which allows them to evaluate this category more accurately, especially as individual customers interact with insurance companies only if they are experiencing problems that necessitate filing a claim. Accordingly, customers were asked to answer the same questions twice about their views and perceptions, with one set covering the banks and investment companies and the other covering insurance companies.

Initially, the scale items were developed based on the process of item generation discussed above and, therefore, the measurement instruments included questions to measure all of the constructs in the theoretical models. However, in order to establish the face validity, the researcher re-sent these two scales to academics and the feedback received is presented in Chapter 5). The researcher chose local and regional academics based on their knowledge and experience in undertaking different studies in the marketing and management disciplines. It was assumed that feedback received from them would foster the process of refining the scales facilitating the enhancement of these scales at an early stage of the research. Additionally, those academics were chosen based on their accumulated experience in using scales and undertaking factor analysis, so that their feedback could enable the process of acquiring face validity or better refine the suggested scales. In general, the academics' feedback led the researcher to conclude that both scales were suitable in terms of measuring what these scales were intended to measure. Therefore, it was assumed that the content or face validity for these scales had been established (see De Vellis, 2003) and that they could be incorporated into the designed questionnaires.

4.11.1 Development of research instruments

Based upon the analysis, discussion of the collected data from the qualitative research, the literature, and the insights and feedback obtained from the academics, the two scales (for business organizations and their customers respectively) were incorporated into the designed questionnaires (see Appendices A and B). Once the questionnaires were designed, a pilot survey for both questionnaires was undertaken in order to verify the interpretation of questions by the potential respondents to confirm the content validity and establish the reliability of the variables concerned. The customers' questionnaire was in hard copy, and the institutional questionnaire was an electronic online questionnaire.

4.11.2 Sampling procedure

The population for the financial services institutions in this study was the entire list of financial services providers in the Central Bank of Bahrain registration list. According to Bryman and Bell (2007, p. 182), the population is “*the universe of units from which the sample is to be selected*”. They add that “*the segment of population that is selected for investigation is defined as the sample*” (Bryman and Bell (2007, p. 182). Therefore, in both cases a random sampling approach (probability sampling) was employed. On the other hand, the population for these financial services providers’ corporate customers were all the corporate customers listed in the Bahrain Chamber of Commerce registration list. However, because of the Central Bank of Bahrain regulations, the researcher was not able to obtain a population list for individual customers. Therefore, convenient sampling (non-probability sampling) approach was employed. Accordingly, in this case a sample bias occurred. This means that the sample in the case of individual customers for the financial services providers was not representing a known number of populations; hence selection bias would occur (Zikmund, 1998). In addition, and in order to reduce measurement bias, this study carried out a pilot test to obtain feedback from respondents related to the clarity of measures and to double-check the data collected. Chapter 6 provides a clear illustration of the robust statistical procedure employed to adjust for measurement error.

4.11.3 Sample size

Although structural equation modelling (SEM) requires a reasonably large sample size in order to obtain reliable estimates (Gerbing and Anderson, 1988; Janssens et al., 2008; and Hair et al., 2010), the sample size for the business organizations in the main survey was only 139, representing a response rate of 43.4%. This was due to the political situation Bahrain went through during 2011 with the result that a number of financial institutions had closed and moved to Dubai. Therefore, the researcher did not expect an adequate number of responses. This might have had an impact especially when testing the indices during the CFA and structural equation modelling (see Guadagnoli and Velicer, 1988). Accordingly, it was decided to use the full received responses to undertake both the exploratory and confirmatory factor analysis. The sample size for the customers, including corporate customers, was 240 for the banks and investment companies; and 226 for the insurance companies.

This research administered the institutional questionnaire covering the chief executives and marketing directors/managers of the entire population list provided by Bahrain Central Bank, covering all the retail and wholesale banks, investment and insurance companies, and money exchange companies. However,

due to the Central Bank regulations, a non-probability convenience sampling approach was employed for the financial institutions' individual customers. This was done through some banks and insurance companies, who agreed to send the questionnaire to some of their customers. However, to ensure full confidentiality of the responses and to allow customers to respond freely, a self-addressed stamped envelope was provided so that respondents could mail their responses directly to the researcher. In addition, more questionnaires were distributed inside the banks, insurance and investment companies by the researcher. A total of 700 hard copies of the questionnaire were distributed with the aim of achieving more than a 50% response rate. Another 300 questionnaires were sent with the same covering letter to a randomly selected corporate customer sample based on the Bahrain Chamber of Commerce members list (as these were all expected to be customers of at least one of the studied financial services providers).

4.11.4 Questionnaire administration

The institutional questionnaire was administered by conducting a survey through the Internet covering the entire financial sector registered with the Bahrain Central Bank and directed to the chief executives and marketing directors/managers in each institution. A letter was sent to each institution's chief executive explaining the purpose of the research, promising confidentiality of the data collected and requesting their participation.

A hard copy of the individual customers' questionnaire was distributed through the financial institutions that agreed to participate and administered by the researcher in these institutions' premises. The corporate customers' questionnaire was administered by mail. However, in order to enhance the response rate some major corporate customers included in the sample were encouraged to respond by the researcher through visiting their offices. Follow-up emails and telephone calls were used to maximize responsiveness from corporate customers.

Appendices A and B present the two questionnaires used for the financial institutions, and to collect data from individual and corporate customers.

4.11.5 Pilot survey

The pilot survey was conducted for the business organizations' questionnaire and administered through mail and personal visits to business organizations included in a sample of 50 organizations selected randomly from the Central Bank of Bahrain list using a hard copy, with a covering letter explaining the

purpose and ensuring confidentiality. The pilot survey for the customers' questionnaire was administered using hard copy through a convenient sampling approach by standing in the financial services' premises and asking individual customers to respond. Each questionnaire had a short covering letter explaining the purpose and ensuring confidentiality. 30 randomly selected corporate customers were visited in their offices and requested to respond to the questionnaire, generating 110 total responses to the customers' questionnaire.

For this stage the aim was to assess the reliability of the scales. It has been argued that scale reliability is the proportion of variance attributable to the actual score of latent variables (DeVellis, 2003). It is designed to ensure that the measure will yield consistent results. A pilot survey is undertaken to test the internal consistency, the stability of item responses over time, and the extent to which two different statements can be employed to measure a given construct at two different times (Churchill, 1997; Nunnally, 1967; and Peter, 1979). Therefore, the internal consistency was assessed by employing the coefficient alpha, the item-to-item scale correlation for each dimension, and the change in Cronbach's alpha if any item was deleted (Churchill, 1979; Tabachnick and Fidell, 2001; Hair et al., 2010; and Janssens et al., 2008). Moreover, although some researchers suggest that a coefficient alpha of 0.5 is acceptable and sufficient in the early stages of research (Nunnally, 1978), others have claimed that a coefficient alpha that is greater than 0.70 is highly satisfactory (Hair et al., 2010).

4.12 Data analysis techniques

Once the data collection process had been completed, descriptive statistics were conducted using SPSS 19 in order to provide an overview of the sample. Therefore, the mean and the standard deviation were calculated, demonstrating the central tendency and dispersions of the variables. In addition, the Skewness and Kurtosis were tested for normal data distribution. A reliability test was applied for both the pilot survey and main survey in order to assess the validity and reliability of the employed instruments (see Bock, 1975; Churchill, 1979; and Field, 2009). However, it was intended to divide the responses into two halves with one half of these responses being used to run an exploratory factor analysis using SPSS 19, exploring the data collected in order to determine the number or the nature of factors that account for the variation between variables (see Janssens et al., 2008; and Hair et al., 2010).

As explained above, due to the size of the financial services providers' sample, it was decided to use the full received responses to undertake both the exploratory and confirmatory factor analysis. The exploratory factor analysis was undertaken because the researcher did not have sufficient prior evidence

to support the hypothesis concerning the number of factors underlying the market-orientation concept in this context. It was therefore used as a theory-generating procedure as opposed to a theory-testing procedure. Factor analysis is a generic term that is used to describe a number of methods designed to analyse the interrelationships within a set of variables (Janssens et al., 2008). It is also considered as a method of data reduction (Hair et al., 2010) and is used to discover the validity of the items related to a given scale. Thus, the researcher is trying to determine whether the items of the scale are measuring what is intended to be measured. Furthermore, it assesses the nature of relationships among variables and establishes the construct validity of the test scores (see also Malhotra, 1981 and Kamata and Bauer, 2008). For this study, the researcher aimed to use real collected data to examine the items generated through the qualitative research. The factor analysis technique was employed to define the underlying structure between variables in the analysis (Field, 2009; Hair et al., 2010).

However, it is worth noting here that two factor analyses were needed to complete and satisfy the aim of this research. In addition to the exploratory factor analysis (EFA), confirmatory factor analysis (CFA) was used to confirm the number or the nature of factors that accounted for the co-variation between the variables that described market orientation and the responsiveness of these organizations to their customers' needs and expectations. While the exploratory factor analysis (EFA) was employed to infer the best explanatory model from the observed data (Kamata and Bauer, 2008; Field, 2009; and Hair et al., 2010), the confirmatory factor analysis was used to evaluate how well the suggested model explained the observed data and to examine the model's goodness-of-fit. In fact, as recommended by Anderson and Gerbing (1988), this study followed the two-step approach. First, to develop an acceptable measurement model and validate the constructs through confirmatory factor analysis (CFA), then to try to predict the causal relationships among the study variables. This was because the suggested model or hypothesis specified which variables would be correlated with which factors and which factors would correlate with each other. By the end of the confirmatory factor analysis (CFA) a more viable method for evaluating the construct validity was offered. Through the CFA the researcher was able to assess the relationships between the constructs. While the measurement model represented the latent variables and their set of observable variables, the structural equation model (SEM) described the dependence relationships and linked the hypothesized model's constructs (see Hair et al., 2010). Furthermore, the entire set of obtained responses was used to run the confirmatory factor analysis, using SPSS-AMOS 18 in order to examine the items' consistencies and evaluate how well the model explained the observed data. However, after the factor analysis (exploratory and confirmatory) and once the reliability had been tested, this research undertook descriptive statistics to show the perception of the respondents to the variables. This was followed by undertaking Pearson correlation (matrix coefficient/path analysis). Finally, this research

undertook a regression analysis (ordinary least square (OLS)) to examine the extent to which the independent variables influenced the dependent variable. Structural equation modelling or SEM is a statistical technique that is used by researchers for modelling (Hox and Bechger, 1998). SEM can be viewed as a combination of factor analysis and regression or path analysis (Hox and Bechger, 1998). However other researchers believe that SEM not only combines multiple regression analysis and factor analysis but also enables the researcher to test models related to the research interests of the researcher (Abramson et al., 2005). Byrne (2001) and Kline (1998) argue that SEM is a confirmatory tool; therefore, SEM facilitates the testing of the anticipated relationship between a set of variables and the factors upon which these variables are likely to load. In fact Abramson et al. (2005) argue that SEM enables the researcher to understand how independent variables contribute to an explanation about the dependent variable. Additionally the researcher is able to model the direction of the relationship between the dependent and independent variables represented in the regression equation. However there are limitations to using SEM. These include challenges that could emanate when data do not meet assumptions, for instance a small sample size. The researcher is conscious of these pitfalls and took care to ensure that judgments were supported by sound theory and practice (Abramson et al., 2005).

Some of the main characteristics that enabled the researcher to choose SEM as the main tool to investigate the relationship between variables included the facility to examine the measurement model and the complete structural model. While structural models are identified by researchers to highlight the relationship amongst latent variables, measurement models bring out the importance of the relationship between the manifest variables and latent variables they are expected to reflect. In the same vein researchers emphasize that a complete structural equation modelling procedure should estimate both measurement and structural models (Abramson et al., 2005; Arbuckle and Wothke, 1999; Byrne, 2001; Joreskog, 1977 and 1993; and Ullman, 2001).

An important component of CFA and hence SEM is the construct reliability. According to Schreiber et al. (2006), construct reliability is a major component of CFA and estimates the internal consistency of the observed variables as well as their relationship to the latent constructs through squared multiple correlations (SMC). In fact Schreiber et al. (2006) argue that the structural model is dependent on the reliability of the underlying constructs. Furthermore construct reliability has a wide applicability regardless of the type of model estimation for instance the congeneric measurement model, CFA or path model with latent variables (see also Holmes-Smith et al., 2006).

Although SMC could be used as a measure of the construct reliability of observed variables, there are other methods also that are used by researchers to estimate the construct reliability like, for instance, the

variance extracted estimate (Bollen, 1989). According to Bollen (1989), researchers can use any one method to estimate the construct reliability. SMC, according to Schreiber et al. (2006) provides an estimate of the proportion of the variance accounted for in the endogenous variables. Furthermore the SMC of an observed variable is the square of the correlation between a single indicator (item) variable and the construct it measures, in other words the square of the indicator's standardized loading. For instance, if the standardized loading of an observed variable is 0.6, then the SMC corresponding to the variable is 0.36 and the error variance is 0.64 (1-0.36). Some researchers accept a value of SMC as low as 0.30 although a figure of 0.5 is considered by researchers to be good. An SMC of 0.5 indicates an approximate equivalent to a standardized load of 0.7 (Holmes-Smith et al., 2006).

However, according to Hair et al. (2010), the structural equation model fosters the representation of the interrelationships of the variables between constructs. However, the model will be evaluated based on a selected number of goodness-of-fit indicators which are as follows:

- **The absolute fit indices**

According to Hair et al. (1998) the absolute fit indices are the degree to which the model will predict the observed covariance or correlation matrix. These indices include the Chi-square statistics, the non-centrality parameter (NCP), the goodness-of-fit index (GFI), the root mean square error (RMR), the root mean square error of approximation (RMSEA), and the expected error validation index (ECVI).

- **Incremental fit indices**

The incremental fit indices illustrate how fitting a given model is in comparison with a baseline model (null model) (Hair et al., 2006). They include the adjusted goodness-of-fit (AGFI), Tucker-Lewis (TLI), normed-fit index, the relative-fit index (RFI), the incremental-fit index (IFI), and the comparative-fit index (CFI), which are indicators that measure the incremental-fit index. Moreover, the acceptable values range from 0 to 1, whereby a value of 0 shows that the given model is not better than the null model, and a value of 1 shows that the model is a perfect fit.

- **Parsimonious fit index**

This index measures the goodness-of-fit of the model in relation to the number of estimated coefficients required to achieve the goodness-of-fit. It diagnoses whether the model fit has been obtained through the process of fitting the data with a number of coefficients. It includes the parsimonious fit index (PNFI), parsimonious goodness-of-fit index (PGFI), normed chi-square and Akaike information criterion (AIC).

Gerbing and Anderson (1992) assert that it is crucial for the researcher to select the right goodness-of-fit indices in structural equation modelling (SEM), due to the fact that empirical assessment of the model being tested is an essential facet of the theory development process. However, although Byrne (1998) asserts that there are a variety of criteria influencing the choice of indices to evaluate the goodness-of-fit of any model, which takes into account the theoretical, statistical, and practical considerations, this study intends to follow what has been suggested by Janssens et al. (2008) and Hair et al. (2010). The choice of indices is discussed in Chapter 6 (findings and analysis) (see also Diamantopoulos, 1999; Byrne, 1998; Chaudhuri, 1995; and Bollen, 1989).

4.13 Data sources

Data for this study were drawn from the chief executive officers (CEO) and marketing executives/managers from all of the financial services providers including retail and wholesale banks, investment banks, offshore banks, and insurance and investment companies according to the list registered with the Bahrain Central Bank. The choice of these institutions was based on the assumption that it was a large, accessible and easily available data set for this research. The results of this research hopefully will have relevance across financial institutions in other Middle Eastern countries. The full data set of the sample size was operationally defined as the entire population for the purpose of this research as provided by the Central Bank of Bahrain. This study population consisted of 524 executives holding CEO and marketing director/manager positions within retail and wholesale banking, investment companies and banks, offshore banks, insurance and re-insurance companies, and money exchange. However, it was found that as a result of the political situation Bahrain went through during early 2011 some of the financial institutions had closed either permanently or temporarily. Therefore, during the data collection phase of this study only 199 institutions were available. Hence, the actual targeted population was 398 executives working in this sector (N = 398). Accordingly, based on the responses received for the main survey the response rate was 34.9%. These responses covered representatives from the entire sector identified above representing 139 financial services institutions. In fact, the financial services providers' representation both for the qualitative study and the main survey reflected the various categories within the financial services sector. It was also found from the follow-up telephone calls and emails that 91 respondents from the population participated by answering the questionnaire jointly reflecting the response from their organization. Such information increased the response rate and reduced the numbers of the targeted population.

As explained previously, the customers' views and perceptions were collected from a sample of 1000 customers consisting of 700 individual customers and 300 corporate customers. The response rate was 240 for banking and investment banks and companies, and 226 for insurance companies. Therefore the response rate was 24% and 22.6% respectively.

Figure 4.5 illustrates this research process. However, it was decided that any returned questionnaires with missing values would not be entered into the quantitative data for either the business organizations' responses or the customer responses.

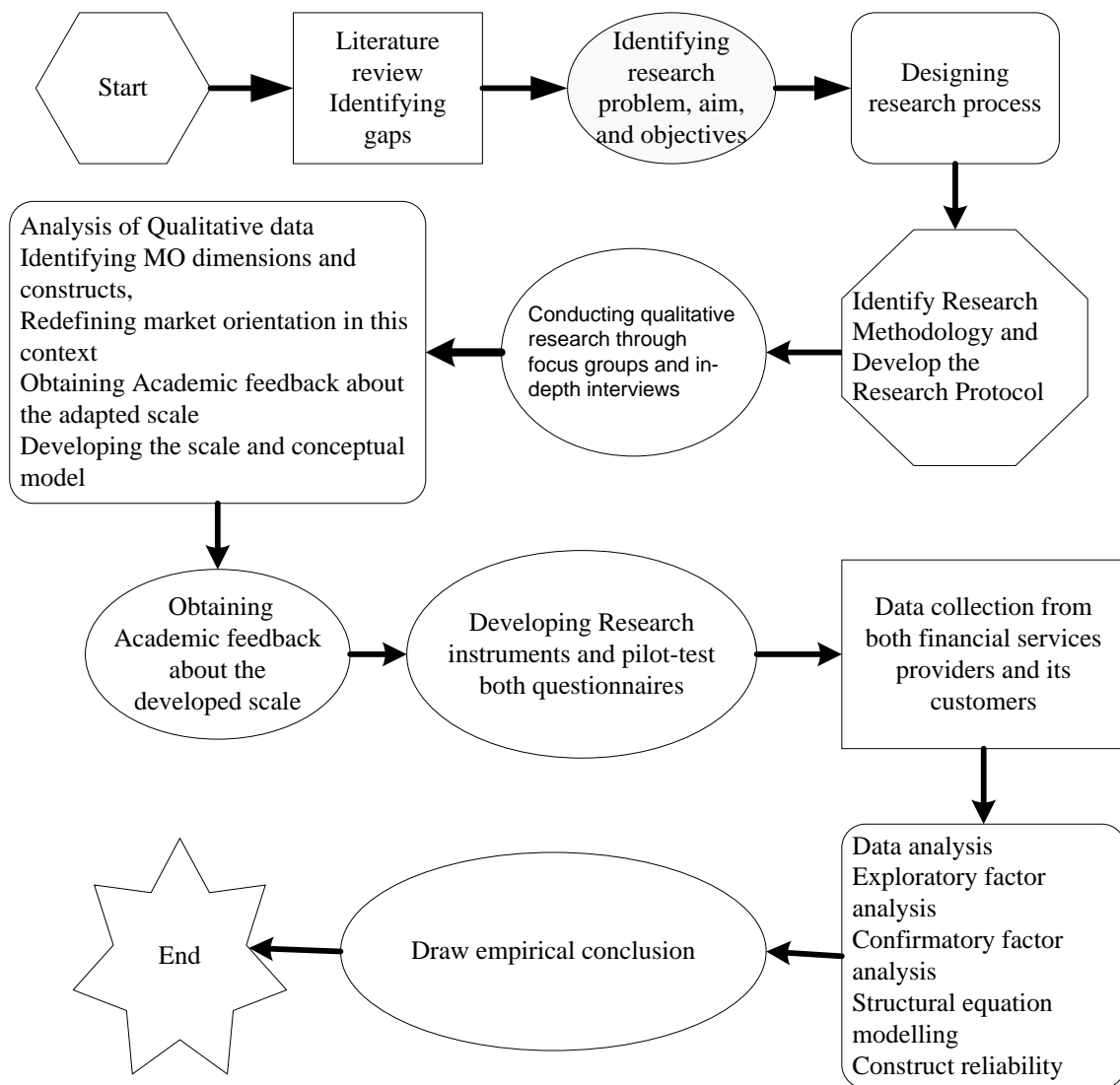


Figure 4.1: Empirical Research Process Framework (compiled by author)

4.14 Limitations

In addition to the time consumed in conducting the focus groups and in-depth interviews, the researcher faced difficulties with securing the participation of CEOs, executives, and managers due to their preoccupation with their day-to-day work, such that sometimes even when they had planned to attend, a last-minute issue would prevent them from being able to participate. Therefore, a major limitation of the exploratory study was the limited number of respondents who attended the discussions. Furthermore, even though the researcher was able to obtain the entire list of the population for the financial institutions from Bahrain Central Bank and was able to streamline it with the Chamber of Commerce list, it was not possible to obtain the financial institutions' customer list because of the Central Bank regulations. Therefore, one could expect the introduction of bias into the sampling procedure in the approach to select the individual customers.

Furthermore, time constraints represented a challenge in conducting the research, while teaching and supervising other undergraduate students' projects. Another limitation related to not being able to include observation of the financial services providers internally, covering aspects of leadership practice, organizational culture, team communication, and interaction of employees with their customers that might contribute to a large extent to the findings of this research. In addition, and especially immediately before the period of gathering the quantitative data, Bahrain went through a conflict situation that led to a number of financial services providers moving their operations and offices to Dubai. This led to relatively low responses to the research instrument which affected the size of the sample for this research. Having a larger sample might have helped to obtain a more valid result in terms of obtaining a better model fit analysis for this research. Furthermore, the researcher could have employed a third party to collect the quantitative data which might have led to obtaining a higher response rate or obtaining responses from the Gulf region, bearing in mind that they are all considered as resource-based economies. However, due to not being sure that a third party would obtain actual and reliable data, and because such an offer was received late in the process, this was not done.

4.15 Delimitations

The researcher chose not to observe multiple teams, even though such comparisons might be valuable, in order to allow more in terms of depth of understanding regarding the group on which this research focused. Additionally, this research did not use structured interviews, in order to minimize the obtrusiveness and the influence that might have impacted on the groups' participants. The boundaries

governing this research were to first obtain a clear and thorough understanding of what constitutes market orientation in this context. Secondly, to identify the antecedents of market orientation as perceived by the industry itself. Thirdly and based on that, to develop scales that would allow this research to measure the level of market orientation from both perspectives and then to reflect such understanding of what constitutes market orientation within a resource-based economy in an articulated definition and conceptual models. Finally, to obtain the reliability and purification of these scales as a contribution to the body of knowledge that might facilitate future research.

4.16 Chapter summary

This chapter presents the different philosophies available and discusses the suitability of the research philosophy for this research. It also provides an understanding of the research approaches and strategies that this research attempts to employ along with its limitations. Furthermore, it presents the justifications for the philosophies, approaches and methods intended to be used in this research. Based on such justification, this chapter then outlines the research framework and presents the various stages including the sampling procedures, the data sources, and the procedures to develop and administer the research instruments. Therefore, the next chapter will present the qualitative research (focus groups and interviews) findings and discussion of those findings. In addition, it presents the revised conceptual model or framework, and the definition of market orientation for this research. It also presents the final measurement scales based on the findings of this stage and the feedback received from the academics that contributed through their suggestions to the revisions of these scales.

Chapter Five

Qualitative Study Results and Analysis

5.1 Introduction

While chapter one provides an introduction to this research, the research problem and objectives and chapters two and three cover the literature review identifying the gaps that this research is going to address, chapter four outlines the framework of this research methodology and justified the approaches selected to conduct this research (see Chapter 4, Section 4.7).

This chapter will outline and analyse the data collected through the qualitative research allowing the researcher to identify and understand the antecedents of market orientation in this context. In addition, it will allow the researcher to gain insight into what the financial sector providers are doing to become market oriented or enhance their level of market orientation. This will foster the identification of the different factors or components of market orientation in the resource-based context to pinpoint the various independent and dependent variables in determining the level of market orientation of the financial service providers. Accordingly this will facilitate the development of the scales to be employed to conduct the second step of this research through the collection of quantitative data from both the financial institutions and the customers. Hence, this chapter provides the qualitative research findings and identifies the various market-orientation constructs based on the analysis of the qualitative data collected through focus groups and in-depth interviews conducted with the financial services sector representatives within this Bahrain context. In addition, while chapter three provides a tentative definition and conceptual model for market orientation based on the Deshpandé and Farley (1999) definition, this chapter provides the definition of market orientation and the conceptual model for this research based on the collected qualitative data and literature reviewed. Furthermore, it provides the feedback received from the various academics related to the revised 10-item scale proposed by Deshpandé and Farley (1999). This chapter also outlines the feedback from the local academics consulted about the final scale resulting from the qualitative data analysis. Thus, it presents the final developed measurement scales that will be employed for this research and incorporated in the research instrument. This chapter also presents an analysis of the collected qualitative data from the financial services sector customers on how they perceive the financial sector's responsiveness to their needs and expectations and their feedback about the scale suggested by

Dawes (2000) which will help to develop the scale to measure their perception of the extent to which these organizations are market-oriented.

5.1.1 Chapter objectives

Based on the research objectives presented in chapter one, it is of vital importance to identify the antecedents of market orientation within the resource-based economy context based on the industry representatives' understanding and interpretation of the market-orientation concept. Therefore, the first objective of this chapter is to understand how financial institutions perceive what constitutes market orientation in a resource-based economy context (Bahrain in this case). Furthermore, what (if anything) they are doing to become more market-oriented. Accordingly, the second objective is to validate the adaptation of the scale suggested by Deshpandé and Farley (1999) or revise it and develop a scale that would measure the level of market orientation in the financial services institutions in this context. The third objective is to validate or revise the scale employed by Dawes (2000) in order to measure the customers' views of the financial institutions' responsiveness to their needs and expectations and to develop a scale that will allow this research to measure their perceptions related to the extent to which they perceive these organizations as market oriented. Based on the gathered data, the fourth objective is to revise the preliminary definition and conceptual model suggested in Chapter 3, Section 3.4, and articulate this research definition to suggest a conceptual model for the research which should provide an understandable and acceptable definition of market orientation within this context. The fifth objective is to develop the research instruments (questionnaires) which will be pilot-tested before being employed for the main survey. The final objective is to frame this research expectation into a testable hypothesis.

5.1.2 Chapter structure

This chapter starts with section 5.1 providing an introduction to this chapter and outlining its objectives and structure. Section 5.2 presents the collection of the qualitative data process. Section 5.3 explains the approach to the qualitative data analysis. Section 5.4 outlines the feedback received from academics related to the revised scale of Deshpandé and Farley (1999) based on consultation with the participants about this scale. Section 5.5 explains the qualitative data analysis approach. Section 5.6 reports the findings and analysis of the qualitative data collected. Section 5.7 outlines the discussion of the findings and conclusions, with Section 5.7.1 covering the financial institutions and Section 5.7.2 covering these financial institutions' customers. Section 5.8 presents the local academics' feedback related to the final

developed scales. Section 5.9 looks at the final revised definition of market orientation for this research. Section 5.10 explains the research conceptual model. Section 5.11 presents the research hypothesis. Section 5.12 provides a summary of the qualitative research limitations. Finally, section 5.13 summarizes this chapter.

5.2 Data collection process objectives

The qualitative data collection process was developed as presented in chapter four. The data collection process aims to collect data from financial services sector executives and their customers in order to:

- 1) Understand the financial institutions' views of what constitutes market orientation in a resource-based context. This will help to understand and identify the antecedents of market orientation as understood and interpreted by the financial institutions.
- 2) Understand what these institutions are doing (if anything) to become more market-oriented. This will facilitate awareness of the level at which the financial institutions implement their understanding to become more market-oriented.
- 3) Obtain a clear understanding of the constructs for market orientation in this context. This will foster the development of the scale to measure the level of market-orientation.
- 4) Acquire a thorough understanding of these institutions' customer views and perceptions of the financial services sector's responsiveness to their needs and expectations in order to thus undertake a comparison between the business organizations' self-reported level of market orientation and their customers' views of their responsiveness to their needs and expectations.
- 5) Consult both the financial institutions and their customers about the Deshpandé and Farley (1999) and Dawes (2000) scales that this research intends to employ if suitable. This will allow the researcher either to revise these scales before employing them or to develop new scales to measure the level of market orientation by the financial services providers, and their customers' views on their responsiveness.

The achievement of the above objectives will foster the articulation of a definition of market orientation, and facilitate the understanding of market orientation within this context. Furthermore, it will help in the evaluation of the face validity of the proposed measurement scales presented in chapter four or in the development of new scales if appropriate. This will enable the conceptual model for this research to be developed and the collection instruments to be designed and pilot-tested.

Hence, the qualitative data collection process is designed to obtain insights into the antecedents for market orientation and will facilitate either confirming the face validity of the two scales or developing new measurement scales that reflect the qualitative data collected and the feedback obtained from the academics. The next section provides an overview of the procedures followed in collecting the information, preparing the transcripts, and categorizing and analysing the qualitative data.

5.3 Approach to qualitative data analysis

An important aspect of conducting this qualitative study is that the researcher needs to know whether the market-orientation constructs are understood and interpreted within this context in the same way as in the context where they were developed. In addition, it is important to gain more insight and find out whether the scales suggested by Deshpandé and Farley (1999) and Dawes (2000) are interpreted and accepted in their original format. To this end, all qualitative data collected was recorded and then transcripts were prepared. Categorization of the data was made on the basis of the questions asked by the moderator and the various market-orientation elements and constructs presented and discussed by the participants. In addition, all other components identified by the participants after reviewing and discussing both scales were merged with such categorization. Based on the analysis of the qualitative data this chapter provides the revised final market-orientation definition for this research, the revised final conceptual model, and the proposed scales as validated or revised. Finally, the feedback resulting from consulting the qualitative research respondents about the Deshpandé and Farley (1999) and Dawes (2000) scales were sent to the academics and revised in accordance with their feedback, then integrated within the final developed scales and sent back to local academics to obtain their views and opinions about the final suggested scales.

5.4 Academics' feedback on the results regarding Deshpandé and Farley's (1999) scale

As explained in chapter four, the feedback obtained from consulting the qualitative research respondents about Deshpandé and Farley's (1999) 10-item scale was first sent to academics and researchers to obtain their opinions before the final revision of the scale was undertaken based on the qualitative data collected from the participants. In fact, when the participants were consulted about Deshpandé and Farley's (1999) 10-item scale, they clearly indicated a need to add items to measure the extent to which the business organization's corporate culture is market-oriented. A pool of suggested items was developed based on the focus group and interview participants' discussions and suggestions. These items were screened and

then sent by email to participants requesting them to identify the items that could capture the market-oriented corporate culture construct. Surprisingly, they reach congruence in selecting two items, which were added before consulting the academics who had previously conducted research covering various issues related to the market-orientation concept.

The next table (Table 5.1) shows the 12-item scale which was sent to the academics and researchers at this stage.

		Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
		1	2	3	4	5
1	Our business objectives are driven primarily by customer satisfaction.					
2	We constantly monitor our level of commitment and orientation to serving customer needs.					
3	We freely communicate information about our successful and unsuccessful customer experiences across all business functions.					
4	Our strategy for competitive advantage is based on our understanding of customers' needs.					
5	We measure customer satisfaction systematically and frequently.					
6	We have routine or regular measures of customer service.					
7	We are more customer-focused than our competitors					
8	We believe our business exists primarily to serve customers.					
9	We poll end-users at least once a year to assess the quality of our products and services.					

10	Data on customer satisfaction are disseminated at all levels in our business organization on a regular basis.					
11	Our corporate culture facilitates and guides all the members of our organization to focus on creating and delivering superior value to our customers.					
12	Our structure and systems employed, especially the appraisal and reward system, are based on customer satisfaction.					

Table 5.1: The 12-item scale resulting from consultation with the financial institutions’ participants about the scale suggested by Deshpandé and Farley (1999)

Based on the feedback received from the financial services’ customers the Dawes (2000) scale was adapted by changing the item-wording in order to be understood in this context. However, although international academics were not consulted about the Dawes (2000) scale, the final customers’ scale based on an adaptation of the Dawes (2000) scale with items added from the literature, to measure customer perceptions of the extent to which business organizations respond to their needs and expectations, was sent to the local academics. This was done in order to consult them about its suitability to capture these two constructs.

A letter was emailed to each of the international academics with an attachment illustrating the scale resulting from the consultation with the qualitative research respondents about Deshpandé and Farley’s (1999) 10-item scale as presented in Table 5.1. In response to this research enquiry, Professor John Narver apologized saying he had been retired for over 10 years and was therefore forwarding the enquiry to Professor Stanley Slater.

Professor Frederick Webster responded “**I do not feel qualified to comment on the construction of the scale, as the research methodology in scale development has been the responsibility of my colleagues Deshpandé and Farley**”.

Professor Stanley Slater however replied:

“The Deshpandé and Farley scale is definitely acceptable for the assessment of the extent to which a business is market-oriented. Whether you choose to adopt an existing scale or develop a new one, bear in mind that the reliability and validity of the scale will be dependent on the context in which it is used. Thus my recommendation is that you include the items. If you are unable to conduct a confirmatory factor analysis, my recommendation would be to first conduct a reliability analysis and delete the items that drop the cronbach’s alpha below 0.7. I would then conduct exploratory factor analysis to determine which items do not load on the first factor.”

In addition, he sent another email after reviewing the scale saying **“looks good to me”**.

Professor Ajay Kohli responded:

“I think the most important thing you can do is to define what you mean by market orientation before you begin to figure out how to measure it. It is critical that you do that in a single crisp and clear sentence, and then ask if the 12 items capture the meaning of the construct. Similarly, you need to consider whether you are interested in limiting yourself to a financial service firm’s focus on customers or also competitors (and possibly other entities in the marketplace)? I believe it is premature to ask whether a factor analysis is needed or not without nailing down the basics as noted above.”

In addition, Professor Rohit Deshpandé said

“The scale looks good but definitely needs psychometric testing. Keep in mind that the original 10-item scale is itself the result of a factor analysis of three larger scales as reported in our JOMFM article. Hence arguably you would need another assessment before making the 10 item into 12 item scale.”

Finally, Professor Lloyd Harris replied with a more detailed answer going through each of the 12 items on the scale. He noted that a number of the items on the scale were ‘double-barrelled’ questions that needed to be revised. Accordingly, and based on the received feedback and the qualitative data analysis, the 12-item scale was revised again not only to eliminate any double-barrelled questions but also to reflect the qualitative research findings.

5.5 Qualitative data analysis approach

Among the various tools available for analysing data collected through qualitative study is the thematic analysis that has been used widely by researchers (Braun and Clarke, 2006). According to Braun and Clarke (2006) qualitative analytic methods can be broadly categorized into two groups. The first one includes two approaches: conversational analysis (see Hutchby and Wooffitt, 1998) and the interpretive phenomenological analysis (see Smith and Osborn, 2003). However, Braun and Clarke (2006) claim that there is hardly any distinguishable variability in such methods as one approach guides the analysis. Grounded theory (Glaser, 1992; Strauss and Corbin, 1998), discourse analysis (Burman and Parker, 1993; Potter and Wetherell, 1987; and Willig, 2003), and narrative analysis (Murray, 2003; and Riessman, 1993) also are considered to be part of this group. The second group comprises analytical methods that are considered to be independent of theory and epistemology (Braun and Clarke, 2006). Researchers (for instance Braun and Clarke, 2006) claim that such analytical methods including thematic analysis can be applied to a number of theoretical and epistemological approaches. Furthermore, Braun and Clarke (2006) assert that thematic analysis which is a prominent qualitative analytical method is compatible with different research paradigms including the interpretive paradigm to which the qualitative research method belongs. Some of the advantages of using thematic analysis include flexibility and the extraction of rich, detailed and complex accounts of data (Braun and Clarke, 2006). However some researchers point out certain limitations in using thematic analysis. For example, Tuckett (2005) argues that there is no clear common agreement indicating what thematic analysis is and how one goes about doing it (see also Attride-Stirling, 2001; and Boyatzis, 1998). In addition, Attride-Stirling (2001) argues that in the absence of information on what assumptions were made or how the researcher went about analysing data, evaluation of the research as well as comparison of the outcomes of the research with other research outcomes could become hard. He adds that it often happens that researchers do not provide sufficient detail in reporting and analysing the process. In fact, Dixon-Woods et al. (2005) argue that thematic analysis fails to distinguish between data-driven or theory-driven approaches and hence can be said to lack transparency. However, and despite all the limitations brought out above, thematic analysis is still a widely used method in qualitative analysis. In fact, Guest et al. (2011) affirm that thematic analysis goes beyond just counting specific words or phrases within the collected data. They note that thematic analysis focuses on identifying as well as explaining ideas within the data that are both implicit and explicit, called themes. Codes are developed in thematic analysis that represent the themes identified and such codes are then related to plain data as summary markers for analysis at a later stage (Guest et al., 2011). An

example of how thematic analysis can be carried out is outlined in Table 5.2, which illustrates the phases in thematic analysis.

Phase	Description of the process
1. Familiarizing yourself with your data	Transcribing data (if necessary), reading and rereading the data, noting down initial ideas.
2. Generating initial codes	Coding interesting features of the data in a systematic fashion across the entire data set, collecting data relevant to each code.
3. Searching for themes	Collecting codes into potential themes, gathering all data relevant to each potential theme.
4. Reviewing themes	Checking if the themes work in relation to the coded extracts (Level 1) and the entire data set (Level 2), generating a thematic map of the analysis.
5. Defining and naming themes	Ongoing analysis to refine the specifics of each theme, and the overall story the analysis tells, generation of clear definitions and names for each theme.
6. Producing report	The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research question and literature, producing a scholarly report of the analysis.

Table 5.2: Phases in thematic analysis. Source: Braun and Clarke (2006).

As far as the utility of thematic analysis for the current research is concerned, it is pointed out that thematic analysis provides a solid base to identify themes based on data generated through focus groups and in-depth interviews that are captured on audio devices, an argument supported by Guest et al. (2011). The researcher captured the in-depth interviews and focus groups discussions on a recording medium. Guest et al. (2011) note that qualitative data collected can be in one of three basic forms namely text, image and sound. They suggest that data collected through audio (sound) or video (image) media can be analysed using thematic analysis. In the same vein, Harden (2010) argues that, where mixed methods are used, thematic data analysis could be used that enables the critical analysis of certain interventions from the perspective of people which the interventions target. Such an integration of qualitative and quantitative methods enable the researcher to answer a series of questions that could be raised in a systematic review of a phenomenon. Considering the fact that the current research used mixed methods and data was collected both as text and sound, it was reasonable to conclude that the choice of thematic analysis as the data analysis tool for this research was rational.

5.6 Findings and analysis of qualitative data

This section presents the collected qualitative data, which will be the basis for integrating the feedback received from the academics about the revised scales of Deshpandé and Farley (1999) and Dawes (2000) with the findings of the qualitative data from the financial sector representatives and their customers. Such integration will allow the development of the final scale for this research that will be validated and purified through the collection of the quantitative data from both the financial institutions and their customers.

5.6.1 Financial institutions

The basic purpose of the qualitative research is to provide information to develop further quantitative research (Walle, 1997). One difficulty in the use of qualitative data is that the methods of analysis of such data are not normally well formulated (Milles and Huberman, 1994). The advantages of qualitative data however include the provision of human experiences about an issue or a phenomenon as described by participants (Creswell, 2009). It also provides insights and thorough understanding of the problem setting including how participants interpret the constructs (Malhotra, 2010). While quantitative data is based on meanings derived from numbers, qualitative data is based on meaning expressed through words (Saunders et al., 2009). The analysis of the qualitative data yielded unique results pertaining to the constructs of market orientation within this context. Furthermore, the data collected through the focus group sessions and interviews was rich and thorough, providing a holistic picture not only of the various executives' views of what constitutes a market-oriented financial institution, but also what these various institutions are doing in order to enhance the level of market orientation in their organizations. Based upon the research findings one would expect different levels of market orientation within this sector. The qualitative data collected through the focus groups and interviews was categorized into various areas indicating the different elements of market orientation as viewed and perceived by the financial services providers. This showed that certain related issues and activities were emphasized more than others by the financial institution executives. Therefore, based on the analysis, this research will attempt to summarize the identified categories under various variables or antecedents to market orientation. The next sections present the elements of market orientation identified, based on the qualitative research findings.

5.6.1.1 Intelligence generation and dissemination (see chapter 4, table 4.2, question 1, pp. 107-108)

The financial institutions, especially the banking and investment companies, but also the insurance companies emphasized that intelligence generation is critical in order to keep updated with changes occurring in the market and customer expectations. They considered that such information allows them to understand their customers' expectations, needs, and preferences, their competitors' activities, and changes occurring in the general macro and micro-environments. Intelligence generation covers various sources of information including market research, newspapers and magazines, professional journals, conferences, receptions, and attending other events. For example one banking executive stated:

“We have two types of activities for gathering intelligence by our Corporate Communication Department. They are gathering related information through the newspaper, through the scientific articles about banking, about financial organizations, new product development and they are just reporting to us. In addition, we gathered information from attending various events, attending workshops and seminars, and also we are undertaking market research” (see Appendix C, p. 279).

Furthermore, the findings indicated that intelligence generation is not limited to marketing or communication functions within these institutions. Rather it may be generated through the sales force and front-line employees who are interacting with customers and competitors' employees. This is evident in the statement of a retail bank executive:

“Our front-line employees also play a very important role whether in communicating with our corporate customers or in gathering market and customer information, but also ensure that such gathered intelligence is disseminated through the different management levels and the various functional areas” (Appendix C).

However, other institutions emphasized the relatively small size of the Bahrain market, which facilitates the process of generating intelligence and acquiring information about their customers.

Accordingly, this research finding provides further evidence supporting previous studies undertaken in different contexts in developed economies, which claim that intelligence generation is vital for the process of becoming a market-oriented business organization (See Kohli and Jaworski, 1990; Narver and Slater, 1990; Jaworski and Kohli, 1993; Slater and Narver, 1999; Lafferty and Hult, 2001).

5.6.1.2 Communication with stakeholders (see chapter 4, table 4.2, question 2)

This research found that most financial institutions emphasized the importance of enhancing communications and coordination between front-line and back office (support) employees and between the various functional areas in each organization as well as with customers and other stakeholders. A marketing executive said:

“One bank executive explained to us how they are coordinating their efforts to meet customers’ demand and satisfy customers’ needs. He said if there is a customer who needs our exchange rates every morning at 9 o’clock, this customer is not satisfied because he is not getting the exchange rates on time. Therefore, we approach the Treasury Department and find that this delay is related to some computer or network issues. Accordingly, a meeting with IT and Treasury Departments is organized to coordinate and discuss this issue. Hence, we obtain the IT agreement to allocate a dedicated person to solve the technical problem for the Treasury Department within 10 minutes from its occurrence. We obtain the agreement of the Treasury to forward the exchange rate to the branch not later than 8.50 in the morning, and agree with the branch the exchange rate will be sent to the customer maximum by 09.00 sharp” (see Appendix C).

Various financial institutions’ executives also mentioned that external communication with various stakeholders especially their customers is important as well as the internal communication.

Such findings provide further support for the argument that enhancing communication with customers and other stakeholders plays an important role in keeping customers and other stakeholders well informed and updated about the service providers’ activities, and existing and new products, as well as encouraging them to actively communicate with their service provider. In fact, the above provides more support for various findings and conclusions reported by previous studies emphasizing the importance of the inter-departmental connectedness fostered by internal communications (see Kohli and Jaworski, 1990; Narver and Slater, 1990; and Jaworski and Kohli, 1993).

5.6.1.3 Top management commitment to create and deliver superior value to the customer (see chapter 4, table 4.2, question 3)

Top management support and commitment expressed through explicit and implicit signals sent to managers and staff is crucial. It provides a clear message recognizing the importance of understanding customer needs and expectations through continuous market sensing. It also enhances the organization’s

efforts to ensure that information is disseminated and that congruence is achieved in interpreting and understanding such gathered information. Furthermore, such support and commitment encourages the coordination of efforts between the various functional areas' efforts to design and implement the business's response, and serve customers through the creation and delivery of superior value to them (Kohli and Jaworski, 1990; Jaworski and Kohli, 1993; Day, 1994b; Harris, 1996; Harris and Piercy, 1999; and Kirca et al., 2005).

These findings led the researcher to conclude that top management support is recognized by the financial sector as an important antecedent that facilitates the adoption of a market-orientation philosophy and should be weaved into the fabric of the organizational corporate culture. For example one retail bank executive said:

“The question is whether this is enough and can be achieved without top management commitment that would foster and facilitate focusing on providing superior value to customers by the entire organization. In fact, this is embedded in the organization’s corporate culture” (see Appendix C).

In addition, a wholesale and retail bank executive claimed:

“I can assure you that top management and the Board of Directors are providing the maximum support required to achieve our targets in terms of changes required in the business model, strategies formulated, and the implementation of the various adopted systems” (see Appendix C).

5.6.1.4 Market-oriented organizational corporate culture (see chapter 4, table 4.2, question 3)

Although the scale suggested by Deshpandé and Farley (1999) does not explicitly include a statement that measures the organizational culture and its impact on the level of market orientation adopted by the business organization, one of the statements included in the scale is **“describing the norms that operate in businesses”** (Deshpandé and Farley, 1999, p. 233). Furthermore, if one accepts that norms that operate in the business influence the level of being market-oriented, then changing such norms would facilitate the implementation of changes required to become a market-oriented organization (Lichtenthal and Wilson, 1992). However, most of the participants emphasized the need for a statement to be added to Deshpandé and Farley's (1999) scale explicitly measuring the impact of the organizational culture (see Narver et al., 1998; Kennedy et al., 2003; and Gebhardt et al., 2006). Illustrating this, a CEO of a retail bank asserted:

“Organizational culture that facilitates being customer-oriented is important and particularly within the financial sector. If you don’t have the right corporate culture, I don’t believe that you can win. Because if you have the front-line sales people selling something and your back office people do not fulfill and provide the required support to the front-line employees, then it is a disaster. So it has to go back throughout the entire organization. However, through the last two and half years, we have three priorities, first we have to be in control because if we are not in control, we cannot expect anyone to do what is required including the back office. Second, is about having the right infrastructure that means you have the right systems, the right processes, the right building, equipment and the right people trained and the right standards and the third, is focusing on our customers. Those are the three priorities and all that comes back to customer orientation” (see Appendix C).

5.6.1.5 Organizational response reflected in strategy, structure, and systems employed (see chapter 4, table 4.2, question 5)

The qualitative data obtained indicate that the organizational structure and the various systems employed to facilitate the organizational processes and activities also play a major role in fostering the adoption of the market-orientation concept within a business organization (see Ruekert, 1992; Pelham and Wilson, 1996; Martin et al., 1998; Becker and Homburg, 1999; Harris and Ogbonna, 2001b; and Homburg et al., 2004). In fact, most participants emphasized the importance of a formulated strategy that is tuned with the organizational structure and the various systems employed within the organization to facilitate the process of becoming market-oriented. Various participants pinpointed how important these issues are for their organizational success in being market-oriented service providers. As one marketing executive explained:

“The strategy formulated and implemented should be driven by objectives related to achieving customer satisfaction, and based on understanding thoroughly your customer needs and expectations, creating competitive advantage, delivering the created superior value to customers, understand what are your competitors are doing and offering, and being more customer-focused than those competitors” (see Appendix C).

Another marketing executive said:

“In addition, having the right systems in terms of your MIS that allow you to integrate the entire generated intelligence, the suitable structure that facilitates the implementation of your strategies, and employing an appraisal and reward system that evaluates managers’ and employees’

performance based on factors such as customer satisfaction, customer retention, new customers gained, and overall quantitative and qualitative performance measures is important” (Appendix C).

Furthermore, another retail bank executive said:

“Being customer oriented means being able to understand thoroughly what is going on in the market faster than your competitors, and being able to put together your offering and communicate with your customers not only before your competitors, but also of a better value than what your competitors are offering. But, in order to do that your structure, systems employed, and your culture must facilitate doing so” (see Appendix C).

5.6.1.6 Regularity in measuring customer satisfaction (see chapter 4, table 4.2, question 6)

The data collected led the researcher to understand that various organizations are regularly measuring customer satisfaction. This is undertaken either internally by the service provider organization or through a third party. However, while this activity is considered as an integrated part of the intelligence-gathering process, respondents have emphasized the fact that understanding the level of customer satisfaction allows them to understand customer expectations and shortfalls in their services and processes. For example one retail bank executive noted:

“We continuously and every quarter measure our customer satisfaction. We have a dedicated yearly budget for this activity. We want to know our position in the customer perception, where we are standing in the market for some specific products. We are trying to understand their expectations, we are trying to make services and processes more effective, make it more feasible to maintain the highest satisfaction level” (see Appendix C).

A reinsurance executive reported that they had recently undertaken a customer satisfaction survey that provided them with rich data, which led them to tackle certain areas:

“We have spent more than one year just identifying what are the main dimensions of a re-insurer company, and what does that mean for our clients. The other part is concerned with what the clients consider as important for them such as the features and benefits expected from the insurance company in order to deliver to them the required service” (see Appendix C).

5.6.1.7 Responsiveness in handling customer inquiries and complaints (see chapter 4, table 4.2, question 7)

The findings also show that service providers in the financial sector consider that promptness in answering customers' inquiries or handling complaints and providing feedback is very important. As one marketing executive noted:

“As soon as the customer walks into our premises, employees meet him properly, decently and ask him about his enquiries, needs, and wants. In fact they would ask him if he needs something extra or additional services. They are more than happy to listen to the customer and if what the customer needs is beyond their authority, they would refer the manager or somebody who is authorized” (see Appendix C).

Another bank executive explained:

“Recently, there was a request from the CEO to upgrade the private banking starter kit to include all the services that the bank is offering so when we approach a new customer, he is exposed to all the services within the bank. This is done in a very nice and presentable manner and is easy for the customer to just put a tick for any service he or she wants” (see Appendix C).

Another executive from an investment company said:

“I see that a customer-oriented organization needs to take care about its customers. In terms of advising them, being transparent with them, handling promptly and effectively their complaints, which is also part of being customer oriented where the customer would feel that this organization is trustworthy and responsive” (see Appendix C).

Furthermore, in line with various other studies, the participants emphasized the importance of generating intelligence and responding to customers' inquiries, needs, expectations, and complaints (see Kohli and Jaworski, 1990; Jaworski and Kohli, 1993; Kohli et al., 1993; Narver and Slater, 1990; Ruekert, 1992; Day, 1994b; Day, 1999; Deshpandé et al., 1993; and Slater and Narver, 1995).

5.6.1.8 Organizational internal environment and employees' training (see chapter 4, table 4.2, question 1)

The findings also indicate that various service providers within the financial sector consider that the organization's friendly atmosphere and environment enhances the team spirit, connectedness, and

cooperation and coordination not only among the various functional areas and departments, but also among managers and employees in each department and with other departmental employees. This was evident in their organizations' social events, through their cross-departmental meetings, internal workshops and seminars, and their organizations' annual dinners. They argue that such a friendly environment is reflected not only in the level of cooperation and coordination, but also in the way they deal with and treat customers. As one investment company marketing executive explained:

“And all your internal communication being passionate about your work and this is part of their day to day interaction with customers and among the employees and managers. It is part of their day to day work basically. A customer-friendly culture is important as well, but we should not forget that a satisfied employee would be able to satisfy customers” (see Appendix C).

In addition, the findings led the researcher to understand that employee training and career development is important, but what is more important to the financial institutions is that all employees understand and appreciate the marketing discipline and the activities associated with it. According to them, this can enhance employees' appreciation and acceptance that the customers are the focal point. As one CEO for an insurance company explains:

“We have two types of training, we have in-house and we are using for example training at the Bahrain Institute of Banking and Finance (BIBF). They are here of course tailor-made certain courses. But what differentiates one from the other is its own in-house training, because that would be tailor-made to suit our institution” (see Appendix C).

5.6.1.9 Dimensions of market-orientation in this context (see chapter 4, table 4.2, question 9)

The findings show that the financial institutions view the dimensions of market-orientation as a corporate culture that considers the customer as a focal point, reflected in management and employees' behaviour and attitudes toward customers, encouraging cooperation and coordination of the entire organizational efforts and resources to design and implement its response to the generated intelligence about customer needs and expectations, competitors' activities, and market conditions. This kind of culture and responses are supported by flexible organizational structures and systems that facilitate the organizational market-oriented activities intended to create, communicate, and deliver superior value to customers. This is evidenced by the following quotes.

A retail bank marketing executive claims:

“The most important issue to be considered is what the dominant corporate culture is, in other words do all employees starting from top management consider serving customers, ensuring customer satisfaction with the services provided. We should understand the values, norms, and attitudes that guide the members’ behaviour” (see Appendix C).

An insurance company executive elaborated and said:

“I think we should also consider these organizational responses to the generated intelligence related to the market, competitors and customers including their needs and expectations, which can be tracked through the type of strategy formulated and implemented in response to such information. This can be reflected in the flexibility and affectivity of the organizational structure that facilitate continuous two-way communication with their customers and can be monitored through the businesses’ activities that indicate the extent to which they are market-oriented” (see Appendix C).

Another wholesale and retail bank commented saying:

“Please do not forget the type of systems used or employed by these business organizations that include the management and marketing information system, which foster the generation and dissemination of intelligence and appraise or evaluate and reward managers and employees based on customer satisfaction, retentions, level of loyalty, and general market-linked factors” (see Appendix C).

An investment company CEO commented:

“I agree with such explanation and wanted to emphasize issues such as handling customers’ enquiries and complaints, creating within the organization and between the organization and its customers an environment that facilitates and enhances long-term relationship. In addition, businesses should focus on the continuous creation and delivery of value and new services to the customers” (see Appendix C).

5.6.2 Financial institutions’ customers findings

It is worth noting here that the moderator, after explaining to participants the purpose of the study and assuring them of confidentiality, said: **“I have a number of issues that we need to discuss with you. Therefore, please feel free in the issue you would like to start with. These issues include your**

opinions and views related to the extent to which the banks, investment companies, and insurance companies do understand your needs and expectations. Do they at least once a year measure your level of satisfaction? To what extent you are satisfied with level of services they provide to you? Please also explain what they should do to ensure your loyalty. Explain also the kind and level of communication they maintain with you, such as how regularly you are informed about new services they are offering or intend to offer”. The Moderator also provided the participants with a list of questions he intended to discuss (see chapter 4, table 4.2).

However, the findings from the focus groups that were conducted with corporate and individual customers of the financial institutions indicate some contradictions in their perceptions of the level of satisfaction with the financial institutions’ responses to their needs and expectations. In fact, this qualitative research finding indicates that there is contradiction even in the customers’ perceptions regarding the extent to which these financial institutions are customer-focused. However, all of them, including those who received a copy of the scale by email, agreed that the scale suggested and employed by Dawes (2000) was suitable to measure the customers’ views of the financial institutions’ responsiveness.

The contradiction in the respondents’ views and perceptions is shown by some of their statements recorded during the discussion. A general manager in an industrial factory said:

“The majority of them have adopted the same changes and strategies as we have. So they are going easy with payment terms, provide better facilities and services. This is from the finance point of view. Same goes with insurance. Some drop their rate; they know the situation because if they don’t react towards the market they’ll not have customers. We have experienced a couple of hiccups which have tested our suppliers or our service providers and they have proved to be really supporting us in this case” (see Appendix C).

A general manager of a manufacturing company claimed:

“Simply, when we decided to use a bank services, they showed that they are really responsive to our requirements. Recently, we have our requirement for a small facility something of about BD. 5 million to finance our expansion. A bank offered us the best terms for the loans; so we proceeded with them and signed the initial agreement. Now we need the money to start, but the number and magnitude of complications and additional conditions they required are so complicated and were not put forward clearly to us at the time of signing the initial agreement” (see Appendix C).

On the other hand, some individual customers indicated that they hold very negative attitudes towards the services provided to them by banks and insurance companies especially with regard to communicating with them and updating them. An individual customer utilizing banks and an insurance company said:

“We do not hear anything from the bank unless the loan is over. Even when the loan is over they will not bother to give you the certificate, you have to visit them and ask for it” (see Appendix C).

Another customer said:

“In fact, the financial institutions such as banks and insurance companies never tried to find out my needs or try to offer services that would meet my needs. I have never received a questionnaire or participated in a survey related to the extent of my satisfaction with their services” (Appendix C).

5.7 Discussion and conclusion

This section discusses the findings of the qualitative research and draws the conclusions resulting from such findings that will be employed to develop the final scales to be used in this research to measure the financial services providers' level of market orientation and these businesses' customers' views of their responsiveness.

5.7.1 Financial institutions

The rich data collected from the qualitative research allowed the researcher to thoroughly understand what constitutes a market-oriented financial service provider in this context (Bahrain) as viewed or perceived by the industry at various management levels. It also provided the opportunity to understand what the various financial services providers are doing in order to become more market-oriented businesses. In addition such data allowed the researcher to obtain feedback about the 10-item scale originally suggested by Deshpandé and Farley (1999).

It was clear throughout the findings that a market-oriented organizational culture that facilitates the entire organization to be customer-focused and guides all members to create and deliver superior value to customers is crucial. The evidence indicates that a corporate culture would foster top management commitment that emphasizes service to customers as an important factor in the process of becoming market-oriented. The concept of top management commitment has been emphasized by various researchers in the literature (see Narver and Slater, 1990; Kohli and Jaworski, 1990; Jaworski and Kohli,

1993; Ruekert, 1992; and Pelham and Wilson, 1996). Top management commitment should be reflected in accepting calculated risk with new products and services development, their emphasis on the issue of providing superior service to customers, and sending a clear signal to the whole organisation that survival, competitiveness and growth can only be achieved through the creation and delivery of superior value to the customer. This should be recognised as the model within their organization in serving customers, retaining customers, and valuing the customer. It is also worth noting that it is difficult, if not impossible, to attain cultural transformation without top management support, encouragement, and participation in such a process. Therefore, business commitment to the creation and delivery of superior value to the customer indicate the extent to which a business is really committed to becoming a market-oriented business organization. Such business commitment is reflected in being more innovative and creative in the business response to the understood current and future needs and expectations of the customer.

Therefore, this research concludes that market-oriented corporate culture is an important antecedent of market orientation (see Narver et al., 1998; Harris, 1998; Harris and Ogbonna, 1999; Lichtenthal and Wilson, 1992; Homburg and Pflesser, 2006; and Gebhardt et al., 2006).

Furthermore, the findings and discussion during the focus groups and interviews suggest that the second most important constructs or antecedents are the strategies formulated and implemented by the financial services providers. The collected qualitative data indicated that the formulated strategy must be driven by business objectives, which are primarily targeting the achievement of customer satisfaction through the creation and continuous delivery of superior value to the customer. In addition, operationalizing and implementing such strategy should focus on constantly monitoring the business level of commitment as well as the organization's level of market-orientation. The findings also suggest that such a strategy should be based on understanding customer needs in order to create or obtain competitive advantage over the competitors. Accordingly, two more important independent variables were considered to be crucial to a financial services institution's level of responsiveness and thus its process of becoming a market-oriented organization (see Ruekert, 1992; and Pelham and Wilson, 1996).

Furthermore, the qualitative research findings provide support for the role of organizational culture in fostering the provision of management commitment to serve customers. This support and commitment is reflected in their strategy formulation and evidenced through the service providers' activities during the implementation process. Therefore, this will determine the level to which the service providers are market-oriented. These activities include the enhancement of internal and external communication with the stakeholders, dissemination of feedback on customers' experiences, the establishment of measures related to the quality of the services provided, and measuring regularly the level of customer satisfaction

and the quality of the services provided (see Kohli and Jaworski, 1990; Jaworski and Kohli, 1993; Kohli et al., 1993; and Jaworski and Kohli, 1996). Accordingly, this research concludes that the financial institutions' market-oriented activities are influenced by the service provider strategy formulation and implementation and hence the level of market orientation in the organization. Furthermore, the findings indicate that in order to facilitate a customer-focused approach and the effective implementation of the formulated strategy to achieve customer satisfaction, the organization's structure must be flexible enough not only to foster dissemination of gathered intelligence, but also to achieve congruence in the interpretation of such information. In addition, such a structure must be capable of facilitating strategy implementation and decisive responses to customers' changing needs and expectations. The systems employed by the organization to appraise and reward employees should be linked to market factors such as customer satisfaction and interdepartmental connectedness (see Becker and Homburg, 1999; Homburg et al., 2000; Jaworski and Kohli, 1993; Deshpandé et al., 1993; Slater and Narver, 1994b; and Deshpandé and Farley, 1999). Last but not least, the management information systems employed should allow dissemination of gathered intelligence across all the different functional areas as well as the different organizational levels (see Jaworski and Kohli, 1993). Therefore, this research concludes that the level of market orientation of the financial services providers reflected in their corporate culture and strategy will influence the business activities, the structure and systems employed as dependent variables.

Accordingly, although the qualitative data collected from the financial institutions' representatives were categorized based on the questions and issues discussed, the analysis of the data led the researcher to summarize them as five components. These were identified as three components (independent variables) which are influencing two further components as dependent variables within a resource-based economy context (Bahrain). There is clear evidence that the three main constructs, namely the organizational culture, the strategy formulated and the strategy implemented, will have a great impact on the organizational activities and the organizational structure and systems employed which will determine the level of market orientation in the financial services sector.

However, based on the feedback obtained from the academics and researchers and the qualitative research findings, the scale was revised again before consulting local academics in order to incorporate the quantitative research instrument (the questionnaire). The final questionnaires were pilot-tested through a pilot survey before being employed to collect the final quantitative data (see Appendices A and B).

5.7.2 Financial institutions' customers

Based on discussions with various customers utilizing the financial services, it was concluded that the financial institutions – whether banks, investment companies, or insurance companies – tend to be focused more on their corporate customers and major accounts, which is understandable due to the amount, size, and magnitude of the business and revenue generated through these customers. However, the responsiveness scale suggested and employed by Dawes (2000) was reviewed by the participants and there was total agreement that it could fairly capture the customers' views of the financial institutions' level of response to customer needs and expectations. Accordingly, such customers' views will reflect their perceptions of the extent to which the financial services providers are market-oriented. In fact, the findings indicate that the financial institutions' customers have different perceptions of whether the business organizations are customer-focused. Therefore, in this research the dependent variable measuring this perception will be added in order to measure the service providers' customer perceptions of the extent to which they are customer-focused. Hence, the final scale developed to measure the financial institutions' level of market orientation from their customers' perspective will be based on one independent variable which is measured through the five items as suggested, purified, and employed by Dawes (2000) and is related to the business organization's level of responsiveness to customer needs and expectations. The dependent variable is measured by five items which are related to the customers' perceptions of the extent to which these financial institutions are customer-focused business organizations.

Table 4.5 in Chapter 4, illustrates the scales this research intends to employ to measure the customers' view of the business organization's responsiveness to customer needs and expectations, and the customers' perceptions of the extent to which these financial institutions are customer-focused.

Hence before conducting the full survey, a pilot survey was conducted to obtain the reliability of both scales and delete the items with a Cronbach's alpha below 0.7. In the next chapter, the research will outline the exploratory and confirmatory factor analysis to be undertaken once the data has been collected through the research instruments. Moreover, after showing the factor analysis (exploratory and confirmatory), this research will use descriptive statistics to show the perception of the respondents to the variables. The correlation between the independent and the dependent variables will be tested using Pearson correlation (Matrix coefficient/path analysis). Finally, this research will undertake a regression analysis (ordinary least square (OSL)) to examine the extent to which the independent variables are associated with each dependent variable.

5.8 The local and regional academics' feedback

Once the final scales were developed, the researcher consulted local and regional academics in order to obtain their opinions and views related to the final proposed scale. Accordingly, an email was sent to each of the ten academics and the following represent the responses of those who spared the time to review the scales and the questionnaires:

Dr. Jamal Al Zayer said:

“I can see you have several questions related to measuring these variables and the questions were based on or adopted from previous research which is quite fine. The scale used is fine but you have to test the reliability and validity of the questionnaire.

I suggest that you conduct a pilot study first, check the results and then later run the survey again on a larger sample. Regarding methodology, as mentioned before, you can run couple of regression equations and find the best fit. You also can measure the correlation between these variables to measure the relationships between them and how strong this relation is and whether it is a direct or indirect relation.”

Professor Amer Al-Roubaie replied:

“Certainly, your study will add value to the existing literature helping both students and organizations to have a better understating of markets. The task of conducting such research is difficult due to its originality and also to the nature of obtaining information for analysis. Collecting data in this society is treated with caution because of conditionality and management restrictions for not supplying data. The questionnaires contain comprehensive questions covering a wide range of information related to this research problem. All the questions are concerned with customer orientation in organizations in the Gulf region. You have emphasized culture in the study, which is very significant indeed. In this age of globalization, the Arab world, and in particular the GCC countries, needs to catch up with the rest of the world by trying to understand how global business is conducted. Well structured organizational culture facilitates satisfaction and promotes success. This study is extremely useful because it identifies some of the important features concerning organizational behavior in the Arab world.”

In addition Professor Farid el-Sahn said:

“The scales look comprehensive and relevant to the chosen variables. In fact as you know there are many factors which affect market orientation.”

Furthermore, Professor M. Sadiq Sohail said:

“The constructs and the relationship seem logical. Most of these have also been derived from existing literature therefore establishing validity.”

Dr. Wathek S. Ramez replied:

“In general, the questions cover precisely all the indicators of the study variables. Mainly, the market orientation responsiveness of the service organization is completely covered. The questions consider the adaptation of a marketing concept that is focusing on customers' needs. In addition, the process of designing, implementing and evaluating the marketing strategy as a means to respond to these needs is very well reflected.”

Dr. Ahmed Naser noted:

“I have had a close look at the questionnaires and the scales, therefore here are my comments:

- 1. The questionnaire is very well designed and constructed**
- 2. Variables are very well differentiated**
- 3. The independent variables are very well defined and stated and they highly relate to the items used in measuring them**
- 4. The statements used in the questionnaire are self explanatory and easily understood**

Overall I'd like to congratulate you on a very well done job and I strongly believe that the questionnaire will meet the objectives of your research.”

Accordingly, based on the feedback received from the local and regional academics the developed scales were adopted and both questionnaires were pilot tested.

5.9 The research definition of market orientation

In chapter three, this research provided a preliminary definition of market orientation based on Deshpandé's (1999) definition of market orientation. However, based on the qualitative research findings, views of the academic experts and the arguments above, the definition of market orientation suggested for this research is as follows:

Market orientation is a culture that guides the organization's members' behaviour to consider the customer as the focal point, reflected in its formulated and implemented strategy and evidenced by the organization's structure, systems employed and its activities to generate and disseminate intelligence within the organization and coordinate efforts to design and implement the strategy that is based on a shared clear understanding of market conditions in order to create, communicate, and deliver, on an ongoing basis, superior value for customers through their responses and activities.

5.10 The research conceptual models

Based upon this research definition and the analysis of the data collected through the qualitative research, the preliminary conceptual model suggested in Chapter 3, Section 3.4, was revised to consist of three independent variables, namely, the organizational culture, the strategy formulated, and the strategy implemented. It is assumed, based on the analysis, that these three independent variables have a great impact on the organization in that they are able, through its structure, systems, and organizational activities to effectively respond to customers' needs and expectations. Each of these variables is measured through five items in the scale. These constructs may or may not impact the level of market orientation based on the data collected from the financial institutions. In addition, this research will measure the customers' views on the financial institutions' responsiveness to their needs and expectations. This will have a large influence on the extent to which the customers perceive those businesses as customer-focused financial services providers. Therefore, there will be one independent variable related to customer views of the financial institutions' level of responsiveness, adopted from Dawes (2000) and one dependent variable which is assumed to be influenced by the customers' views of the service provider's responsiveness. Accordingly, this will allow the research to measure the customers' perceptions. This may then allow the research to measure the relationship between the customers' views of the service providers' responsiveness and their perceptions about these organizations' levels of market orientation. This should allow the researcher to purify these models and measure the level of market orientation from the business organizations' perspective as well as from the customers' perspective. Then the sixth hypothesis can be tested. Additionally, by examining the differences between the means of both perspectives, hypotheses 7 and 8 of this research can be tested through one-way ANOVA.

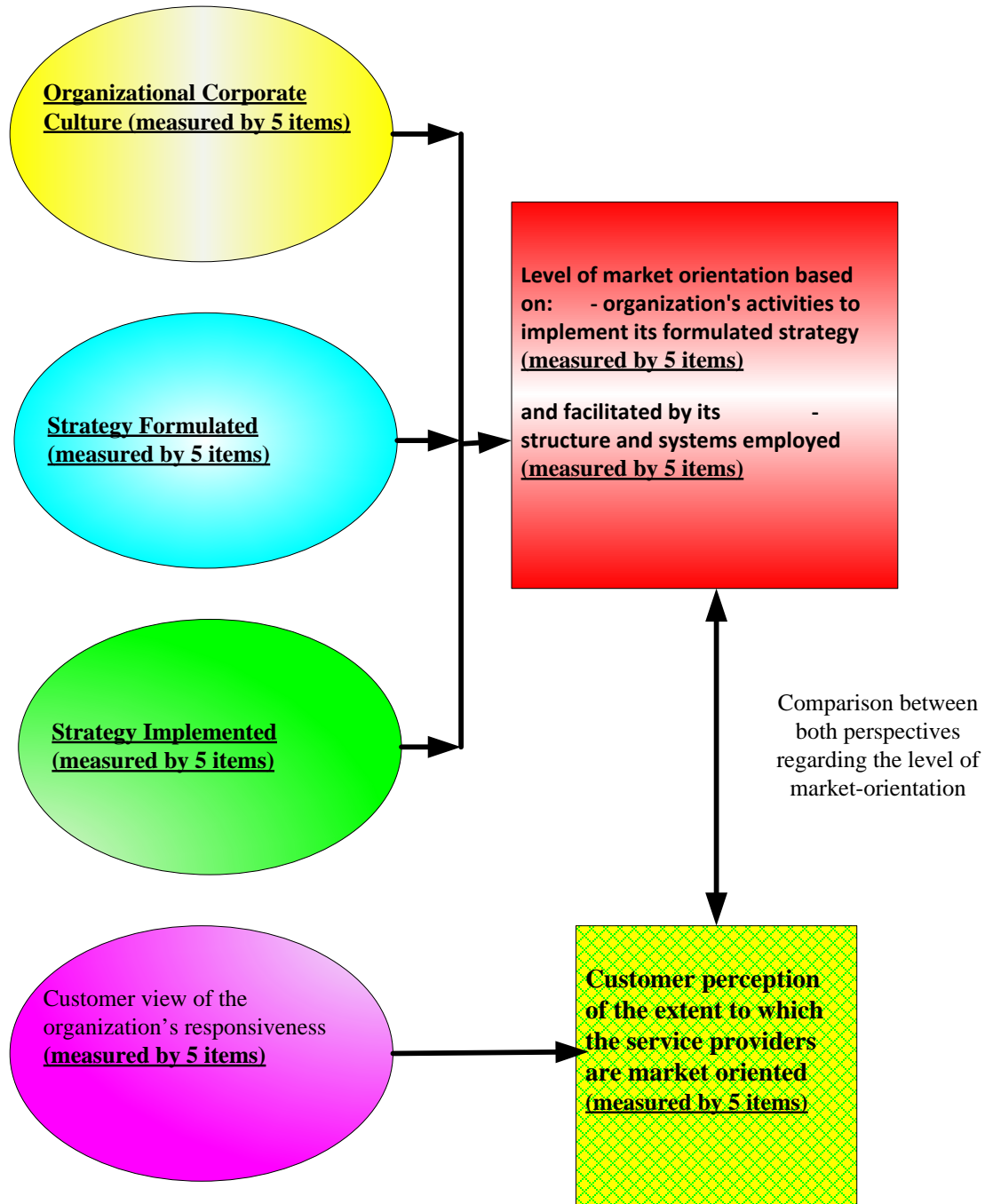


Figure 5.1 The conceptual model (framework) for this research (compiled for current thesis)

In chapter three (Figure 3.6) this study suggested a preliminary conceptual framework to measure the level of market orientation from both organizational and customer perspectives, which was based on the researcher's adaptation of Deshpandé's (1999) definition and the review of the literature. The above conceptual model resulted from the literature and qualitative research findings and therefore differs from

the suggested preliminary conceptual framework in that it has two additional constructs that are assumed to be influenced by the market-oriented corporate culture, the strategy formulated, and the strategy implemented constructs. These two constructs are: the organizational structure and systems employed and the market-oriented activities representing the implemented responses of the business organization. These two dependent variables will determine the organizational level of market-orientation and are influenced by the previously stipulated constructs (independent variables). Each of these five constructs will be measured by five items. The customer perspective however did not change from the original suggested model and the insights and findings will help to generate items for both perspectives that will be screened and identified based on feedback from the academics.

5.11 The research hypothesis

The qualitative research findings indicate that top management commitment and support reflected by the organizational culture is vital in the process of adopting a market-orientation approach or enhancing the level of market orientation in a business organization. In fact, such commitment facilitates the entire organization's involvement in generating and disseminating market intelligence and enhances the departmental connectedness. This provides further support for various studies' findings emphasizing the critical role of management and support (Deshpandé and Webster, 1989; Narver and Slater, 1990; Jaworski and Kohli, 1993; Harris, 1996; Raaij and Stoelhorst, 2008; Kumar et al., 2011). In fact, Jaworski and Kohli (1993) argue that unless the entire organization receives a clear signal from top management indicating such commitment and emphasizing the importance of being market oriented, the organization is not likely to encourage its members to be in tune with the changes occurring in its environment, share the gathered intelligence, or participate actively in designing and implementing responses to changes. The qualitative findings indicate that an organizational culture that focuses on customer satisfaction and delivering superior value to meet customer expectations is critical to enhancing the business level of market orientation (see also Lichtenthal and Wilson, 1992; Slater and Narver, 1995; Narver et al., 1998; Kennedy et al., 2003; and Gebhardt et al., 2006). Therefore, the resulting hypotheses are:

H1: The greater the corporate culture facilitating the entire organizational emphasis and customer focus, and guiding its market-oriented activities the greater its level of market orientation.

H2: The greater the corporate culture fostering flexible structure and employing market-linked systems, the greater its level of market orientation.

Furthermore, there was consensus among the participants representing the financial sector institutions that business responsiveness to the generated intelligence including customers' enquiries and complaints is crucial in the process of becoming a market-oriented organization. Such responsiveness is reflected in the strategy formulated and implemented effectively by the business organization. Such findings support previous studies' findings undertaken in different contexts (see Kohli et al., 1993; Ruekert, 1992; Deshpandé et al., 1993; and Day, 1999). In addition, the qualitative research findings indicate that the organizational processes and activities facilitating the strategy implementation to create and deliver superior value are crucial. This includes constantly monitoring and reviewing the organization's commitment to serving its customers, disseminating the acquired feedback on customers' experiences across all the business functions, measuring customer satisfaction and measuring the level of services provided to customers. In addition, qualitative data indicate that obtaining customers' feedback related to the quality of the services provided, and appraising and rewarding employees based on customer satisfaction is of vital importance (see also Kohli and Jaworski, 1990; Narver and Slater, 1990; and Deshpandé and Farley, 1999). Therefore, the next hypotheses are:

H3: The greater the formulated and implemented strategy in reflecting the business understanding and response through its market-oriented activities to existing and future customers' needs and expectations, the greater the level of market orientation

H4: The greater the formulated strategy and business organization's implementation is tuned to the structure and systems employed, the greater its level of market orientation.

In fact, Deshpandé et al. (1993) argue that market orientation should have an impact on organizational performance from both the organizational self-reporting perspective of market orientation and the customers' perspective. One could argue that the customers' perception is mainly related to the level of the organizational responsiveness and whether such responses reflect the business's thorough understanding of customers' existing and future needs and expectations. Therefore, the fifth and sixth hypotheses of this research are:

H5: The greater the customers' views of the banks' and investment companies' responsiveness to their needs and expectations, the greater the perception of these customers of the extent to which these businesses are market oriented.

H6: The greater the customer view of the insurance companies' responsiveness, the greater their perception of the extent to which these insurance companies are perceived as market oriented.

However, although the qualitative data indicate that most of the financial institutions claim that they are generating market and customer intelligence, which is employed in the design and implementation of their response to customer needs and expectations, there were several customers' responses indicating that this was not the case. In fact one can argue, based on the qualitative data collected and the discussions held during the focus groups that some individual customers as well as corporate customers do not agree that the financial services providers are responding through their strategy implementation and activities to their customers' needs and expectations. In addition, the collected qualitative data also indicate that there is a contradiction in the reported customers' perceptions of the extent to which the financial services providers are customer-focused. Therefore, based upon such findings one might expect that the customers' perceptions of the level of market orientation of the financial services providers and their self-reported market orientation will not agree. Accordingly, the researcher proposes the following hypotheses related to the comparison between the organizations' self-reported level of market orientation and the customers' views and perceptions of these financial institutions as market-oriented financial services providers.

The seventh and eighth hypotheses of this research are:

H7: The customers' perceptions of the banks' and investment companies' levels of market orientation and the banks' and investment companies' self-reported level of market orientation will not agree.

H8: The customers' perceptions of the insurance companies' levels of market orientation and the financial services providers' self-reported levels of market orientation will not agree.

While the first six hypotheses will be tested through regression analysis the seventh and eighth hypotheses will be tested using the T-test distribution to identify the differences between the means (μ_1 and μ_2) of the customers' perceptions of the extent of the banks' and investment companies' levels of market orientation and the structure and systems employed as well as the market-oriented activities. This will also be undertaken for the customers' perceptions of the extent to which the insurance companies are market-oriented. It is worth pinpointing here that while H5 and H6 are almost similar hypotheses, they are related to separate categories within the financial services provider sector. This is based on the

assumption that customers' views of banks' and investment companies' responsiveness may differ from their views of the insurance companies. This may be due to the type and nature of the services provided by each category or their level of interaction with the customers. Although H7 and H8 hypotheses are similar, both are linked to H5 and H6 and based on the assumption that customer' perceptions of the financial services providers may or may not agree with the self-reported levels of market-orientation in each category.

5.12 Limitations of the qualitative research

In addition to the time consumed conducting focus groups and in-depth interviews, the researcher faced difficulties with securing enough participation of CEOs, executives, and managers due to their preoccupation with their day-to-day work, such that sometimes even when they had planned to attend, a last-minute issue would prevent them from being able to participate. Therefore, a major limitation of this exploratory study was the limited number of respondents attending the discussions. Furthermore, even though the researcher was able to obtain the entire list of the population for the financial institutions from Bahrain Central Bank and was able to streamline it with the Chamber of Commerce list, it was not possible to obtain the financial institutions' customer lists because of the Central Bank regulations. Therefore, one can expect the introduction of bias into the sampling procedure in selecting the individual customers to approach. Accordingly, the impact of such limitations of this study may have influenced the findings. One may argue that it would be possible to identify more constructs related to the concept of market orientation in this context if it was possible to secure more participants to attend the focus groups or in-depth interviews. This might lead to enhancing the conceptual model and facilitate the development of a more refined scale that would better measure such levels in a resource-based context. Moreover, the fact that it was not possible to obtain a customer list that would facilitate a more scientific sampling procedure for customers may influence the validity of the final results.

5.13 Chapter summary

The chapter discusses the qualitative data collected during the first stage of this research, which sought to address a number of aims and research questions. First the data collection approach and analysis are explained. The results are structured around different themes and constructs identified from the literature and qualitative research findings. The final scales are developed and the feedback of academics and researchers is obtained. A final revised definition of market orientation for the research in this context is

articulated. Two conceptual models reflecting the various constructs are developed and the research hypothesis is articulated. Therefore, the next chapter will start with the pilot survey and its results analysis. It will then cover the main survey results and analysis.

Chapter Six

Analysis of Results

6.1 Introduction

While chapter four identifies the research methodology employed in the current study and chapter five presents the findings and analysis of the qualitative data collected, this chapter details the process of data collection and the results. As discussed in chapter four, this study involves multi-stage procedural approaches. Based on the qualitative research stage findings, the constructs of market orientation in a resource-based economy were identified and the financial services customers' views of these institutions' responsiveness and its impact on the customers' perceptions was identified. Accordingly, two scales were developed whereby the first will measure the business organizations' self-reported level of market orientation and the second will measure these organizations' customers' perception of the financial services providers' level of market orientation. A reliability test was then performed on the measurement scales to ensure that they achieve an acceptable level of reliability for further analysis. The subsequent step was to subject each multi-item measurement scale to an exploratory factor analysis to identify their underlying dimensions. The results of the exploratory factor analysis were then reassessed using confirmatory factor analysis. Finally, structure equation modelling was used to test the hypothesized relationships between these research constructs as postulated in the conceptual model, and to assess the overall goodness-of-fit between the proposed model and the collected data set. The conclusions are shown in the last section.

6.1.1 Chapter objectives

This chapter will detail the statistical analysis of the pilot and main surveys related to the second phase of this study using the collected data from both the business organization and these business organizations' customers (quantitative study). Therefore, objectives include examining the reliability of the scales employed, factor loading, and the extent to which items are correlated, and if any item should be eliminated before collecting data for the main survey. The second objective is to conduct exploratory, confirmatory factor analysis, testing the goodness of fit (path analysis), calculating the average variance extracted, computing the construct reliability and the structural equation model for each set of collected data related to the main survey . This will enable testing the extent to which the collected data fit with the

model. The third objective is to test the differences between customer perceptions of each category of the financial services providers' level of market orientation (insurance companies and banking and investment companies) and the organizations' self-reported levels of market-orientation. The three abovementioned objectives will also facilitate the process of testing the research hypotheses. Finally, the fourth objective is to test the nomological validity and tackle the issue of the common method bias.

6.1.2 Chapter structure

Sections 6.1 covers the chapter introduction, chapter objectives, and chapter structure, section 6.2 presents the analysis of the pilot survey. Section 6.3 presents the main survey sample characteristics. Section 6.4 provides the result of testing the normality assumption. Section 6.5 covers the multicollinearity issue. Section 6.6 reports the analysis and results of the main survey related to the financial services business institutions. Section 6.7 reports the analysis and results of the main survey related to the banks and investment companies. Section 6.8 reports the analysis and results of the main survey related to the insurance companies. Section 6.9 presents the analysis and results of testing the difference between customer perceptions of the financial services providers' levels of market orientation and these organizations' self-reported levels of market orientation, using one-way Analysis of Variance (ANOVA). Section 6.10 provides the analysis and results of testing the nomological validity. Section 6.11 discusses the issue of the common method bias. Section 6.12 discusses and presents the results of testing the hypotheses. Finally, section 6.13 provides this chapter summary.

6.2 Pilot study

In order to assess a multi-item scale, the internal consistency reliability assessment should be the first step to avoid additional dimensions produced by factor analysis due to garbage items (Churchill, 1979).

The Cronbach's alpha is the most commonly used tool for testing the reliability of a multi-item scale measurement tool. The purpose of undertaking this test is to assess whether all items are measuring the same thing (DeVellis, 1991). Although Nunnally (1978) suggests that a coefficient alpha of 0.5 or 0.6 is satisfactory in the early stages of research, others assert that a value of alpha which is equal to 0.70 or above indicates that the items make a reliable set (see De Vaus, 2002; and Janssens et al., 2008). In fact, DeVellis (1991) suggests that items of the constructs should be checked to find out to what extent they reflect the content validity. However, a coefficient alpha value above 0.7 is generally accepted as demonstrating a high level of homogeneity within the scale and helps determine whether the item reflects

a single dimension (see Churchill, 1979; Hinkin et al., 1997; and Janssens et al., 2008). Additionally, reliability analysis is used to remove items with a low item-to-total correlation (<0.3) (see Nunnally, 1978; and Janssens et al., 2008).

6.2.1 Missing value

Missing data usually occurs when a respondent fails to answer one or more survey questions. According to Hair et al. (2010) there are two types of missing data. The first one is classified as ignorable missing data, which are expected, and research design and remedies for missing data are not required because the allowance for such missing data is inherent in the technique used. In this research design no questions are meant to be skipped if the answer for the previous question is 'No'. The second type is missing data that cannot be classified as ignorable, which can occur for many reasons and in different situations (Hair et al., 2010) and these missing data fall into two classes – known versus unknown processes – based on their source. First, there are missing data processes which can be identified and occur due to procedural factors, such as errors in data entry that create invalid codes. However, the researcher should anticipate these problems and attempt to minimize them in the research design and data collection stages of the research. In fact, normally in multivariate analysis, valid values on one or more variables are usually not available. Hair et al. (2006) assert that the general impact of missing data (particularly in survey research) in multivariate analysis will reduce the sample size available for analysis and therefore change it from an adequate sample to an inadequate sample if the remedies for missing data are not applied. They add that any statistical results based on data with a non-random missing data process could be biased if the missing data lead to erroneous results. However, in this study the responses from both questionnaire surveys had already been filtered and only the usable questionnaires were used in the data file. According to Tabachnick and Fidell (2001), the amount of missing data is firstly assessed, and then the pattern of missing data examined to determine whether or not missing data occurs randomly or relates to specific items. Failing to do so will lead to biased estimates of results. Therefore, the researcher checked the level of missing data for all the variables and found it to be too low. In fact, it had been decided earlier and before collecting the quantitative data that any questionnaire with most of the values missing would be eliminated from the pilot study and the main survey. Additionally, in this study, data entry was reviewed by three sources including the researcher to ensure that data entry errors did not occur. However, for the missing data related to questions which were not answered by respondents such as in this case whereby the majority of respondents did not answer question no. 25 (MOA5) in the questionnaire (see Appendix A) so it was decided not to include this item in the pilot or main survey. However, due to the fact that the business organizations' questionnaire was administered through the Internet, it was also decided that if

there were questions that had not been answered by a specific respondent for any reason, the respondent would be asked to answer the question by email.

The following are the results of the pilot survey:

6.2.2 Financial services providers' scale

Based on the developed scale there are five constructs related to the financial services providers' self-reporting scale. The first one is the corporate culture (CC) that facilitates top management commitment and the generation and dissemination of intelligence throughout the organization. It also fosters the understanding of the existing and future customers' needs and expectations and guides the business organization to create and deliver superior value to its customers. This construct is measured by five items, which are coded as CC1, CC2, CC3, CC4, and CC5. The second construct is the strategy formulated (SF), which is an integral part of the service providers' responsiveness to customers' needs and expectations based on the generated intelligence. This construct is measured through five items that are coded as SF1, SF2, SF3, SF4, and SF5. The third construct is the strategy implementation (SI) process which ensures the effective implementation of the strategy formulated through the service providers' market-oriented activities. This construct is measured by five items and they are SI1, SI2, SI3, SI4, and SI5. The fourth construct is the business organization's structure and systems employed (SSE) that facilitates direct interaction with the customers, effective generation and dissemination of the generated intelligence, and rewards managers and employees on market-based factors including customer satisfaction. It also fosters the organization's flexibility to respond to its customers' needs and expectations. This construct is measured through five items which are SSE1, SSE2, SSE3, SSE4, and SSE5. The fifth and last construct is the market-oriented activities (MOA) that reflect the service providers' responsiveness to changes occurring in their market, and customers' preferences. Furthermore, it promotes the generation of market intelligence and the regular measurement of customer satisfaction. This construct is measured by five items which are MOA1, MOA2, MOA3, MOA4, and MOA5.

It should be noted that the final selected items from the developed pool to measure each construct were based on adaptation of the 12-item scale which resulted from consulting the respondents about Deshpandé and Farley's (1999) 10-item scale. Other items were selected from the generated pool based on the literature and qualitative research findings. In addition, three items were selected from generated items adopted from Kohli et al.'s (1993) MARKOR scale. However, the market-orientation dimensions that were measured were based on and directly related to the conceptual model for this research (see Chapter 5, Figure 5.1) and this research's definition of market orientation as follows: **“Market orientation is a**

culture that guides the organization’s members’ behaviour to consider the customer as the focal point, reflected in its formulated and implemented strategy and evidenced by the organization’s structure, systems employed and its activities to generate and disseminate intelligence within the organization and coordinate efforts to design and implement the strategy that is based on a shared clear understanding of market conditions in order to create, communicate, and deliver, on an ongoing basis, superior value for customers through their responses and activities” (See Chapter 5, Section 5.9).

Construct And Items	Item	Corrected item-to-total correlation	Cronbach’s alpha if the item deleted	Cronbach’s alpha	Sample size
Corporate culture				0.866	50
Item 1	CC1	0.663	0.846		
Item 2	CC2	0.846	0.800		
Item 3	CC3	0.741	0.828		
Item 4	CC4	0.789	0.814		
Item 5	CC5	0.543	0.903		
Strategy formulated				0.862	50
Item 1	SF1	0.640	0.844		
Item 2	SF2	0.756	0.814		
Item 3	SF3	0.703	0.827		
Item 4	SF4	0.824	0.797		
Item 5	SF5	0.495	0.876		
Strategy implemented				0.875	50
Item 1	SI1	0.844	0.815		
Item 2	SI2	0.739	0.840		
Item 3	SI3	0.749	0.837		
Item 4	SI4	0.562	0.880		
Item 5	SI5	0.635	0.864		

Structure and systems employed				0.906	50
Item 1	SSE1	0.605	0.915		
Item 2	SSE2	0.872	0.861		
Item 3	SSE3	0.845	0.867		
Item 4	SSE4	0.803	0.877		
Item 5	SSE5	0.703	0.899		
Market-oriented activities				0.875	50
Item 1	MOA1	0.621	0.883		
Item 2	MOA2	0.756	0.777		
Item 3	MOA3	0.764	0.769		
Item 4	MOA4	0.799	0.770		

Table 6.1: The results of the reliability test for the financial businesses' scale

- **Corporate culture**

Cronbach's alpha: As the results in Table 6.1 show, Cronbach's alpha is 0.866, which is very high and indicates strong internal consistency among all the variables of the corporate culture component (CC). Essentially this means that respondents who tended to select a high score for one variable also tended to select a high score for the others; similarly, respondents who selected a low score for one variable tended to select low scores for the other variables. Thus, in general, knowing the score for one of the corporate culture (CC) variables would enable one to predict with some accuracy the possible scores for the other corporate culture variables.

Item-to-item correlation: For the whole set of variables, the correlations among the items are all greater than 0.3, which means that there is a significant correlation between any two variables on the corporate culture component.

Cronbach's alpha if item deleted: For the total components, the Cronbach's alpha if each variable was deleted would drop from the overall total of 0.866 to a number less than or equal to it except for the fifth item CC5 (see Table 6.1 above). Since the alpha would drop with the removal of each variable, it would appear that they are useful and contribute to the overall reliability of the corporate culture component. However, the CC5 variable is less certain because Cronbach's alpha would increase from 0.866 to 0.903 if

variable CC5 were deleted in computing an overall corporate culture score. So should this item be removed and should the overall corporate culture composite be created without the CC5 variable? In this case the answer is no because, firstly, the alpha is increased by a small degree by deleting variable CC5, and secondly, variable CC5 does correlate well with the composite score of the whole component (the item-total correlation for variable CC5 is $0.543 > 0.5$). Moreover, if $p\text{-value} = 0.000 < 0.05$, then the correlation among the items is significant. Hence, from the analysis above it appears that all five variables designed to measure the corporate culture component are accepted and contribute to the overall reliability of this component, so they will be retained.

- **Strategy formulated component (SF)**

Cronbach's alpha: As the results in Table 6.1 above show, Cronbach's alpha is 0.862, which is very high and indicates strong internal consistency among all the variables of the strategy formulated component (SF).

Item-to-item correlation: For the total variables, the correlation between the items is greater than 0.3 in all cases, which means that there is a significant correlation between any two variables of the strategy formulated component.

Cronbach's alpha if item deleted: For all of the components, the Cronbach's alpha if each variable was deleted would drop from the overall total of 0.862 to a number less than or equal to it except for the fifth item, SF5 (see Table 6.1 above). Since the alpha would drop with the removal of any variable, these variables appear to be useful and contribute to the overall reliability of the strategy formulated component (SF). However, the SF5 variable is less certain because Cronbach's alpha would increase from 0.862 to 0.876 if variable SF5 was deleted in computing an overall strategy formulated component score. So should this item be removed and should the overall SF composite be created without the SF5 variable? In this case the answer is yes because, firstly, the alpha is increased by a large degree by deleting variable SF5, and secondly, variable SF5 does not correlate very well with the composite score for the total variables (the item-total correlation for variable SF5 is $0.495 < 0.5$). Since deletion of variable SF5 results in a large change, and since variable SF5 does not correlate well with the composite of all components, there is a statistical reason to recommend the dropping of variable SF5. However, because the $p\text{-value} = 0.000 < 0.05$, the correlation among the five items is significant. Accordingly, for the time being it is suggested to keep variable SF5 and, therefore, the five variables designed to measure the strategy formulated component (SF) will contribute to the overall reliability of this component so all will be retained.

- **Strategy implemented**

Cronbach's alpha: As the results in Table 6.1 above show, Cronbach's alpha is 0.875, which is very high and indicates strong internal consistency among the total variables of the strategy implemented component (SI).

Item-to-item correlation: For all the variables, the correlation among the items is greater than 0.3, which means that there is a significant correlation between any two variables of the strategy implemented component (SI).

Cronbach's alpha if item deleted: For the total components, the Cronbach's alpha if each variable was deleted would drop from the overall total of 0.875 to a number less than or equal to it except for the fourth item SI4 (see Table 6.1 above). Since the alpha would drop with the removal of each component, these components appear to be useful and contribute to the overall reliability of the strategy implemented component (SI). However, the SI4 variable is less certain because Cronbach's alpha would increase from 0.875 to 0.880 if variable SI4 was deleted in computing an overall strategy implemented (SI) component score. So should this item be removed and should the overall SI composite be created without the SI4 variable? In this case the answer is no because, firstly, the alpha is increased by a small degree by deleting variable SI4, and secondly, variable SI4 does correlate well with the composite score for the total components (the item-total correlation for variable SI4 is $0.562 > 0.5$). However, although the $p\text{-value} = 0.059 > 0.05$, the correlation among the items is still significant due to the reliability analysis done before testing the hypothesis. From the analysis above it appears that all five variables designed to measure the strategy implemented component (SI) will contribute to its overall reliability and, therefore, all will be retained.

- **Structure and systems employed**

Cronbach's alpha: As the results in Table 6.1 above show, Cronbach's alpha is 0.906, which is very high and indicates strong internal consistency among all the variables of the structure and systems employed component (SSE).

Item-to-item correlation: For all the variables, the correlation among the items is greater than 0.3, which means that there is a significant correlation between any two variables of the structure and systems employed component (SSE).

Cronbach's alpha if item deleted: For the total variables, the Cronbach's alpha, if each variable was deleted, would drop from the overall total of 0.906 to a number less than or equal to it except for the first item SSE1 (see Table 6.1 above). However, since the alpha would drop with the removal of each variable, these variables appear to be useful and contribute to the overall reliability of the structure and systems employed component (SSE). However, the SSE1 variable is less certain because Cronbach's alpha would increase from 0.906 to 0.915 if variable SSE1 was deleted in computing an overall structure and systems employed component (SSE) score. Accordingly, the question is, should this item be removed and should the overall SSE composite be created without the SSE1 variable? In this case the answer is no because, firstly, the alpha is increased by a small degree by deleting component SSE1, and secondly, the variable SSE1 does correlate well with the composite score from the whole component set (the item-total correlation for component SSE1 is $0.605 > 0.5$). Moreover, if $p\text{-value} = 0.000 < 0.05$, then the correlation among the items is significant. Hence, from the analysis above it appears that all five variables designed to measure the structure and systems employed component (SSE) will contribute to the overall reliability of the SSE, so all will be retained.

- **Market-oriented activities**

Cronbach's alpha: As the results in Table 6.1 above show, Cronbach's alpha is 0.875, which is very high and indicates strong internal consistency among all the variables of the market-oriented activities component (MOA).

Item-to-item correlation: For all the variables, the correlation between the items is greater than 0.3, which means that there is a significant correlation between any two variables of the market-oriented activities component (MOA).

Cronbach's alpha if item deleted: For all the components, the Cronbach's alpha if each variable was deleted would drop from the overall total of 0.875 to a number less than or equal to it except for the first item MOA1 (see Table 6.1 above). Since the alpha would drop with the removal of each component, these components appear to be useful and contribute to the overall reliability of the market-oriented activities component. However, the MOA1 variable is less certain, because Cronbach's alpha would increase from 0.875 to 0.883 if variable MOA1 was deleted in computing an overall market-oriented

activities component (MOA) score. Therefore, should this item be removed and should the overall MOA composite be created without the MOA1 variable? In this case the answer is no because, firstly, the alpha is increased to a small degree by deleting variable MOA1, and secondly, variable MOA1 does correlate well with the composite score for the total components (the item-total correlation for variable MOA1 is $0.621 > 0.5$). In addition, although the $p\text{-value} = 0.729 > 0.05$, still the correlation among the items is significant due to the reliability analysis done before testing the hypothesis. Hence, from the analysis above it appears that all five variables designed to measure the market-oriented activities component (MOA) will contribute to the overall reliability of this component, therefore all will be retained.

6.2.3 Financial services customers' scale

Based on the developed scale there are two constructs. One is related to the customers' view of the financial services providers' responsiveness to their needs and expectations and the second is related to the customers' perceptions of the extent to which these financial institutions are market-oriented. Five items in the scale are measuring the first constructs (BCV1, BCV2, BCV3, BCV4, and BCV5), and five items are measuring the second constructs (BCP1, BCP2, BCP3, BCP4, and BCP5).

Construct	Item	Corrected item-to-total correlation	Cronbach's alpha if the item deleted	Cronbach's alpha	Sample size
Customers' view of the businesses' responsiveness for banks, investment and insurance companies				0.953	110
Item 1	BCV1	0.909	0.936		
Item 2	BCV2	0.909	0.936		
Item 3	BCV3	0.874	0.942		
Item 4	BCV4	0.832	0.949		
Item5	BCV5	0.833	0.948		

Customers' views of the businesses' responsiveness for banks, investment and insurance companies				0.956	140
Item 1	BCP1	0.878	0.946		
Item 2	BCP2	0.867	0.948		
Item 3	BCP3	0.864	0.950		
Item 4	BCP4	0.921	0.938		
Item5	BCP5	0.878	0.947		

Table 6.2: The results of the reliability test for the customers' scale

- **Customers' view of the businesses' responsiveness**

Cronbach's alpha: As the results in Table 6.2 above show, Cronbach's alpha is 0.953, which is very high and indicates strong internal consistency among all the variables of the customers' view of the organizations' responsiveness component (CV). Therefore, in general, knowing the score for one of these variables would enable one to predict with some accuracy the possible scores for the other CV variables. This would be expected since the responsiveness scale was totally adopted from Dawes (2000) and therefore has been validated and purified previously.

Item-to-item correlation: For all the variables, the correlation between the items is greater than 0.3, which means that there is a significant correlation between any two variables of the customers' view of the banks' and investment companies' responsiveness component (CV).

Cronbach's alpha if item deleted: For the total variables, the Cronbach's alpha if each variable was deleted would drop from the overall total of 0.953 to a number less than or equal to it (see Table 6.2). Therefore, these items appear to be useful and contribute to the overall reliability of this component (CV). Moreover, $p\text{-value} = 0.875 > 0.05$, hence the correlation among the items is significant. Accordingly, from the analysis above it appears that all five items designed to measure the customers' view of the financial services institutions' responsiveness component (CV) will contribute to the overall reliability of the CV; therefore all will be retained.

- **Customer perception of the extent to which the businesses are market-oriented**

Cronbach's alpha: The results in Table 6.2 above show that Cronbach's alpha is 0.956, which is very high and indicates strong internal consistency among all the variables of the customer perception of the extent to which the banks and investment companies are customer-focused (CP).

Item-to-item correlation: For all the variables, the correlation between the items is greater than 0.3, which means that there is a significant correlation between any two variables of the customers' perception of the extent to which the banks and investment companies are customer-focused (CP).

Cronbach's alpha if item deleted: For the total variables the Cronbach's alpha if each variable was deleted would drop from the overall total of 0.956 to a number less than or equal to it (see Table 6.2); therefore, these variables appear to be useful and contribute to the overall reliability of the customers' perception of the extent to which the banks and investment companies are customer-focused (CP). However, although $p\text{-value} = 0.002 < 0.05$, it is still tolerable because it was shown previously that all factors correlate well, so the correlation among the items is significant. Hence, from the analysis above it appears that all five variables designed to measure customer perception of the extent to which the banks and investment companies are customer-focused (CP) contribute to the overall reliability of the CP, so they will be retained.

6.3 Main survey sample characteristics

The business organizations sample consists of 118 (84.8%) males and 21 (15.2%) females. The positions held in the organization vary from chairman and chief operating officer to head of marketing and corporate communications, through general managers, head of retail banking and senior manager. Additionally, the experience accumulated by respondents working in the financial services sector varies between 7 and 35 years. In fact, most of them accumulated previous experience working either regionally or internationally. The level of education also varies, having 2 with PhD and 2 with CPA, 81 with MBA, and 54 with Bachelor degree. They are all part of the main decision-making unit in their businesses and have great influence on the strategy formulated and implemented reflecting the response of the business to the generated and disseminated intelligence.

The banking and investment companies' customers sample consists of 119 (49.6%) females and 121 (50.4%) males. There are 71 (29.6%) representing corporate customers holding general manager

positions, and owners, and the rest are individual customers. Positions held by the corporate customer respondents vary from general managers to owners. The level of education of respondents varies, with one holding a PhD degree, 51 MBA, 151 Bachelor degrees, and the remaining 37 with high school education. A total of 226 of the respondents use the services of the banks while 88 of them use the investment companies' services.

The insurance companies sample consists of 119 (52.7%) males and 107 (47.3%) females. There are 71 (31.4%) representing corporate customers holding general manager positions, and owners, and the rest are individual customers. The level of education of respondents varies with one holding a PhD degree, 51 MBA, 151 Bachelor degrees, and 23 have a high school education.

It is worth noting here that the financial services providers sample adequately reflects the targeted sample and population. On the other hand, while the corporate customers reflect the targeted sample and population, it is impossible to adequately judge the individual customer respondents in relation to the targeted sample and population. This is because it was not possible to acquire a list of the individual customers due to the Central Bank regulations, and therefore there was no way to undertake a random sample.

6.4 Testing the normality assumption

- **Business organizations data**

Hair et al. (2010) assert that the normality assumption is fundamental in multivariate analysis and particularly in structural equation modelling. They argue that if the variation from the normal distribution is sufficiently large, the results may lead to invalid statistical tests (see also Tabachnick and Fidell, 2001). In this study the normality of variables is assessed through graphical (histogram and normal probability plot) and statistical methods. Additionally, Hair et al. (2010) argue that the normal probability plot (Q-Q plot) makes assessing the normality easier than other statistical techniques (see also Norusis, 1995). It allows the researcher to examine whether the observed values of the data are normally distributed. It is recommended that visually assessing the normal probability plot is more appropriate for large sample sizes (Hair et al., 2010). The visual inspection of the data graphs indicates that the distribution of values for some of the variables were not clustered around a straight line, which indicates that there was deviation from normality. The other method employed is skewness and kurtosis. Kurtosis is the 'peakedness' or 'flatness' measure of distribution compared to normal distribution (Hair et al., 2010). For a normal distribution, the value of the kurtosis is zero. Skewness is a measure of the asymmetry of a

distribution that is used to describe the balance of the distribution. Therefore, the normal distribution is symmetric and has a skewness value of zero (Curran et al., 1996). Hair et al. (2010) claim that positive skewness denotes a distribution shift to the left, while a negative skewness indicates a shift to the right. However, in this study, as shown in Table 6.3 the analysis indicates that some variables (CC1, CC2, CC3, and CC4) fall outside the acceptable range for values of skewness and kurtosis between -3 and +3 (Hair et al., 2010). However, because of the size of the sample, one can argue that the impact of skewness and kurtosis may not make a substantive difference in further analysis (Tabchnick and Fidell, 2001). However, it is worth stating that the differences are not much and the AMOS maximum likelihood SEM method is very robust to such differences. Table 6.3 also provides data screening results for the variables analysed in this study with means, standard deviation, and skewness and kurtosis values for each variable. The statistics of the multivariate normality are provided in Table 6.3 below.

Item	Mean	SD	Skewness		Kurtosis	
			Statistic	Std. Error	Statistic	Std. Error
CC1	4.66	.654	-2.981	.206	12.730	.408
CC2	4.43	.649	-1.357	.206	4.332	.408
CC3	4.50	.594	-1.590	.206	6.901	.408
CC4	4.52	.685	-1.646	.206	4.119	.408
CC5	4.19	.924	-1.405	.206	2.393	.408
SF1	4.18	.828	-.970	.206	1.038	.408
SF2	4.42	.702	-1.323	.206	2.944	.408
SF3	4.32	.790	-1.077	.206	1.257	.408
SF4	4.20	.744	-.733	.206	1.137	.408
SF5	3.95	.819	-.387	.206	-.014	.408
SI1	4.16	.801	-.810	.206	.805	.408
SI2	4.16	.810	-.713	.206	.398	.408
SI3	3.99	.816	-.541	.206	.300	.408
SI4	4.10	.673	-.699	.206	2.227	.408
SI5	3.95	.819	-.548	.206	.348	.408
SSE1	4.06	.832	-1.104	.206	1.955	.408
SSE2	3.64	.925	-.783	.206	.586	.408
SSE3	3.61	.936	-.437	.206	-.218	.408
SSE4	3.60	.930	-.535	.206	.083	.408
SSE5	3.47	.958	-.228	.206	-.520	.408
MOA1	3.82	.950	-.506	.206	-.368	.408
MOA2	3.65	1.148	-.763	.206	-.149	.408
MOA3	3.78	1.020	-.594	.206	-.046	.408
MOA4	3.77	.935	-.765	.206	.489	.408

Table 6.3: Skewness and Kurtosis Values –Business organizations

- **Customer data – banks and investment companies**

In this study, as shown in Table 6.4 the analysis indicates that all variables fall within the acceptable range for values of skewness and kurtosis between -3 and +3 (Hair et al., 2010). The visual inspection indicates that the distribution of values is almost clustered around the straight line, which indicates that there is an acceptable normality. However, no adjustments such as transformation of the data are made at this stage of the analysis. Table 6.4 provides data screening results for the variables analysed in this study with means, standard deviation, skewness and kurtosis values for each individual variable. The statistics of the multivariate normality are provided in this table.

Item	Mean	SD	Skewness		Kurtosis	
			Statistic	Std. Error	Statistic	Std. Error
BCV1	3.66	1.027	-.983	.157	.141	.313
BCV2	3.61	1.053	-.994	.157	.113	.313
BCV3	3.67	1.089	-.915	.157	.067	.313
BCV4	3.75	1.072	-.710	.157	-.315	.313
BCV5	3.68	1.039	-.825	.157	-.067	.313
BVP1	3.69	1.089	-.874	.157	-.052	.313
BVP2	3.78	1.090	-.873	.157	-.141	.313
BVP3	3.58	.982	-1.093	.157	.089	.313
BVP4	3.68	1.178	-1.003	.157	-.055	.313
BVP5	3.62	1.295	-1.018	.157	-.208	.313

Table 6.4: Skewness and Kurtosis of banks and investment companies' data

- **Insurance companies' data**

In this study, as shown in Table 6.5 the analysis indicates that all variables fall within the acceptable range of values for skewness and kurtosis between -3 and +3 (Hair et al., 2010). The visual inspection indicates that the distribution of values is almost clustered around the straight line, which indicates that there is an acceptable normality. Table 6.5 also provides data screening results for the variables analysed in this study with means, standard deviation, skewness and kurtosis values for each individual variable. The statistics of the multivariate normality are provided in this table.

Item	Mean	SD	Skewness		Kurtosis	
			Statistic	Std. Error	Statistic	Std. Error
ICV1	3.77	.903	-1.109	.162	.981	.322
ICV2	3.82	.873	-.891	.162	.452	.322
ICV3	3.80	.977	-.793	.162	.037	.322
ICV4	3.82	.892	-.631	.162	.147	.322
ICV5	3.78	.885	-.491	.162	-.196	.322
ICP1	3.80	.943	-.683	.162	-.342	.322

ICP2	3.90	1.004	-.991	.162	.270	.322
ICP3	3.63	.819	-.787	.162	-.056	.322
ICP4	3.77	.868	-.944	.162	.277	.322
ICP5	3.84	1.013	-.882	.162	.000	.322

Table 6.5: Skewness and kurtosis of insurance companies' data

6.5 Multicollinearity

It should be stated that a separate multicollinearity test is unnecessary when evaluating the relative effects of variables using AMOS structural equation modelling (SEM) including testing for discriminant validity and cross-loading.

6.6 Main survey – financial institutions

This section will start with the analysis of the collected data from the financial services providers, going through the exploratory factor analysis, the confirmatory factor analysis, the “goodness of fit” and “path analysis”, calculating the average variance extracted, computing the construct reliability (CR), presenting the based business organization (BO) structural equation model (SEM) and testing the study hypotheses that are related to the business organizations' self-reported levels of market orientation. It will then show the same analysis steps for the banks and investment companies' customers; followed by the insurance companies' customers' data.

6.6.1 Exploratory factor analysis (EFA)

Following the item analysis, the items for each construct were inspected before performing factor analysis and subsequently reliability testing. It was decided, based on the pilot survey result and discussion, to perform the exploratory factor analysis with all the constructs and its items. Therefore, all measurement items were subjected to a series of factor analysis with varimax rotation to reduce the set of variables to a relatively smaller and more parsimonious set of variables. This analysis attempts to create factors which are linear combinations of the 24 variables that estimate the latent variables or constructs that the research instrument is measuring. However, different studies claim that the communalities need to be estimated to identify the final set of factors extracted (DeCoster, 2004). Communalities are the squared loadings of factors. Communalities provide the proportion of variance in an observed variable that is explained by the latent variable (factor) it impacts (Brown, 2006). Additionally, Eigen values and variance were used in

order to identify the number of factors to extract (Nunnally and Bernstein, 1994 and Hair et al., 2010). However, in order to explore whether a factor analysis will be meaningful, the KMO and Bartlett's test of sphericity should be carried out (see Cohen and Cohen, 1983; Kaiser, 1974; Janssens et al., 2008; and Hair et al., 2010). The random sample of 139 respondents was selected and treated using SPSS software. The results are described in Table 1, Appendix D. Bartlett's test of sphericity aims to determine if there is a high enough degree of correlation between the variables included. The null hypothesis here is H_0 : the items are uncorrelated. Table 1 shows that the p-value = 0.000 < 0.001, therefore making a factor analysis meaningful. In addition, since the global statistic Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is 0.898 > 0.50, this demonstrates that a factor analysis may be performed (see Field, 2009). Furthermore, the component matrix represented in Table 2, Appendix D. only contains values for the five relevant factors, and these values are referred to as "factor loading", which means that they correspond to the correlation between a set of factor scores and a set of scores for an original variable (see Janssens et al., 2008; Field, 2009; and Hair et al., 2010). Table 2 shows that the correlation between the variables and the factors is not exclusive. Therefore, all of the variables are correlated to a greater or lesser degree with all the factors, although this may be much less applicable to one factor than another.

SPSS provides two options: unrotated factor extraction that lists factors in descending order with the highest loading factor listed on top, extracted based on an Eigen value greater than 1; and rotated factor extraction. However unrotated factor extraction suffers from the limitation that most items should load or correlate with the first component (factor) which makes interpretation difficult (Kline, 1994). Other researchers suggest that working with the rotated factor solution is better (Rattray and Jones, 2007). Therefore, in order to better guarantee the exclusivity of the relationship between a variable and a factor, it is recommended to work with the rotated factor structure as indicated in Table 3, Appendix D. Many researchers, for instance Boudreau et al. (2001) and Hair et al. (1998) have recommended that the minimum factor loading on the variables that is acceptable should be 0.4 after rotation and any factor that is cross-loading on variables up to 0.4 are acceptable. In this study, where cross-loadings observed are marginally beyond 0.4, such variables have been retained, considering their importance to the research and a particular factor based on content and their necessity to be included in measuring marketing orientation.

The results of this table show that there are only four components not five. They also show that strategy formulated (SF) and strategy implemented (SI) components load together and thus measure the same thing. This is understandable considering the direct relationship between the processes of strategy formulated and strategy implemented. In fact, West et al. (2006) suggest a marketing strategy formulation and implementation grid illustrating such a direct relationship and argue that success can be achieved

through adequate formulation and implementation processes (see also Henry, 2008; and Johnson et al., 2008). Furthermore, Deshpandé (1999) has argued that market orientation is a corporate culture that guides the entire organization to focus on the customer as a focal point and responds to his/her needs and expectations through its formulated and implemented strategy to create and deliver superior value to its customers. In addition, Deshpandé and Farley's (1999) 10-item scale suggested one component measuring the strategy formulated and implemented. Therefore, based on such a direct relationship and interdependency between the strategy formulated and implemented processes one could argue that conceptualizing these two components as one component would be acceptable and justifiable.

The results of Table 3, Appendix D also indicate that SI5, SF5, CC1 and SF1 should be dropped as not loading on the 'right' factors. The remaining four components are: structure and systems employed (SSE) expressed by the five items SSE1, SSE2, SSE3, SSE4, SSE5; strategy formulated and implemented (SF/SI) expressed by the seven variables SF2, SF3, SF4, SI1, SI2, SI3, SI4; corporate culture (CC) expressed by the four variables CC2, CC3, CC4, CC5; and market-oriented activities (MOA) expressed by the four variables MOA1, MOA2, MOA3, MOA4. This might be due to the subjective nature of the statement resulting in it not loading well with the other variables belonging to the corporate culture components. It may be that the mindset of viewing the financial services provider's role as primarily to serve customers has no direct relationship with the corporate culture dominating the business organization. With regard to SF1 one can assume that although the business's objective will influence the type and nature of the strategy formulated it does not load well with this component. On the other hand, SF5 has a cross-loading with the market-oriented activities component (MOA). This may be due to the nature of the statement, which is measuring the extent to which the financial services providers view their business as more customer-focused than their competitors. One can argue that if the business's behaviour through its market-oriented activities is as stated in the MOA components, then there is a great chance of it being more customer-focused. Furthermore, SI5 is cross-loading with the structure and systems employed component. This may be due to the assumption that a quick response to significant change is fostered by the structure and systems employed. In addition, Table 3, Appendix D, shows that there is cross-loading between certain factors that might indicate problems. However, no item has cross-loading above 0.4 on the wrong trust construct except for SI4 ($0.393 \approx 0.4$) (see Costello and Osborne, 2005; McKnight, et al., 2002; Boudreau et al., 2001; and Hair et al., 2010). Principal component analysis was used to estimate the communalities, which is a widely used method in EFA (Janssens et al., 2008). This may be indicating that this item should be kept out of the analysis. However, for the time being, this item will continue to be included in the CFA. Confirmatory factor analysis (CFA) provides a visual representation that specifies the model's constructs, indicator variables, and interrelationships with

quantitative measures of the reliability and validity of the constructs. This study will thus carry out CFA on the holdout sample using only four factors: CC, SISF, SSE and MOA.

6.6.2 Confirmatory factor analysis (CFA)

Structural equation modelling (SEM) is employed to test the measurement model and structural model (see Anderson and Gerbing, 1988; Janssens et al., 2008; and Hair et al., 2010). In fact the two-stage approach is recommended by Anderson and Gerbing (1988) and therefore is adopted in this research. Accordingly, this section will start with confirmatory factor analysis (CFA) using AMOS 18 to specify the causal relationships between the observed factors (items) and the underlying theoretical constructs. Then the paths or causal relationships between the underlying exogenous and endogenous constructs are specified in the structural model, which is the second stage. However, confirmatory factor analysis (CFA) should not be confused with EFA. The main difference is that in performing an EFA it is not yet known which variables will determine a certain factor/dimension, whereas with CFA, it is assumed (hypothesis) that certain variables correctly measure a certain factor. On the basis of a hypothesis test, CFA may then be used to discover to what degree the different assumed variables truly measure that certain factor. Confirmatory factor analysis tests whether the theoretically imposed structure of the underlying construct exists in the observed data (see Anderson and Gerbing, 1982; Hu and Bentler, 1999; Janssens et al., 2008; and Hair et al., 2010). It facilitates testing whether the indicators of a specific construct converge or share the high proportion of variance in common. Moreover, confirmatory factor analysis is used to test discriminate validity of the constructs, i.e. the extent to which a construct is truly distinct from other constructs.

Figure 1, Appendix E, shows that the four-construct CFA model might give this study a significant conceptual model. Measured variables are shown as a box with labels corresponding to those shown in the desired questionnaire. Latent constructs are an oval. Each measured variable has an error term. Two-headed connections indicate covariance between constructs. One-headed connectors indicate a causal path from a construct to an indicator (measured) variable, in other words it shows the standardized regression weights, also called factor loadings. In CFA all connectors between constructs are two-headed covariances/correlations (see Janssens et al., 2008; and Hair et al., 2010).

The original BO CFA model presented in Figure 1, Appendix E, indicates a model which is not significant for certain indicators. There is a low factor loading with the indicators: CC5, SI4, SF2, MOA1 and SSE1 as these factors are loading below 0.7 (Janssens et al., 2008; Hair et al., 2010). Therefore, this

model should be modified by dropping these variables. This could be due to the fact that while CC5 is related to whether the business corporate culture facilitates the enhancement of communication with stakeholders, the other variables belonging to this component are concerned with the impact of corporate culture in creating and delivering superior value to customers, supported by top management commitment to continuously emphasize the importance of serving customers. This research finally conceptualized strategy formulated and implemented as one component. Moreover, SF2 could be cross-loading with SF4 as the obtained competitive advantage is an integral part of the strategy formulated based on understanding customer expectations. In addition, the SI4 variable may be cross-loading with SI3, as responding quickly to changes in customer expectations is directly related to the coordinated efforts of the business based on understanding such changes. One could also argue that there might be no direct effect of the organization structure and the strategy implementation process. Furthermore, the MOA1 item seems to be cross-loading with MOA4, as getting communication feedback across all business functions and disseminating customer satisfaction feedback measure the same activity. After modification of this model, a better model is obtained, which is described in Figure 2, Appendix E. However, the RMSEA is 0.108 which is above the guideline of 0.08, so other fit statistics will also be considered. After many modifications through the ‘trial and error’ method, this study arrives at the improved model in Figure 3, Appendix E. The final significant model seems to fit better than the previous one providing much more acceptable model fit indicators. However, this leads the researcher to drop another two variables, namely SF4 and SSE5. One can assume that SF4 is measuring product development reviewing to ensure it is in line with customers’ wants, and formulating a strategy that is based on understanding customer expectations, which could be measuring the same issue. The reason for dropping SSE5 is because it may be cross-loading, because if an appraisal system rewards employees based on market-linked factors it is measuring the same as if it rewards the employees based on customer satisfaction.

6.6.3 The goodness of fit and path analysis

The ‘goodness of fit’ and ‘path analysis’ indicators are presented in Tables 4 to 7, Appendix D. The indicators presented in these tables show a relatively significant model with acceptable indicators.

Table 4 in Appendix D shows that CMIN/DF (normed Chi-Square) is a value equal to 2.131 which is between 2 and 5 so is considered acceptable. Table 5 (Appendix D) shows that the GFI, an absolute fit index, is 0.892. This value is approximately 0.90 which is tolerable for this model. Likewise, the AGFI, a parsimony fit index, is 0.834 which is also tolerable for this model. Table 6 (Appendix D) shows the CFI, an incremental fit index, is 0.956, it shows that the NFI (0.921), RFI (0.896), IFI (0.957) and TLI (0.942)

incremental fit indices indicate acceptable fit. Guidelines indicate that the NFI should be >0.90 for a model of this complexity and sample size. Table 7 (Appendix D) shows that the RMSEA, an absolute fit index, is 0.091. This value is a little high and not below the 0.08 but, being below 0.1, is acceptable for a model with 13 measured variables and a sample size of 139 (Hair et al., 2010; and Janssens et al., 2008). This is also called a Badness-of-Fit index. The 90 percent confidence interval for the RMSEA is between a LO of .069 and a HI of 0.112. Using the RMSEA and the CFI satisfies the rule of thumb that both a badness-of-fit index and a goodness-of-fit index be evaluated. In addition, other index values are supportive. For example, the GFI is 0.892 and the AGFI is 0.834 (see Landis et al., 2000; and Hu and Bentler, 1999).

Next this study will examine the convergent validity (the extent to which indicators of a specific construct 'converge' or share a high proportion of variance in common. To assess this construct loadings, variance extracted and construct reliability and the discriminant validity (the extent to which a construct is truly distinct from other constructs) of the model are examined. When examining construct validity, one looks at the reliability of each of the constructs. Construct reliability is a measure of reliability and internal consistency based on the square of the total of factor loadings for a construct.

Beginning with the convergent validity, Table 8 (Appendix D) shows that loading estimates (standardized regression weights) are significant, providing a useful start in assessing the convergent validity of the measurement model. The guidelines are that all loadings should be at least 0.5, and preferably 0.7; average variance extracted (AVE) measures should equal or exceed 50 percent; and construct reliabilities should equal or exceed 0.70. All loadings are significant as required for convergent validity. The lowest is 0.698 (SI3) and there is no other indicator below 0.70.

When examining convergent validity, it is recommended to look at two additional measures:

- (1) Average Variance Extracted (AVE) for each construct.
- (2) Construct Reliabilities (CR).

The AVE and CR are not provided by the AMOS software so they have to be calculated.

In order to calculate AVE, the sum of the squared loading of each variable is found.

AVE is computed as the sum of the squared standardized factor loadings divided by the number of items, as shown below. A good rule of thumb is an AVE of 0.5 or higher indicates adequate convergent validity (see Janssens et al., 2008; and Hair et al., 2010). An average of less than 0.5 indicates that, on average,

there is more error remaining in the items than there is variance explained by the latent factor structure imposed on the measure. An AVE estimate should be computed for each latent construct in a measurement model.

6.6.4 Calculated average variance extracted

Calculated average variance extracted (AVE = Sum of squared loading / number of items):

$$\text{Corporate culture construct} = 0.901^2 + 0.906^2 + 0.770^2 = 2.225537 / 3 = 0.7418$$

$$\text{Strategy formulated and implemented construct} = 0.6982 + 0.932^2 + 0.940^2 + 0.729^2 = 2.770869 / 4 = 0.6927$$

$$\text{Market-oriented activities construct} = 0.7612 + 0.933^2 + 0.920^2 = 2.29601 / 3 = 0.7653$$

$$\text{Structure and systems employed construct} = 0.9002 + 0.953^2 + 0.745^2 = 2.273234 / 3 = 0.7577$$

Construct reliability is computed from the sum of factor loadings, squared for each construct and the sum of the error variance terms for a construct. The rule of thumb for a construct reliability estimate is that 0.7 or higher suggests good reliability. Reliability between 0.6 and 0.7 may be acceptable provided that other indicators of a model's construct validity are good. High construct reliability indicates that internal consistency exists. This means that the measures are all consistently representing something.

6.6.5 Computation of construct reliability (CR)

$$\text{CR} = (\text{sum of loading})^2 / [(\text{sum of loading})^2 + (\text{sum of error variance, Delta})]$$

Delta = 1 minus the item reliability.

$$\text{Item reliability} = (\text{factor loading})^2$$

Items	Factor loading	Item Reliability	Delta
CC2	.901	.812	.19
CC3	.906	.821	.18
CC4	.770	.593	.41

MOA4	.761	.579	.42
MOA3	.933	.870	.13
MOA2	.920	.846	.15
SSE2	.900	.810	.19
SSE3	.953	.908	.09
SSE4	.745	.555	.45
SI3	.698	.487	.51
SI2	.932	.869	.13
SI1	.940	.884	.12
SF3	.729	.531	.47

Table 6.6: Factor loading and item reliability

$$\text{CR (corporate culture)} = (.901 + .906 + .770)^2 / [(.901 + .906 + .770)^2 + (.19 + .18 + .41)] = 0.89$$

$$\text{CR (market-oriented activities)} = (.761 + .933 + .920)^2 / [(.761 + .933 + .920)^2 + (.42 + .13 + .15)] = 0.91$$

$$\text{CR (structure and systems employed)} = (.900 + .953 + .745)^2 / [(.900 + .953 + .745)^2 + (.19 + .09 + .45)] = 0.90$$

$$\text{CR (strategy formulated and implemented)} = (.698 + .932 + .940 + .729)^2 / [(.698 + .932 + .940 + .729)^2 + (.51 + .13 + .12 + .47)] = 0.90$$

Taken together, the evidence provides initial support for the convergent validity of the four construct BO measurement model. The previous CFA model shows that all loading estimates are above 0.7 which indicates significant model fit or internal consistency. Moreover, the average variance extracted (AVE) estimates all exceed 0.5 and the construct reliability estimates all exceed 0.7. In addition, the model fits relatively well. Therefore, all the items are retained at this point and adequate evidence of convergent validity is provided.

The next step is to examine the discriminant validity. The BO four-construct CFA model demonstrates discriminant validity if all variance extracted (AVE) estimates are larger than the corresponding squared interconstruct correlation estimates (SIC). To calculate SIC, the Interconstruct Correlations (IC) need to be squared obtained from Table 9 (Table 9 of correlations in Appendix D).

In the columns below the SIC (Squared Interconstruct Correlations) are calculated from the IC (Interconstruct Correlations) obtained from Table 9, Appendix D.				
			IC	SIC
Corporate culture	–	Strategy formulated and implemented	.713	.508
Market-oriented activities	–	Structure and systems employed	.657	.432
Corporate culture	–	Structure and systems employed	.507	.257
Market-oriented activities	–	Strategy formulated and implemented	.747	.558
Corporate culture	–	Market-oriented activities	.585	.342
Structure and systems employed	–	Strategy formulated and implemented	.688	.473

Discriminant validity – compares the average variance extracted (AVE) estimates for each factor with the squared interconstruct correlations (SIC) associated with that factor, as shown below:

	<u>AVE</u>	<u>SIC</u>
CC Construct	.7418	.508, .257, .342
SISF Construct	.6927	.508, .558, .473
MOA Construct	.7653	.432, .558, .342
SSE Construct	.7577	.432, .257, .473

The SIC numbers are also shown in the squared Phi (Φ) matrix, Table 10, Appendix D. All variance extracted (AVE) estimates in the above chart are larger than the corresponding squared interconstruct correlation estimates (SIC). Therefore, the business organizations (BO) four-construct CFA model demonstrates discriminant validity.

Accordingly, in order to develop the structural equation model (SEM), a set of dependence relationships linking the hypothesized model's constructs, SEM determines whether relationships exist between the constructs – and along with CFA enables the researcher to accept or reject the proposed theory (Janssens et al., 2008; and Hair et al., 2010). Moreover, in developing models to test using CFA/SEM, the

researcher draws upon theory, prior experience, and the research objectives to identify and develop hypotheses about which independent variables predict each dependent variable. The theoretically based SEM model is illustrated in Figure 4 in Appendix E. In this model, the services provider corporate culture that facilitates top management commitment and focuses on creating and delivering superior value for its customers based on thorough understanding of these customers' needs, wants, and expectations will contribute to the process of becoming a more market-oriented financial services provider. This is reflected in the businesses' market-oriented activities and the business organizations' structure and systems employed. In addition, the type and nature of the strategy formulated and implemented reflecting such corporate culture and based on understanding customers' needs and expectations in order to create and deliver superior value to customers will influence the services providers' market-oriented activities and the business organizations' structure and systems employed. Therefore, the strategy formulated and implemented will influence the level of market orientation.

6.6.6 Business Organizations SEM Model

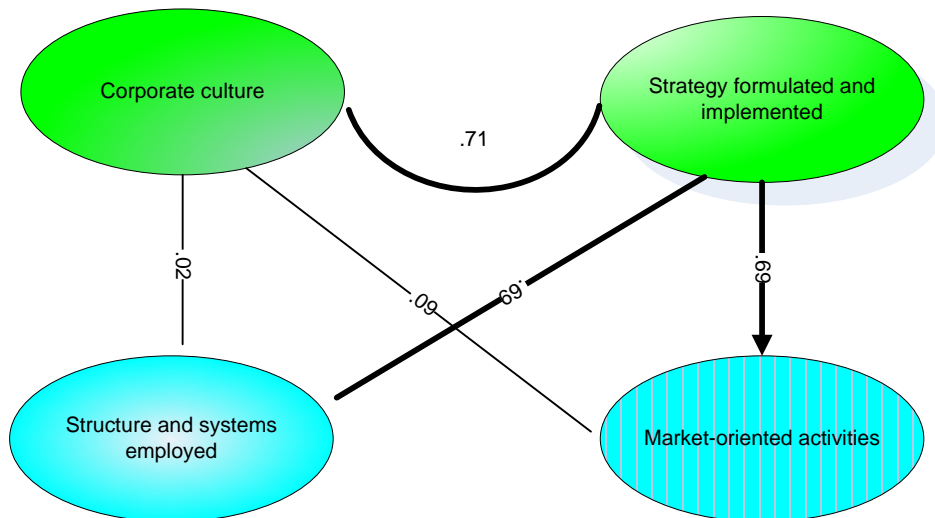


Figure 6.1: Theoretically Based BO SEM Model

As is shown in the above model, the exogenous variables (multi-item equivalent of independent variables that are not influenced by other variables in the model which act as independent variables in the model) are the variables corporate culture and strategy formulated and implemented. On the other hand, the two endogenous variables (multi-item equivalent to dependent variables which are affected by other variables

in the theoretical model) are market-oriented activities and structure and systems employed. As shown in the model, the following hypotheses illustrated in Chapter 5, Section 10 will be tested:

H1: The greater the corporate culture facilitating the entire organizational emphasis and customer focus, and guiding its market-oriented activities the greater its level of market orientation.

H2: The greater the corporate culture fostering flexible structure and employing market-linked systems, the greater its level of market orientation.

H3: The greater the formulated and implemented strategy in reflecting the business understanding and response through its market-oriented activities to existing and future customers' needs and expectations, the greater the level of market orientation

H4: The greater the formulated strategy and business organization's implementation is tuned to the structure and systems employed, the greater its level of market orientation.

SEM has no single statistical test that best describes the 'strength' of the model's predictions. Instead, researchers have developed different types of measures that in combination assess the results.

- Multiple fit indices should be used to assess goodness-of-fit.

For example:

- o The χ^2 and the χ^2 / df (normed Chi-square)
- o One goodness-of-fit index (e.g. GFI, CFI, NFI, TLI)
- o One badness-of-fit index (e.g. RMSEA, RMSR)
- Selecting a rigid cut-off for the fit indices is like selecting a minimum R^2 for a regression equation – there is no single 'magic' value for the fit indices that separate good from poor models. The quality of fit depends heavily on model characteristics including sample size and model complexity.
- Simple models with small samples should be held to very strict fit standards.
- More complex models with larger samples should not be held to the same strict standards.

The goodness-of-fit test (GOF) indicates how well the specified model reproduces the covariance matrix among the indicator variables – that is, it examines the similarity of the observed and estimated covariance matrices (absolute fit). The initial measure of GOF is the Chi-square statistic. The null hypothesis is "No difference in the two covariance matrices". Since it is important for the matrices not to be different, this study hopes for an insignificant Chi-square ($>.05$) so the null hypothesis is supported.

Testing the above Business Organizations SEM with the four-construct model, produces the model represented in Figure 4, Appendix E. This figure shows that two indicator variables do not meet the

established criteria: the standardized regression weights for the two indicator variables (factor loadings) between corporate culture and market-oriented activities as well as corporate culture and structure and systems employed are respectively 0.09 and 0.02 indicating very low factor loadings.

Although the findings of the qualitative research clearly indicate the role of corporate culture in facilitating focusing on customers as the focal point and causing top management and the entire organization to become more market-oriented, it seems that this is done indirectly through the type and quality of strategy formulated and implemented processes. The fact that there is good covariance between the corporate culture and the strategy formulated and implemented variables justifies such an assumption. Therefore, although there is no direct relationship between the corporate culture and market-oriented activities and structure and systems employed latent variables, one can assume that such a market-oriented culture would facilitate the strategy formulation and implementation that is based on a thorough understanding of customer needs, wants and expectations. This is evidenced by such good covariance between these two variables.

Hence the first two hypotheses (H1: The greater the corporate culture facilitating the entire organizational emphasis and customer focus, and guiding its market-oriented activities the greater its level of market orientation; and H2: The greater the corporate culture fostering flexible structure and employing market-linked systems, the greater its level of market orientation) are not supported. Then by modifying the original BO model, an acceptable model is obtained as indicated in Figure 4, Appendix E. This figure shows that all loadings are satisfactory (> 0.70), and this result is supported by Table 11, Appendix D, which shows that CMIN/DF (normed Chi-Square) is a value equal to 2.178 which is between 2 and 5 so is considered acceptable.

Moreover, Table 12, Appendix D, shows that the GFI, an absolute fit index, is .884. This value is approximately 0.90 which is tolerable for this model. Likewise the AGFI, a parsimony fit index, is .830 which is also tolerable for this model. Note that these measures are approximately the same as with the CFA model. Table 13 (appendix D) shows that the CFI, an incremental fit index, is 0.952, which exceeds the guidelines (>0.90) for a model of this complexity and sample size. Moreover, it shows the NFI (0.916), RFI (0.894), IFI (0.953) and TLI (0.940) incremental fit indices. Table 14 (Appendix D) shows that the RMSEA, an absolute fit index, is 0.092. As stated above, this value is a little high and not below the .08 guideline but, being below 0.1, is acceptable for a model with 13 measured variables and a sample size of 139 (see Hair et al., 2010). The triple asterisks (***) presented in Table 6.7 below show statistical significance $\leq .001$ (see Hair et al., 2010) indicating that the critical ratios are statistically significant.

			Estimate	S.E.	C.R.	P	Label
MKTORACT	<---	STRFORMIMP	.723	.082	8.784	***	par_11
STRUCTSYST	<---	STRFORMIMP	.782	.085	9.218	***	par_12
CC2	<---	CORPCULT	1.000				
SI1	<---	STRFORMIMP	1.000				
SI2	<---	STRFORMIMP	1.009	.051	19.873	***	par_1
SF3	<---	STRFORMIMP	.763	.069	11.048	***	par_2
SI3	<---	STRFORMIMP	.762	.073	10.402	***	par_4
MOA4	<---	MKTORACT	1.000				
MOA2	<---	MKTORACT	1.490	.127	11.707	***	par_5
MOA3	<---	MKTORACT	1.333	.113	11.771	***	par_6
SSE2	<---	STRUCTSYST	1.000				
SSE3	<---	STRUCTSYST	1.067	.063	16.844	***	par_7
SSE4	<---	STRUCTSYST	.830	.075	11.073	***	par_8
CC3	<---	CORPCULT	.924	.063	14.682	***	par_9
CC4	<---	CORPCULT	.905	.080	11.333	***	par_10

Table 6.7 Regression Weights: (Group number 1 - Default model)

In addition, the new weights at the top in Table 15, Appendix D, are for the two causal paths to the new endogenous variables, structure and systems employed and market-oriented activities. It shows that loading estimates (standardized regression weights) are satisfactory since there are no other indicators below 0.70.

At this stage the CFA and SEM loadings should be compared to make sure they have not changed substantially. Changes are minor and within expected ranges. Since there are minor changes in loadings estimates when comparing measurement (CFA) and structural (SEM) results, then the measures do not need further development or refinement. Finally, the two hypotheses H3 and H4 are supported. Therefore, the greater the formulated and implemented strategy in reflecting the business understanding and response through its market-oriented activities to existing and future customers' needs and expectations, the greater the level of market orientation. Furthermore, the greater the formulated strategy and business organization's implementation is tuned to the structure and systems employed, the greater its level of market orientation. Accordingly, while corporate culture has no direct effect on market-oriented activities and structure and systems employed, the strategy formulated and implemented has a direct effect on those latent variables. Therefore, the more the strategy formulated and implemented processes are based on understanding customer needs, wants and expectations and reflecting changes occurring in the market and customers' preferences, the greater the structure and systems employed and market-oriented activities of the organization. Hence, the greater the strategy formulated and implemented facilitating the achievement of customer satisfaction, the greater the financial services businesses' levels of market orientation.

6.7 Banks and investment companies' customers

6.7.1 Exploratory Factor Analysis (EFA) (Banks and investment companies)

This section describes conducting an alpha factor analysis. This analysis attempts to create factors which are linear combinations of the 10 variables that estimate the latent variables or constructs that the research instrument is measuring.

To explore whether there is a need to make a factor analysis meaningful, it is important to conduct the KMO and Bartlett's test of sphericity (see Janssens et al., 2008; and Hair et al., 2010). The random sample of 240 respondents was selected and analysed using SPSS software yielding the results described in Table 16, Appendix D. Since Bartlett's test of sphericity $p\text{-value} = 0.000 < 0.001$, then a factor analysis is meaningful. Since the global statistic KMO measure of sampling adequacy is $0.967 > 0.50$, a factor analysis may be performed (see Janssens et al., 2008; and Field, 2009).

The component matrix in Table 17 (Appendix D) contains only values for the five relevant factors, and are 'factor loading', meaning that there is a correlation between a set of factor scores and a set of scores for an original variable. In this table, finding the sum of the squares of each row shows that the correlation between the variables and the factors is exclusive; all of the variables are correlated to a high degree with all the factors. However, in order to better guarantee the exclusivity of the relationship between a variable and a factor, it is recommended to work with the 'rotated' factor structure as shown in Table 18 (Appendix D). The results of Table 18 show that there are only two components. These results also show that BCV5 should be dropped as not loading on the 'right' factor. The two components are: the banks and investment companies customers' views of their responsiveness (BCV) expressed by the four variables BCV1, BCV2, BCV3, BCV4; and the banks and investment companies' customers' perceptions of the extent to which they are market-oriented (BCP) expressed by the five variables BCP1, BCP2, BCP3, BCP4, and BCP5. It seems that the banks' customers' view of the banks' responsiveness (BCV5) is cross-loading with the customer perceptions of these banks' level of market-orientation (BCP) construct. Therefore, it did not load as the other factors. This may be due to them placing a high priority on implementing changes leading to increased customer satisfaction which is reflected in those customers' perceptions about the extent to which the financial services provider is customer-focused, hence its level of market orientation. Accordingly, a visual representation that specifies the model's constructs, indicator variables, and interrelationships is shown by carrying out the confirmatory factor analysis (CFA). CFA provides quantitative measures of the reliability and validity of constructs. With these results, the

researcher will carry out the CFA on the holdout sample using only four factors measuring the BCV construct and five factors measuring the BCP construct.

6.7.2 Confirmatory factor analysis (CFA)

The original banking CFA model (Figure 1 in Appendix F) indicates a model which is not satisfactory according to certain guidelines for the sample size = 240, viz all factor loadings should be above 0.90 (Janssens et al., 2008). Moreover, the RSMEA = 0.086 > 0.08 (see Table 19 in Appendix D). Accordingly, it is preferable to modify this model by dropping the indicator with a factor loading less than 0.90. Therefore, this model should be modified by dropping factor BCV4. This may be because the customers' views of the services providers' responsiveness to factors affecting their market is very subjective and only related to his/her perception based on individual experience. Therefore, it is not actually measuring the level of the services providers' responsiveness and not affecting the overall customer view of such responsiveness. However, after modification of the mentioned model by dropping BCV4 it leaves a model with unacceptable RSMEA (0.099 > 0.08) (see Table 20 in Appendix D). Therefore, the model should be modified using the trial and error method to get a significant model after dropping BCP1. Figure 2 (Appendix F) shows that although all factors load highly (> 0.90), the p-value is equal to 0.057 > 0.05 indicating that the model should be modified. After many modifications through the trial and error method and dropping of BCP2, it gives the model presented in Figure 3 (Appendix F). The BCP2 variable measures the customer perceptions related to whether the financial services provider is focusing on creating superior value for customers such as him/her. After dropping these two indicators, the model fit is improved.

6.7.3 The goodness of fit and path analysis

The 'goodness of fit' and 'path analysis' results in Tables 21 to 24 (Appendix D) suggest that the model fit is satisfactory.

Table 21 (Appendix D) shows that the CMIN/DF (normed Chi-Square) is 2.081 which is acceptable. Table 22 (Appendix D) shows that the GFI, an absolute fit index, is 0.978 and AGFI, a parsimony fit index, is 0.943. Table 23 (Appendix D) shows that the CFI, an incremental fit index, is 0.996, which exceeds the guidelines (>0.90) for a model of sample size 240. Moreover, the NFI (0.992), RFI (0.986), IFI (0.996) and TLI (0.993), other incremental fit indices, also indicate satisfactory fit. The guidelines

indicate that the NFI should be >0.90 for a model of sample size 240. For the RFI, IFI and TLI it is indicated that larger values (0 – 1.0) are better. Table 24 (Appendix D) shows that the RMSEA, an absolute fit index, is 0.067. This value is below the 0.08 guideline for a model of a sample size of 240. This is also called a badness-of-fit index.

The RMSEA and the CFI indicate a good fit as do the GFI of 0.978 and the AGFI of 0.943. Therefore this study now moves on to examine the convergent validity (the extent to which indicators of a specific construct ‘converge’ or share a high proportion of variance in common). To assess the result of this study, it is recommended to examine the construct loadings, the variance extracted, the construct reliability and the discriminant validity (the extent to which a construct is truly distinct from other constructs) of the model (see Janssens et al., 2008; and Hair et al., 2010). When examining construct validity, one should also look at the reliability of each of the constructs. Construct reliability is a measure of reliability and internal consistency based on the square of the total of factor loadings for a construct.

Beginning with the convergent validity, Table 25 (Appendix D) shows that loading estimates (standardized regression weights) are significant, providing a useful start in assessing the convergent validity of the measurement model. The guidelines are that all loadings should be at least 0.5, and preferably 0.7; average variance extracted (AVE) measures should equal or exceed 50 percent; and construct reliabilities should equal or exceed 0.70. All loadings are significant as required for convergent validity. The lowest is 0.902 (BCV3) which is greater than 0.70.

When examining convergent validity, two additional measures are looked at:

- (1) Average Variance Extracted (AVE) for each construct.
- (2) Construct Reliabilities (CR).

The AVE and CR are not provided by the AMOS software so they have to be calculated.

In order to calculate AVE, it is necessary to find the sum of the squared loading of each variable.

AVE is computed as the sum of the squared standardized factor loadings divided by the number of items, as shown below. A good rule of thumb is that an AVE of 0.5 or higher indicates adequate convergent validity. An AVE of less than 0.5 indicates that, on average, there is more error remaining in the items than there is variance explained by the latent factor structure imposed on the measure. An AVE estimate should be computed for each latent construct in a measurement model.

6.7.4 Calculated Average Variance Extracted

Calculated Average Variance Extracted (AVE = Sum of squared loading / number of items):

$$\text{BCV Construct} = (0.935^2 + 0.945^2 + 0.902^2) / 3 = 0.8603$$

$$\text{BCP Construct} = (0.952^2 + 0.966^2 + 0.962^2) / 3 = 0.9216$$

Construct reliability is computed from the sum of factor loadings, squared for each construct and the sum of the error variance terms for a construct. The rule of thumb for a construct reliability estimate is that 0.7 or higher suggests good reliability. Reliability between 0.6 and 0.7 may be acceptable provided that other indicators of a model's construct validity are good. High construct reliability indicates that internal consistency exists. This means that the measures are all consistently representing something.

6.7.5 Computation of Construct Reliability (CR)

$$\text{CR} = (\text{sum of loading})^2 / [(\text{sum of loading})^2 + (\text{sum of error variance, Delta})]$$

Delta = 1 minus the item reliability.

$$\text{Item reliability} = (\text{factor loading})^2$$

Items	Factor Loading	Item Reliability	Delta
BCV1	.935	.874	.13
BCV2	.945	.893	.11
BCV3	.902	.814	.19
BCP5	.952	.906	.09
BCP4	.966	.933	.07
BCP3	.962	.925	.08

Table 6.8: Factor loading and item reliability

$$\text{CR (BCV)} = (.935 + .945 + .902)^2 / [(.935 + .945 + .902)^2 + (.13 + .11 + .19)] = 0.95$$

$$\text{CR (BCP)} = (.952 + .966 + .962)^2 / [(.952 + .966 + .962)^2 + (.09 + .07 + .08)] = 0.97$$

Taken together, the evidence provides initial support for the convergent validity of the two-construct banking measurement model. The previous CFA model shows that all loading estimates are above 0.7 which indicates significant model fit or internal consistency. Moreover, the average variance extracted (AVE) estimates all exceed 0.5 and the construct reliability estimates all exceed 0.7. In addition, the model fits relatively well. Therefore, all the items are retained at this point and adequate evidence of convergent validity is provided.

The study now moves on to examine the discriminant validity. A model demonstrates discriminant validity if the average variance extracted (AVE) estimates are larger than the corresponding squared interconstruct correlation estimates (SIC). For the banking two-construct model, to calculate SIC the Interconstruct Correlations (IC) obtained from Table 26 (table of correlations in Appendix D) need to be calculated.

In the columns below the SIC (Squared Interconstruct Correlations) is calculated from the IC (Interconstruct Correlations) obtained from Table 26, Appendix D.

	<u>IC</u>	<u>SIC</u>
CUSTVBR – CUSTPERC	.970	.941

Discriminant validity compares the average variance extracted (AVE) estimates for each factor with the squared interconstruct correlations (SIC) associated with that factor, as shown below for the banking two-construct model:

	<u>AVE</u>	<u>SIC</u>
BCV Construct	.8603	.941
BCP Construct	.9216	.941

The SIC numbers are also shown in the squared Phi (Φ) matrix (see Table 27, Appendix D). All AVE estimates in the above table are lower than the corresponding squared interconstruct correlation estimates

(SIC). Therefore, the banking two-construct CFA model does not demonstrate discriminant validity. However, the EFA is good, i.e. all items loading in the correct factor at 0.5 or above with no cross-loadings with other factors above 0.3, so this might be considered for the discriminant validity test relaxing the Fornell & Larker criterion. One could argue that customer perception of the extent to which the financial services providers are market-oriented should have been measured with more components covering more than just these organizations' responsiveness to customers' needs and expectations. In fact, one could measure the level of customer satisfaction with the services provided and the level of these business organizations' innovative processes in creating and delivering superior value to their customers. Hence, this could be the reason for the above result. However, this model has demonstrated convergent validity.

The research now moves to develop the structural equation model (SEM), a set of dependence relationships linking the hypothesized model's constructs. The theoretically based SEM model intended to be developed is described in the figure below whereby the customers' view of banks' and investment companies' responsiveness to their needs and expectations (CUSTVBR) affects customer perception of the extent to which these business organizations are market-oriented (CUSTPERC).

6.7.6 Banking and investment companies' SEM Model

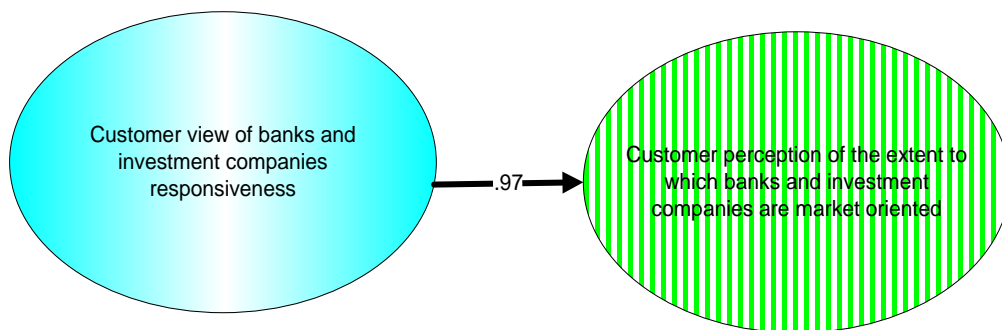


Figure 6.2: Theoretically based banking and investment companies' SEM Model

As shown in the above model, the exogenous variable (multi-item equivalent of independent variables that are not influenced by other variables in the model which act as independent variables in the model) is the variable CUSTVBR and the only endogenous variable (multi-item equivalent to dependent variables

which is affected by other variables in the theoretical model) is CUSTPERC. As shown in the model, the following hypothesis is to be tested:

H5: The greater the customers' views of the banks' and investment companies' responsiveness to their needs and expectations, the greater the perception of these customers of the extent to which these businesses are market oriented.

Testing the above banking SEM with the two-construct model, gives the model described in Figure 3 in Appendix F. This model shows that all loadings are highly significant ($> .70$) for a sample size of 240. Moreover, Table 28 (Appendix D,) shows that CMIN/DF (normed Chi-Square) is a value equal to 2.081 which is between 2 and 5 so it is considered acceptable. Table 29 (Appendix D) reports a GFI of 0.978, AGFI of 0.943, NFI (0.992), RFI(0.986), IFI (0.996) and TLI (0.993) which are also highly recommended for this model. Note that these measures are approximately the same as with the CFA model indicating valuable conceptual modelling. Table 30 (Appendix D) shows that the CFI, an incremental fit index, is 0.996, which exceeds the guidelines (>0.90) for a model of this complexity and sample size. Moreover, it shows that the NFI (0.992), RFI (0.986), IFI (0.996) and TLI (0.993) indicate an acceptable fit. The guidelines indicate that the NFI should be >0.90 for a model of this complexity and sample size. For the RFI, IFI and TLI larger values (0 – 1.0) are better. Table 31 (Appendix D) shows that the RMSEA is 0.067 indicating an acceptable fit for a model with a sample size of 240 (Janssens et al., 2008).

The triple asterisks presented in Table 6.9 below show statistical significance $\leq .001$ (see Hair et al., 2010) indicating that the critical ratios are statistically significant.

Table 6.9			Estimate	S.E.	C.R.	P	Label
CUSTPERC	<---	CUSTVBR	1.246	.046	26.844	***	par_5
BCV1	<---	CUSTVBR	1.000				
BCV2	<---	CUSTVBR	1.037	.035	29.224	***	par_1
BCV3	<---	CUSTVBR	1.023	.041	24.730	***	par_2
BGP5	<---	CUSTPERC	1.000				
BGP4	<---	CUSTPERC	.923	.026	36.103	***	par_3
BGP3	<---	CUSTPERC	.766	.022	35.281	***	par_4

Table 6.9: Regression Weights: (Group number 1 - Default model)

In addition, the new weight at the top in Table 32, Appendix D, is for the causal paths to the new endogenous variables “CUSTPERC”. It shows that loading estimates (standardized regression weights) are significant since there are no other indicators below 0.70.

As expected, the CFA and SEM loadings are similar. Finally, hypothesis H5 is supported. Therefore, the greater the customers’ views of the banks and investment companies’ responsiveness to their needs and expectations, the greater the perception of these customers of the extent to which these businesses are market-oriented.

6.8 Insurance companies

6.8.1 Exploratory Factor Analysis (EFA)

The exploratory factor analysis attempts to create factors which are linear combinations of the 10 variables that estimate the latent variables or constructs that the instrument is measuring.

To explore whether a factor analysis is meaningful, a KMO and Bartlett's test of sphericity are performed. The sample of 226 respondents was selected and analysed using SPSS software as reported in Table 33 (Appendix D). Bartlett’s test of sphericity aims to determine if there is a high enough degree of correlation between the least numbers of the variables included. The null hypothesis here is H_0 : the items are uncorrelated. Since $p\text{-value} = 0.000 < 0.001$ (see Table 33, Appendix D), a factor analysis is meaningful. Also the global statistic KMO measure of sampling adequacy is $0.955 > 0.50$ indicating that a factor analysis may be performed. The component matrix (see Table 34, Appendix D) only contains values for the factor loadings for the five relevant factors. This table shows that the correlation between the variables and the factors is exclusive; all of the variables are correlated to a high degree with all the factors. However, in order to indicate the discrimination between the factors, the rotated factor structure is shown in Table 35 (see Appendix D). This table shows that there are only two components. These results also show that ICV1, ICV2, ICV3 should be dropped as not loading on the ‘right’ factor. The two components are: ICV, expressed by the two variables ICV4, ICV5; and ICP expressed by the five variables ICP1, ICP2, ICP3, ICP4, and ICP5. The nature of insurance services is different from banks and investment companies. For example, because insurance policies are optional, except for cars, most customers do not use all types of available services except for corporate customers protecting their assets through insurance policies. Therefore, not all customers will have a view that influences their perception, related to the quick responsiveness of insurance companies to claims, complaints or change of requirements. In addition, if a customer never has a complaint then he/she will never form a view of the

insurance company's responsiveness. This may be the reason that the three factors ICV1, ICV2, ICV3 were not loading. Accordingly, this research will carry out the CFA on the holdout sample using only two factors: ICV and ICP.

6.8.2 Confirmatory Factor Analysis (CFA)

The original insurance CFA model described in Figure 4, Appendix F, indicates a model for which the RSMEA = 0.102, i.e. > 0.08 (see Table 36 in Appendix D). This may be because both the ICP1 and ICP5 statements are too subjective and the customers' responses to these two factors were not based on a conclusive experience reflected in their perception of the extent to which the insurance company is market-oriented. After many modifications through the trial and error method, the model described in Figure 5, Appendix F, is reached.

6.8.3 The goodness fit and path analysis

The goodness of fit and path analysis indicators are presented in Tables 37 to 40 (see Appendix D). As the tables show, all indicators suggest a model that has an acceptable fit.

Table 37 (see Appendix D) shows that CMIN/DF (normed Chi-Square) is a value equal to 1.246 i.e. between 2 and 5, which is considered acceptable. Table 38 (Appendix D) shows GFI, 0.991, AGFI, 0.967, CFI, 0.999, NFI (0.995), RFI (0.987), IFI (0.999) and TLI (0.997) indicating an acceptable fit. Table 40 reports the RMSEA (0.033) (see also Tables 39 and 40, Appendix D).

Using the RMSEA and the CFI satisfies the rule of thumb in that both a badness-of-fit index and a goodness-of-fit index are evaluated (Janssens et al., 2008). In addition, other index values are supportive. For example, the GFI is 0.991 and the AGFI is 0.967. Therefore this study moves on to examine the convergent validity (the extent to which indicators of a specific construct 'converge' or share a high proportion of variance in common). To assess this it examines construct loadings, variance extracted and construct reliability, and the discriminant validity (the extent to which a construct is truly distinct from other constructs) of the model. When examining the construct validity, the reliability of each of the constructs is also looked at. Construct reliability is a measure of reliability and internal consistency based on the square of the total of factor loadings for a construct.

The triple asterisks presented in Table 6.10 below show statistical significance $\leq .001$ (see Hair et al., 2010) indicating that the standardized regression weights are statistically significant.

Table 6.10			Estimate	S.E.	C.R.	P	Label
INSUCUSTP	<---	INSUCUSTV	1.046	.082	12.777	***	par_4
ICP4	<---	INSUCUSTP	.934	.040	23.126	***	par_1
ICP3	<---	INSUCUSTP	.826	.041	20.159	***	par_2
ICP2	<---	INSUCUSTP	1.000				
ICV4	<---	INSUCUSTV	1.000				
ICV5	<---	INSUCUSTV	1.019	.072	14.145	***	par_3

Table 6.10: Regression Weights: (Group number 1 - Default model)

Table 41 (see Appendix D) shows that the loading estimates (standardized regression weights) are significant. Therefore, it provides a useful start in assessing the convergent validity of the measurement model. The guidelines are that all loadings should be at least 0.5, and preferably 0.7; average variance extracted (AVE) measures should equal or exceed 50 percent; and construct reliabilities should equal or exceed 0.70. All loadings are significant as required for convergent validity. The lowest is 0.832 (ICV4) which is greater than 0.70.

When examining convergent validity, two additional measures are considered:

- (1) Average Variance Extracted (AVE) for each construct.
- (2) Construct Reliabilities (CR).

To calculate AVE, the sum of the squared loading of each variable is found.

AVE is computed as the sum of the squared standardized factor loadings divided by the number of items, as shown below. A good rule of thumb is that an AVE of 0.5 or higher indicates adequate convergent validity. An AVE of less than 0.5 indicates that, on average, there is more error remaining in the items than there is variance explained by the latent factor structure imposed on the measure. An AVE estimate will be computed for each latent construct in the measurement model.

6.8.4 Calculated Average Variance Extracted

Calculated Average Variance Extracted (AVE = Sum of squared loading / number of items):

$$\text{ICV Construct} = (0.832^2 + 0.855^2) / 2 = 0.7116$$

$$\text{ICP Construct} = (0.958^2 + 0.898^2 + 0.886^2) / 3 = 0.8364$$

Construct reliability is computed from the sum of factor loadings, squared for each construct and the sum of the error variance terms for a construct. The rule of thumb for a construct reliability estimate is that 0.7 or higher suggests good reliability. Reliability between 0.6 and 0.7 may be acceptable provided that other indicators of a model's construct validity are good. High construct reliability indicates that internal consistency exists. This means that the measures are all consistently representing something.

6.8.5 Computation of Construct Reliability (CR)

$$\text{CR} = (\text{sum of loading})^2 / [(\text{sum of loading})^2 + (\text{sum of error variance, Delta})]$$

Delta = 1 minus the item reliability.

$$\text{Item reliability} = (\text{factor loading})^2$$

Items	Factor loading	Item Reliability	Delta
ICP4	.958	.918	.08
ICP3	.898	.806	.19
ICP2	.886	.785	.22
ICV4	.832	.692	.31
ICV5	.855	.731	.27

Table 6.11: Factor loading and item reliability

$$\text{CR (ICV)} = (.832 + .855)^2 / [(.832 + .855)^2 + (.31 + .27)] = 0.83$$

$$\text{CR (ICP)} = (.958 + .898 + .886)^2 / [(.958 + .898 + .886)^2 + (.08 + .19 + .22)] = 0.86$$

Taken together, the evidence provides initial support for the convergent validity of the two-construct insurance measurement model. The previous CFA model shows that all loading estimates are above 0.7 which indicates significant model fit or internal consistency. Moreover, the average variance extracted (AVE) estimates all exceed 0.5 and the construct reliability estimates all exceed 0.7. In addition, the

model fits relatively well. Therefore, all the items are retained at this point and adequate evidence of convergent validity is provided.

The study now moves on to examine the discriminant validity. The insurance two-construct CFA model demonstrates discriminant validity if the (AVE) estimates are larger than the corresponding squared interconstruct correlation estimates (SIC). To calculate SIC, the Innerconstruct Correlations (IC) obtained from Table 42 (Table 42 of correlations in Appendix D) are used, as shown in the columns below.

	<u>IC</u>	<u>SIC</u>
INSUCUSTP – INSUCUSTV	.873	.762

Discriminant validity compares the average variance extracted (AVE) estimates for each factor with the squared interconstruct correlations (SIC) associated with that factor, as shown below:

	<u>AVE</u>	<u>SIC</u>
ICV Construct	.7116	.762
ICP Construct	.8364	.762

The SIC numbers are also shown in the squared Phi (Φ) matrix (see Table 43, Appendix D). The AVE estimates in the above table are lower than the corresponding squared interconstruct correlation estimates (SIC) which is not recommended, while the ICP construct variance extracted (AVE) estimates are greater than the corresponding squared interconstruct correlation estimates (SIC). Therefore, the insurance two-construct CFA model is deemed not to demonstrate discriminant validity. However, as the EFA is good, i.e. all items loading in the correct factor at 0.5 or above with no cross-loadings with other factors above 0.3, then this might be considered for the discriminant validity test, relaxing the Fornell and Larker (1981) criterion.

Again one can argue that customer perception of the extent to which the financial services providers are market-oriented should have been measured with more components not only covering these organizations' responsiveness to customers' needs and expectations. In fact, one could measure the level of customer satisfaction with the services provided and the level of these business organizations' innovative processes in creating and delivering superior value to their customers. It is worth pinpointing here that this is one of the study's limitations and future work is needed that may facilitate identifying other constructs related to customer perceptions. This may lead to further refinement of the existing scale

and a better measurement of the customer perception of services providers' levels of market-orientation. However, this model demonstrates a convergent validity.

Finally, this study develops the structural model (SEM), a set of dependence relationships linking the hypothesized model's constructs, which is shown in the figure below whereby the customers' view of the insurance companies' responsiveness to their needs and expectations (CUSTVBR) affects customer perception of the extent to which these business organizations are market-oriented (CUSTPERC).

6.8.6 Insurance SEM Model

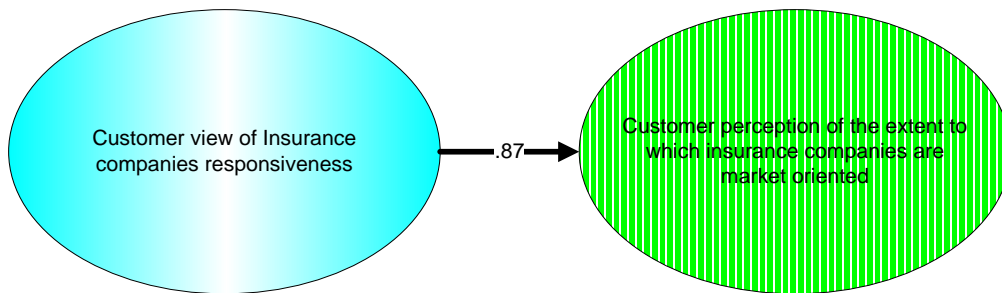


Figure 6.3: Theoretically Based Insurance SEM Model

As shown in the above model, the exogenous variable (multi-item equivalent of independent variables that are not influenced by other variables in the model which act as independent variables in the model) is the variable INSUCUSTV and the only endogenous variable (multi-item equivalent to dependent variables which is affected by other variables in the theoretical model) is INSUCUSTP. The following hypothesis is tested:

H6: The greater the customer view of the insurance companies' responsiveness, the greater their perception of the extent to which these insurance companies are perceived as market oriented.

By testing the above Insurance SEM 2 construct model, the model described in Figure 6, Appendix F, is obtained.

This model shows that all factor-loads are > 0.70 . In addition, Table 44 in Appendix D shows that CMIN/DF (normed Chi-Square) is 1.246 which is between 2 and 5 and is therefore considered acceptable. Table 45 (Appendix D) shows the GFI, 0.991, and the AGFI, 0.967. These measures are the same as with the CFA model. Table 46 (Appendix D) shows CFI is 0.999, NFI 0.995, RFI 0.987, IFI 0.999 and TLI 0.997, indicating an acceptable fit. Table 47 (Appendix D) shows RMSEA, 0.033. This value is below the 0.08 guideline (see Janssens et al., 2010).

In addition, the new weight at the top in Table 48 (Appendix D) is for the causal paths to the new endogenous variables 'INSUCUSTP'. It shows the loading estimates (standardized regression weights) are all above 0.70. The CFA and SEM are similar. Finally, hypothesis H6 is supported. The greater the customers' views of the insurance companies' responsiveness to their needs and expectations, the greater the perception of these customers of the extent to which these businesses are market-oriented.

6.9 Testing the difference between customer perceptions of the financial services providers' level of market orientation and these organizations' self-reported level of market orientation

The comparison between both perspectives will be undertaken by testing the differences between the means in order to find out whether differences exist between the customers' perceptions of the banks' and investment companies' level of market orientation and the financial services providers' self-reported levels of market orientation. The research also wants to find out whether there are differences in the level of market orientation that exist between the customers' perceptions of the insurance companies' level of market orientation and the financial services providers' self-reported levels of market orientation. This will be done by finding out if there are differences between the means among the dependent variables of structure and systems employed (SSE) and market-oriented activities (MOA) with the customer perception of the banks' and investment companies' level of market orientation (BCP), and the customer perception of the insurance companies' level of market orientation (ICP). Therefore, a one-way analysis of variance (ANOVA) will be conducted which is used to test the difference between means of k (more than two) populations.

6.9.1 Customer perception of banks and investment companies

To do this, the researcher wants to test the null hypothesis:

$H_0: \mu_1 = \mu_2 = \mu_3$ against the alternative hypothesis

H_A : At least two means are different

Where, μ_1 = mean of structure and systems employed (SSE)

μ_2 = mean of market-oriented activities (MOA)

μ_3 = mean of customer perception of the banks' and investment companies' level of market orientation (BCP)

The ANOVA output is obtained by using SPSS 19 software and is represented in Table 49, Appendix D. From this table it can be seen that there is enough evidence to infer that differences in the mean level of market orientation exist between the customers' perceptions of the banks' and investment companies' level of market orientation and the structure and systems employed (sig. = 0.030 < 0.05). Therefore, H_0 is not supported. In addition, differences in mean do not exist between the customers' perceptions of the banks and their market-oriented activities (sig. = 0.401 > 0.05). Therefore, H_0 is supported. Thus, it can be concluded that the customer perception of the banks' and investment companies' level of market orientation (BCP) has a significant effect on the SSE but it does not have a significant effect on MOA. Accordingly, hypothesis H_{7is} is supported. That is, the customers' perceptions of the banks' and investment companies' levels of market orientation and the banks' and investment companies' self-reported level of market orientation will not agree.

6.9.2 Customer perception of insurance companies

In order to do this, the null hypothesis will be tested:

$H_0: \mu_1 = \mu_2 = \mu_4$ against the alternative hypothesis

H_A : At least two means are different

Where, μ_1 = mean of structure and systems employed (SSE)

μ_2 = mean of market-oriented activities (MOA)

μ_4 = mean of customer perception of the insurance companies' level of market orientation ICP

The ANOVA output is obtained by using SPSS 19 software and is described in Table 50, Appendix D. From this table there is evidence to infer that differences in the mean level of market orientation do not

exist between the customers' perceptions of the insurance companies' level of market orientation and the structure and systems employed on one side (sig. = 0.503 > 0.05, H₀ is supported) and between the customers' perceptions of the insurance companies' level of market orientation and the market-oriented activities on the other side (sig. = 0.503 > 0.05, H₀ is not supported). That is, the ICP neither has a significant effect on the SSE nor a significant effect on MOA. Accordingly, hypothesis H₈ is supported. That is, the customers' perceptions of the insurance companies' levels of market orientation and the financial services providers' self-reported levels of market orientation will not agree.

6.10 Nomological validity

Hair et al. (2010) assert that the nomological validity is based on the correlation matrix (see also Janssens, et al., 2008). Tables 6.12 to 6.14 provide the results for the business organizations, banks and investment companies', and the insurance companies' constructs correlation matrices that support the prediction that the constructs of each model are positively related to one another and these relationships make sense. It is clear that all variables are correlated by at least 0.507 and no more than 0.970.

Table 6.12			Estimate
CORPCULT	<-->	STRFORMIMP	.713
MKTORACT	<-->	STRUCTSYST	.657
CORPCULT	<-->	STRUCTSYST	.507
MKTORACT	<-->	STRFORMIMP	.747
CORPCULT	<-->	MKTORACT	.585
STRUCTSYST	<-->	STRFORMIMP	.688

Table 6.12 Business organizations' constructs correlation matrix (Standardized)

Table 6.13			Estimate
CUSTVBR	<-->	CUSTPERC	.970

Table 6.13: Banks and investment companies' correlation matrix (Standardized)

Table 6.14			Estimate
INSUCUSTP	<-->	INSUCUSTV	.873

Table 6.14: Insurance companies' correlation matrix (Standardized)

6.11 Common method bias

Based on the decision to undertake the exploratory factor analysis (EFA) for the entire data collected in the main survey for both the business organizations' and customers' perspectives, this will determine the number of factors involved. The EFA extracted more than one factor (eigenvalue >1), satisfying the 1-factor test, demonstrating that common method bias is not an issue (see Hair et al., 2010; and Janssens et al., 2008).

6.12 Results of testing the hypotheses

A total eight hypotheses were tested (see Table 6.15) and the implications of these results are discussed in Chapter 7.

- **Organizational corporate culture**

As shown earlier, hypothesis H1 predicted the relationship between the exogenous variable (corporate culture) and the endogenous variable, market-oriented activities. Table 6.15 shows that the hypothesized relationship was not found to be significant. Thus this hypothesis was not supported.

Moreover, hypothesis H2 predicted the relationship between the exogenous variable (corporate culture) and the endogenous variable, structure and systems employed. Table 6.15 shows that the hypothesized relationship was not found to be significant. Thus this hypothesis was not supported.

However, from the structural equation model, one can argue that based on the strong covariance between the exogenous variable, organizational corporate culture, and the exogenous variable, strategy formulated and implemented, there might be an indirect relationship fostered through the strategy formulated and implemented as the organizational response is designed and implemented to reflect such market-oriented corporate culture. Therefore, it is possible that there may be an indirect effect, i.e. mediation, which will be evaluated in Chapter 7.

- **Strategy formulated and implemented**

Hypothesis H3 predicted the relationship between the exogenous variable (strategy formulated and implemented) and the endogenous variable, market-oriented activities. Table 6.15 shows that the hypothesized relationship was found to be significant. Thus this hypothesis was supported.

Moreover, H4 predicted the relationship between the exogenous variable (strategy formulated and implemented) and the endogenous variable, structure and systems employed. Table 6.15 shows that the hypothesized relationship was found to be significant. Thus this hypothesis was supported.

- **Customers’ view of the banks and investment companies’ responsiveness to their needs and expectations**

Hypothesis H5 predicted the relationship between the exogenous variable (customers’ view of banks and investment companies’ responsiveness) and the endogenous variable, customers’ perceptions of the extent to which banks and investment companies are market-oriented. Table 6.15 shows that the hypothesized relationship was found to be significant. Thus this hypothesis was supported.

- **Customers’ view of the insurance companies’ responsiveness to their needs and expectations**

Hypothesis H6 predicted the relationship between the exogenous variable (customers’ view of insurance companies’ responsiveness) and the endogenous variable, customers’ perceptions of the extent to which insurance companies are market-oriented. Table 6.15 shows that the hypothesized relationship was found to be significant. Thus this hypothesis was supported.

Hypotheses	Path Estimates	P-value	Test results
H1: The greater the corporate culture facilitating the entire organizational emphasis and customer focus, and guiding its market-oriented activities the greater its level of market orientation.	0.585	(***)	Not supported
H2: The greater the corporate culture fostering flexible structure and employing market-linked systems, the greater its level of market orientation.	0.713	(***)	Not supported
H3: The greater the formulated and implemented strategy in reflecting the business understanding and response through its market-oriented activities to existing and future customers’ needs and expectations, the greater the level of market orientation	0.747	(***)	Supported

H4: The greater the formulated strategy and business organization's implementation is tuned to the structure and systems employed, the greater its level of market orientation.	0.688	(***)	Supported
H5: The greater the customers' views of the banks' and investment companies' responsiveness to their needs and expectations, the greater the perception of these customers of the extent to which these businesses are market oriented.	0.970	(***)	Supported
H6: The greater the customer view of the insurance companies' responsiveness, the greater their perception of the extent to which these insurance companies are perceived as market oriented.	0.873	(***)	Supported

Table 6.15: Results of testing the hypotheses

*** $p < 0.001$

- **The difference between the banks' and investment companies' self-reported levels of market orientation and the customers' perception of such level of market orientation**

Hypothesis H7 predicted whether the customers' perception of the banks' and investment companies' levels of market orientation would agreed with the banks' and investment companies' self-reported levels of market orientation. Testing this hypothesis was undertaken through the differences of the mean and was supported.

- **The difference between the insurance companies' self-reported level of market orientation and the customers' perception of such level of market orientation**

Hypothesis H8 predicted whether the customers' perception of the insurance companies' level of market orientation would agree with the insurance companies' self-reported level of market orientation. Testing this hypothesis was undertaken through the differences of the mean and was supported.

6.13 Chapter summary

This chapter reports the results of the data analysis for the quantitative study stage of this thesis. There was no missing data except for item MOA5 related to the market-oriented activities, which was not

answered by the majority in both the pilot and main survey. The items for all constructs were derived from the literature and the qualitative findings. Additionally, the scales' reliability was established through the pilot survey, which indicated statistically to delete certain items. However, as discussed earlier in this chapter, because of the high correlation between the items of the related constructs, and due to the fact that the change in the Cronbach's alpha if the item was deleted was not significant in addition to the computed P-value, it was decided not to delete any of the items at that stage. Then the exploratory factor analysis was undertaken for the entire data collected from both business organizations and customers. The results of the EFA for the business organizations' data show only four constructs, as the strategy formulated and strategy implemented were loading in one construct. However, it was decided to delete four items from the business organizations' scale (CC1, SF1, SF5, and SI5). The EFA results for banks and investment companies showed that one item related to the customers' view of the financial services providers' responsiveness should be deleted (BCV5) from the customer view of the banks' and investment companies' responsiveness to their needs and expectations construct. Unfortunately, the EFA for insurance companies indicated that three items (ICV1, ICV2, and ICV3) from the customer view of the insurance companies' responsiveness construct should be deleted; therefore this construct is measured by only two items. The next stage of the data analysis was to conduct confirmatory factor analysis (CFA), followed by the measurement model and then the structural model using AMOS. For the business organizations' data, after dropping various items related to the four constructs, this study ended up with a measurement model with all remaining items being highly loaded and the overall goodness-of-fit indices suggesting an acceptable model (see Figures 3 and 5, Appendix E). For banks and investment companies' data, as well as for the insurance companies, a number of items were deleted related to both constructs for each measurement model. This study ended up with all remaining items being highly loaded, and the overall goodness-of-fit indices indicating an acceptable model (see Figures 3, 4, 6, and 7, Appendix E). Additionally, the average variance extracted was calculated, and construct reliability was computed for the business organizations' self-reported data as well as for the customers of banks and investment companies and insurance companies. The next stage, the structural model for business organizations, banks and investment companies, and insurance companies was undertaken. The structural model results showed a good fit of the three models with the data. However, although this study did not find a direct effect of the corporate culture constructs on structure and systems employed as well as on market-oriented activities, there was a high covariance (0.72, see Figure 5, Appendix E) between the corporate culture and the strategy formulated and implemented constructs indicating that a market-oriented corporate culture has an indirect effect on those two constructs through the type and magnitude of the strategy formulated and implemented to create and deliver superior value for customers. Furthermore, the eight hypotheses

were tested. The results of testing the hypotheses related to the business organizations model and the customer's model are shown in Table 6.15.

The next chapter discusses the above results in more detail, answering the research questions outlined in chapter one, drawing implications for both practice and theory, discussing the limitations of this thesis, and outlining the direction for future research. Finally conclusions are drawn in chapter eight.

Chapter Seven

Discussion of Results

7.1 Introduction and summary so far

The purpose of this thesis was to measure the level of market orientation among financial services providers in a resource-based economy from both the perspective of the services providers and their customers. In this chapter the validation of the measurement scale and model and the results are discussed in more detail. An evaluation of the research hypotheses and their implications are summarized and the implications from the qualitative and quantitative studies are presented. Furthermore, the research findings are discussed in terms of their contribution to marketing theory and the body of knowledge and its relevance to marketing managers. This is followed by a discussion of the limitations of this study and recommendations. Finally, the implications for future research are explored.

7.1.1 Chapter objectives

The main objective of this chapter is to discuss the study's results. Therefore, the first objective is to present the various focal constructs of the financial services providers and the businesses' customers models based on the study results. The second objective is to test and discuss the mediation effect of the market-oriented construct in facilitating the type and nature of the organization's responsiveness through the strategy formulated and implemented. The third objective is to discuss the hypothesis tests for both the business organizations and customers. The fourth and final objective is to discuss the research questions stipulated in Chapter 1 (section 1.7).

7.1.2 Chapter structure

Section 7.1 provides an introduction and summary of the work so far including an outline of this chapter's objectives and this structure. Section 7.2 provides an overview of the study. Section 7.3 presents and discusses what has been done so far regarding the business organizations model and testing the mediation effect of the market-oriented corporate culture construct. Section 7.4 discusses the focal constructs related to the business organizations model. Section 7.5 discusses the financial services providers' customers

model. Section 7.6 discusses the focal constructs related to the financial services providers' customers model. Section 7.7 discusses the hypothesis test based on the results. Finally, section 7.8 discusses the research questions based on the results.

7.2 Overview of the study

This research project has examined the concept of market orientation and its dimensions and constructs in a resource-based economy. The study employed first a qualitative research approach to identify the antecedents and constructs that are most likely to have significant influence in the process of becoming a market-oriented business within a resource-based economy context. Additionally, this study provided insights into what financial services institutions are doing to become market-orientated financial services providers in a resource-based context. Although various previous studies have identified different antecedents and constructs or components of market orientation within developed and developing economic contexts (see Narver and Slater, 1990; Kohli and Jaworski, 1990; Jaworski and Kohli, 1993; Martin et al., 1998; and Osuagwu, 2006), only two studies were found in the literature that were undertaken in a resource-based economy (see Bhuian, 1997 and 1998). However, these two studies adopted an existing scale that had been developed in a different context, with a different cultural background and business model. Furthermore, only three studies were found which measured the customers' perception of the business organization's responsiveness to their needs and expectations (see Deshpandé et al., 1993; Deshpandé and Farley, 1999; and Dawes, 2000). Therefore, limited empirical research has been carried out in these two areas. Moreover, no study has been identified that has investigated how the concept of market orientation is understood, interpreted, and implemented in a resource-based economy context.

Therefore, in order to investigate this research problem a multi-method research approach was adopted (Creswell, 2009; Deshpandé, 1983; and Zinkham and Hirschheim, 1992). Accordingly, a sequential approach was implemented, with qualitative research acting as a foundation for the quantitative study. The qualitative findings showed that five dimensions or constructs of market orientation (organizational corporate culture, strategy formulated, strategy implemented, structure and systems employed, and market-oriented activities) were applicable to determine the level of market orientation in this context. Furthermore, although different implementation approaches of market orientation have been suggested, none of these studies covering the implementation process tackled the process in a resource-based perspective (see Raaij and Stoelhorst, 2008). However, these research findings were consistent with different studies on market orientation that have been undertaken in different contexts (Narver and Slater,

1990; Jaworski and Kohli, 1993; Slater and Narver, 1999; Lafferty and Hult, 2001; Harris, 1996; Harris and Piercy, 1999; Kirca et al., 2005; Lichtenthal and Wilson, 1992; Kennedy et al., 2003; Gebhardt et al., 2006; Pelham and Wilson, 1996; Martin et al., 1998; Becker and Homburg, 1999; Harris and Ogbonna, 2001b; Homburg et al., 2004 and Slater and Narver, 1995). Based upon the qualitative research findings, the domain of market orientation in a resource-based economy was investigated. Market-orientation constructs in this context were identified. The findings of the qualitative research stage were used to develop a robust theoretical model that explained the relationship between the identified constructs. Two scales were developed which were reflected in the research instruments (questionnaires) that were designed on the basis of the reviewed literature and the qualitative study (see Chapter 4). Items generated from both the literature review and qualitative study was subjected to quantitative refinement. Academics were consulted before and after the development of the final business organizations scale. A number of items were dropped or added as a result of the academics' feedback. A pilot survey was conducted to establish the reliability of the scales in terms of measuring what these scales were developed to measure (see Chapter 6, Section 6.2). Then data were collected and subjected to exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) in the main survey. The quantitative data were analysed using SPSS 19 and AMOS 18, and the results showed that market orientation is a unidimensional construct in this study. These processes were employed for the business organizations' self-reported data as well as for the banks' and investment and insurance companies' data. The constructs related to both models demonstrated acceptable reliability, convergent and discriminant validity. A number of statistically significant pathways were confirmed between the various constructs for the business organizations' model and the customers' model. There were satisfactory fit indices for both measurement and structural models for the business organizations as well as for the banks, investment and insurance companies. The results analysis was presented in chapter six. Finally, the overall structural models were evaluated and the findings are discussed in the next sections.

Although the identified dimensions of market-orientation have been identified in various different contexts covering developed and developing countries (Narver and Slater, 1990; Jaworski and Kohli, 1993; Lafferty and Hult, 2001; Harris, 1996; Kirca et al., 2005; Lichtenthal and Wilson, 1992; Kennedy et al., 2003; Gebhardt et al., 2006; Martin et al., 1998; Becker and Homburg, 1999; Homburg et al., 2004 and Slater and Narver, 1995), the combination of these constructs is unique to a resource-based economy context. It is also worth noting here that although, based on these results one could argue that it may be unique to the financial services, a further investigation employing this model and covering the

manufacturing sector in a resource-based economy may prove otherwise. An exploration of this issue could be suggested as a future research direction.

7.3 Business organizations

A conceptual model was developed that showed the impact of a market-oriented corporate culture and the strategy formulated and implemented on the organizational structure and systems employed as well as the market-oriented activities of the financial services providers. The model was then tested using samples of financial services businesses including banks, investment companies and insurance companies. Although the results of the tests did not show a direct impact of organizational market-oriented corporate culture on the structure and systems employed nor on the businesses' market-orientation, it is possible that there is an indirect influence through the strategy formulated and implemented (i.e. a mediated effect). In addition, because a market-oriented corporate culture was emphasized as an important construct by the participants in the focus groups and in-depth interviews, corporate culture may be a mediator that facilitates the design and implementation of the businesses' responses to their understanding of existing and potential customers' needs and expectations. In order to evaluate whether market-oriented corporate culture has this mediation effect, the researcher used SPSS AMOS SEM. Figure 7.1 illustrates the model testing partial or full mediation of market-oriented corporate culture in facilitating the quality and effectiveness of the strategy formulated and implemented by the services provider.

The below shown figure illustrates the mediator market-oriented corporate culture, mediating the relationship between the strategy formulated and implemented and both dependent variables (structure and systems employed and market-oriented activities).

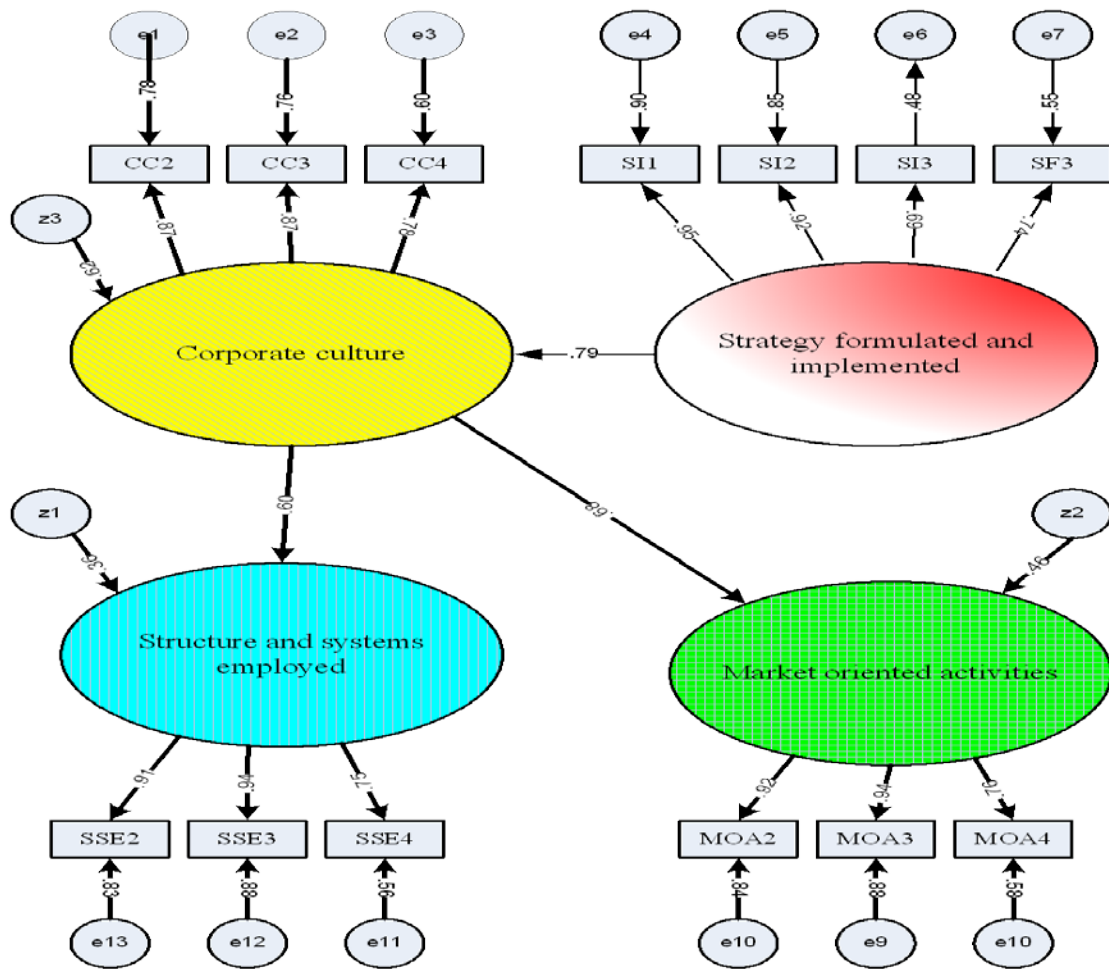


Figure 7.1: Illustrates the mediator market-oriented corporate culture, mediating the relationship between the strategy formulated and implemented and both dependent variables (structure and systems employed and market-oriented activities)

The significant paths (Table 7.1) satisfy the Baron and Kenny (1986) conditions for mediation, obviating the need for the Sobel test (see Sobel, 1982 and 1986).

Constructs	Estimate	S.E.	C.R.	P	Label
Corporate culture <--- Strategy formulated and implemented	.588	.056	10.576	***	par_12
Structure and systems employed <--- Corporate culture	.743	.115	6.437	***	par_10
Market-oriented activities <--- Corporate culture	.855	.117	7.315	***	par_11

Table 7.1: Regression Weights: (Group number 1 - Default model)

However, the results also demonstrate strong support for the final model. The measurement model confirmatory factor analysis showed that the model fitted the data acceptably. The CMIN/DF (normed Chi-Square) is a value equal to 2.131, which is between 2 and 5 so is considered acceptable. The GFI, an absolute fit index, is 0.892. This value is approximately 0.90 which is tolerable for this model considering the sample size (see Janssens et al., 2008 and Hair et al., 2010). Similarly the AGFI, a parsimony fit index, is 0.834 which is also tolerable for this model. The CFI, an incremental fit index, is 0.956, the NFI (0.921), the RFI (0.896), the IFI (0.957) and the TLI (0.942) incremental fit indices indicate acceptable fit. Guidelines indicate that the NFI should be >0.90 for a model of this complexity and sample size (see Janssens et al., 2008 and Hair et al., 2010). The RMSEA, an absolute fit index, is 0.091. This value is a little high but, being below 0.1, is acceptable for a model with 13 measured variables and a sample size of 139 (Tabachnick and Fidell, 2001; Brown, 2006; Hair et al., 2010; and Janssens et al., 2008).

The hypotheses related to the model were tested and the results are summarized in Table 6.15 (Chapter 6). The results indicate that while hypotheses H3 and H4 were supported; hypotheses H1 and H2 were not supported (not statistically significant). The following section will evaluate the business organizations conceptual model summarizing the supporting evidence for the hypotheses.

7.4 Focal constructs of the business organizations model

Despite the rising interest in the theme of market orientation following the early pioneering studies that were conducted by a number of researchers (Kohli and Jaworski, 1990; Narver and Slater, 1990; Jaworski and Kohli, 1993; Kohli et al., 1993; and Deshpandé et al., 1993), insufficient empirical research has previously been undertaken to investigate the level of the theme in a resource-based economy (Bhuiyan, 1997 and 1998). In fact, when considering the different cultural background and level of economic development, the researcher was unable to identify a single study that attempted to investigate market orientation in such a context.

Accordingly, the qualitative study was performed in a largely inductive manner. This was followed by confirmatory quantitative research. The quantitative results illustrate four aspects of market orientation in a resource-based economy. The first one is the business organization's corporate culture, which was consistent with Deshpandé and Webster (1989); Harris (1998); Harris and Ogbonna (1999); Narver et al. (1998); Kennedy et al. (2003); and Gebhardt et al. (2006). The findings emphasize the importance of the notion of corporate culture in fostering the process of becoming a market-oriented financial services provider. This is evident in an investment company's comments:

“Business organizations in this sector need to have a customer-friendly culture focusing on serving its customers, continuously sensing the market, and update and share with its managers and employees market, competitors, and customers’ knowledge and be able to respond decisively to such knowledge.... I always tell my employees that your salary is not paid from the CEO’s check book but our customers pay our salaries. It’s every single customer, no matter how large or how small he is, they pay our salaries”.

The structural equation model did not show a direct effect of corporate culture as an exogenous variable on the structure and systems employed and market-oriented activities as endogenous variables, but the path estimates were 0.585 and 0.713. In addition, with the SEM model showing that this variable has high covariance with the strategy formulated and implemented (0.71) this may justify the assumption that this variable has an indirect effect, facilitating the type of strategy formulated and implemented to enhance the level of market orientation. Furthermore, such a market-oriented corporate culture would facilitate top management commitment and their signals to the entire business organization (Jaworski and Kohli, 1993; Deshpandé et al., 1993).

The second aspect of market orientation in this study was the strategy formulated and implemented. This was consistent with Ruekert (1992); Pelham and Wilson (1996); Deshpandé (1999); and Homburg et al. (2004). This was emphasized in the findings of the qualitative study and was evident in the following quote from one of the retail marketing executives.

“The strategy formulated and implemented should be driven by objectives related to achieving customer satisfaction, and based on understanding thoroughly your customer needs and expectations, creating competitive advantage, delivering the created superior value to customers, understanding what your competitors are doing and offering, and being more customer-focused than those competitors”.

Note here that competitors were not measured as a separate dimension of market-orientation. A comparison between the business and its competitors in terms of being more customer-focused and responding quickly to significant changes to competitors’ offerings were measured as part of strategy formulated and implemented (see item 5 for both constructs in Chapter 4, Table 4.4).

Moreover, the qualitative study was able to capture another important component of market orientation in a resource-based economy, which was confirmed by the quantitative study; the third construct was the structure and systems employed. This was consistent with Jaworski and Kohli (1993); Becker and Homburg (1999); and Homburg et al. (2004) and is evident in a marketing executive’s comments.

“All calls received by the call center are recorded through the IT integration and all of these calls are recorded under certain categories. That’s why I feel also the relationship is very close. If you complain, and he complains and they complain, then I will have a rich database. So the more you can push your I.T. Department to provide you with automated and integrated solutions, the easier your relationships with your customers become. Because not all are recorded and have reference and you can always refer to them”.

Another retail bank marketing executive’s comments:

“Being customer oriented means being able to understand thoroughly what is going on in the market faster than your competitors, and being able to put together your offering and communicate with your customers not only before your competitors, but also of a better value than what your competitors are offering. But, in order to do that your structure, systems employed, and your culture must facilitate doing so”.

Finally, the fourth construct captured by the qualitative study was market-oriented activities. It covers measuring customer satisfaction, establishing measures of customer service, and the dissemination of customer feedback throughout all the organizational levels. This was confirmed by the quantitative study and is evident in the following different marketing executives’ comments:

“We continuously and every quarter measure our customer satisfaction. We have a dedicated yearly budget for this activity”.

“I see that a customer-oriented organization needs to take care about its customers. In terms of advising them, being transparent with them, handling promptly and effectively their complaints, which is also part of being customer oriented where the customer would feel that this organization is trustworthy and responsive”.

“We are visiting customers and discussing their existing and future needs and wants, providing them with precise and up-to-date information about our existing and new products, collecting from them intelligence related to the market conditions, and competitors’ activities are continuous processes that are not only undertaken by our frontline employees and managers, but also by top management”.

This was consistent with other studies (Kohli and Jaworski, 1990; Jaworski and Kohli, 1993; Kohli et al., 1993; Narver and Slater, 1990; Ruekert, 1992; Day, 1994b; Day, 1999; Deshpandé et al., 1993; and Slater and Narver, 1995).

Therefore, it is assumed that the level of market orientation will be based on transforming the corporate culture into a market-oriented culture that focuses on creating and delivering superior value to customers. This is done through the organization's responsiveness in designing and implementing a strategy that is based on generated intelligence, understanding existing and future customer needs and expectations, and continuously and regularly measuring such customer satisfaction. This will be reflected in the type and nature of organizational structure and the extent to which the systems employed facilitate generation and dissemination of information throughout the different organizational levels and the extent to which these systems are market-based. It will also be reflected in the business organization's market-oriented activities. Therefore, the structure and systems employed as well as the market-oriented activities will determine the level of market orientation that exists within these businesses.

7.5 Financial services providers' customers

A conceptual model was developed that showed the impact of the customers' view of the financial services providers' responsiveness to their needs and expectations on these customers' perceptions of the extent to which the financial services providers are market-oriented. The model was then tested using samples separately of banks and investment companies, and also insurance companies. The confirmatory factor analysis (CFA) showed that the model had a significant fit with the data for both samples. For the banks and investment companies the CMIN/DF (normed Chi-Square) is 2.081 which is acceptable. The GFI, an absolute fit index, is 0.978, and AGFI, a parsimony fit index, is 0.943. The CFI, an incremental fit index, is 0.996, which exceeds the guidelines (>0.90) for a model of a sample size of 240. The NFI (0.992), RFI (0.986), IFI (0.996) and TLI (0.993), and other incremental fit indices also indicate satisfactory fit. The RMSEA, an absolute fit index, is 0.067. This value is below the 0.08 guideline for a model of a sample size of 240 (Anderson and Gerbing, 1988; Kacadeniz et al., 2008; Janssens et al., 2008; and Hair et al., 2010).

The confirmatory factor analysis for the insurance companies' data (CFA) showed that the model fit the data satisfactorily. The CMIN/DF (normed Chi-Square) is 1.246, i.e. below 2, which is considered good. The GFI (0.991), AGFI (0.967), CFI (0.999), NFI (0.995), RFI (0.987), IFI (0.999), TLI (0.997) and RMSEA (0.033) indicate an acceptable fit.

The hypotheses related to both were tested and the results are summarized in Table 6.15 (Chapter 6). The results indicated that both hypotheses H5 and H6 were supported. Therefore the following section will evaluate both customer conceptual models summarizing the supporting evidence for the hypotheses.

7.6 Focal constructs of the customer model

While the first construct (exogenous variable) and its five items were totally adopted from the scale suggested and employed by Dawes (2000), the customers' perceptions of the extent to which the financial services providers are market-oriented (endogenous variable) was generated both from the literature and the qualitative study. Both constructs are consistent with Dawes (2000); Deng and Dart (1994); and Kohli et al.(1993). This is evident in a corporate customer financial manager's comments.

“Banks provide you with the umbrella when it is not raining, and take it from you when it starts raining! ... they are not very clear at the time they are getting the business, they will show you the moon, then everything is fine and good, everything is fantastic, that everything is right and easy. But at the end when you have the loan, you will discover that you have paid more than your initial understanding in terms of interest”.

Another individual customer commented:

“We do not hear anything from the bank unless the loan is over. Even when the loan is over they will not bother to give you the certificate, you have to visit them and ask for it”.

A general manager for an industrial company said:

“The majority of them have adopted the same changes and strategies as we have. So they are going easy with payment terms, provide better facilities and services. This is from finance point of view. Same goes with insurance. Some drop their rate; they know the situation because if they don't react towards the market they'll not have customers”.

As can be seen, there was disparity in the comments received from the customers. Unfortunately there were only three studies found in the literature measuring the level of market orientation from the customers' perspective. Hypotheses H7 and H8 were supported indicating that the organization and customer perspectives do not correlate.

7.7 Discussion of the hypothesis test

This section will discuss the results of testing the research hypotheses and the findings for the market-orientation antecedents. The hypotheses related to the business organizations will be discussed first followed by those related to the customers of the banks, investment companies and insurance companies.

7.7.1 Business organizations

While the qualitative findings confirmed that there were three antecedents for market orientation in a resource-based context, the quantitative study confirmed that two constructs were loading together. Specifically, the strategy formulated construct was found to be loading with the strategy implemented construct. Additionally, notwithstanding that the qualitative findings showed that a market-oriented corporate culture was an important consideration in predicting the level of market orientation, the quantitative study indicated that market-oriented corporate culture does not have a direct effect on determining the level of market orientation. Therefore, market-oriented corporate culture was measured by 5 items (see items 1-5 for market-oriented corporate culture in Chapter 4, Table 4.4. However, the quantitative study confirmed that although the corporate culture did not have such a direct effect, it has an indirect effect through the process of designing and implementing the business responses to create and deliver superior value to the customers, being better and faster than the competitors (the strategy formulated and implemented). These two exogenous variables are depicted in the structural model. The other two constructs that were identified through the qualitative study are the structure and systems employed, and the market-oriented activities. The quantitative study results showed that these two constructs (endogenous variables) were influenced by the exogenous variables and determined the business organization's level of market orientation. A measurement model for those four constructs was estimated and fitted the data well. The various items loaded on the underlying constructs as predicted, although some items were deleted during the process of the scale purification (Janssens et al., 2008; and Hair et al., 2010).

Additionally, while this study hypothesized that corporate culture would have a direct effect in determining the level of market orientation of the financial services providers – it hypothesized that the greater the corporate culture facilitating the entire organization's emphasis and customer-focus, and guiding its market-oriented activities, the greater its level of market orientation (see Chapter 5, Section 10),– the study's findings and the results of the structural model did not provide evidence to support this hypothesis. On the other hand, the second hypothesis was: the greater the corporate culture fostering

flexible structure and employing market-linked systems, the greater the level of market orientation (see Chapter 5, Section 10). Unfortunately, this study did not provide statistical evidence, from the results of the structural model, that corporate culture would have a direct effect on this construct. Therefore, this hypothesis was not supported. Despite such results, as reported in the standardized correlation matrix (Chapter 6, Table 6.12) the estimated correlations between the corporate culture and market-oriented activities and the structure and systems employed constructs were (0.585) and (0.507) respectively. In addition, the results of the structural model (Chapter 6, Section 6.9.6) showed a relatively high covariance between the corporate culture and strategy formulated and implemented constructs (0.71). Therefore, although these two hypotheses were not found to be supported, the researcher speculates that a market-oriented corporate culture might facilitate and foster the type and quality of business response designed and implemented to create and deliver superior value to customers. This is consistent with other studies (see Deshpandé and Webster, 1989; Narver and Slater, 1990; Jaworski and Kohli, 1993; Harris, 1996; Raaij and Stoelhorst, 2008; and Kumar et al., 2011).

The second and third hypotheses are related to the impact of the strategy formulated and implemented on both the market-oriented activities and the structure and systems employed, and therefore, the business level of market orientation. H3 hypothesized that: the greater the formulated and implemented strategy in reflecting the business understanding and response through its market-oriented activities to existing and future customers' needs and expectations, the greater the level of market orientation (see Chapter 5, Section 10). The results of the structural model (Chapter 6, Section 6.6.6) showed that this exogenous variable has a relatively high effect on both of the endogenous variables (market-oriented activities and structure and systems employed). Therefore, the greater the strategy formulated and implemented the greater the business responsiveness through its market-oriented activities, hence its level of market orientation. In addition, H4 hypothesized that: the more the formulated strategy and business organization's implementation is tuned with the structure and systems employed, the greater the level of market orientation. Again the structural model showed that the more the business's implementation process is tuned with its structure and systems employed which foster its structural flexibility in responding to customer needs and expectations, being closer to its market and facilitating its responsiveness, the greater its level of market orientation. Therefore H3 and H4 were supported statistically and the relationships were found to be significant. This is consistent with other studies (see Ruekert, 1992; Deshpandé et al., 1993; Day, 1999 and Deshpandé, 1999).

The current study provides further support for Deshpandé's (1999) suggestion that "*we might think of market orientation as operating at three levels: as a culture (the shared set of values and beliefs regarding putting customer first), as a strategy (creating continuously superior value for a firm's customers), and as tactics (the set of cross-functional processes and activities directed at creating and satisfying customers)*" (Deshpandé, 1999, p.6) (see also Lichtenthal and Wilson, 1992; Slater and Narver, 1995; Narver et al., 1998; Kennedy et al., 2003; Gebhardt et al., 2006; Ruekert, 1992; Deshpandé et al., 1993; and Day, 1999). Additionally, it provides support for the concept of market orientation and its crucial role in the level of performance achieved and customer retention.

This study is the first to empirically identify the market-orientation constructs in a resource-based economy, developing a scale based on financial services providers' interpretations of what constitutes market orientation, and measuring the level of market orientation in this context. The results showed that the hypothesized relationship between the strategy formulated and implemented is statistically significant with the organizational structure and systems employed as well as the organization's market-oriented activities. On the other hand, although this study did not find a direct relationship between the corporate culture and the endogenous variables (structure and systems employed, and market-oriented activities), it provides certain evidence of an indirect relationship through the strategy formulated and implemented. The current research is consistent with the idea that becoming a market-oriented business organization is a driver for enhancing the business performance (Avlonitis and Gounaris, 1997; Appiah-Adu, 1997 and 1998; Chang and Chen, 1998; Lim and Brown, 2010; and Kumar et al., 2011) but further confirmatory research is necessary.

7.7.2 Financial services providers' customers

The qualitative study findings suggested two constructs related to the customers' view of the financial services providers' responsiveness to their needs, wants and expectations and these customers' perceptions of the extent to which the financial services providers are market-oriented. In fact, the quantitative study confirmed the relationship between the customers' view of the businesses' responsiveness (as an exogenous variable) and their perception of the extent to which these businesses are market-oriented (as an endogenous variable). Additionally, because of the differences in the type of financial services provided by banks and investment companies compared with insurance companies, the customer model was repeated for each group of data separately. The measurement models for these two cases fit the data well. Such differences may be due to the nature of the services provided by each category within the financial services sector. Customers usually use the banking and investment

companies' services more regularly than insurance companies. Therefore, the interaction with insurance companies is limited and mostly during the renewal of the yearly insurance policy. In addition, the limited products offered by the insurance category as compared with banking and investment companies may limit such regular interaction. Accordingly, such differences may have an impact on the way customers view each category's responsiveness, which may influence their perception about the level of market orientation for each category. The relative items loaded on the underlying constructs as predicted, although some items were deleted during the process of the scale purification (Janssens et al., 2008; and Hair et al., 2010). This study hypothesized that: the greater the customers' views of the banks' and investment companies' responsiveness to their needs and expectations, the greater the perception of these customers of the extent to which these businesses are market-oriented. The structural model showed that loading estimates (standardized regression weights) were significant since there were no other indicators below 0.70. Additionally, it showed that the customers' views of these organizations' responsiveness had a high impact on the customers' perceptions of the extent to which they were market-oriented. Therefore, this hypothesis was supported. Furthermore, H6 hypothesized that: the greater the customers' view of the insurance companies' responsiveness, the greater their perception of the extent to which these insurance companies are market-oriented. The structural model showed that the loading estimates (standardized regression weights) were all above 0.70. The CFA and SEM were similar. The SEM demonstrates that the customers' view of these organizations' responsiveness has a high impact on the customers' perception of the extent to which they are market-oriented. Therefore, this hypothesis was supported.

Therefore, the current study also provided further support for Dawes' (2000) arguments that the customers' view of a business organization's responsiveness influence their perception of the extent to which that organization is market-oriented.

However, in order to compare both perspectives of the level of market orientation, this study employed the differences of the means for the customers' perceptions for banks and investment companies as well as for insurance companies with the means of both endogenous constructs related to the business organization model (market-oriented activities and structure and systems employed). However, although other studies found that the level of market orientation from both perspectives agreed (Deshpandé et al., 1993; Deshpandé and Farley, 1999; and Dawes, 2000), this study, based on qualitative research findings, hypothesized that both perspectives would not agree. In this study both hypotheses were supported (see Chapter 6, Section 6.9).

7.8 Discussion of the current study's research questions

In Chapter 1, Section 1.5, the current study discusses and presents the research problem and articulates the research questions. The following subsections will now discuss each of these questions separately.

7.8.1 What constitutes market orientation in a resource-based economy context?

This question is related to understanding the various constructs of market orientation as interpreted and defined by the financial services providers' representatives in a resource-based economy context. The qualitative study stage addressed this question and provided enough evidence to support the identified constructs (see Chapter 5). Such insights and thorough understanding facilitated the development of a scale that fostered the development of a questionnaire, which allowed this study to measure the level of market orientation that exists in this context. Therefore, this thesis has contributed to the body of knowledge through bridging the gap in determining the various constructs and antecedents of market orientation in a resource-based economy. Based on such determination, it suggested a conceptual model for market orientation in this context. A scale was developed based on the literature and the qualitative research findings. Data were collected and used to conduct exploratory and confirmatory factor analysis, followed by path analysis and structural equation modelling. The reliability of the identified constructs was established and reported in chapter six. Therefore, this research question was answered. However, while each of these identified constructs have been identified in other contexts (Narver and Slater, 1990; Jaworski and Kohli, 1993; Lafferty and Hult, 2001; Harris, 1996; Kirca et al., 2005; Lichtenthal and Wilson, 1992; Kennedy et al., 2003; Gebhardt et al., 2006; Martin et al., 1998; Becker and Homburg, 1999; Homburg et al., 2004 and Slater and Narver, 1995), they have been identified within different combinations and included in a different conceptual model. This may be due to the differences in the level of market development, market structure, and economic development in these contexts. It is also important to pinpoint that the market-orientation dimensions identified in this research provide further support to Deshpandé's (1999) definition of market orientation, and reflect to a certain extent Deshpandé and Farley's (1999) suggested 10-item scale. Unfortunately, the researcher did not come across any study that explored market orientation in other contexts using Deshpandé and Farley's (1999) 10-item scale.

7.8.2 What is the level of market orientation among financial services businesses based on the identified constructs?

The purpose of this research question was to measure the level of market orientation that exists within the financial services sector in a resource-based economy. This thesis managed to collect data from financial services providers including banks and investment and insurance companies. The results discussion showed that after undertaking the exploratory and confirmatory factor analysis and deleting some of the items belonging to various constructs in the model, a structural equation model was developed and all indices indicated that the model was acceptable considering the size of the sample used. However, since the 1990s the literature has been rich with different suggested or employed scales to measure the level of market orientation as well as its consequences, which have been employed in different contexts either in their original version or with certain adaptations (see Narver and Slater, 1990; Kohli et al., 1993; Deshpandé et al., 1993; Deng and Dart, 1994; Deshpandé and Farley, 1998 and 1999; and Matsuno, 2005). In fact, there is no empirical evidence that any of these scales can be employed in their original versions in a resource-based economy without considering the economic, cultural and market differences. These differences are reflected in the market needs and expectations that are influenced by the level of economic development (Bahrain Central Bank, 2011; and Bahrain Economic Development Board- 'EDB'). It could be argued that the level of economic development shapes customers' needs and expectations as well as the way business organizations operate in a given market. This is also due to the cultural background of both the businesses and their customers. This may lead the business organizations to consider focusing on issues and market activities other than those that similar businesses focus on in different contexts. Furthermore, the Bahrain economy to a large extent has been depending on oil and gas resources and only during the early 1970s was an attempt initiated to implement a diversification strategy. It is important to note that in most of the resource-based economies and especially within the Gulf region and Bahrain, the dependency on oil and gas resources has influenced people's behaviour and created a culture of dependency and expectation of guaranteed jobs, housing, free education and health services without payment of income tax. Additionally, it should be noted that most of the other sectors, especially oil, gas, and large industries are controlled and largely the ownership is dominated by the Government. In the financial sector, however, ownership is dominated by the private sector and foreign investors. However, this is starting to change with the privatization approach adopted recently by the Bahrain Government, initially in large and medium sized industries and utilities, but moving gradually to other sectors.

However, accordingly, the structural model facilitated measuring the level of market orientation that exists in the financial services providers' sector from these organizations' perspective.

7.8.3 Do the business organizations' self-reported levels of market orientation and their customers' perceptions of such levels agree or not?

Business organizations may believe strongly that they are market-oriented businesses from their management's point of view. The question is whether these businesses' customers perceive that they are market-oriented based on the responsiveness of the organizations to their needs and expectations. In fact, the researcher found only three studies that measure the level of market orientation from both perspectives (see Deshpandé et al., 1993; and Dawes, 2000). Therefore, there is a need to measure the level of market orientation from both perspectives. This study has managed to answer this question through the collection of data from banks and investment and insurance companies, adopting the responsiveness scale used by Dawes (2000), and adapting perception constructs identified from the literature and the qualitative study, developing a scale and establishing its reliability. However, some of the items were eliminated during the exploratory and confirmatory analysis. Two structural models were developed and the results are presented in chapter six. Additionally, due to the differences in establishing the views of the insurance companies' responsiveness by their customers compared with the banks and investment companies, only two items remained to measure such customer views of the insurance companies' responsiveness to their needs and expectations. The question was answered by measuring the differences in the means of the customers' perception construct for each model with the means of the endogenous variables being related to the business organizations' model (market-oriented activities and structure and systems employed). This was done through one-way ANOVA and both study hypotheses (Hypotheses 7 and 8) were supported. The results showed that the two perspectives did not agree. These results have implications for the business organizations, which will be discussed in chapter eight.

Chapter Eight

Conclusion

8.1 Introduction

This chapter provides the final conclusions of this study, with the next section presenting the various dimensions of market orientation in a resource-based economy from the perspectives of the business organizations and customers. This chapter also discusses the research questions that were presented in Chapter 1 (Section 1.5). The implications of these research findings are also discussed in this chapter.

In summary, market orientation in this context is a unidimensional construct. The study provides two theoretical models for measuring the financial services providers' level of market orientation, viz. the businesses' and the customers' perceptions. A business's responsiveness to customer needs and expectations through the strategy formulated and implemented is a factor that directly influences the organizational structure and systems employed as well as the business's market-oriented activities, hence its level of market orientation. Therefore, the greater the formulated and implemented strategy in creating and delivering superior value to customers based on the business's thorough understanding of its customers' existing and latent needs and expectations, the greater the level of market orientation. Additionally, although no direct effect on the level of market orientation was found in terms of the market-oriented organizational corporate culture, it was considered as fostering indirectly the extent to which the business response was effective in creating and delivering such superior value for customers, to be better and faster than its competitors. Therefore, a cultural transformation process to weave the required values and norms reflecting a market-oriented culture is required. A market-oriented culture that considers the customer as the focal point, understands its customers' existing and latent needs and expectations, shares such knowledge across the entire business, and cooperates and coordinates its efforts to design and implement its response to provide superior value to its customers, is crucial. This is clear from the mediation effect that is shown in Chapter 7 (see section 7.3) that such a market-oriented corporate culture would foster this response through the strategy formulated and implemented. In fact, such an indirect effect is achieved through guiding all members to focus on creating and delivering superior value that satisfies customers, with top management commitment to continuously emphasize that serving customers is crucial to business success. In addition, it can be argued that a market-oriented corporate culture can be an important enabler that facilitates and fosters market-orientation. This research

has thus achieved the research aim in developing scales to measure the level of market orientation from organizational and customer perspectives. Furthermore, the measurement model and the structural equation model showed a reasonably acceptable index. In fact, the factor loading on all constructs was above 0.7 (see Appendix E, Figure 4). Additionally, the same thing can be claimed regarding the customers' perception model which provides evidence that the customers' view of the financial services providers' responsiveness to their needs and expectations influences and shapes the customers' perception of these businesses' levels of market orientation (see Appendix F, Figures 5 and 7).

Additionally, the research has answered the research questions. First: **“what are the dimensions of market orientation in a resource-based economy and what are the factors influencing the level of market orientation in this context”**? This work has also answered the second research question: **“what is the level of market orientation that exists among financial services providers in a resource-based context?”** Finally, this research has answered the third research question: **“do the organizational self-reported levels of market orientation and these organizations' customers' perceptions of such levels agree?”**

Furthermore, the gaps that have been identified as a result of reviewing the literature have been covered as a contribution of this research to the body of knowledge. The dimensions of market orientation within a resource-based economy have been identified. A conceptual framework has been developed, tested, and purified. Additionally, this study has contributed to the knowledge of marketing and provides additional comparison between businesses self-reported level of market orientation and these businesses' customers view and perception of such level has been undertaken and results were provided.

8.1.1 Chapter objectives

The first objective of this chapter is to outline the study's conclusion. The second objective is to pinpoint the theoretical, managerial, and governmental implications of this study. The third objective is to present the limitations of this study to help overcome these when setting the direction for future research, which is the fourth objective. The final objective is to provide a summary of the research conclusions.

8.1.2 Chapter structure

This section provides an overall introduction to the study conclusion, and outlines the chapter objectives and structure. Section 8.2 presents the theoretical, managerial, and governmental implications based on

the analysis and discussion of the study findings. Section 8.3 provides a detailed presentation of this study's limitation and pinpoints the direction for future research. Finally, Section 8.4 summarizes the study's conclusions.

8.2 Implications of research findings

The theoretical implications are discussed in the following section, followed by the managerial implications.

8.2.1 Theoretical implications

This study set out to address gaps in the literature and address questions such as “what constitutes market orientation in a resource-based economy?”, “what is the level of market orientation that exists among financial services provider business organizations in this context?” and “does the self-reported level of market orientation of businesses agree with these organizations' customers' perceptions of it?” The literature gaps are summarized as follows: First, while the concept of market orientation is well defined in Western contexts where it was originally developed, until this present work it has been poorly defined in a resource-based economy. In this era of globalization, and with the increasing interest in the concept, it is crucial for business organizations operating in this context to become more market-oriented to secure survival, growth, and higher performance. However, although this study did not explore the consequences of becoming more market-oriented due to the level of transparency, various empirical research studies have identified a positive impact on performance (Matear et al., 2002; Lüneborg and Nielsen, 2003; Langerak, 2003b; and Lim and Brown, 2010). These studies and others have employed subjective and objective measures. In fact, Lim and Brown (2010) provide evidence of a positive relationship with the level of customer satisfaction and customer loyalty. Therefore, one can safely argue that becoming more market-oriented will be at least reflected in customer satisfaction, retention, and enhancement of customer loyalty. In addition, one should consider that in this context (Bahrain) becoming more market oriented will foster the businesses' contribution to the development of the economy in which they operate. While Farrell and Oczkowski (1997) question the suitability of the MKTOR scale as a composite measure of market orientation, Gray et al. (1998) assert that academics and practitioners have failed to provide a model of market orientation that could be generalized and could adequately measure market orientation in different contexts. Nevertheless, the Narver and Slater scale has been validated to some degree in different contexts (Deng and Dart, 1994; Greenley, 1995a and 1995b) and such validation has been done

in similar contexts. Furthermore, the cross-national application of the suggested measurement scale and model is intended to explore whether it can be applied in different contexts (Deshpandé and Farley, 1998). While this study set out to employ the 10-item scale suggested by Deshpandé and Farley (1999), the qualitative study and the feedback from academics led to a scale that was somewhat different. Secondly, there is a lack of empirical studies on market orientation in a resource-based economy. Although two studies were conducted in a resource-based economy (Bhuiyan, 1997 and 1998) they did not attempt to identify the concept's dimensions in such a context but, rather, employed an adapted version of an existing scale developed in another context. Thirdly, there is a lack of exploratory models and theory-building studies in the area of market orientation in this context. Therefore, there was a need to identify the constructs and dimensions of market orientation in a resource-based economy, develop a model and purify it, and measure the level of market orientation in this context. Fourthly, although three studies had been identified which measured the level of market orientation from both the organizations' and customers' perspectives (Deshpandé et al., 1993; Deshpandé and Farley, 1999; and Dawes, 2000), it was important to investigate whether or not these perspectives agree. Such an investigation has great implications for the management of a business organization as it helps them to understand whether they are really creating and delivering superior value that can satisfy and even delight their customers. It also helps to re-evaluate the business strategy or the implementation process of such strategy and take effective corrective action that will enhance the customers' perceptions of the business and foster customer retention.

Accordingly, this study used a multi-disciplinary approach, qualitative during the first phase and self-administrated structured questionnaires in the second phase. The conceptual stage combined results from various empirical studies on marketing concepts, antecedents and consequences of market and customer orientation, implementation of market orientation, barriers and measurement issues related to market orientation and conceptual models. The findings from the qualitative stage were used to validate and refine the previous research results in order to facilitate better understanding of the concept of market orientation in a resource-based context. The conceptual model developed from the literature and qualitative phases was tested in the quantitative phase using a structural equation model (SEM).

An additional theoretical contribution of this study was the employment of a qualitative method approach (Kozinets, 1997, 2001 and 2002; Neuman, 1997; Johnson, 2008; and Creswell, 2009) to identify the dimensions of market orientation, which helped the researcher to gain insights and more understanding related to the topic. A mixed methods approach was used in the early research (Kohli and Jaworski, 1990) to identify the dimensions of market orientation and its constructs, yet there was previously a lack of empirical research that had attempted to investigate and explore the dimensions of market orientation in

different contexts. Furthermore, the employment of an exploratory qualitative study in this thesis allowed the researcher to obtain rich and thorough data that proved useful in identifying the different dimensions of market orientation in this context and also eliciting what the financial services providers were doing to become more market oriented. This has previously been very poorly explored. These models were then converted into a survey design for the next quantitative stage of this study.

For the business organizations' framework and through the quantitative stage of this study, the measurement items of the study constructs were identified, refined, and subjected to rigorous statistical testing to check their validity and reliability. Moreover during the process two constructs (strategy formulated and strategy implemented) were found to be loading together and several items were deleted from the conceptual model in the scale validation process. The results demonstrated satisfactory construct validity and discriminant validity for each of the constructs within the model. Moreover, satisfactory fit indices for the model were obtained with significant pathways in the model.

For the business organizations' customers' framework, in the quantitative stage, the measurement items for the constructs of both the banks and investment companies and also for the insurance companies were identified, refined, and subjected to rigorous statistical testing to check their validity, and reliability. However, several items were deleted from the conceptual models during the scale validating processes (and in the insurance companies' model, only two items remained to measure the customers' view of insurance responsiveness). The model fit the data well for banks and investment companies. The results demonstrated construct validity, reliability, and discriminant validity for each of the constructs within the customers' perceptions model. In addition, fit indices were satisfactory and pathways were significant in the hypothesized direction between the customers' view of the banks and investment companies and their perceptions of the extent to which these services providers were market oriented. The same was demonstrated for the insurance companies' customers. It is clear from the results that there is a relatively high level of market orientation in the financial services sector in this context (Bahrain). This may be due to the fact that these businesses are operating in a highly competitive environment and ownership structure, and limited Government intervention exists in the market (see Bahrain Central Bank Report, 2011; and Bahrain Economic Development Board 'EDB'). The findings of this study indicate that the level of market orientation that exists in the financial services sector in a resource-based economy is equal to or higher than that measured in different contexts (see Appiah-Adu, 1998; Aggarwal and Singh, 2004; Bhuian, 1997 and 1998; Dwairi at al., 2007; Ellis, 2005; and Osuagwu, 2006).

This study, therefore, makes a contribution to the literature by identifying market-orientation constructs in a different context and developing a scale used to measure the identified constructs for financial services

institutions in a resource-based economy. The findings confirm that most of the measurement items satisfy the reliability and validity criteria in the financial services sector in a resource-based economy context in Bahrain. Another contribution was the identification of the customers' perception construct, adapting the scale used by Dawes (2000), to measure the customers' view of businesses' responsiveness within the context of a resource-based economy.

It is important to note here that despite this study providing evidence that the model worked reasonably well in this financial services sector within a resource-based economy, further research is required in order to explore whether this model can be transferred to other sectors such as the manufacturing sector or if there is a need to refine this model further. In fact, there is also a need to explore if the model can be transferred to similar contexts within the Gulf region and all the resource-based economies in the whole of the Middle East. By extending such research, it might facilitate the generalizability of this model or foster the development of a more refined and generalizable model and approach to measure the level of market orientation. Certainly such future research is needed in order to facilitate a further contribution to the body of knowledge and the development of a transferable and generalizable approach to various different contexts.

However, the results of the hypothesis-testing demonstrate that although an organization's market-oriented corporate culture construct has no direct impact on the organizational structure adopted and systems employed nor on the organization's market-oriented activities, it has an indirect impact through the facilitation of the business's designed and implemented responses to customer needs and expectations. Therefore, all the antecedent constructs have either a direct or indirect impact on the achieved level of market orientation. In addition, the hypothesis-testing related to the customer perspective demonstrated that the customers' views of the banks and investment companies and also insurance companies have a direct impact on the customers' perception of the extent to which the banks and investment and insurance companies are market-oriented. Therefore, the theoretical implications of the statistically significant and non-significant relationships are presented in this study.

The findings have important implications in understanding the antecedents and constructs of market orientation in a resource-based context. The findings will facilitate future research that aims to measure the level of market orientation in similar contexts. This study will be beneficial for marketers seeking an approach to enhance the level of market orientation within their business organizations. For example, to become a market-oriented financial services provider in a resource-based context, the primary focus is to go through a cultural transformation, supported by top management commitment and based on a thorough understanding of customers' existing and future needs and expectations. This will foster the design and

implementation of a strategy attempting to create and deliver superior value to customers. It will also facilitate the continuous and regular generation of market, competitor, and customer intelligence and regular measurement of customer satisfaction. In addition, it will allow marketers to adopt a more flexible structure and employ systems that are based on and linked to market factors such as customer satisfaction. However, even though the approach is not totally different from those used in other contexts, it emphasizes and focuses on the dimensions that are considered to be most important within a resource-based economy among the financial services providers. Although various dimensions and antecedents have been identified in different contexts, it is arguable that certain antecedents and dimensions of market orientation may carry more weight in determining the level of market orientation in the resource-based economy context. The literature provides different models and approaches with emphases on different dimensions carrying more weight than others in the measurement or implementation process such as Jaworski and Kohli (1993) and Kohli and Jaworski (1990), focused on information processing; Narver and Slater (1990), focused on customer and competitor orientation, and interfunctional coordination; plus others focusing on cultural change and cultural transformation approaches, a norm-based approach, and a strategy approach (Narver et al., 1998; Kennedy et al., 2003; Gebhardt et al., 2006; Lichtenthal and Wilson, 1992; and Ruekert, 1992). In this context it seems that the focus is on creating market-oriented culture, understanding thoroughly customers needs and expectations and designing and implementing the business response through its strategy formulated and implemented. In addition, in a resource-based economy, the successful implementation of the strategy is mediated by the created market-oriented culture, fostered by a flexible and effective organizational structure which reflects on the business's market-oriented activities.

8.2.2 Managerial implications

This study has focused on market orientation among financial services providers operating within a resource-based economy. The financial services sector is expanding, especially in the Gulf region and the Middle East. Although these economies are basically driven by natural and other resources, there have been several attempts in various countries to diversify in order to obtain more sustainable development. These efforts have been combined with economic and political reforms including liberating the markets, encouraging the private sector to play a major role in economic development, and privatization of state-owned companies including services such as power supply. For example, the financial services sector in Bahrain has been contributing to the Gross National Product by over 23% during the last three years. In addition, there has been an increasing role and contribution from the manufacturing and resources

transformation industry. Therefore, the development and purification of such a scale and model can help all business organizations especially those operating or attempting to operate in international and global markets.

Although, due to certain limitations that will be listed in the next section, this study was not able to measure the consequences for businesses of being more market-oriented, the fact that the literature provides rich studies of the direct and indirect consequences of market orientation on organizational performance should justify the efforts to become more market-oriented. In addition, the identified dimensions and constructs of market orientation are under the control of the business organizations. Therefore, companies, whether operating within financial services, other services, or industrial sectors can influence their level of market orientation. This will help them to keep up with their customers by anticipating their future needs, managing their expectations, and staying ahead of their competitors. Therefore, managers, especially top management, need to focus on creating and maintaining a market-oriented corporate culture within their organization. They need to signal to the entire organization their commitment to focus on customer satisfaction, emphasizing that serving customers is the most important aspect of their businesses. Such a corporate culture can guide all members of the organization to focus on creating and delivering superior value to the customers. This can also encourage business activities to review product development efforts in order to ensure that these products or services are in line with what the customers want and expect. Moreover, the business response to intelligence generated in relation to the customers, markets, and competitors and through the strategy formulated and implemented must be driven by such acquired knowledge and directed towards achieving customer satisfaction. This can be achieved through continuously monitoring the business's commitment to serving customer needs, monitoring the organizational level of orientation to meet customer expectations, and a decisive response to any changes in such expectations. However, in order to facilitate an effective response, management must ensure that their organizational structure is in tune with the strategy to facilitate the establishment of a continuous dialogue between the business and its customers. Furthermore, managers must focus on employing a management information system that allows the dissemination of the generated intelligence across all levels in the organization to ensure knowledge-sharing and the interpretation of such knowledge. Managers also need to ensure that their performance appraisal system is based on market-linked factors such as customer satisfaction. Finally, managers need to appreciate and implement systematic and regular measures of customer satisfaction and the level of customer service, and ensure dissemination of customer feedback at all levels in the business organization. Finally, the fact that there was not agreement on the level of market orientation from both perspectives has implications for managers and marketers in terms of the establishment and enhancement of two-way communication with

customers to increase the customers' understanding of the various services available to them as well as enabling them to communicate their complaints, needs and expectations. Moreover, enhancement of communication based on a thorough understanding of the customers' existing and future needs would influence the customers' perceptions of the extent to which these business organizations are market-oriented.

8.2.3 Implications for Government policy

Businesses that become more market-oriented enhance their significance, competitiveness and foster contributions to the country's GDP. Therefore, Government policy-makers may be well-advised to continuously initiate sustainable economic transformations, provide incentives, and encourage the private sector to play a larger role in the process of sustainable economic development. Additionally, the public sector and governmental services institutions (such as utilities, hospitals, and other services) can embark on the process of becoming more market-oriented non-profitable organizations through cultural transformation focusing on understanding customers' existing and future needs and attempting to provide superior value for their customers. Such a move will enhance the effectiveness and the quality of services provided by these institutions.

8.3 Limitations and future research

Although this study managed to expand on the understanding of the constructs of market orientation and its antecedents, and the endeavour was worthwhile, in common with all research projects it was not without limitations. Therefore, the following section elaborates on the limitations of this study, considering research design measurement issues.

8.3.1 Limitations of this study

Due to resource limitations and the difficulties faced by the participants in scheduling their day-to-day work, the number of participants in the focus groups and in-depth interviews was only 52. The results might have been different if the study had included a greater number of participants representing the financial services providers. Therefore, care has been taken in interpreting the findings and, consequently, academic experts were consulted twice to ensure reliability in the interpretation of the qualitative

findings. It is possible that other antecedents and/or mediators (such as employees' marketing training, intelligence generation, and market conditions) might also merit inclusion in the research conception.

Another limitation related to the qualitative study was the limited constructs included in the customer conceptual model. As stated in chapter six, this study could have included other constructs found in the literature in addition to Dawes' (2000) responsiveness measures. Measurement of customer satisfaction, services information communicated, and customers' views of the value created and delivered might all be constructs that affect the final perceptions of customers about the extent to which these service providers are market-oriented. In addition, because of the regulatory impact of the Central Bank's rules, it was not possible to obtain customer lists from the financial services providers. Therefore, this study was not able to obtain a systematic random sample of individual customers.

A limitation of the quantitative phase was that the survey used a combination of items adopted from other measurement scales from the literature, which were refined using the results and findings of the qualitative study. Although both scales displayed relatively acceptable reliability, some measurement items were eliminated during the item purification process and it could be argued that the quantitative phase was not entirely confirmatory.

Furthermore, although the financial services providers' total population was targeted for the main survey, the political situation during 2011 led a number of these institutions to relocate their offices and operations outside Bahrain, which limited the number of responses. In addition, some financial services providers such as money exchange institutions and banks' representatives are small business organizations that were not fully operating in these contexts and therefore did not respond despite the researcher following up with them. In the event, out of a total population of over 350 financial institutions only 139 responses were received, which is a relatively small sample for analysis using AMOS SEM software.

Notwithstanding the limitations regarding sample sizes, this study has made useful contributions to the knowledge, management practice and policy in this area. It would be useful for future research to broaden the context to embrace larger samples, for example by conducting an empirical study on financial services providers operating within the entire region. This may lead to enhancements or refinements to the model and facilitate employing it to measure the level of market-orientation in different sectors. However, these limitations do not minimize the significance of the findings of this study, which may draw the pathway and direction for future research, and this study has still been able to identify the dimensions of market-orientation in this context and has developed scales suitable for the measurement of the level of market

orientation. Therefore, these limitations have been outweighed by the strengths and contributions of this study.

8.3.2 Future research

Having identified the limitations of this study, this section provides some suggestions for future research to extend the current body of knowledge in the literature on market orientation, and for further refinement of the developed model in resource-based economies.

This study was the first study on the topic of identifying market-orientation constructs and dimensions to be carried out in a totally different context from where the concept was originally developed and tested. It is also the first study that has attempted to empirically examine market orientation using a mixed methods approach by conducting qualitative research, and testing and validating a conceptual framework using structural equation modelling (SEM). Considering the increased attention and interest in market orientation during the last two decades and the reported direct and indirect consequences resulting from businesses becoming more market-oriented (Ruekert, 1992; Deng and Dart, 1994; Slater and Narver, 1996; Atuahene-Gima, 1995 and 1996; Gray et al., 1998 and 1999; Harris and Piercy, 1999; Atuahene-Gima and Ko, 2001; Matear et al., 2002; Langerak, 2003b; Lüneborg and Nielsen, 2003; and Lim and Brown, 2010), the lack of systematic and empirical research in this area within resource-based economies is quite alarming. Additionally, if globalization is a fact, such economies, especially those going through economic reform and privatization, need to compete in the global market and therefore the management of businesses in the various economic sectors needs to become more market-oriented.

This study has only examined market orientation in a resource-based economy (Bahrain in this case). However, it would be interesting to refine the model further and examine the generalizability of the model or a refined model in the same context covering the entire Gulf region and other Middle East countries. Moreover, it would also be interesting to examine the generalizability of the model in terms of replicating it to other types of businesses and other contexts. Due to various previously identified obstacles, this study did not explore the relationship between market orientation and performance. However, it is hoped that with the political and economic reform processes that have been started in this area, the level of transparency will be enhanced, thus facilitating the exploration of such relationships. This could be followed by a study that explores such relationships from a longitudinal perspective in order to provide concrete evidence for the direct and indirect relationships between the level of market orientation adopted by the business organization and its performance.

This study can be considered as a foundation for future research on market orientation and its dimensions in this context. In addition, it may serve as a starting point for further exploratory study to identify any other constructs that might influence market orientation.

The models may also be evaluated in other industries. Furthermore, the structural model for insurance companies was left with only two items measuring the customers' view of business responsiveness, therefore future research could investigate the dimensionality of this variable.

Finally, this study was based on financial services institutions operating in Bahrain although some of them operate regionally and internationally from their Bahrain base. Therefore, it cannot be generalized and further study should be conducted with regional or Middle Eastern respondents to establish generalizability.

8.4 Conclusion

This research has focused on identifying the various dimensions of market orientation in a resource-based context, measuring the level of market orientation from both organizational and customer perspectives, and comparing both perspectives to evaluate the extent to which they agree. Notwithstanding that this is the first study to identify the construct of market orientation in a resource-based economy, there were theoretical justifications from prior research (e.g. Ruekert, 1992; Lichtenthal and Wilson, 1992; Narver and Slater, 1990; Narver et al., 1998; Becker and Homburg, 1999; Kennedy et al., 2003; and Gebhardt et al., 2006).

The study utilized a mixed methods approach in order to gain insights and provide a better understanding of this complex concept. The mixed methods approach facilitated both inductive and deductive approaches, which facilitated the development and testing of a theoretical model. This was done through the use of structural equation modelling in order to analyse the data. The key finding is that market orientation in a resource-based context is represented by four aspects: corporate culture, strategy formulated and implemented, structure and systems employed, and market-oriented activities. The indirect impact of corporate culture was established through its impact on the strategy formulated and implemented. The direct impact of this strategy on the structure and systems employed as well as on the market-oriented activities was statistically significant. Furthermore, the customers' view of the services providers' responses to their needs and expectations had a statistically significant impact on their perceptions of the level of market-orientation for these institutions. The variables in the final models demonstrated adequate reliability, and discriminant and convergent validity. Both structural equation

models fitted the data satisfactorily. The results also demonstrated that while the paths between corporate culture and both endogenous variables were non-significant, the corporate culture variable was acting as a mediator for the strategy formulated and implemented (see Chapter 7, Section 7.3). This is an important contribution to the theory in this field as none of the previous models found in the literature had examined or demonstrated such influence of the role of market-oriented corporate culture.

References

- Abramson, R., Rahman, S. and Buckley, P. (2005), 'Tricks and Traps in Structural Equation Modelling: A GEM Australia Example using AMOS Graphics', Proceedings of ABBSA Conference, 5-7 August 2005, pp. 558-599.
- Aggarwal, N. and Singh, R. (2004), 'Market Orientation in Indian Organizations: An empirical study', Marketing Intelligence and Planning, Vol. 22, 6/7, pp. 700-715.
- Agunis, H. (1993), 'Action Research and Scientific Method: Presumed Discrepancies and Actual Similarities', Journal of Applied Behavioural Science, Vol. 29, 4, pp. 416-431.
- Ali, H. and Birley, S. (1999), 'Integrating deductive and inductive approaches in a study of new ventures and customer perceived risk', Qualitative Market Research: An International Journal, Vol. 2, 2, pp.103-110.
- Anderson, J. C. and Gerbing, D. W. (1982), 'Some methods for respecifying measurement models to obtain unidimensional construct measurement', Journal of Marketing Research, Vol. 19, pp. 453-460.
- Anderson, J. C. and Gerbing, D. W. (1988), 'Structural Modeling in Practice: A review and recommended two-step approach', Psychological Bulletin, Vol.103, pp. 411-423.
- Appiah-Adu, K. (1997), 'Market Orientation and Performance: Do the Findings Established in Large Firms Hold in the Small Business Sector?', Journal of Euromarketing, Vol. 6, 3, pp. 1-26.
- Appiah-Adu, K. (1998), 'Market Orientation and Performance: Empirical Test in a Transition Economy', Journal of Strategic Marketing, Vol. 6, pp. 25-45.
- Appiah-Adu, K. and Ranchhod, A. (1998), 'Market Orientation and Performance in Biotechnology Industry: An Exploratory Empirical Analysis', Technology Analysis and Strategic Management, Vol. 10, 2, pp. 197-210.
- Arbuckle, J. L. and Wothke, W. (1999), 'Amos 4.0 User's Guide', SPSS Inc.: Chicago, IL
- Arnold, M. J. and Reynolds, K. E. (2003), 'Hedonic shopping motivation', Journal of Retailing, Vol. 79, 2, pp. 77-95.
- Attride-Stirling, J. (2001), 'Thematic networks: An analytic tool for qualitative research', Qualitative Research, Vol. 1, pp. 385-405.

- Atuahene-Gima, K. (1995), 'An Exploratory Analysis of the Impact of Market Orientation on New Product Performance: A Contingency Approach', *Journal of Product Innovation Management*, Vol. 12, pp. 275-293.
- Atuahene-Gima, K. (1996), 'Market Orientation and Innovation', *Journal of Business Research*, Vol. 35, pp. 93-103.
- Atuahene-Gima, K. and Ko, A. (2001), 'An empirical investigation of the effect of market orientation and entrepreneurship orientation alignment on product innovation', *Organization Science*, Vol. 12, 1, pp. 54-74.
- Au, A. K. M. and Tse, A. C. B. (1995), 'The Effect of Marketing Orientation on Company Performance in the Service Sector: A Comparative Study of the Hotel Industry in Hong Kong and New Zealand', *Journal of International Consumer Marketing*, Vol. 8, 2, pp. 77-87.
- Avlonitis, G. J. and Gounaris, S. P. (1997), 'Market Orientation and Company Performance: Industrial vs. Consumer Goods Companies', *Industrial Marketing Management*, Vol. 26, pp. 385-402.
- Avlonitis, G.J. and Gounaris, S.P. (1999), 'Marketing orientation and its determinants: An empirical analysis', *European Journal of Marketing*, Vol. 33, 11/12, pp. 1003-1037.
- Babin, L. A. and Burns, A. C. (1998), 'A modified scale for the measurement of communication-evoked mental imagery', *Psychology and Marketing*, Vol. 15, 3, pp. 261-278.
- Bahrain Central Bank (2011), 'Economic Report – 2010', Bahrain Central Bank Publications.
- Bahrain Economic Development Board (EDB) site: <http://www.bahrainedb.com/EDBHome.aspx>, on 2 October 2012.
- Baker, M.J. (1987), 'One More Time: What is Marketing?', 'The Marketing Book', Heinemann: London, pp. 3-6.
- Baker, W. E. (2002), 'Market orientation, learning orientation, and product innovation: Delivering into the organization's black box', *Journal of Marketing Focused Management*, Vol. 5, pp. 5-23.
- Barksdale, H. C. and Darden, B. (1971), 'Marketers Attitudes toward the Marketing Concept', *Journal of Marketing*, Vol. 35 (October), pp. 29-36.

- Baron, R. M. and Kenny, D. A. (1986), 'The Moderator-Mediator Variable Distinction in Social Psychological Research: Conceptual, Strategic, and Statistical Considerations', *Journal of Personality and Social Psychology*, Vol. 51, 6, pp. 1173-1182.
- Bates, F. L. and Harvey, C. C. (1986), 'The Structure of Social Systems', 2nd Edition, Robert E. Krieger Publishing Company: Malabar, FL.
- Becker, J. and Homburg, C. (1999), 'Market-oriented management: A systems-based perspective', *Journal of Market-Focused Management*, Vol. 4, 1, pp. 17-41.
- Belgrave, L. L. and Smith, K. J. (1995), 'Negotiated validity in collaborative ethnography', *Qualitative Inquiry*, Vol. 1, 1, pp. 69-86.
- Bell J. (1999), 'Doing Your Research Project', 3rd Edition, Open University Press: Philadelphia.
- Bennett, R. and Cooper, R. (1981), 'Beyond the Marketing Concept', *Business Horizons*, Vol. 22 (June), pp. 76-83.
- Bernstein, R. J. (1978), 'The Restructuring of Social and Political Theory', University of Pennsylvania Press: Philadelphia.
- Bhuiyan, S. N. (1997), 'Exploring Market Orientation in Banks: An Empirical Examination in Saudi Arabia', *Journal of Business Research*, Vol. 43, pp. 13-25.
- Bhuiyan, S. N. (1998), 'An Empirical Examination of Market Orientation in Saudi Arabian Manufacturing Companies', *Journal of Service Marketing*, Vol. 11, 5, pp. 317-328.
- Bisp, S. (1999), 'Barriers to Increased Market-oriented Activity: What the Literature suggest', *Journal of Market Focused Management*, Vol. 4, pp.77-92.
- Blaikie, N. (1993), 'Approaches to Social Enquiry', 1st Edition, Polity Press: Cambridge.
- Blankson, C., Motwani, J. G. and Levenburg, N. M. (2006), 'Understanding the Patterns of Market Orientation among Small Businesses', *Journal of Marketing Intelligence and Planning*, Vol. 24, 6, pp. 572-590.
- Bock, R.D. (1975), 'Multivariate Statistical Methods in Behavioural Research', McGraw-Hill: New York.
- Bollen, K. A. (1989), 'Structural equation with latent variables', Wiley: New York.

- Boudreau, M. D., Gefen, D. and Straub, D. (2001), 'Validation in IS research: A state-of-the-art assessment', *MIS Quart*, Vol. 25, 1, pp. 1-24.
- Boyatzis, R.E. (1998), 'Transforming qualitative information: Thematic analysis and code development', Sage Publications.
- Brady, M. K. and Cronin, J. J. (2001), 'Some New Thoughts on Conceptualizing Perceived Service Quality: A Hierarchical Approach', *Journal of Marketing*, Vol. 65, 3, pp. 34-49.
- Braun, V. and Clarke. V. (2006), 'Using thematic analysis in psychology', *Qualitative Research in Psychology*, Vol. 3, pp. 77-101.
- Brown, T. A. (2006), 'Confirmatory factor analysis for applied research', Guilford Press: New York.
- Bryman, A. (2006), 'Integrating quantitative and qualitative research: How is it done?', *Qualitative Research*, Vol. 6, 1, pp. 97-113.
- Bryman, A. and Bell, B. (2007), 'Business Research Methods', Oxford University Press: Oxford.
- Burman, E. and Parker, I. (1993) (eds), 'Discourse analytic research: Repertoires and readings of texts in action', Routledge.
- Burrell, G. and Morgan, G. (1979), 'Sociological Paradigms and Organization Analysis', Heinemann Books: London.
- Byrne, B. M. (1998), 'Structural Equation Modeling with LISREL, PRELIS, and SIMPLIS: Basic Concepts, Applications, and Programming', Erlbaum: Mahwah, NJ.
- Byrne, B. M. (2001), 'Structural Equation Modeling with AMOS: Basic Concepts, Applications, and Programming', Lawrence Erlbaum Associates, Publishers: Mahwah, New Jersey.
- Cadogan, J. W. and Diamantopoulos, A. (1995), 'Narver and Slater, Kohli and Jaworski and the Market Orientation Construct: Integration and Internationalization', *Journal of Strategic Marketing*, Vol. 3, pp. 41-60.
- Cadogan, J. W., Diamantopoulos, A. and Siguaw, J. A. (2002), 'Export Market-Oriented Activities: Their Antecedents and Performance Consequences', *Journal of International Business Studies*, Vol. 33, 3, pp.615-626.

- Calantone, R., Garcia, R., and Dröge, C. (2003), 'The effects of environmental turbulence on new product development strategy planning', *Journal of Product Innovation Management*, Vol. 20, pp. 90-103.
- Canning, G., Jr. (1988), 'Is your Company Marketing Oriented?', *Journal of Business Strategy*, Vol. 9, 3, pp. 34-36.
- Carey, J. W. (1989), 'Communication as culture: Essays on media and society', Unwin Hyman: Boston.
- Carr, L. T. (1994), 'The strengths and weaknesses of quantitative and qualitative research: What method for nursing?', *Journal of Advanced Nursing*, Vol. 20, 4, pp. 716-721.
- Cavaye, A. (1996), 'Case study research: A multi-faceted research approach for IS', *Information Systems Journal*, Vol. 6, 3, pp. 227-242.
- Celsi, R. L., Rose, R. L. and Leigh. T. W. (1993), 'An exploration of high-risk leisure consumption through skydiving', *Journal of Consumer Research*, Vol. 20, pp. 1-23.
- Central Bank of Bahrain (2012), site: <http://www.cbb.gov.bh/>, visited on 30 October 2012.
- Chang, T. Z. and Chen, S. J (1998), 'Market Orientation, Service Quality, and Business Profitability: A Conceptual Model and Empirical Evidence', *Journal of Service Marketing*, Vol. 12, 4, pp. 246-264.
- Chaudhuri, A. (1995), 'Brand equity or double jeopardy?', *Journal of Product and Brand Management*, Vol. 4, 1, pp. 26-32.
- Churchill, G. A., Jr. (1979), 'A Paradigm for Developing Better Measures of Marketing Constructs', *Journal of Marketing Research*, Vol. 16, pp. 64-73.
- Churchill, G. A. and Iacobucci, D. (2005), 'Marketing Research: Methodical Foundations, 9th Edition, THOMSON South Western: USA.
- Cloke, P., Philo, C. and Sadler, D. (1991), 'Approaching Human Geography', Chapman: London.
- Cohen, J. and Cohen, P. (1983), 'Applied multiple regression correlation analysis for the behavioral sciences', 2nd Edition, Lawrence Erlbaum Associates: New Jersey.
- Costello, A. B. and Osborne, J. W. (2005), 'Best practices in exploratory factor analysis: Four recommendations for getting the most from your analysis', *Practical Assessment Research and Evaluation*, Vol. 10, 7, pp. 1-9.

Creane, S., Goyal, R., Mobarak, A. M. and Sab, R. (2004), 'Financial Sector Development in the Middle East and North Africa', IMF Working Papers 04/201, International Monetary Fund.

Creswell, J. W. (2003), 'Research design: Qualitative, quantitative, and mixed methods approaches', 2nd Edition, Sage Publications: Thousand Oaks, CA.

Creswell, J. W. and Plano Clark, V. L. (2007), 'Designing and Conducting Mixed Methods Research', Sage Publications: Thousand Oaks, CA.

Creswell, J. W. (2009), 'Research Design: Qualitative, Quantitative, and Mixed Methods Approach', 3rd Edition, SAGE Publications, Inc.: Thousand Oaks.

Crotty, M. (1998), 'The foundations of social research: Meaning and perspective in the research process'. SAGE Publications: London.

Curran, P. J., West, S. G. and Finch, J. F. (1996), 'The robustness of test statistics to nonnormality and specification error in confirmatory factor analysis', Psychological Methods, Vol. 1, pp. 16-29.

Dasgupta, P. (1982), 'The Control of Resources', Harvard University Press: Cambridge, Massachusetts.

Dawes, J. (2000), 'Market Orientation and Company Profitability: Further Evidence Incorporating Longitudinal Data', Australian Journal of Management, Vol. 25, 2, pp. 173-199.

Day, G.S. (1990), 'Market Driven Strategy: Processes for Creating Value', The Free Press: New York, NY.

Day, G. S. (1991), 'Learning about Markets', Marketing Science Institute Commentary, Report, pp. 91-117.

Day, G.S. (1994a), 'Continuous learning about markets', California Management Review, Vol. 36, 4, pp. 9-31.

Day, G. S. (1994b), 'The capabilities of market-driven organizations', Journal of Marketing, Vol. 58, 4, pp. 37-52.

Day, G. S. and Nedungadi, P. (1994), 'Managerial Representations of Competitive Advantage', Journal of Marketing, Vol. 58, April, pp. 31-44.

Day, G.S. (1999), 'Creating a market-driven organization', Sloan Management Review, Vol. 41, 1, pp. 11-22.

- Day, G. S. (2000), 'The Market Driven Organization' *Direct Marketing*, Vol. 62, 9, pp. 32-37.
- DeCoster, J. (2004), 'Data Analysis in SPSS', Retrieved 12 February 2012, from <http://www.stat-help.com/notes.html>.
- De Gues, A. P. (1988), 'Planning as Learning' *Harvard Business Review*, March-April, pp. 70-74.
- Deng, S. and Dart, J. (1994), 'Measuring Market Orientation: A Multi-factor, Multi-item Approach', *Journal of Marketing Management*, Vol. 10, pp. 725-742.
- Denscombe, M. (2002), 'Ground rules for good research: A ten point guide', The Open University Press: Milton Keynes.
- Denzin, N. and Lincoln, Y. (2000), 'Handbook of Qualitative Research' (eds), Sage Publications Inc: London.
- Denzin, N. and Lincoln, Y. (2003), 'The Discipline and Practice of Qualitative Research', in N. Denzin and Y. Lincoln (eds), 'Collecting and Interpreting Qualitative Materials', 2nd Edition, SAGE Publications, Inc.: California, pp. 1-45.
- Deshpandé, R. (1983), 'Paradigm Lost: On theory and method in research in marketing', *Journal of Marketing*, Vol. 46, pp. 101-110.
- Deshpandé, R. and Webster, F. E., Jr. (1989), 'Organizational Culture and Marketing: Defining the Research Agenda', *Journal of Marketing*, Vol. 53, 1, pp. 3-15.
- Deshpandé, R., Farley, J.U. and Webster, F.E. (1993), 'Corporate culture, customer orientation, and innovativeness in Japanese firms: A quadrad analysis', *Journal of Marketing*, Vol. 57, pp.23-37.
- Deshpandé, R., Farley, J. U. and Webster, F. E., Jr. (1997), 'Factors Affecting Organizational Performance: A Five Countries Comparison', *Marketing Science Institute Working Paper*, Report No. 97-108, Cambridge, Mass., May.
- Deshpandé, R. and Farley, J.U. (1998), 'Measuring market orientation: Generalization and synthesis', *Journal of Market-Focused Management*, Vol. 2, 3, pp. 213-232.
- Deshpandé, R. (1999) (ed.), 'Introduction', 'Developing a Market Orientation', SAGE Publications: London and New Delhi.

- Deshpandé, R. and Farley, J.U. (1999), 'Corporate Culture and Market Orientation: Comparing Indian and Japanese Firms', *Journal of International Marketing*, Vol. 7, 4, pp. 111-127.
- Deshpandé, R. and Farley, J.U. (1999), 'Understanding market orientation: A prospectively designed meta-analysis of three market orientation scales' in R. Deshpandé (ed.), 'Developing A Market Orientation', SAGE Publications: London and New Delhi.
- Deshpandé, R., Farley, J. U. and Webster, F.E., Jr. (2000), 'Corporate Culture and Market Orientation: Comparing Indian and Japanese Firms', *International Journal of Research in Marketing*, Vol. 17, pp. 353-362.
- Deshpandé, R. and Farley, J. U. (2000), 'Market-focused organizational transformation in China', *Journal of Global Marketing*, Vol. 14, 1/2, pp. 7-35.
- Dess, G. G. and Robinson, R.B., Jr (1984), 'Measuring organizational performance in the absence of objective measures: The case of the privately-held firm and conglomerate business unit', *Strategic Management Journal*, Vol. 5, pp. 265-273.
- De Vaus, D. A. (2002), 'Surveys in Social Research', 5th Edition, Routledge: London.
- DeVellis, R. F. (1991), 'Scale development: Theory and application' *Applied Social Research Methods Series*, Sage Publications: London.
- DeVellis, R. F. (2003), 'Scale development: Theory and applications', Sage Publications: Thousand Oaks, CA.
- Diamantopoulos, A. and Hart, S. (1993), 'Linking Market Orientation and Company Performance: Preliminary Evidence on Kohli and Jaworski's Framework', *Journal of Strategic Marketing*, Vol.1, pp. 93-121.
- Diamantopoulos, A. (1999), 'Export performance measurement: Reflective versus formative indicators', *International Marketing Review*, Vol. 16, pp. 444-457.
- Dickson, P. R. (1992), 'Toward a General Theory of Competitive Rationality', *Journal of Marketing*, January, pp. 69-83.
- Dixon-Woods, M., Agarwal, S., Jones, D., Young, B. and Sutton, A. (2005), 'Synthesizing qualitative and quantitative evidence: A review of possible methods. *Journal of Health Service Research Policy*, Vol. 10, pp. 45-53.

- Dutka, A. (1994), 'AMA Handbook for Customer Satisfaction', NTC Business Books: Lincolnwood, IL.
- Dwairi, M., Bhuian, S. and Jurkus, A. (2007), 'Revising the pioneering market orientation model in an emerging economy', *European Journal of Marketing*, Vol. 41, 7/8, pp. 713-721.
- Easterby-Smith, M., Thorpe, R. and Jackson, P. (2008), 'Management Research', 3rd Edition, SAGE Publications Ltd.: London.
- Ellis, P. (2004a), 'Dependence and diversity of markets: Effects on market orientation', paper presented at the Academy of International Business Meeting, Stockholm, 10-13 July.
- Ellis, P. (2004b), 'Market orientation and performance: A meta-analysis and cross-national comparisons', working paper Hong Kong Polytechnic University, Hong Kong.
- Ellis P. D. (2005), 'Market Orientation and Marketing Practice in a Developing Economy', *European Journal of Marketing*, Vol. 39, 5/6, pp. 629-718.
- Engeln, A. and Brettle, M. (2010), 'The antecedents and consequences of a market orientation: The moderating role of organizational life cycle', *Journal of Marketing Management*, Vol. 26, pp. 515-547.
- Eriksson, P. and Kovalainen, A. (2008), *Qualitative Methods in Business Research*, 1st Edition, SAGE Publications Ltd.: London.
- Erzberger, C. and Kelle, U. (2003), 'Making Inferences in Mixed Methods: The Rules of Integration', in A. Tashakkori and C. Teddlie (eds), 'Handbook of Mixed Methods in Social and Behavioral Research', Sage: Thousand Oaks, CA, pp. 457-490.
- Esslemont, D. and Lewis, T. (1991), 'Some Empirical Test of the Marketing Concept', *Marketing Bulletin*, Vol. 2, pp. 1-7.
- Farrell, M. A. and Oczkowski, E. (1997), 'An Analysis of the MKTOR and MARKOR Measures of Market Orientation: An Australian Perspective', *Marketing Bulletin*, Vol. 8, pp. 30-40.
- Farrell, M. A. (2002), 'Are market orientation and learning orientation necessary for superior organizational performance?', *Journal of Market-Focused Management*, Vol. 5, pp. 197-217.
- Faulkner, M. E. (1998), 'Business orientation scale development and psychometric assessment', Master of Business (Research) Thesis, School of Marketing, University of South Australia.

- Fay, B. (1987), 'An Alternative View: Interpretive Social Science', in M. T. Gibbons (ed.), 'Interpreting Politics', New York University Press: New York, pp. 82-100.
- Felton, A. P. (1959), 'Making the Marketing Concept Work', Harvard Business Review; Vol. 37 (July/August), pp. 50-56.
- Field, A. P. (2005), 'Discovering statistics using SPSS for Windows: Sex, drugs, and rock 'n' roll', 2nd Edition, Sage: London.
- Field, A. (2009), 'Discovering Statistics using SPSS', 3rd Edition, SAGE Publications Ltd: London.
- Fisher, C. (2007), 'Researching and writing a dissertation: A guidebook for business students', FT Prentice Hall: Harlow.
- Foley, A. and Fahy, J. (2009), 'Seeing market orientation through a capabilities lens', European Journal of Marketing, Vol. 43, 1/2, pp. 13-20.
- Fornell, C. and Larcker, D. F. (1981), 'Evaluating Structural Equation Models with Unobservable Variables and Measurement Error', Journal of Marketing Research, Vol. 48, pp. 39-50.
- Fritz, W. (1996), 'Market Orientation and Corporate Success: Findings from Germany', European Journal of Marketing, Vol. 30, 8, pp. 59-74.
- Gable, T. G. (1995), 'Market Orientation: Theoretical and Methodological Concerns', Proceeding of the American Marketing Association Summer Educators Conference, American Marketing Association, Chicago, IL.
- Garvin, D. A. (1993), 'Building a Learning Organization', Harvard Business Review, 71 (July/August), pp.78-91
- Gasson, S. (2003), 'Human-Centered vs. User-Centered Approaches To Information System Design', Journal of Information Technology Theory and Application (JITTA), Vol. 5, 2, pp. 29-46.
- Gauzente C. (1999), 'Comparing Market Orientation Scales: A Content Analysis', Marketing Bulletin, Vol. 10, pp. 76-82. (Research Note 4).
- Gebhardt, G. F., Carpenter, G. S. and Sherry, J. F., Jr. (2006), 'Creating a market orientation: A longitudinal multiform, grounded analysis of cultural transformation', Journal of Marketing, Vol. 70, 4, pp. 37-55.

- Gerbing, D. W. and Anderson, J. C. (1988), 'An updated paradigm for scale development incorporating unidimensionality and its assessment', *Journal of Marketing Research*, Vol. 25 (May), pp. 186-192.
- Gerbing, D. W. and Anderson, J. C. (1992), 'Monte Carlo evaluation of goodness of fit indices for path analysis models', *Sociological Methods and Research*, Vol. 21, pp. 131-160.
- Gibbons, M. T. (1987), 'Introduction: the Politics of Interpretation,' in M. T. Gibbons (ed.), 'Interpreting Politics', New York University Press: New York, pp. 1-31.
- Giddens, A. (1979), 'Central Problems in Social Theory: Action, Structure and Contradiction in Social Analysis', University of California Press: Berkeley, CA.
- Glaser, B. (1992), 'Basics of grounded theory analysis', Sociology Press.
- Golden, P. A., Doney, P. M., Johnson, D. M. and Smith, J. R. (1995), 'The dynamics of a marketing orientation in transition economies: A study of Russian firms', *Journal of International Marketing*, Vol. 3, 2, pp. 29-49.
- González-Benito, O. and González-Benito, J. (2005), 'Cultural vs. operational market orientation and objective vs. subjective performance: Perspective of production and operations', *Industrial Marketing Management*, Vol. 34, pp. 797-829.
- Gray, B., Matear, S., Boshoff, C. and Matheson, P. (1998), 'Developing a Better Measure of Market Orientation', *European Journal of Marketing*, Vol. 32, 9/10, pp. 884-903.
- Gray, B., Greenley, G. E., Matear, S. M. and Matheson, P. K. (1999), 'Thriving on Turbulence', *Journal of Marketing Focused Management*, Vol. 4, pp. 231-257.
- Gray, B. (2010), 'Fine tuning market oriented practices', *Business Horizons*, Vol. 53, pp. 371-383.
- Greene, J. C., Caracelli, V. J. and Graham, W. F. (1989), 'Toward a Conceptual Framework for Mixed-method Evaluation Designs', *Educational Evaluation and Policy Analysis*, Vol. 11, 3, pp. 255-274.
- Greenley, G. E. (1995a) 'Forms of market orientation in UK companies', *Journal of Management Studies*, Vol. 32, 1, pp. 47-66.
- Greenley, G. E. (1995b) 'Market orientation and company performance: Empirical evidence from UK companies', *British Journal of Management*, Vol. 6, 1, pp. 1-13.

- Grigorian, D. and Manole, V. (2005), 'A Cross-Country Nonparametric Analysis of Bahrain's Banking System, IMF Working Papers 05/117. International Monetary Fund.
- Guadagnoli, E. and Velicer, W.F. (1988), 'Relation of sample size to the stability of component patterns', *Psychological Bulletin*, Vol. 103, 2, pp. 265-275.
- Guba, E. G. (1990), 'The Paradigm Dialog', Sage Publications: Newbury Park, California.
- Guest, G., MacQueen, K. M. and Namey, E. E. (2011), 'Applied Thematic Analysis', Sage Publications.
- Gummesson, E. (1991), 'Qualitative Methods in Management Research', SAGE: Newbury Park.
- Gylfason, T. (2005), 'Institutions, Human Capital, and Diversification of Rentier Economies' Prepared for Workshop on Transforming Authoritarianism Rentier Economies at Friedrich Ebert Foundation in Bonn, 21-24 September, 2005, pp. 1-13.
- Hadcroft, P. and Jarratt, D. (2007), 'Market orientation: An iterative process of customer and market engagement', *Journal of Business to Business Marketing*, Vol. 14, 3, pp. 21-57.
- Hair, J. F., Anderson, R. E., Tatham, R. L. and Black, W. C. (1998), 'Multivariate Data Analysis with Readings', 5th Edition, Prentice Hall: Englewood Cliffs, NJ.
- Hair, J. F., Anderson, R. E., Tatham, R. L. and Black, W. C. (2006), 'Multivariate Data Analysis', 5th Edition, Prentice Hall: Upper Saddle River, NJ.
- Hair, J. F., Jr., Black, W.C., Babin, B.J. and Anderson, R.E. (2010), 'Multivariate Data Analysis: Global Perspective', 7th Edition, Pearson Prentice Hall: New Jersey.
- Hammond, K., Webster, R. L., and Harmon, H. (2006), 'Market orientation: Top management emphasis, and performance within University', *Journal of Marketing Theory and Practice*, Winter; Vol. 14, 1; pp. 69-85.
- Han, J. K., Kim, N. and Srivastava, R. K. (1998), 'Market Orientation and Organizational Performance: Is Innovation a Missing Link?', *Journal of Marketing*, Vol. 62, 4, pp. 30-45.
- Harris, L. C. (1996), 'Benchmarking against the theory of market orientation', *Management Decision*, Vol. 34, 2, pp. 25-29.
- Harris, L.C. (1998), 'Cultural Domination: The Key to Market-oriented Culture', *European Journal of Marketing*, Vol. 32, 3/4 , pp. 354-373.

Harris, L. and Ogbonna, E. (1999), 'Developing a market oriented culture: A critical evaluation', *Journal of Management Study*, Vol. 36, 2, pp.177-196.

Harris, L. C. and Piercy, N. F. (1999), 'Management behavior and the barriers to market orientation', *Journal of Services Marketing*, Vol. 13, 2, pp. 113-131.

Harris, L.C. (2000), 'The organizational barriers to developing market orientation', *European Journal of Marketing*, Vol. 34, 5/6, pp. 598-624.

Harris, L.C. and Ogbonna, E. (2000), 'The responses of front-line employees to market-oriented culture change', *European Journal of Marketing*, Vol. 34, 3/4, pp. 318-340.

Harris, L.C. and Ogbonna, E. (2001a), 'Leadership style and market orientation: An empirical study', *European Journal of Marketing*, Vol. 35, 5/6, pp. 744-764.

Harris, L.C. and Ogbonna, E. (2001b), 'Strategic human resource management, market orientation, and organizational performance', *Journal of Business Research*, Vol. 51, pp. 157-166.

Harris, L.C. (2002a), 'Developing market orientation: An exploration of differences in management approaches', *Journal of Marketing Management*, Vol. 18, pp. 603-632.

Harris, L. C. (2002b), 'Sabotaging market-oriented culture change: An exploration of resistance justification and approach', *Journal of Marketing*, Vol. 10, 2, pp. 58-74.

Harwell, M. R. (2011), 'Research Design in Qualitative/Quantitative/Mixed Methods' in C.F. Clifton and R.C. Serlin (eds), 'The Sage handbook for research in education: Pursuing ideas as the keystone of exemplary inquiry', 2nd Edition, pp.147-182.

Hatch, M. J. and Cunliffe, A. L. (2006), 'Organization Theory', 2nd Edition, Oxford University Press: Oxford.

Helfert, G., Ritter, T. and Walter, A. (2002), 'Redefining market orientation from a relationship perspective - theoretical considerations and empirical results', *European Journal of Marketing*, Vol. 36, 9/10, pp. 1119- 1139.

Henry, A. (2008), 'Understanding Strategic Management', Oxford University Press Inc.: New York.

Hiatt, J. F. (1986), 'Spirituality, medicine, and healing', *Southern Medical Journal*, Vol. 79, 6, pp. 736–743.

- Hinkin, T. R., Tracey, J. B. and Enz, C. A. (1997), 'Scale construction: developing reliable and valid measurement instruments', *Journal of Hospitality and Tourism Research*, Vol. 21, pp. 100-120.
- Ho, Y. and Huang, C. (2007), 'Market Orientation Strategies and Business Performance: Evidence from Taiwan's Life Insurance Industry', *Journal of American Academy of Business*, Cambridge, Vol. 11, 1, pp. 297-302.
- Hofstede, G. (1997), 'Culture and Organizations: Software of Mind Intercultural Cooperation and its Importance for Survival, McGraw-Hill: New York.
- Holden, M. T. and Lynch, P. (2004), 'Choosing the Appropriate Methodology: Understanding Research Philosophy', (RIKON Group). *The Marketing Review*, Vol. 4, 4, pp. 397-409.
- Holmes-Smith, P., Coote, L. and Cunningham, E. (2006), 'Structural equation modelling: From the fundamentals to advanced topics', SREAMS: Melbourne.
- Homburg, C. and Pflesser, C. (2000), 'A Multiple Layer Model of Market Oriented Organizational Culture: Measurement Issues and Performance Outcomes', *Journal of Marketing Research*, Vol. 37, pp. 449-462.
- Homburg, C., Workman, J.P. and Jensen, O. (2000), 'Fundamental changes in marketing organization: The movement towards a customer-focused organizational structure', *Journal of the Academy of Marketing Science*, Vol. 28, 4, pp. 459-478.
- Homburg, C., Krohmer, H. and Workman, J.P. (2004), 'A strategy implementation perspective of market orientation', *Journal of Business Research*, Vol. 57, pp. 1331-1340.
- Hooley, G. J., Lynch, J. E. and Sheperd, J. (1990), 'The Marketing Concept', *European Journal of Marketing*, Vol. 24, 9, pp. 7-24.
- Hornig, S. C. and Chen, A. C. H. (1998), 'Market Orientation of Small and Medium Sized Firms in Taiwan', *Journal of Small Business Management*, Vol. 36, 3, pp. 79-85.
- Houston, F.S. (1986), 'The marketing concept: What it is and what it is not', *Journal of Marketing*, Vol. 50, pp. 81-87.
- Hox, J. J. and Bechger, T. M. (1998), 'An Introduction to Structural Equation Modeling', *Family Science Review*, Vol. 11, pp. 354-373.

Hu, L.T. and Bentler, P.M. (1999), 'Cut-off criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternative structural equation modeling', Vol. 6, pp. 1-55.

Hudson, L. A. and Ozanne, J. L. (1988), 'Alternative Ways of Seeking Knowledge in Consumer Research', The Journal of Consumer Research, Vol. 14, 4, March 1988, pp. 508-521.

Hult, G. T. M. and Ketchen, D. J. (2001), 'Does Market Orientation Matter? A Test of the Relationship between Positional Advantage and Performance', Strategic Management Journal, Vol. 50, pp. 899-906.

Hunt, S. D. and Burnett, J. J. (1982), 'The Macromarketing/Micromarketing Dichotomy: A Taxonomical Model', Journal of Marketing, Vol. 46, Summer 1982, pp. 11-26.

Hunt, S.D. and Lambe, C. J. (2000), 'Marketing Contribution to Business Strategy: Market Orientation, Relationship Marketing and Resource-advantage Theory', International Journal of Management Reviews, Vol. 2, 1, pp. 17-43.

Hussey, J. and Hussey, R. (1997), 'Business Research: A practical guide for undergraduate and postgraduate students', Macmillan: Basingstoke.

Hutchby, I. and Wooffitt, R. (1998), 'Conversation analysis: Principles, practices and applications', Polity Press and Blackwell Publishers Ltd: UK.

Hyde, K. F. (2000), 'Recognizing deductive processes in qualitative research', Qualitative Market Research: An International Journal, Vol. 3, 2, pp. 82-89.

Im, S. and Workman, J. P., Jr. (2004), 'Market orientation, creativity, and new product performance in high-technology firms', Journal of Marketing, Vol. 68, 2, pp. 114-132.

Jankowicz, A. D. (1995), 'Business Research Projects', 2nd Edition, International Thomson Business Press: London.

Janssens, W., Wijnen, K., De Pelsmacker, P. and Van Kenhove, P. (2008) 'Marketing Research with SPSS', Prentice Hall - FT: England.

Javalgi, R. G. , Whipple, T. W., Ghosh, A. K. and Young, R. B. (2005), 'Market orientation, Strategic Flexibility, and Performance: Implications for Services Providers', Journal of Service Marketing, Vol. 19, 4, pp. 212-221.

Jaworski, B.J. and Kohli, A.K. (1993), 'Market orientation: Antecedents and consequences', Journal of Marketing, Vol. 57, pp. 53-70.

- Jaworski, B.J. and Kohli, A.K. (1996), 'Market orientation: Review, refinement, and roadmap', *Journal of Market-Focused Management*, Vol. 1, 2, pp. 119-35.
- Jaworski, B., Kohli, A. K. and Sahay, A. (2000) 'Market-Driven Versus Driving Markets', *Academy of Marketing Science Journal*, Vol. 28, 1, pp. 45-54.
- Jaworski, B. (2002), 'Generating competitive intelligence in organizations', *Journal of Market-Focused Management*, Vol. 5, pp. 279-307.
- Jean, L.S.K. (1992), 'Quantitative versus qualitative research methods - two approaches to organization studies', *Asia Pacific Journal of Management*, Vol. 9,1, pp. 87- 94.
- Jick, T. D. (1979), 'Mixing qualitative and quantitative methods: Triangulation in action', *Administrative Science Quarterly*, Vol. 24, 4, pp. 602-611.
- Johnson, G., Scholes, K. and Whittington, R. (2008), 'Exploring Corporate Strategy', 8th Edition, Prentice Hall: England.
- Johnson, G., Whittington, R. and Scholes K. (2011), 'Exploring Strategy-Texts and Cases', 9th Edition, Pearson Education Limited: England.
- Johnson, P. (2008), 'Entry on Inductive analysis', in R. Thorpe and R. Holt (eds) 'The Sage dictionary of qualitative management research', Sage: London, pp.112-115.
- Johnson, R. B. and Onwuegbuzie, A. J. (2004), 'Mixed methods research: A research paradigm whose time has come', *Educational Researcher*, Vol. 33, 7, pp. 14-26.
- Johnson, R. B. and Christensen, L. B. (2010), 'Educational Research: Quantitative, Qualitative, and Mixed Approaches (ed.)', SAGE: California, pp.34-35.
- Jones, T. O. and Sasser, W. E. (1995) 'Why Satisfied Customers Defect', *Harvard Business Review*, Vol. 73, 6 (November-December), pp.88-99.
- Joreskog, K. G. (1977), 'Structural equation models in the social sciences: Specification, estimation and testing'. Paper presented at the Applications of Statistics: Proceedings of the Symposium Held at Wright State University, Dayton, Ohio, 14-18 June 1976.
- Joreskog, K. G. (1993), 'Testing structural equation models', in K. A. Bollen and J. S. Long (eds.), 'Testing Structural Equation Models', Vol. 154, pp. 294-316.

- Kaeadeniz, Ş., Büyükköz, Ş., Akgün, E., Çakmak, E. K. and Demirel, F. (2008), 'The Turkish adaptation study of motivated strategies for learning questionnaire (MSLQ) for 12-18 year old children: Results of confirmatory factor analysis', *The Turkish Online Journal of Educational Technology*, Vol. 7, 4, pp. 108-117.
- Kaiser, H. F. (1974), 'An index for factorial simplicity', *Psychometrika*, Vol.3, pp. 31-36.
- Kamata, A. and Bauer, D. J. (2008), 'A Note on the Relation Between Factor Analytic and Item Response Theory Models', *Structural Equation Modeling: A Multidisciplinary Journal*, Vol. 15, 1, pp. 136-153.
- Kara, A., Spillan, J. E. and DeSields, O. W., Jr. (2004), 'An Empirical Investigation of the Link between Market Orientation and Business Performance in Non-profit Service Providers', *Journal of Marketing Theory and Practice*, Vol. 12, 2, pp. 59-72.
- Kennedy, K.N., Goolsby, J.R. and Amould, E.J. (2003), 'Implementing a customer orientation: Extension of theory and application', *Journal of Marketing*, Vol. 67, 4, pp. 67-81.
- Kent, R. (1999), 'Marketing research: Measurement, method and application', International Thomson Business Press: London.
- Kerby, J. K. (1972), 'The Marketing Concept: Suitable Guide to Product Strategy', *Business Quarterly*, Vol. 37 (Summer), pp.31- 35.
- Keslinger, F. N. (1986), 'Foundations of Behavioral Research', 3rd Edition, Holt, Rinehart and Winston: New York.
- Kirca, A. H., Jayachandran, S. and Bearden, W. O. (2005), 'Market orientation: A meta-analytic review and assessment of its antecedents and impact on performance', *Journal of Marketing*, Vol. 69, 2, pp. 24-41.
- Kline, P. (1994), 'An Easy Guide to Factor Analysis', Routledge: London.
- Kline, R. B. (1998), 'Principle and Practice of Structural Equation Modelling', The Guilford Press: New York.
- Kohli, A.K. and Jaworski, B.J. (1990), 'Market orientation: The construct, research propositions, and managerial implications', *Journal of Marketing*, Vol. 54, pp. 1-18.
- Kohli, A.K., Jaworski, B.J. and Kumar, A. (1993), 'MARKOR: A measure of market orientation', *Journal of Marketing Research*, Vol. 30, pp. 467-477.

- Kohli, A.K. and Jaworski, B.J. (1999), 'The construct, research propositions, and managerial implications', in R. Deshpandé (ed.), 'Developing a Market Orientation', SAGE Publications: London and New Delhi.
- Konopa, L.J. and Calabro P.J. (1971), 'Adoption of the Marketing Concept by Large Northeastern Ohio Manufacturers', *Akron Business and Economic Review*, Vol.2 (spring), pp. 9-13.
- Kotler, P.C. and Levy. S. (1969), 'Broadening the Concept of Marketing', *Journal of Marketing*, Vol. 33, January.
- Kotler, P.C. and Zaltman, G. (1971), 'Social Marketing: An Approach to Planned Social Change', *Journal of Marketing*, Vol. 35, July.
- Kotler, P. C. (2009), 'Marketing Management', 13th Edition, Prentice Hall.
- Kozinets, R. V. (1997), 'I want to believe: A netnography of the X-philes' subculture of consumption', *Advances in Consumer Research*, Vol. 24, pp. 470-475.
- Kozinets, R. V. (2001), 'Utopian enterprise: Articulating the meaning of Star Trek's culture of consumption', *Journal of Consumer Research*, Vol. 28, pp. 67-88.
- Kozinets, R. V. (2002), 'The field behind the screen: Using netnography for marketing research in online communities', *Journal of Marketing Research*, Vol. 34, pp. 61-72.
- Kumar, K., Subramanian, R. and Yauger, C. (1998), 'Examining the Market-Orientation-Performance Relationship: A Context Specific Study', *Journal of Management*, Vol. 24, 2, pp. 201-233.
- Kumar, N., Scheer, L. and Kotler, J. L. (2000), 'From market driven to market driving', *European Management Journal*, Vol. 18, 2, pp. 129-142.
- Kumar, R. (2005), 'Research Methodology: A Step-by-Step Guide for Beginners', 2nd Edition, SAGE Publications Ltd: London.
- Kumar, V., Jones, E., Venkatesan, R. and Leone, R. P. (2011), 'Is market orientation a source of sustainable competitive advantage or simply the cost of competing?', *Journal of Marketing*, Vol. 75, pp. 16-30.
- Kyriakopoulos, K., Meulenbergh, M. and Nilsson, J. (2004), 'The Impact of cooperative structure and firm culture on market orientation and performance', *Agribusiness*, Vol.20, 4, pp. 379-396.

- Lado, N., Maydeu-Olivares, A. and Rivera, J. (1998), 'Measuring Market Orientation in Several Populations: A Structural Equations Model', *European Journal of Marketing*, Vol. 32, 1/2, pp. 23-39.
- Lafferty, B.A. and Hult, G.T.M. (2001), 'A synthesis of contemporary market orientation perspectives', *European Journal of Marketing*, Vol. 35, 1/2, pp. 92-109.
- Lam, S. K., Kraus, F. and Ahearne, M. (2010), 'The diffusion of market orientation throughout the organization: A social learning theory perspective', *Journal of Marketing*, Vol. 74, pp. 61-79.
- Landis, R. S., Beal, D.J. and Tesluk, P.E. (2000), 'A comparison of approaches to forming composite measure in structural equation models', *Organizational Research Methods*, Vol. 3, pp. 186-207.
- Langerak, F. (2001a), 'Effects of Market Orientation on the Behaviors of Salespersons and Purchasers, Channel Relationships, and Performance of Manufacturers', *International Journal of Research in Marketing*, Vol. 18, pp. 221-234.
- Langerak, F. (2001b), 'The Relationship between Customer and Supplier Perceptions of the Manufacturer's Market Orientation and its Business Performance', *International Journal of Market Research*, Vol. 43, 1, pp. 43-62.
- Langerak, F. (2003b), 'The Effect of Market Orientation on Positional Advantage and Organizational Performance', *Journal of Strategic Marketing*, Vol. 11, pp. 93-115.
- Langerak, F., Hultink, E. J. and Robben, H. S. J. (2004), 'The impact of Market Orientation, Product Advantage, and Launch Proficiency on New Product Performance and Organizational Performance', *Journal of Product Innovation Management*, Vol. 21, 2, pp. 79-94.
- Lawton, L. and Parasuraman, A. (1977), 'Is the Marketing Concept Compatible with New Product Development in Advanced Economy?', Paper presented at the 1977 Midwest Business Association Meeting, St Louis, Missouri.
- Lawton, L. and Parasuraman, A. (1980), 'The Impact of the Marketing Concept on New Product Planning', *Journal of Marketing*, Vol. 44, pp. 19-25.
- Lear, R. W. (1963), 'No Easy Road to Market Orientation', *Harvard Business Review*, September-October 1963, pp. 53-60.
- Ledford, G. and Mohrman, S. (1993), 'Looking Backward and Forward at Action Research', *Journal of Human Relation*, Vol. 46, 11, pp. 1349-1359.

Leedy, P. and Ormrod, J. (2001), 'Practical Research: Planning and Design', 7th Edition, Merrill Prentice Hall: Upper Saddle River, NJ: SAGE Publications: Thousand Oaks..

Lichtenthal, J. D. and Willson, D. T. (1992), 'Becoming Market Oriented', *Journal of Business Research*, Vol. 24, pp.191-207.

Lim, T. C. and Brown, G. (2010), 'Market orientation and performance outcomes: An empirical study of travel agencies in Taiwan', *Asia Pacific Journal of Tourism Research*, Vol. 15, 1.

Lincoln, Y. S. and Guba, E. G. (1985), 'Naturalistic inquiry'. SAGE: Beverly Hills, CA.

Liu, H. (1995), 'Market Orientation and Firm Size: An Empirical Examination in UK Firms', *European Journal of Marketing*, Vol. 1, pp.57-71.

Lonial, S. C. and Raju, P. S. (2001), 'The impact of environmental uncertainty on the market orientation-performance relationship: A study of the hospital industry', *Journal of Economic and Social Research*, Vol. 3, 1, pp. 5-27.

Loubser, S. S. (2000), 'The Relationship between Market Orientation and Financial Performance in South African Organizations', *South African Journal of Business Management*, Vol. 31, 2, pp. 84-89.

Lüneborg, J. L. and Nielsen, J. F. (2003), 'Customer Focused Technology and Performance in Small and Large Banks', *European Management Journal*, Vol. 21, 2, pp. 258-269.

Lusch, R. F., Udell, J. G. and Laczniak, R (1976), 'The Practice of Business :The Future of Marketing', *Business Horizons*, Vol. 19 (December), pp. 65-74.

Mack, N., Woodsong, C, MacQueen, K. M., Guest, G., and Namey, E. (2005), 'Qualitative Research Methods: A data collector's field guide', SAGE Publication.

Maguire, P. (1987), 'Doing participatory research: A feminist approach', *The Centre for International Education*, School of Education, University of Massachusetts: Amherst, Massachusetts.

Malhotra, N. K. (1981), 'A Scale to Measure Self-Concepts, Person Concepts, and Product Concepts', *Journal of Marketing Research*, Vol. 18, 456-464.

Malhotra, N. K. (2010), 'Marketing Research: An Applied Orientation', 6th Edition, Pearson International, Prentice Hall: London.

- Maltz, E. and Kohli, A. J. (2000), 'Reducing Marketing Conflict with other Functions: The Different Effects of Integrating Mechanisms', *Journal of Professional Service Marketing*, Vol. 28, 4, pp. 479-492.
- Martin, J. H., Martin, B. A. and Grbac, B. (1998), 'Employee Involvement and Market Orientation in a Transition Economy: Importance, Problems, and a Solution', *Journal of Managerial Issues*, Vol. 10, 4, pp. 485-502.
- Masiello, T. (1988), 'Developing Market Responsiveness throughout Your Company', *Industrial Marketing Management*, Vol. 17, pp. 85-93.
- Mason, K. and Harris, L.C. (2005), 'Pitfalls in evaluating market orientation: An exploration of executives' interpretations', *Long Range Planning*, Vol. 38, pp. 373-391.
- Masuno, K., Mentzer, J. T. and Rentz, J. (2005), 'A conceptual and empirical comparison of three market orientation scales', *Journal of Business Research*, Vol. 58, 1, pp. 1-8.
- Matear, S., Osborne, P., Garrett, T. and Gray, B. J. (2002), 'How does Market Orientation Contribute to Service Firm Performance? An Examination of Alternative Mechanisms', *European Journal of Marketing*, Vol. 36, 9/10, pp. 1058-1075.
- Matear, S., Gray, B. J. and Garrett, T. (2004), 'Market Orientation, Brand Investment, New Service Development, Market Position and Performance for Service Organizations', *International Journal of Service Industry Management*, Vol. 15, 3/4, pp. 284-300.
- Matsuno, K., Mentzer, J. T. and Rentz, J. O. (2000), 'A refinement and validation of the MARKOR scale', *Journal of the Academy of Marketing Science*, Vol. 28, 4, pp. 527-539.
- Matsuno, K. and Mentzer, J. T. (2000), 'The effects of strategy type on the market orientation-performance relationship', *Journal of Marketing*, Vol. 64, 4, pp. 1-16.
- Matsuno, K., Mentzer, J. T. and Özsomer, A. (2002), 'The effects of entrepreneurial proclivity and market orientation on business performance', *Journal of Marketing*, Vol. 65, pp. 18-32.
- Matsuno, K., Mentzer, J. T. and Rentz, J. O. (2005), 'A conceptual and empirical comparison of three market orientation scales', *Journal of Business Research*, Vol. 58, pp. 1-8.
- Mautner, T. (2005), 'The Penguin dictionary of philosophy', Penguin: London.
- Maydeu-Olivares, A. and Lado, N. (2003), 'Market Orientation and Business Economic Performance- A Mediated Model', *International Journal of Service Industry Management*, Vol. 14, 3, pp. 284-309.

McDaniel, C., Jr. and Gates, R. (2010), 'Marketing Research Essentials', 2nd Edition, John Wiley and Sons, Inc.: USA.

McDermott, D. R., Franzak, F. J. and Little, M. W. (1993), 'Does marketing relate to hospital profitability', *Marketing Health Services*, Vol. 13, 2, pp. 18-25.

Mckitterick, J. B. (1957), 'What is Marketing Management Concept', in 'The Frontiers of Marketing Thought and Actions', American Marketing Association, as cited in Kotler, P.C. (2003), 'Marketing Management', 11th Edition, Prentice Hall.

McKnight, D. H., Choudhury, V. and Kacmar, C. (2002), 'Developing and Validating Trust Measures for E-Commerce: An Integrative Typology', *Information Systems Research*, Vol. 13, 3, pp. 334-359.

McNamara, C. P. (1972), 'The Present Status of the Marketing Concept', *Journal of Marketing*, Vol. 36, pp. 50-57.

Messikomer, E. E. (1987), 'Marketing Changes the Corporate Culture – A Company Study', *The Journal of Business and Industrial Marketing*, Vol. 2, 4, pp. 53-58.

Miles, M. B. and Huberman, A. M. (1994), 'Qualitative Data Analysis: An expanded sourcebook', 2nd Edition, Sage: London and Thousand Oaks, California.

Mingers, J. (2001), 'Combining IS research methods: Towards a pluralist methodology', *Information Systems Research*, Vol. 12, 3, pp. 240-259.

Morgan, D. (1997), 'Focus Groups as Qualitative Research', 2nd Edition, SAGE Publications: London.

Morgan, N. A. and Strong, C. A. (1998), 'Market Orientation and Dimensions of Strategic Orientation', *European Journal of Marketing*, Vol. 32, 11/12, pp. 1051-1073.

Morgan, R. E. and Turnell, C. R. (2003), 'Market-based organizational learning and market performance gain', *British Journal of Management*, Vol. 14, pp. 255-274.

Moorman, C. (1995), 'Organizational Market Information Processes: Cultural Antecedents and new Product Outcomes', *Journal of Marketing Research* Vol.32, 3, pp. 318-335.

Murray, M. (2003), 'Narrative psychology' in J.A. Smith (ed.), 'Qualitative psychology: A practical guide to research methods', Sage Publications, pp. 111-131.

Nagi, J. C. H. and Ellis, P. (1998), 'Market Orientation and Business Performance: Some Evidence from Hong Kong', *International Marketing Review*, Vol. 15, 2, pp. 119-139.

Nagi, S. and Biber, H. (2011), 'The Practice of Qualitative Research', 2nd Edition, SAGE Publications Inc., http://www.sagepub.com/upm-data/34087_Chapter1.pdf, 18 July 2012.

Narver, J.C. and Slater, S.F. (1990), 'The effect of a market orientation on business profitability', *Journal of Marketing*, Vol. 54, pp. 20-35.

Narver, J.C., Slater, S.F. and Tietje, B. (1998), 'Creating a market orientation', *Journal of Market-Focused Management*, Vol. 2, 3, pp. 241-55.

Narver, J. C., Jaccobson, R. L. and Slater, S. F. (1999), 'Market Orientation and Business Performance: An Analysis of Panel Data', in R. Deshpandé (ed.), 'Developing a Market Orientation', SAGE Publications: London and New Delhi.

Narver, J. C., Slater, S.F. and MacLachlan, D. L. (2004), 'Responsive and proactive market orientation and new product success', *Journal of Product Innovation Management* Vol. 21, pp. 334-347.

Neuman, W. L. (1997), 'Social Research Methods, Qualitative and Quantitative Approaches', Allyn and Bacon: Needham Heights, MA.

Nielsen, J. F., Bukh, P. N. D. and Mols, N. P. (2000), 'Barriers to Customer-oriented Management Accounting Financial Services', *International Journal of Service Industry Management*, Vol. 11, 3, pp. 269-286.

Noble, C. H., Sinha, R. K. and Kumar, A. (2002), 'Market Orientation and Alternative Strategic Orientation: A Longitudinal Assessment of Performance Implications', *Journal of Marketing*, Vol. 66, 4, pp. 25-39.

Norusis, M. J. (1995), 'Statistical package for the Social Science-SPSS, Version 6.1.3', SPSS Inc.: Chicago.

Nudzor, H. P. (2009), 'A critical commentary on combined methods approach to researching educational and social issues', *Issues in Educational Research*, Vol. 19, 2, pp. 114-127.

Nunnally, J. C. (1967), 'Psychometric Theory', McGraw-Hill: New York.

Nunnally, J. C. (1978), 'Psychometric Theory', McGraw-Hill: New York.

Nunnally, J. C. and Bernstein, I. H. (1994), 'Psychometric Theory', 3rd Edition, McGraw-Hill: New York.

Nwokah, N. G. (2008), 'Strategic Market Orientation and Business Performance: The study of food and beverage organizations in Nigeria', *European Journal of Marketing*, Vol. 42, 3, pp. 279-286.

Oczkowski, E. and Farrell, M. A. (1998), 'Discriminating between Measurement Scales using Non-nested Test and Two-stage Least Squares Estimator: The Case of Market Orientation', *International Journal of Research in Marketing*, Vol. 15, pp. 349-366.

Olsen, H. W. and Olsen, E. J. (2004), 'Advancing the concept of market orientation: An empirical examination in South America', *Latin American Business Review*, Vol. 5, 2, pp. 1-24.

Oppenheim, A. N. (1992), 'Questionnaire Design, Interviewing and Attitude Measurement', New Edition, Cassell Wellington House: London.

Orlikowski, W. J. and Baroudi, J. J. (1991), 'Studying Information Technology in Organizations: Research Approaches and Assumptions', *Information Systems Research*, Vol. 2, 1, pp. 1-28.

Osuagwu, L. (2006), 'Market Orientation in Nigerian Companies', *Marketing Intelligence and Planning*, Vol. 24, 6, pp. 608-631.

O'Sullivan, D., Abela, A. V. and Hutchinson, M. (2009), 'Marketing Performance Measurement and Firm Performance: Evidence from the European High-Technology Sector', *European Journal of Marketing*, Vol. 43, 5/6, pp. 843-862.

Oxford Dictionary (2012), site: <http://oxforddictionaries.com/definition/english/bank>, visited 30 October 2012

Pandelica, A., Pandelica, L. and Domitru L. (2009), 'What is market orientation and how did it evolve during time? What do empirical findings show?', *The Business Review*, Cambridge, Vol. 13, 1.

Payne, A. F. (1988), 'Developing a Marketing Oriented Organization', *Business Horizons*, Vol. 31 (May-June), pp. 46-53.

Pelham A. M. (1993), 'Mediating and moderating influences on the relationship between market orientation and performance', Doctorial dissertation, Pennsylvania State University.

Pelham, A. M. and Wilson, D. T. (1996), 'A longitudinal study of the impact of market structure, firm structure, strategy, and market orientation culture on dimensions of small-firm performance', *Journal of the Academy of Marketing Science*, Vol. 24, 1, pp. 27-43.

- Pelham, A. M. (1997), 'Market orientation and performance: The moderating effects of products and customer differentiation', *Journal of Business and Industrial Marketing*, Vol. 12, 5, pp. 276-296.
- Pelham, A. M. (1997), 'Mediating influences on the relationship between market orientation and profitability in small industrial firms', *Journal of Marketing Theory and Practice*, Vol. 5, 2, pp. 1-23.
- Pelham, A. M. (1999), 'Influence of environment, strategy, and market orientation on performance in small manufacturing firms', *Journal of Business Research*, Vol. 45, pp. 33-46.
- Perry, C. (2000), 'Case research in marketing', *The Marketing Review*, Vol. 1, 3, pp. 303-323.
- Peter, J. P. (1979), 'Reliability: A review of psychometric basis and recent marketing practice', *Journal of Marketing Research*, Vol. 16, pp. 6-17.
- Piercy, N.F. (1989), 'Marketing concepts and actions: Implementing market-led strategic change', *European Journal of Marketing*, Vol. 24, 2, pp. 24-42.
- Pitt, L., Caruana, A. and Berthon, P. (1996), 'Market Orientation and Business Performance: Some European Evidence', *International Marketing Review*, Vol. 13, pp. 43-60.
- Polit, D. F., Beck, C. T. and Hungler, B. P. (2001), 'Essentials of nursing research methods, appraisal, and utilization', Lippincott: Philadelphia.
- Potter, J. and Wetherell, M. (1987), 'Discourse and social psychology: Beyond attitudes and behaviour', Sage Publications.
- Prahalad, C. K. and Hamel, G. (1990), 'The Core Competence of the Corporation' *Harvard Business Review*, 68, (May-June), pp.79-91.
- Proctor, S. (1998), 'Linking philosophy and method in the research process: The case for realism', *Nurse Researcher*, Vol. 5, 4, pp. 73-90.
- Pulendran, S. and Speed, R. (1996), 'Planning and Doing: The relationship between marketing planning styles and market orientation', *Journal of Marketing Management*, Vol. 12, pp. 53-68.
- Pulendran, S., Speed, R. and Widing, R. E. (2003), 'Market Planning, market orientation and business performance', *European Journal of Marketing*, Vol.37, 3/4, pp.476-497.
- Punch, K. (2000), 'Developing effective research proposals', SAGE Publications: London.

- Qu, R. and Ennew, C. T. (2008), 'Does business environment matter to the development of a market orientation?', *Journal of Travel and Tourism Marketing*, Vol. 24, 4, pp. 271-283.
- Raaij, E. M. V. and Stoelhorst, J. W. (2008), 'The Implementation of a Market Orientation: A Review and Integration of the Contributions to Date', *European Journal of Marketing*, Vol. 42, 11/12, pp. 1265-1293.
- Raju, P. S., Lonial, S. C., Gupta, Y. P. and Ziegler, C. (2000), 'The Relationship Between Market Orientation and Performance in the Hospital Industry: A Structural Equations Modeling Approach', *Health Care Management*, Vol. 3, pp. 237-247.
- Rattray, J. and Jones, M. C. (2007), 'Essential elements of questionnaire design and development', *Journal of Clinical Nursing*, Vol. 16, pp. 234-243.
- Remenyi, D., Williams, B., Money A. and Swartz, E. (2009), 'Doing Research in Business and Management', SAGE Publications Ltd: London.
- Riessman, C.K. (1993), 'Narrative analyses', Sage Publications.
- Riley, M., Wood, R. C., Clark, M. A., Wilkie, E. and Szivas E. (2000), 'Researching and Writing Dissertations in Business and Management', Thomson Learning.
- Robinson, R. B. and Pearce, J. A. (1988), 'Planned Patterns of Strategic Behavior and Their Relationship to Business-Unit Performance', *Strategic Management Journal*, Vol. 9, pp. 43-60.
- Robson, C. (2002), 'Real World Research', 2nd Edition, Blackwell: Oxford.
- Rodriguez Cano, C., Carrillat, F.A. and Jaramillo, F. (2004), 'A meta-analysis of the relationship between market orientation and business performance: Evidence from five continents', *International Journal of Research in Marketing*, Vol. 21, 2, pp. 179-200.
- Ruekert, R.W. (1992), 'Developing a Market Orientation: An organizational strategy perspective', *International Journal of Research in Marketing*, Vol. 9, pp. 225-245.
- Saunders, M., Lewis, P. and Thornhill, A. (2007), 'Research Methods for Business Students', 4th Edition, Prentice Hall Financial Times: Harlow.
- Schreiber, J. B., Stage, F. K., King, J., Nora, A. and Barlow, E. A. (2006), 'Reporting Structural Equation Modeling and Confirmatory Factor Analysis Results: A Review', *The Journal of Educational Research*, July/August, Vol. 99, 6, pp. 323-337.

Seiber, S.D. (1973), 'The integration of field work and survey methods', *American Journal of Sociology*, Vol. 78, 6, pp. 1335-1359.

Sekaran, U. (2000), 'Research methods for business: A skill-building approach', 3rd Edition, John Wiley & Sons, Inc.

Selnes, F., Jaworski, B. J. and Kohli, A. K. (1996), 'Market Orientation in United States and Scandinavian Companies: A cross cultural study', *Scandinavian Journal of Management*, Vol. 12, 2, pp. 139-157.

Senge, P. M. (1990), 'The Fifth Discipline', 1st Edition, Doubleday: New York.

Shapiro, B. P. (1988), 'What the Hell is Market Oriented?', *Harvard Business Review*, Vol. 88, 6, pp. 119-125.

Shoham, A., Rose, G. M. and Kropp, F. (2005), 'Market Orientation and Performance: A meta-analysis', *Marketing Intelligence & Planning*, Vol. 23, 4/5, pp. 435- 454.

Siguaw, J. A. and Diamantopoulos, A. (1995), 'Measuring market orientation: Some evidence on Narver and Slater's three-component scale', *Journal of Strategic Marketing*, Vol. 3, pp. 77-88.

Silverman, D. (2005), 'Doing Qualitative Research: A practical handbook', 2nd Edition, Sage Publications: London.

Silverman, W. A. (2003), 'Personal reflections on lessons learned from randomized trials involving newborn infants', 1951 to 1967. James Lind Library (www.jameslindlibrary.org). Accessed 24 April 2012

Sin, L. Y. M., Tse, A. C. B., Yau, O. H. M., Chow, R. and Lee, J. S. Y. (2003), 'Market orientation and business performance: A comparative study of firms in mainland China and Hong Kong', *European Journal of Marketing*, Vol. 37, 5/6, pp. 910-936.

Sin, L. Y. M., Tse, A. C. B., Yau, O. H. M., Chow, R. P. M., Lee, J. S. Y. and Lau, L. B. Y. (2005), 'Relationship market orientation: Scale development and cross-cultural validation', *Journal of Business Research*, Vol. 58, pp. 185-194.

Singh, S. (2003), 'Effects of Transition Economy on the Market Orientation-Business Performance Link: The Empirical Evidence from Indian Industrial Firms', *Journal of Global Marketing*, Vol. 16, 4, pp. 73-96.

- Sinkula, J. M., Baker, W. E. and Noordewier, T. (1997), 'A Framework for Market-Based Organizational Learning: Linking Values, Knowledge, and Behavior', *Journal of the Academy of Marketing Science*, Vol. 4, pp. 305-318.
- Slater, S. E. and Narver, J. C. (1994a), 'Does Competitive Environment Moderate the Market Orientation Performance Relationship?', *Journal of Marketing*, Vol. 58, pp. 46-55.
- Slater, S. E. and Narver, J. C. (1994b), 'Market Orientation, Customer Value, and Superior Performance', *Business Horizon*, March-April, pp. 22-28.
- Slater, S. F. and Narver, J. C. (1995), 'Market Orientation and the Learning Organization', *Journal of Marketing*, July, Vol. 59, 3, pp. 63-74.
- Slater, S. F. and Narver, J. C. (1996), 'Competitive Strategy in the Market-focused Business', *Journal of Market Focused Management*, Vol. 1, pp.159-174.
- Slater, S. and Narver, J. C. (1999), 'Market orientation is not enough', in R. Deshpandé (ed.), 'Developing Market Orientation', SAGE Publications: London and New Delhi.
- Smith, J.A. and Osborn, M. (2003), 'Interpretative phenomenological analyses', in J.A.Smith (ed.) 'Qualitative Psychology: A practical guide to methods', Sage Publications.
- Smith, M.J. (1998), 'Social Science in Question', Sage Publications: London.
- Sobel, M. E. (1982), 'Asymptotic confidence intervals for indirect effects in structural equation model', in S. Lieinhardt (ed.), 'Sociological Methodology', American Sociological Association: Washington DC., pp. 290-312.
- Sobel, M. E. (1986), 'Some New Results on Indirect Effects and Their Standard Errors in Covariance Structure', *Sociological Methodology*, Vol. 16, pp. 159-186.
- Spiggle, S. (1994), 'Analysis and Interpretation of Qualitative Data in Consumer Research', *Journal of Consumer Research*, Vol. 21, 3, p. 491.
- Stata, R. (1989), 'Organizational Learning: The Key to Management Innovation', *Sloan Management Review*, Spring, pp. 63-74.
- Steinman, C., Deshpandé, R. and Farley, J. U. (2000), 'Beyond Market Orientation: When Customers and Suppliers Disagree', *Journal of the Academy of Marketing Science*, Vol. 28, 1, pp. 109-119.

- Stewart, A. (1998), 'The Ethnographer's Method', Sage Publications: Thousand Oaks, CA.
- Stoelhorst, J. W. and Van Raaij, E.M. (2004), 'On explaining performance differentials: marketing and the managerial theory of the firm', *Journal of Business Research*, Vol. 57, 5, pp. 462-477.
- Sweeney, J. C. and Soutar, G. N. (2001), 'Consumer perceived value: The development of a multiple item scale', *Journal of Retailing*, Vol. 77, 2, pp. 203-220.
- Tabachnick, B. G. and Fidell, L. S. (2001), 'Using Multivariate Statistics', 4th Edition, Allyn & Bacon: Boston.
- Taghian, M. (2010), 'Marketing planning: Operationalising the market orientation strategy', *Journal of Marketing Management*, Vol. 26, 9/10, pp. 825-841.
- Tashakkori, A. and Teddlie, C. (2003), 'Handbook of mixed methods in social and behavioural research', SAGE: Thousand Oaks, CA.
- The Venus Project: Beyond Politics Poverty and War site, <http://thevenusproject.com/en/the-venus-project/resource-based-economy>, on 3 October 2012.
- Thompson, C. J. (1997), 'Interpreting Consumers: A hermeneutical framework for deriving marketing insights from texts of consumer consumption stories', *Journal of Marketing Research*, Vol. 34, 4, pp. 438-456.
- Ticehurst, G.W. and Veal, A. J. (2000), 'Business research methods: A managerial approach', Pearson Education: Australia, NSW.
- Todaro, P. (1997), 'Economic Development', 6th Edition, Addison-Wesley Publishing Company, Inc.: US.
- Tse, A. C. B. (1998), 'Market orientation and performance of large property companies in Hong Kong', *International Journal of Commerce and Management*, Vol. 8, 1, pp. 57-69.
- Tuckett, A.G. (2005), 'Applying thematic analysis theory to practice: A researcher's experience', *Contemporary Nurse*, Vol. 19, pp.75- 87.
- Ullman, J. B. (2001), 'Structural Equation Modelling' in B. G. Tabachnick and L. S. Fidell (eds), 'Using Multivariate Statistics', 4th Edition, Allyn and Bacon: Boston.
- Uncles, M. (2000), 'Market Orientation', *Journal of Management*, Vol. 25, 2, pp. 1-9

- Van Bruggen, G. H. and Smidts, A. (1995), 'The Assessment of Market Orientation: Evaluating the Measurement Instrument as a Tool for Management', *Proceeding of the Annual Conference of the European Marketing Academy*, Cergy-Pontoise, May, pp.16-19.
- Van Egeren, M., Trinh, H. Q. and O'Connor, S. (1999), 'The Influence of Top Management Team and External Environment Characteristics on Market Orientation and Performance in Service Firms', *Journal of Professional Services Marketing*, Vol. 20, 1, pp. 5-22.
- Venkatraman, N. and Ramanujam, V. (1986), 'Measurement of Business Performance in Strategy Research: A Comparison Approach', *Academy of Management Review*, Vol. 11, 4, pp. 801-814.
- Verhees, J. H. M. and Meulenbergh, T. G. (2004), 'Market Orientation, Innovativeness, Product Innovation, and Performance in Small Firms', *Journal of Small Business Management*, Vol. 42, 2, pp.134-154.
- Vorhies, D. W., Harper, M. and Rao, C. P. (1999), 'The capabilities and performance advantages of market-driven firms', *European Journal of Marketing*, Vol. 33, 11/12, pp. 1171-1202.
- Vorhies, D. W. and Harker, M. (2000), 'The capabilities and performance advantage of market-driven firms: An empirical investigation', *Australian Journal of Management*, Vol. 25, 2, pp. 145-171.
- Walle, A. H. (1997), 'Quantitative Versus Qualitative Tourism Research', *Annals of Tourism Research*, Vol. 24, 3, pp. 524-536.
- Ward, S. and Lewandowska, A.(2008), 'Is the Marketing Concept Always Necessary? - The effectiveness of customer, competitor and social strategies in business environment types', *European Journal of Marketing*, Vol. 42,. 1/2, pp. 222-237.
- Webster, F.E. (1988), 'The rediscovery of the marketing concept', *Business Horizons*, Vol. 31, 3, pp. 29-39.
- Webster, F. E., Jr. (1992), 'The Changing Role of Marketing in the Corporation', *Journal of Marketing*, Vol. 56, October, pp. 1-17.
- Webster, F. E. (1994a), 'Defining the new Marketing Concept', *Marketing Management*, Vol. 2, 1, pp. 23-31.
- Webster, F. E., Jr. (1994b), 'Market-Driven Management', John Wiley & Sons, INC.

Wensley, R. (1995), 'A Critical Review of Research in Marketing', *British Journal of Management*, Vol. 6, pp. S63-S82.

West, D., Ford, J. and Ibrahim, E. (2006), 'Strategic Marketing', Oxford University Press.

Westberg, K.I., Hallahan, T., Mulye, R., Schwartz, M. and Stavros, C. (2009), 'Challenges to Implementing Market Orientation in the Funds Management Industry', *Proceedings of The Australian and New Zealand Marketing Academy Conference 2009*, 30 November to 2 December 2009, Melbourne, available at <http://www.duplication.net.au/ANZMAC09/Papers.html> browsed on 7 September 2010.

Whittington, R. and Whipp, R. (1992), 'Professional ideology and marketing implementation', *European Journal of Marketing*, Vol. 26, 1, pp. 52-62.

Willam, C. (2007), 'Research Methods', *Journal of Business & Economic Research* – March 2007, Volume 5, 3, pp. 65-72.

Willig, C. (2003), 'Discourse analysis', in J.A. Smith (ed.), 'Qualitative psychology: A practical guide to research methods', Sage Publications, pp.159-183.

Wood, M. and Welch, C. (2010), 'Are "Qualitative" and "Quantitative" Useful Terms for Describing Research?', *Methodological Innovations Online*, Vol. 5, 1, pp. 56-71.

Wood, V. R., Bhuian, S. and Kiecker, P. (2000), 'Market Orientation and Organizational Performance in Non-Profit Hospitals', *Journal of Business Research*, Vol. 48, pp. 213-226.

Woodruff, R. B. (1997), 'Customer Value: The Next Source for Competitive Advantage', *Journal of the Academy of Marketing Science*, Vol. 25, 2, pp. 139-153.

Wong, V., Saunders, J. and Doyle, P. (1989), 'The Barriers to Achieving Stronger Market Orientation in British Companies: An Exploratory Study', *The 22nd. Marketing Education Group Conference*, pp. 35-64.

Zaichowsky, J. (1985), 'Measuring the involvement construct', *Journal of Consumer Research*, Vol. 12, pp. 341-352.

Zikmund, W. G. (1998), 'Essentials of marketing research', Harcourt Brace College Publishers.

Zikmund, W. G. (2003), 'Business research methods', 7th Edition, Thomson South-Western: USA.

Zikmund, W. G., Babin B. J., Carr, J. C. and Griffin, M. (2010), 'Business Research Methods', 8th Edition, South-Western, Sengage Learning: Canada.

Zinkham, G. M. and Hirschheim, R. (1992), 'Truth in marketing theory and research: An alternative perspective', *Journal of Marketing*, Vol. 56 (April), pp. 80-88.

Appendices

Appendix A

Business organizations' questionnaire



Brunel Business School

Dear Sir/Madam

The researcher (Abdulmonem Mohammed Al-Shirawi) hereby confirms that all the data from individuals collected through this questionnaire will be treated with maximum confidentiality and will be only used for this academic research purpose and therefore, will not be disclosed to a third party.

Participant Consent Form

Many thanks for agreeing to participate in my research project. The project has to be completed in part fulfilment of my degree programme and so your assistance is much appreciated.

Consent:

I have read the Participation Information Sheet and hereby indicate my agreement to participate in the study and for the data to be used as specified.

Name of participant or informed third party: -----

Signature: -----

Date: -----

1) Name of the Business Organisation: -----

2) Gender:

Female

Male

3) Level of Education:

Less than Bachelor Degree

Bachelor Degree

MBA/Master Degree

PhD Degree

Current position held: -----

Number of Years of Experience in Industry: -----

4) The statements below describe market orientation/responsiveness by service organisation. Please indicate extent of your agreement about how well the statements describe the actual customer orientation in your organization.

Please answer by a check mark in the appropriate column.

		Strongly Disagree	Disagree	Neither agree Nor Disagree	Agree	Strongly Agree
		1	2	3	4	5
1	Our business exists primarily to serve customers.					
2	Our corporate culture guides all members of our organization to focus on creating superior value to our customers					
3	Our corporate culture guides all members of our organization to focus on delivering superior value to our customers.					
4	Our corporate culture fosters our top management commitments to continuously emphasize that serving customers is the most important to our business.					
5	Our corporate culture facilitate the enhancement of our communications with all stakeholders					

6	Our business objectives are driven primarily by customer satisfaction					
7	Our strategy for competitive advantage is based on our understanding of customers' need					
8	We are periodically reviewing our product development efforts to ensure that they are in line with what customer want.					
9	Our formulated strategy is based on thorough understanding of customer expectation.					
10	We are more customers focused than our competitors					
11	We constantly monitor our level of commitment to serving customer needs					
12	We constantly monitor our level of orientation to serving customer needs					
13	We are quickly responding to changes in our customers' expectations					
14	The activities of the deferent departments in this business organization are well coordinated					
15	We are quickly responding to significant changes in our competitors offering					
16	Our organizational structure foster the implementation of our strategy					
17	Our management information system facilitates the collection of market information					
18	Our management information system facilitates systematic dissemination of generated intelligence					
19	Our performance appraisal system is based on market-linked factors					
20	Our appraisal system rewards employees based on customers' satisfaction					
21	We freely communicate feedback on customer experiences across all business functions					
22	We measure customer satisfaction systematically at least once a year					

23	We have established measures of customer service					
24	We disseminate feedback on customer satisfaction regularly at all levels in our business organization					

25) Could you please give me some idea of approximately how often you survey customers to assess the perceived quality of customer service?

(Please tick the most appropriate box)

Twice per year or more often <input type="checkbox"/>	Once per year <input type="checkbox"/>	Every two years <input type="checkbox"/>	Every three years or less often <input type="checkbox"/>	Never <input type="checkbox"/>
---	--	--	--	--------------------------------

Appendix B

Customers' questionnaire



Brunel Business School

Dear Sir/Madam

The researcher (Abdulmonem Mohammed Al-Shirawi) hereby confirms that all the data from individuals collected through this questionnaire will be treated with maximum confidentiality and will be only used for this academic research purpose and therefore, will not be disclosed to a third party.

Participant Consent Form

Many thanks for agreeing to participate in my research project. The project has to be completed in part fulfilment of my degree programme and so your assistance is much appreciated.

Consent:

I have read the Participation Information Sheet and hereby indicate my agreement to participate in the study and for the data to be used as specified.

Name of participant or informed third party: -----
-

Signature: -----

Date: -----

Financial Organizations Customer Responsiveness Questionnaire

1. Business Organization Individual

2. If Business Organisation, please indicate the position currently held:

3. If individual customer please indicate the gender:

Female Male

4. Please indicate the level of Education:

Less than Bachelor Degree Bachelor Degree MBA/Master Degree
 PhD Degree

The statements below describe your evaluation of two financial institutions whose services you are currently using. Please indicate extent of your agreement about how well the statements describe the actual level of services provided by them and the extent to which your needs and expectations are met.

A) Bank

Please name your major Bank with which you receive most of the required services:

1) Please answer in the context of your organisation by check mark in the appropriate column.

		Strongly Disagree	Disagree	Neither agree Nor Disagree	Agree	Strongly Agree
		1	2	3	4	5
1	They respond very quickly to negative customer satisfaction information.					
2	They respond quickly to changing customer requirements.					
3	If customers complain, changes are made very quickly.					
4	They respond very quickly to factors affecting their market.					

5	A high priority is placed on implementing changes to increase future customer satisfaction.					
6	The organisation exist primarily to serve customers such as me					
7	The organisation focuses on creating superior value to customers such as me					
8	The organisation has a structured program that obtains the feedback necessary to fully understand customers' needs and expectations.					
9	The organisation responses to information that states customer preferences.					

10) To what extent do you consider the organization to be more customer focused than its competitors:

Please tick the most appropriate box for each.

Much less customer focused <input type="checkbox"/>	Less customer focused <input type="checkbox"/>	Moderate customer focused <input type="checkbox"/>	More customer focused <input type="checkbox"/>	Much more customer focused <input type="checkbox"/>
---	--	--	--	---

11) **Could you please give me some idea of approximately how often the organization surveys customers to assess their perceived quality of customer service?**
(Please tick the most appropriate box)

Twice per year or more often <input type="checkbox"/>	Once per year <input type="checkbox"/>	Every two years <input type="checkbox"/>	Every three years or less often <input type="checkbox"/>	Never <input type="checkbox"/>
---	--	--	--	--------------------------------

B) Insurance Company

Please name your major Insurance Company with which you receive most of the required services:

Please name your major Bank with which you receive most of the required services:

12) Please answer in the context of your organisation by check mark in the appropriate column.

		Strongly Disagree	Disagree	Neither agree Nor Disagree	Agree	Strongly Agree
		1	2	3	4	5
1	They respond very quickly to negative customer satisfaction information.					
2	They respond quickly to changing customer requirements.					
3	If customers complain, changes are made very quickly.					
4	They respond very quickly to factors affecting their market..					
5	A high priority is placed on implementing changes to increase future customer satisfaction.					
6	The organisation exist primarily to serve customers such as me					
7	The organisation focuses on creating superior value to customers such as me					
8	The organisation has a structured program that obtains the feedback necessary to fully understand customers' needs and expectations.					
9	The organisation responses to information that states customer preferences.					

10) To what extent do you consider that the organization is more customers focused than its competitors?

Please tick the most appropriate box for each.

Much less customer focused <input type="checkbox"/>	Less customer focused <input type="checkbox"/>	Moderate customer focused <input type="checkbox"/>	More customer focused <input type="checkbox"/>	Much more customer focused <input type="checkbox"/>
---	--	--	--	---

**11) Could you please give me some idea of approximately how often the organization surveys customers to assess their perceived quality of customer service?
(Please tick the most appropriate box)**

Twice per year or more often <input type="checkbox"/>	Once per year <input type="checkbox"/>	Every two years <input type="checkbox"/>	Every three years or less often <input type="checkbox"/>	Never <input type="checkbox"/>
---	--	--	--	--------------------------------

Appendix C

Provides details related to qualitative research findings (From the transcripts) – Organizations and Customer respondents.

1) Financial institutions' responses

1.1 Intelligence generation and dissemination

Moderator: Can you explain the process through which your organization gathers information about the market, competitors, overall market conditions, and the environment in which you operate?

In doing so please elaborate how the generated information is shared and disseminated throughout the organization.

One banking executive stated:

“We have two types of activities for gathering intelligence by our Corporate Communication Department. They are gathering related information through the newspaper, through the scientific articles about Banking, about financial organizations, new product development and they are just reporting to us. In addition, we gathered information from attending various events, attending workshops and seminars, and also we are undertaking market research.”

Another Bank Executive said:

“We are visiting customers and discussing their existing and future needs and wants, providing them with precise and up-to-date information about our existing and new products, collecting from them intelligence related to the market conditions, and competitors activities are continuous processes that is not only undertaken by our frontline employees and managers, but also by top management to ensure that everybody within the organization have in depth knowledge of our customers, services provided to them and to what extent they are satisfied with such services”.

A retail bank executive said:

“Our frontline employees also play a very important role whether in communicating with our corporate customers or in gathering market and customer information, but

also ensure that such gathered intelligence is disseminated through the different management levels and the various functional areas.”

A Credit Card Executive said:

“The biggest advantage in Bahrain is it is a small market. You can hear your customer all the time by talking to your friends, by talking and going here and there. Talking to the calls from the call center, you could tell what do they want and how they think about you”.

He adds:

“Through mystery shopping, we assigned a third party company to monitor our service and find out what are our customers’ requirements, wants, and needs. They monitor our customer service, monitor our call center, and branches and compare all these aspects with our competitors”.

A Marketing Executive in a retail bank also said:

“However, with the latest crises experienced in this sector we are trying to not only enhance the quality of the gathered market, competitors and customer intelligence but also to focus on analyzing and interpreting, and disseminating the information through the Bank’s different levels and across all the various Departments in order to ensure that the entire organization is able to contribute in the creation and delivery of our services to our customers before our competitors and with a perceived value better than our competitors”.

1.2 Communication with stakeholders

Moderator: Would you please explain how important the cooperation and coordination is between the various departments within your organization and how important your internal and external communication is with the various stakeholders?

A CEO of an investment company said:

“We do keep our employees and managers fully aware of all the new products, market information, and up-to-date customers’ information to enable them to answer any enquiry or questions raised by any of our customers. This is because when such a product or

service is discussed at different levels and across the various departments' knowledge is shared and contribution is facilitated'.

A Marketing executive said:

“One Bank executive explained to us how they are coordinating their efforts to meet customers’ demand and satisfy customers’ needs. He said if there is a customer who needs our exchange rates every morning at 9 o’clock, this customer is not satisfied because he is not getting the exchange rates on time. Therefore, we approach the Treasury Department and found that this delay is related to some computer or network issues. Accordingly, a meeting with IT and Treasury Departments is organized to coordinate and discuss this issue. Hence, we obtain the IT agreement to allocate a dedicated person to solve the technical problem for the Treasury Department within 10 minutes from its occurrence. We obtain the agreement of the Treasury to forward the exchange rate to the Branch not later than 8.50 in the morning, and agreed with the Branch the exchange rate will be sent to the customer maximum by 09.00 sharp.”

In fact, another marketing executive argues that internal communication and knowledge sharing is crucial in the process of becoming more market oriented and he said:

“We also ensure that internal communications are as healthy as it must be. Knowledge sharing is achieved through workshops, seminars, and meetings. And I mean by meetings not only within each functional area but also cross the different functional areas. We do market our new products and services internally before any attempt to market them to our customers. Everybody within the organization must be familiar not only with our products and services but also how it would suit the various segments within our market. Knowledge sharing is achieved through workshops, seminars, and meetings. And I mean by meetings not only within each functional area but also across the different functional areas. We do market our new products and services internally before any attempt to market them to our customers”.

A Credit Card Company Executive explained some of his organization’s approaches to enhance communication with customers:

“When it comes to distribution and informing our customers, we have our Internet Banking, whereby the customers have 24 hours access to their account. We have also

recently introduced our SMS service, so whenever you use your card you get immediately SMS alert”.

Another Islamic Bank executive said:

“We always try to update our clients upon their account and investments status, and provide them with consultations. In these circumstances; people tend to appreciate what’s happening The most important is what the bank is doing...they take certain actions trying to update their customers even about their risk exposure”.... “In addition, more sophisticated banks like Merrill Lynch tend to hold seminars and sessions to groups of investors or institutions, institutional investors from time to time to make them aware about what is happening in the market. What sort of asset classes they believe that will appreciate during certain time, the following year or the current year. This will be different from one bank to other, and it depends on the size and the structure of bank”.

Furthermore, a CEO for Retail Bank explained the mechanism employed by them to facilitate internal and external communication saying:

We do disseminate all the intelligence gathered from all sources. However our products management team do a news letter which explains how our products compete with other products provided by competitors, what the benefits are and what the services provided by us are, which is not explicitly about customer satisfaction but how these products help make our customers’ lives better. As you can see it covers pricing, promotion, benefits and how they are channeled. It is the main medium we use to communicate with our customers and explain how our products are performing in relation to competing products, which provide a lot of information to our customers, and explains to our people how we compete with the others in the market place, and that should make our customer happy. The other thing we do is a periodic news letter to our staff and our customers which is in line with our three priorities and emphasizing them.

1.3 Top management commitment to create and deliver superior value to customers

Moderator: Can you explain the level of your top management commitment to create and deliver superior value to customers. And please also elaborate on the means through which this is communicated with the entire organization.

An ex-CEO of an Insurance company and currently acting in the capacity of consultant to the Board said:

“It all depends on the management of the company. Some of them you find them very traditional in their thinking and sometimes could be obstacle because you might bring ideas but the decision-maker blocked them. Sometimes people try to come up with new product but the decision maker at the top don’t want to try that, do not want to take or accept the risk associated with it!”

A Retail Bank executive said:

“The question is whether this is enough and can be achieved without top management commitment that would foster and facilitate focusing on providing superior value to customers by the entire organization. In fact, this is embedded in the organization’s corporate culture”.

A wholesale and retail bank executive claimed:

“I can assure you that top management and the Board of Directors are providing the maximum support required to achieve our targets in terms of changes required in the business model, strategies formulated, and the implementation of the various adopted systems”.

Furthermore, an executive of a credit card company said:

“Of course blessing should come from the top from the senior management, but usually it is the marketing department in coordinating its efforts with other functional areas”.

While an insurance company executive claims:

“We conduct workshops for all the front desk employees in addition to the back desk office employees which are our under writers. What I like about that these workshop are usually attended by the CEO and the GM’s in addition to their deputies. So their presence will reflect very important issues that there is a huge focus on the customer service with top management support.”

A Retail Bank executive argues:

“We must not ignore or bypass the fact that top management support and commitment, which foster not only the different levels and various departments’ behavior, cooperation, and coordination, but also provides the required explicit or implicit facilitation of the entire implementation of strategies and policies employed by the Bank or any business organization”.

1.4 Market-oriented organizational corporate culture

Moderator: Can you explain how important are your employees’ and managers’ attitudes and behaviour toward their customers in maintaining the required level of customer satisfaction. Would you also explain and elaborate regarding the values, norms and attitudes held by your organizational members toward customers and the level of services supposed to be provided to them.

A CEO of a retail bank asserted:

“Organizational culture that facilitates being customer-oriented is important and particularly within the financial sector if you don’t have the right corporate culture, I don’t believe that you can win. Because if you have the front line sales people selling something and your back office people do not fulfill and provide the required support to the front line employees, then it is a disaster. So it has to go back throughout the entire organization. However, through the last two and half years, we have three priorities, first we have to be in control because if we are not in control, we cannot expect anyone to do what is required including the back office. Second, is about having the right infrastructure that means you have the right systems, the right processes, the right building, equipment and the right people trained and the right standards and the third, is focusing on our customers. Those are the three priorities and all that comes back to customer orientation.”

A retail bank executive said:

“I think this is partly related to the organizational culture, and partly to the signals and messages sent from top management to the managers and employees and supported by top management behavior through setting the examples that would transfer these messages into an observed and realized top management actions”.

Furthermore, a CEO of an investment company said:

“Business organizations in this sector need to have a customer’s friendly culture focusing on serving its customers, continuously sensing the market and update and share with its managers and employees market, competitors, and customers’ knowledge and be able to respond decisively to such knowledge.... I always tell my employees that your salary is not paid from the CEO’s check book but our customers pay our salaries. It’s every single customer, no matter how large or how small he is, they pay our salaries”.

1.5 Organizational response reflected on strategy, structure, and systems employed

Moderator: Would you explain how your organization behaves in order to respond promptly and decisively to the identified customer needs and expectations. Please elaborate if such behaviour is an integral part of your strategy and how this is facilitated by your organizational structure and systems employed.

One marketing executive explained:

“The strategy formulated and implemented should be driven by objectives related to achieving customer satisfaction, and based on understanding thoroughly your customer needs and expectations, creating competitive advantage, delivering the created superior value to customers, understand what are your competitors are doing and offering, and being more customer-focused than those competitors.”

A marketing executive said:

“In addition, having the right systems in terms of your MIS that allow you to integrate the entire generated intelligence, the suitable structure that facilitates the implementation of your strategies, and employing an appraisal and reward system that evaluates managers’ and employees’ performance based on factors such as customer satisfaction, customer retention, new customers gained, and overall quantitative and qualitative performance measures is important.”

A retail bank executive said:

“Being customer oriented means being able to understand thoroughly what is going on in the market faster than your competitors, and being able to put together your offering and communicate with your customers not only before your competitors, but also of a better value than what your competitors are offering. But, in order to do that your structure, systems employed, and your culture must facilitate doing so.”

Another marketing executive explained their call centre system and said:

“All calls received by the call center are recorded through the IT integration and all of these calls are recorded under certain categories. That’s why I feel also the relationship is very close. If you complain, and he complains and they complain, then I will have a rich database. So the more you can push your I.T. Department to provide you with automated and integrated solutions, the easier your relationships with your customers become. Because not all are recorded and have reference and you can always refer to them”.

Furthermore, a marketing executive explained such issues especially for the service provider value chain:

“Therefore, if there are no proper systems, the whole thing fails. There is no front and back offices in my dictionary. Personally, I think every single person in the value chain of providing the service is equally important and viable, because any link, that is falling apart the whole chain falls apart”. He adds, that *“a market oriented organizational structure must be able to facilitate enhanced internal and external communication and foster decisive and fast response to changing market conditions and customers’ feedback and complaints”*

1.6 Regularity in measuring customer satisfaction

Moderator: It has been argued that part of generated intelligence is to measure and understand the level of your customer satisfaction, what do you think about such statement? Explain how your organization measures customer satisfaction, how it is done, and how often?

A retail bank executive noted:

“We continuously and every quarter measure our customer satisfaction. We have a dedicated yearly budget for this activity. We want to know our position in the customer perception, where are we standing in the market for some specific products? We are trying to understand their expectations, we are trying to make services and processes more effective, make it more feasible to maintain the highest satisfaction level.”

A re-insurance executive reported that they had recently undertaken a customer satisfaction survey that provided them with rich data, which led them to tackle certain areas:

“We have spent more than one year just identifying what is the main dimensions of a re-insurer company, and what does that mean for our clients. The other part is concerned with what the clients consider as important for them such as the features and benefits expected from the insurance company in order to deliver to them the required service.”

A retail bank executive claimed:

“We continuously and every quarter measure our customer satisfaction. We have dedicated yearly budget for this activity. We want to know our position in the customer perception, where are we standing in the market for some specific products? We are trying to understand their expectations, we are trying to make services and process more effective, make it more feasible to maintain the highest satisfaction level”.

A retail bank marketing executive said:

“We are measuring our customer level of satisfaction however, we are doing this always internally but we want to do it through the third party. ... But unfortunately not many people are willing to do it because they think it is an expense but for me it is an investment. However, based on that feedback, I fixed what needed to be fixed. If the majority of my customers doesn't need or like the products or one of the products I am offering, I will cancel it, either improves for them ... However, we have employed the latest technology in our Head Quarter and some of our branches through the installment of new electronic devise with small screen allowing customers during the service delivery process to answer various questions that provide us with a daily and continuous feedback”.

A re-insurance executive reports that they have recently undertaken a customer satisfaction survey that provides them with rich data, which led them to tackle certain areas:

“We have spent more than one year just identifying what is the main dimensions of a re-insurer company, and what does that mean for our clients. The other part is concerned with what the clients consider as important for them such as the features and benefits expected from the insurance company in order to deliver to them the required service. We have received more than 225 companies’ responses covering most of our clients in Africa and Asia. We managed to understand clearly and thoroughly our customers’ expectation including how they would preferred the service provided to them. How they perceive our services. Then we compare their perception with the top management perceptions of our services and our performance, as well as the company position. In fact, we obtain information that helps us to answer various questions such as: What we want to achieve? Where the company should concentrate? Where the company has to keep the good work? Where there is low priority they should not concentrate in? In addition, this leads us to understanding the dimensions, or these criteria or attributes that are very important for the clients. Then, identify or find out the very important areas where our company should focus in to obtain improvement such as shortfalls and gaps, which need to be filled”.

Another retail bank marketing executive said:

“We are measuring our customer level of satisfaction. However, based on that feedback, we fixed what needed to be fixed. If the majority of my customers don’t need or like the products or one of the products I am offering, then I will cancel it, or improves for them.

1.7 Responsiveness in handling customer inquiries and complaints

Moderator: Can you explain in detail how your organization handles customers’ complaints and inquiries and whether you have a formal mechanism through which such issues is dealt with. Explain how important this issue and whether there is a follow up by management?

One marketing executive noted:

“As soon as the customer walks into our premises, employees meet him properly, decently and ask him about his enquiries, needs, and wants. In fact they would ask him if he or she needs something extra or additional services. They are more than happy to listen to the customer and if what the customer needs is beyond their authority, they would refer the manager or somebody who is authorized.”

Another bank executive explained:

“Recently, there was a request from the CEO to upgrade the private banking starter kit to include all the services that the bank is offering so when we approach a new customer, he is exposed to all the services within the bank. This is done in a very nice and presentable manner and is easy for the customer to just put a tick for any service he or she wants.”

Another executive from an investment company said:

“I see that a customer-oriented organization needs to take care about its customers. In terms of advising them, being transparent with them, handling promptly and effectively their complaints, which is also part of being customer oriented where the customer would feel that this organization is trustworthy and responsive.”

One marketing executive claimed:

“As soon as the customer walked into our premises, employees meet him properly, decently and ask him about his enquiries, needs, and want. In fact they would ask him if he or she need something extra or additional services. They are more than happy to listen to the customer and if what the customer need beyond their authority, they would refer the manager or somebody who is authorized”.

Another bank executive explained:

“Recently, there was a request from the CEO to upgrade the private banking starter kit to include all the services that the bank is offering so when we approach a new customer, he is exposed to all the services within the bank. This is done in a very nice and presentable manner and easy for the customer to just put a tick for any service he or she wants”.

Another executive from an investment company said:

“I see that a customer oriented organization need to take care about its customers. In terms of advising them, being transparent with them, handling promptly and effectively their complaints, which is also part of being customer oriented where the customer would feel that this organization is trustworthy and responsive”.

1.8 Organizational internal environment and employees' training

Moderator: Explain the overall environment that is dominated within your organization? Explain also how your organization facilitates a comprehensive understanding and appreciation for marketing and customer satisfaction and whether internal and external training to support such issue is adopted and how?

One Investment Company marketing executive explained:

“And all your internal communication being passionate about your work and this is part of their day to day interaction with customers and among the employees and managers. It is part of their day to day work basically. A customer-friendly culture is important as well, but we should not forget that a satisfied employee would be able to satisfy customers.”

A CEO for an insurance company explains:

“We have two types of training, we have in-house and we are using for example training at the Bahrain Institute of Banking and Finance (BIBF). They are here of course tailor-made certain courses. But what differentiates one from the other is its own in-house training, because that would be tailor-made to suit our institution.”

A retail bank marketing executive said:

“We have very friendly environment, which is very important within the organization where I don't know you as my employee or my employer, but we meet each other, we discussed things, you create time for me, and you don't just send me e-mail. Interaction within working hours and after working hours is important”.

Another Islamic bank marketing executive said:

“So basically we introduce something like twelve products during less than 18 months. It will be a bit too much pressure on one person to understand everything about one product. So we focus on that area. Bringing our staff, and giving them training on the product, and training on how to deal with customers, basic marketing understanding, and any other skills or competencies required”.

A retail bank marketing executive claims:

“So what is really important is I think is to get people in the organization to understand how important customers are. At the end of the day we do not have business if we do not have customers”.

1.9 Dimensions of market-orientation in this context

Moderator: In your opinion please explain what constitutes market orientation and what are the major dimensions of market-oriented organizations operating within the financial services sector in Bahrain? If an organization would like to enhance its level of market orientation, explain what such organization would do enhance such a level.

A retail bank marketing executive claims:

“The most important issue to be considered is what the dominated corporate culture is, in other words do all employees starting from top management consider serving customer, ensuring customer satisfaction with the services provided. We should understand the values, norms, and attitudes that guide the members’ behaviour”.

An Insurance company executive elaborated and said:

“I think we should also considered these organizational responses to the generated intelligence related to the market, competitors, customers including their needs and expectation, which can be tracked through the type of strategy formulated and implemented in response to such information. This can be reflected into the flexibility and affectivity of the organizational structure that facilitate continuous two-way communication with their customers and can be monitored through the business’s activities that indicate the extent to which they are market-oriented”.

Another Wholesale and retail bank commented saying:

“please do not forget the type of systems used or employed by these business organizations that include the management and marketing information system, which foster the generation and dissemination of intelligence and appraise or evaluate and reward managers and employees based on customer satisfaction, retentions, level of loyalty, and general market-linked factors.

An investment company CEO commented saying:

“I agree with such explanation and wanted to emphasize issues such as handling customers’ enquiries and complaints, creating within the organization and between the organization and its customers an environment that facilitates and enhances long-term relationship. In addition, businesses should focused on the continuous creation and delivery of value and new services to the customers”.

2. Financial institutions’ customers

2.1 Corporate Customers

Moderator: I have a number of issues that we need to discuss with you. Therefore, please feel free in the issue you would like to start with. These issues include your opinions and views related to the extent to which the banks, investment companies, and insurance companies understand your needs and expectations. Do they at least once a year measure your level of satisfaction? To what extent are you satisfied with level of services they provide to you? Please also explain what they should do to ensure your loyalty? Explain also the kind and level of communication they maintain with you, such as how regularly you are informed about new services they are offering or intend to offer? (A list of the same questions was handed to both corporate and individual customers. See chapter 4, table 4.2, question 7)

A general manager in an industrial factory said:

“The majority of them have adopted the same changes and strategies as we have. So they are going easy with payment terms, provide better facilities and services. This is from finance point of view. Same goes with insurance. Some drop their rate; they know the situation because if they don’t react towards the market they’ll not have customers. We have experienced a couple of hiccups which we have tested our suppliers or our service providers and they have proved to be really supporting us in this case.”

He adds:

“Well to us 2009 being very good test because of the financial and economic crisis. We went through these difficulties like others. We have to adapt and adjust accordingly; we have to change our strategies, payment terms and relation etc. So we called the banks to share with them our concern and view. The majority of them have adopted the same changes and strategies as we

are. So they are going easy with payment terms, provide better facilities and services. This is from finance point of view. Same goes with insurance. Some drop their rate; they know the situation because if they don't react towards the market they'll not have customers. We have experienced couple of hiccups which we have tested our suppliers or our service providers and they have proved to be really supporting us in this case”.

A General Manager of a manufacturing company claimed:

“Simply, when we decided to use a bank services, they showed that they really responsive to our requirement. Recently, we have our requirement for small facility something of about BD. 5 million to finance our expansion. A bank offered us the best terms for the loans; so we proceed with them and signed the initial agreement. Now we need the money to start, but the number and magnitude of complications and additional conditions they required are so complicated and were not put forward clearly to us at the time of signing the initial agreement”.

A commercial trading company financial manager also said:

“Banks provide you with the umbrella when it is not raining, and take it from you when it starts raining! they are not very clear at the time they are getting the business, they will show you the moon, then everything is fine and good, everything is fantastic, that everything is right and easy. But at the end when you have the loan, you will discover that you have paid more than your initial understanding in term of interests”.

An owner and CEO of a small manufacturing company also claimed:

“Some banks even use your funds, for example when you have funds transferred by your client to your bank, it will take few days until the money is deposited in your account. While insurance companies keep changing their rates, introducing new terms or new closes to your agreement without even consulting or negotiating with you”.

2.2 Individual customers

An individual customer utilizing banks and insurance companies said:

“How often do you go to the bank? First you know, I don't have time to stand in the queue. All the services are available either ATM or e-banking. I mean I don't remember the last time I visit the bank. But on the other hand, we do not hear anything from the bank unless the loan is over. Even

when the loan is over they will not bother to give you the certificate, you have to visit them and ask for it.”

Another individual customer claimed:

“When it comes to insurance companies I never receive a questionnaire, or someone held discussion with me, or asked me about my opinion or the level of satisfaction with their services, these issues have never been done. They will just put the rule every time we go to the insurance, these rules are changed”.

An individual customer utilizing banks and an insurance company said:

“We do not hear anything from the bank unless the loan is over. Even when the loan is over they will not bother to give you the certificate, you have to visit them and ask for it.”

Another individual customer said:

“In fact, the financial institutions such as banks and insurance companies never tried to find out my needs or try to offer services that would meet my needs. I have never received a questionnaire or participated in a survey related to the extent of my satisfaction with their services.”

Appendix D

Tables related to data analysis in Chapter 6

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.898
Bartlett's Test of Sphericity	Approx. Chi-Square	2603.824
	df	276
	Sig.	.000

Table 2: Component Matrix^a

Items	Component				
	1	2	3	4	5
SI2	.849	.029	.040	-.188	-.225
SI1	.840	.095	.026	-.239	-.281
SSE3	.781	-.354	-.103	.239	-.174
MOA3	.772	-.008	-.420	-.062	-.038
SF4	.758	-.103	.334	-.264	.060
MOA2	.744	-.085	-.413	-.199	.012
SI3	.725	-.075	.133	-.188	-.114
SSE2	.724	-.430	-.001	.302	-.179
CC3	.705	.437	.168	.198	-.109
MOA4	.691	.068	-.489	-.186	.225
CC2	.687	.490	.049	.191	-.188
SF3	.687	.093	.395	-.417	-.105
CC4	.686	.447	.053	.211	-.122
SSE1	.683	-.056	-.105	.298	-.266
SSE5	.682	-.402	-.017	.174	.226
SSE4	.670	-.497	.036	.315	.082
SF2	.632	-.122	.488	-.146	.278
SI5	.626	-.301	.050	-.072	.043
CC5	.626	.214	-.057	.239	.010

SF1	.611	-.044	.080	.074	.527
MOA1	.580	.033	-.252	-.310	.205
SI4	.565	-.013	.270	-.001	.024
SF5	.553	.353	-.296	-.172	.132
CC1	.446	.493	.108	.380	.433

Extraction Method: Principal Component Analysis.

5 components extracted.

Table 3: Rotated Component Matrixa

Items	Component				
	1	2	3	4	5
SSE2	.844	.238	.215	.132	-.003
SSE4	.825	.215	.080	.117	.236
SSE3	.799	.231	.259	.270	-.021
SSE5	.683	.249	.048	.262	.332
SSE1	.586	.131	.476	.214	-.086
SI5	.489	.409	.040	.270	.111
SF3	.077	.836	.264	.215	-.006
SF4	.302	.751	.176	.237	.172
SF2	.260	.706	.107	.052	.414
SI1	.299	.586	.436	.443	-.175
SI2	.364	.573	.402	.419	-.110
SI3	.346	.571	.246	.302	-.016
SI4	.276	.458	.269	.078	.167
CC2	.137	.244	.811	.225	.029
CC3	.165	.325	.772	.153	.128
CC4	.166	.233	.770	.221	.093
CC5	.298	.125	.544	.260	.174
MOA4	.235	.117	.193	.818	.176
MOA2	.387	.226	.167	.736	-.011
MOA3	.422	.156	.309	.693	-.015

MOA1	.124	.288	.085	.640	.155
SF5	-.029	.148	.377	.619	.131
CC1	.002	.010	.617	.103	.628
SF1	.299	.285	.150	.297	.620

Extraction Method: Principal Component Analysis

Rotation Method: Varimax with Kaiser Normalization.

- a. Rotation converged in 8 iterations

Model Table 4	NPAR	CMIN	DF	P	CMIN/DF
Default model	32	125.712	59	.000	2.131
Saturated model	91	.000	0		
Independence model	13	1599.356	78	.000	20.505

Model Table 5	RMR	GFI	AGFI	PGFI
Default model	.030	.892	.834	.578
Saturated model	.000	1.000		
Independence model	.378	.220	.090	.188

Model Table 6	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.921	.896	.957	.942	.956
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Model Table 7	RMSEA	LO 90	HI 90	PCLOSE
Default model	.091	.069	.112	.002
Independence model	.376	.360	.392	.000

Table 8: Standardized Regression Weights: (Group number 1 - Default model)

Table 8			Estimate
CC2	<---	CORPCULT	.901
SI1	<---	STRFORMIMP	.940
SI2	<---	STRFORMIMP	.932
SF3	<---	STRFORMIMP	.729
SI3	<---	STRFORMIMP	.698
MOA4	<---	MKTORACT	.761
MOA2	<---	MKTORACT	.920
MOA3	<---	MKTORACT	.933
SSE2	<---	STRUCTSYST	.900
SSE3	<---	STRUCTSYST	.953
SSE4	<---	STRUCTSYST	.745
CC3	<---	CORPCULT	.906
CC4	<---	CORPCULT	.770

Table 9: Correlations: (Group number 1 BO - Default model)

Table 9			Estimate
CORPCULT	<-->	STRFORMIMP	.713
MKTORACT	<-->	STRUCTSYST	.657
CORPCULT	<-->	STRUCTSYST	.507
MKTORACT	<-->	STRFORMIMP	.747
CORPCULT	<-->	MKTORACT	.585
STRUCTSYST	<-->	STRFORMIMP	.688

Table 10: Phi Matrix Squared

Φ matrix Squared	CC	SISF	MOA	SSE	
CC	1.00				
SISF	0.51	1.00			
MOA	0.34	0.56	1.00		
SSE	0.26	0.47	0.43	1.00	

Model Table 11	NPAR	CMIN	DF	P	CMIN/DF
Default model	29	135.018	62	.000	2.178
Saturated model	91	.000	0		
Independence model	13	1599.356	78	.000	20.505

Model Table 12	RMR	GFI	AGFI	PGFI
Default model	.042	.884	.830	.602
Saturated model	.000	1.000		
Independence model	.378	.220	.090	.188

Model Table 13	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.916	.894	.953	.940	.952
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Model Table 14	RMSEA	LO 90	HI 90	PCLOSE
Default model	.092	.071	.114	.001
Independence model	.376	.360	.392	.000

Table 15: Standardized Regression Weights: (Group number 1 - Default model)

Table 15			Estimate
MKTORACT	<---	STRFORMIMP	.761
STRUCTSYST	<---	STRFORMIMP	.702- CFA
CC2	<---	CORPCULT	.899- 0.901
SI1	<---	STRFORMIMP	.936-0.940
SI2	<---	STRFORMIMP	.933-0.932
SF3	<---	STRFORMIMP	.724-0.729
SI3	<---	STRFORMIMP	.699-0.698
MOA4	<---	MKTORACT	.761-0.761
MOA2	<---	MKTORACT	.923-0.920
MOA3	<---	MKTORACT	.930-0.933
SSE2	<---	STRUCTSYST	.903-0.900
SSE3	<---	STRUCTSYST	.951-0.953
SSE4	<---	STRUCTSYST	.744-0.745
CC3	<---	CORPCULT	.907-0.906
CC4	<---	CORPCULT	.771-0.770

Table 16: KMO and Bartlett's Test^a

Kaiser-Meyer-Olkin	Measure of Sampling Adequacy	0.967
Bartlett's Test of Sphericity	Approx. Chi-Square	3668.991
	df	45
	Sig.	.000

Table 17: Component Matrix^a

Items	Raw	Rescaled
	Component	Component
	1	1
BCP4	1.132	.961
BCP5	1.241	.958
BCP3	.938	.955
BCV2	.981	.931
BCP2	1.012	.928
BCP1	1.008	.926
BCV1	.951	.926
BCV3	.984	.904
BCV5	.936	.901
BCV4	.933	.871

Extraction Method: Principal

Component Analysis

a. 1 component extracted

Table 18: Rotated Component Matrix^a

Items	Component	
	1	2
BCP1	.844	.454
BCP2	.834	.468
BCP4	.739	.614
BCP5	.734	.612
BCV5	.727	.544
BCP3	.707	.643
BCV4	.413	.836
BCV2	.564	.764
BCV3	.549	.735
BCV1	.621	.695

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

- a. Rotation converged in 3 iterations.

Model Table 19	RMSEA	LO 90	HI 90	PCLOSE
Default model	.086	.062	.110	.008
Independence model	.623	.605	.641	.000

Model Table 20	RMSEA	LO 90	HI 90	PCLOSE
Default model	.099	.073	.127	.002
Independence model	.674	.654	.694	.000

Model Table 21	NPAR	<i>CMIN</i>	DF	P	CMIN/DF
Default model	13	16.652	8	.034	2.081
Saturated model	21	.000	0		
Independence model	6	2184.880	15	.000	145.659

Model Table 22	RMR	GFI	AGFI	PGFI
Default model	.010	.978	.943	.373
Saturated model	.000	1.000		
Independence model	.905	.207	-.110	.148

Model Table 23	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.992	.986	.996	.993	.996
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Model Table 24	RMSEA	LO 90	HI 90	PCLOSE
Default model	.067	.018	.113	.230
Independence model	.778	.751	.806	.000

Standardized Regression Weights: (Group number 1 - Default model)

Table 25			Estimate
BCV1	<---	CUSTVBR	.935
BCV2	<---	CUSTVBR	.945
BCV3	<---	CUSTVBR	.902
BCP5	<---	CUSTPERC	.952
BCP4	<---	CUSTPERC	.966
BCP3	<---	CUSTPERC	.962

Table 26: Correlations: (Group number 1 - Default model)

Table 26			Estimate
CUSTVBR	<-->	CUSTPERC	.970

Table 27: Phi Matrix Squared

Φ matrix squared	BCV	PCP
BCV	1.00	
BCP	0.94	1.00

Model Table 28	NPAR	CMIN	DF	P	CMIN/DF
Default model	13	16.652	8	.034	2.081
Saturated model	21	.000	0		
Independence model	6	2184.880	15	.000	145.659

Model Table 29	RMR	GFI	AGFI	PGFI
Default model	.010	.978	.943	.373
Saturated model	.000	1.000		
Independence model	.905	.207	-.110	.148

Model Table 30	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.992	.986	.996	.993	.996
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Model Table 31	RMSEA	LO 90	HI 90	PCLOSE
Default model	.067	.018	.113	.230
Independence model	.778	.751	.806	.000
Default model	.067	.018	.113	.230

Table 32: Standardized Regression Weights: (Group number 1 - Default model)

Table 32			Estimate
CUSTPERC	<---	CUSTVBR	.970 -CFA
BCV1	<---	CUSTVBR	.935 - .935
BCV2	<---	CUSTVBR	.945 - .945
BCV3	<---	CUSTVBR	.902 - .902
BCP5	<---	CUSTPERC	.952 - .952
BCP4	<---	CUSTPERC	.966 - .966
BCP3	<---	CUSTPERC	.962 - .962

Table 33: KMO and Bartlett's Test

Kaiser-Meyer-Olkin	Measure of Sampling Adequacy	0.955
Bartlett's Test of Sphericity	Approx. Chi-Square	2472.613
	df	45
	Sig.	.000

Table 34: Component Matrix^a

Items	Component
	1
ICP4	.930
ICV1	.908
ICP5	.901
ICP2	.898
ICV2	.885
ICP3	.881
ICP1	.873
ICV3	.858
ICV5	.815
ICV4	.803

Extraction Method: Principal Component Analysis.

1 component extracted

Table 35: Rotated Component Matrix^a

Items	Component	
	1	2
ICP1	.811	.367
ICP2	.829	.385
ICP3	.838	.344
ICP4	.830	.439
ICP5	.723	.538
ICV1	.780	.472
ICV2	.740	.486
ICV3	.689	.511
ICV4	.363	.869
ICV5	.449	.771

Extraction Method: Principal Component Analysis

Rotation Method: Varimax with Kaiser Normalization

a. Rotation converged in 3 iterations

Model Table 36	RMSEA	LO 90	HI 90	PCLOSE
Default model	.102	.069	.136	.006
Independence model	.578	.554	.602	.000

Model Table 37	NPAR	CMIN	DF	P	CMIN/DF
Default model	11	4.984	4	.289	1.246
Saturated model	15	.000	0		
Independence model	5	973.751	10	.000	97.375

Model Table 38	RMR	GFI	AGFI	PGFI
Default model	.009	.991	.967	.264
Saturated model	.000	1.000		
Independence model	.475	.319	-.021	.213

Model Table 39	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.995	.987	.999	.997	.999
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Model Table 40	RMSEA	LO 90	HI 90	PCLOSE
Default model	.033	.000	.111	.545
Independence model	.654	.620	.690	.000

Standardized Regression Weights: (Group number 1 - Default model)

Table 41			Estimate
ICP4	<---	INSUCUSTP	.958
ICP3	<---	INSUCUSTP	.898
ICP2	<---	INSUCUSTP	.886
ICV4	<---	INSUCUSTV	.832
ICV5	<---	INSUCUSTV	.855

Correlations: (Group number 1 - Default model)

Table 42			Estimate
INSUCUSTP	<-->	INSUCUSTV	.873

Table 43: Phi Matrix Squared

Φ matrix squared	ICV	ICP
ICV	1.00	
ICP	0,76	1.00

Model Table 44	NPAR	CMIN	DF	P	CMIN/DF
Default model	11	4.984	4	.289	1.246
Saturated model	15	.000	0		
Independence model	5	973.751	10	.000	97.375

Model Table 45	RMR	GFI	AGFI	PGFI
Default model	.009	.991	.967	.264
Saturated model	.000	1.000		
Independence model	.475	.319	-.021	.213

Model Table 46	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.995	.987	.999	.997	.999
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Model Table 47	RMSEA	LO 90	HI 90	PCLOSE
Default model	.033	.000	.111	.545
Independence model	.654	.620	.690	.000

Standardized Regression Weights: (Group number 1 - Default model)

Table 48			Estimate
INSUCUSTP	<---	INSUCUSTV	.873 - CFA
ICP4	<---	INSUCUSTP	.958 - .958
ICP3	<---	INSUCUSTP	.898 - .898
ICP2	<---	INSUCUSTP	.886 - .886
ICV4	<---	INSUCUSTV	.832 - .832
ICV5	<---	INSUCUSTV	.855 - .855

ANOVA

Table 49		Sum of Squares	df	Mean Square	F	Sig.
SSE	Between Groups	10.962	14	.783	1.923	.030
	Within Groups	50.496	124	.407		
	Total	61.458	138			
MOA	Between Groups	11.065	14	.790	1.059	.401
	Within Groups	92.520	124	.746		
	Total	103.585	138			

ANOVA

Table 50		Sum of Squares	df	Mean Square	F	Sig.
SSE	Between Groups	6.880	16	.430	.961	.503
	Within Groups	54.578	122	.447		
	Total	61.458	138			
MOA	Between Groups	10.013	16	.626	.816	.665
	Within Groups	93.573	122	.767		
	Total	103.585	138			

Appendix E

Figure 1: Business Organizations' CFA Original

This appendix illustrates the various business organization measurement model (CFA) steps after the (EFA) (Figures 1, 2, and 3), then the final business organizations' SEM model (Figure 4).

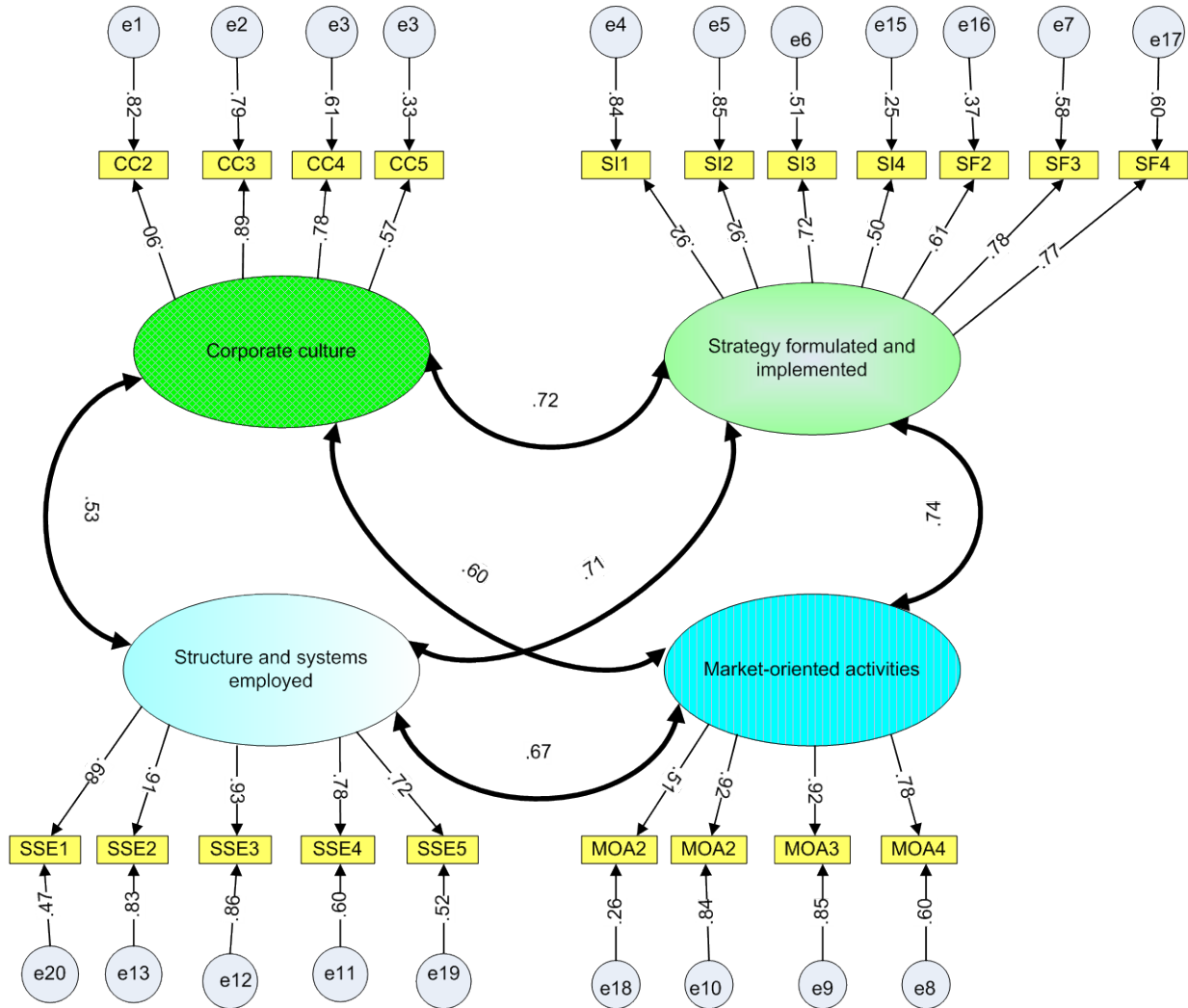


Figure 2: Business organizations Organization's CFA Second modification

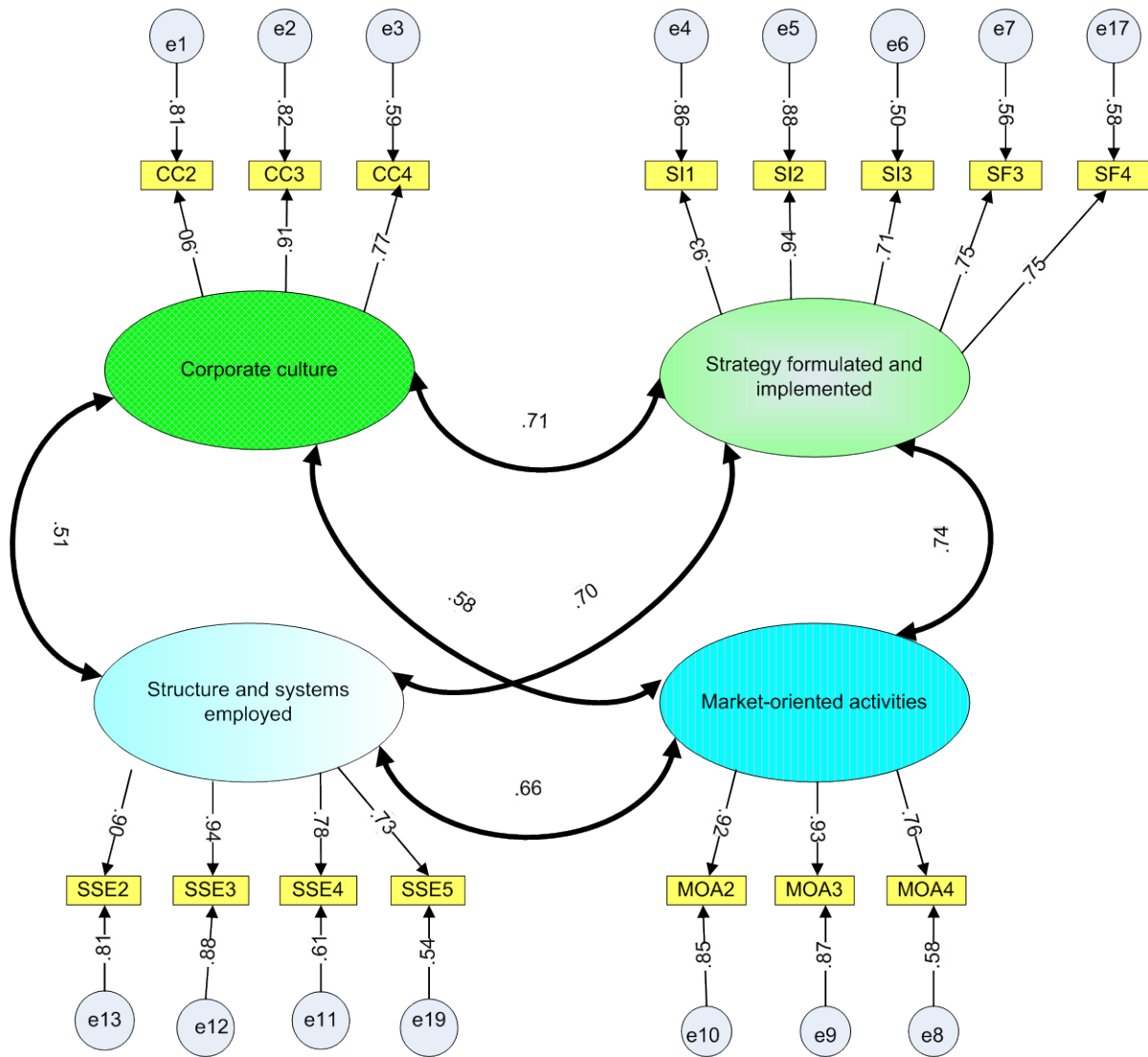


Figure 3: Business Organizations' CFA Modified

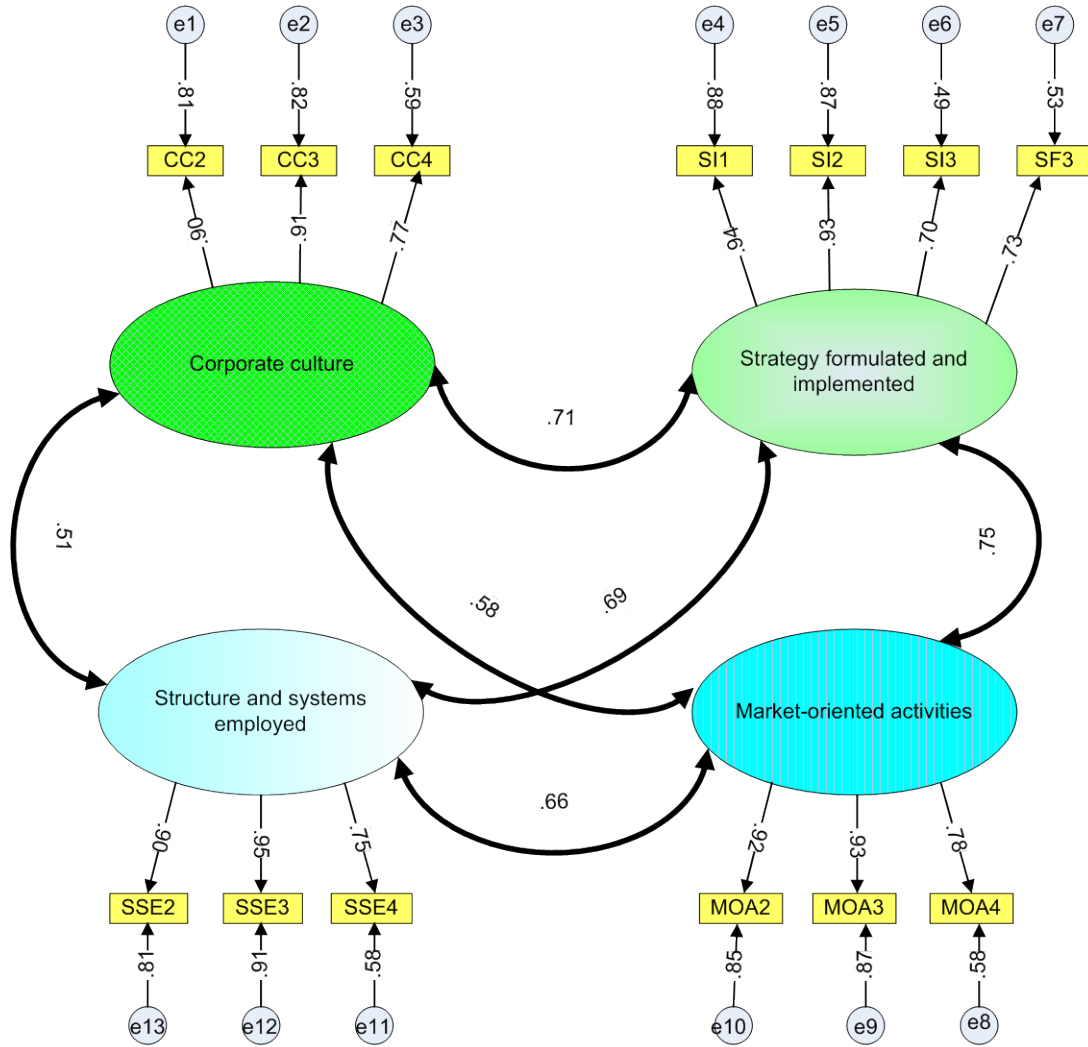
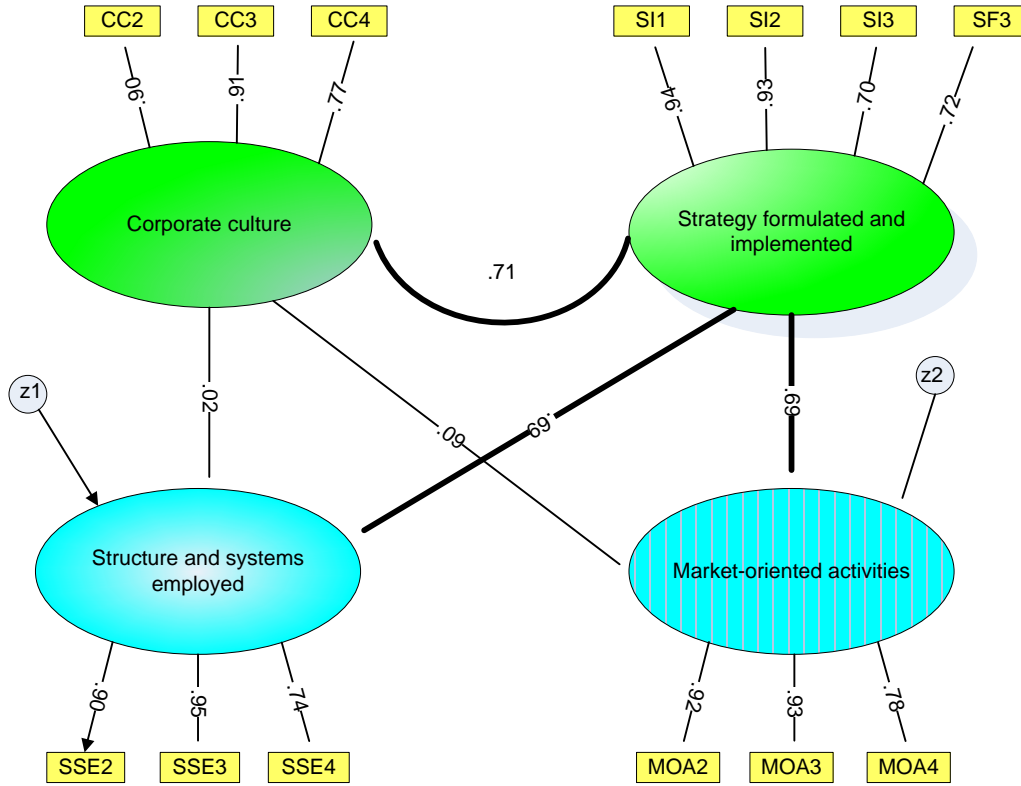


Figure 4: Business Organizations' SEM Original Model



Appendix F

This appendix illustrates the banking and investment companies' measurement model (CFA) steps after the (EFA) (Figures 1, 2, and 3), then the final banking and investment companies' SEM model (Figure 4). In addition, it illustrates the insurance companies' model (CFA) steps after the (EFA) (Figures 5 and 6), then the final insurance companies' SEM model (Figure 7).

Figure 1: Banking CFA Original

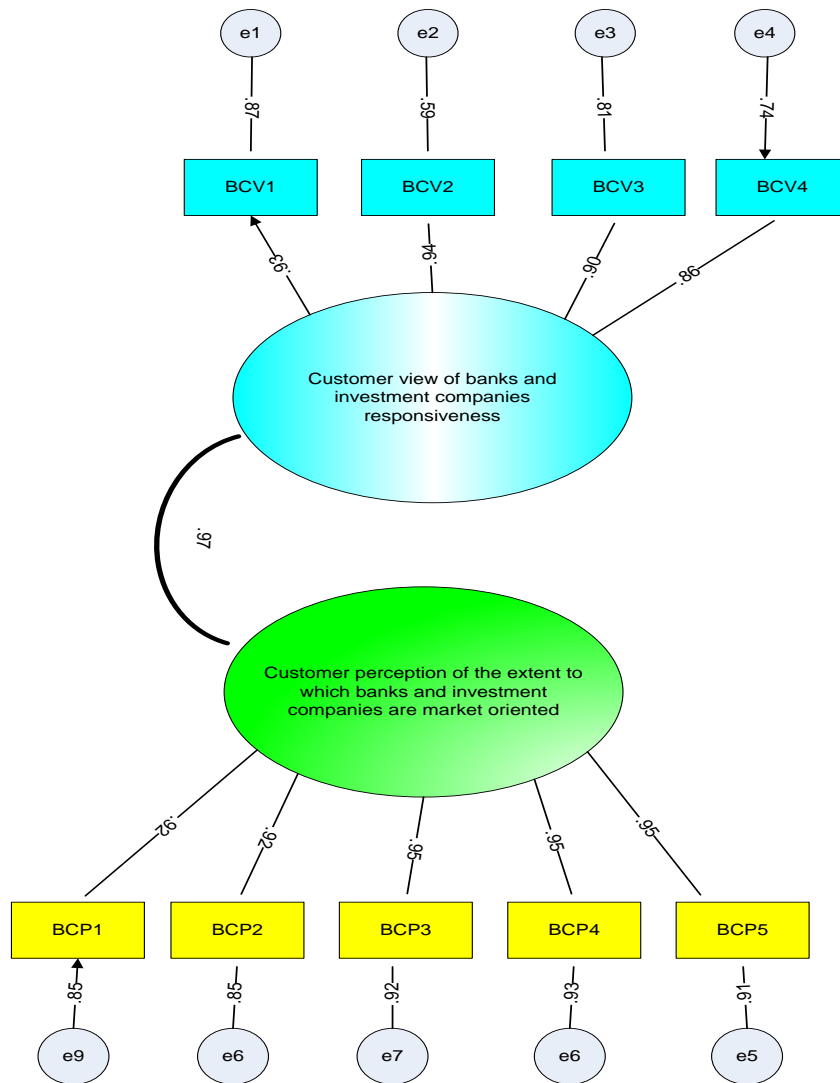


Figure 2: Banking CFA modified again

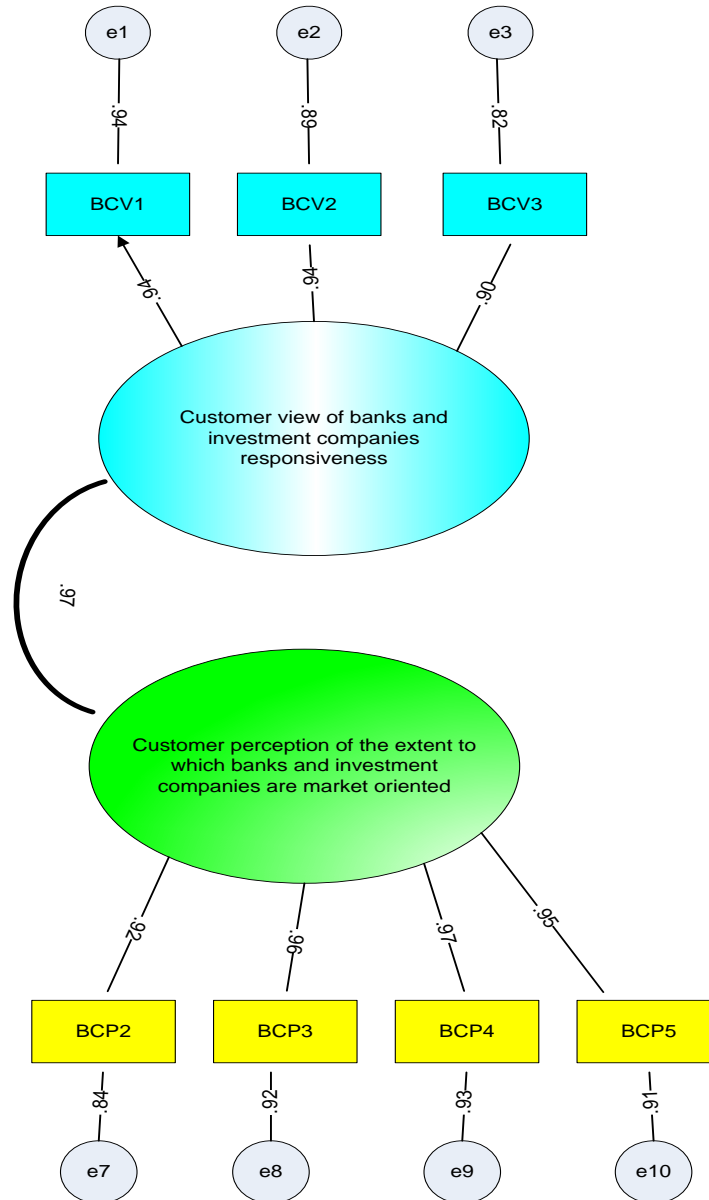


Figure 3: Banking CFA Final Model

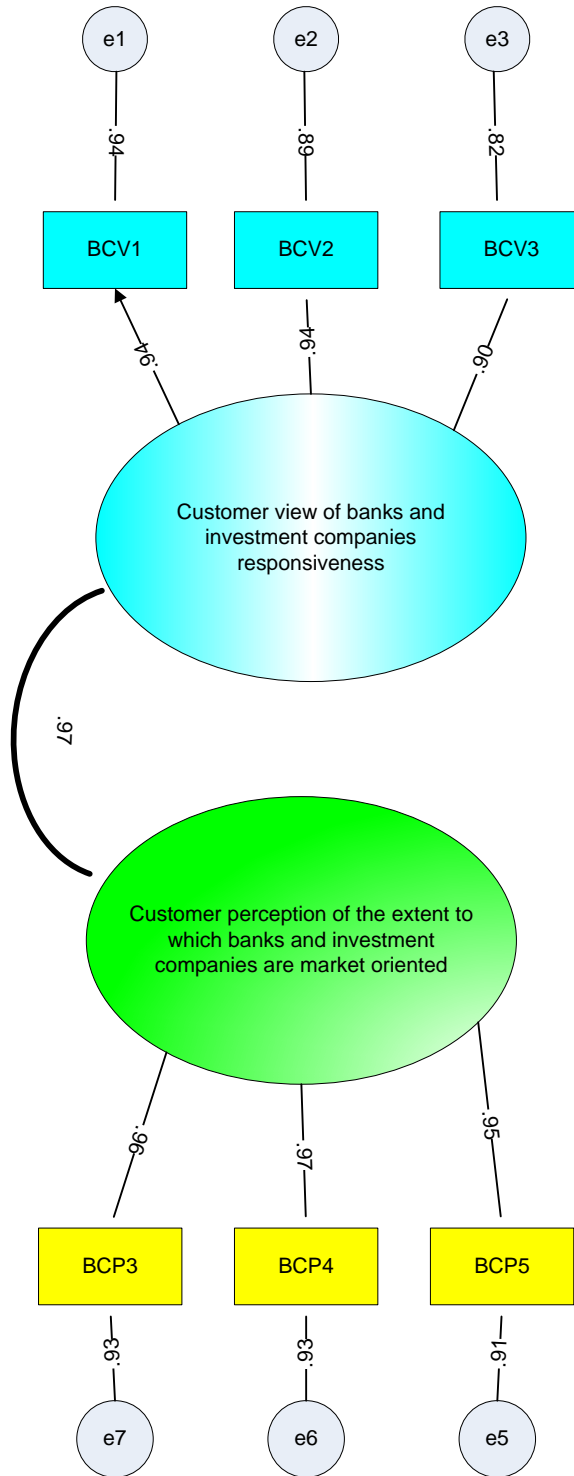


Figure 4: Banking SEM Final Model

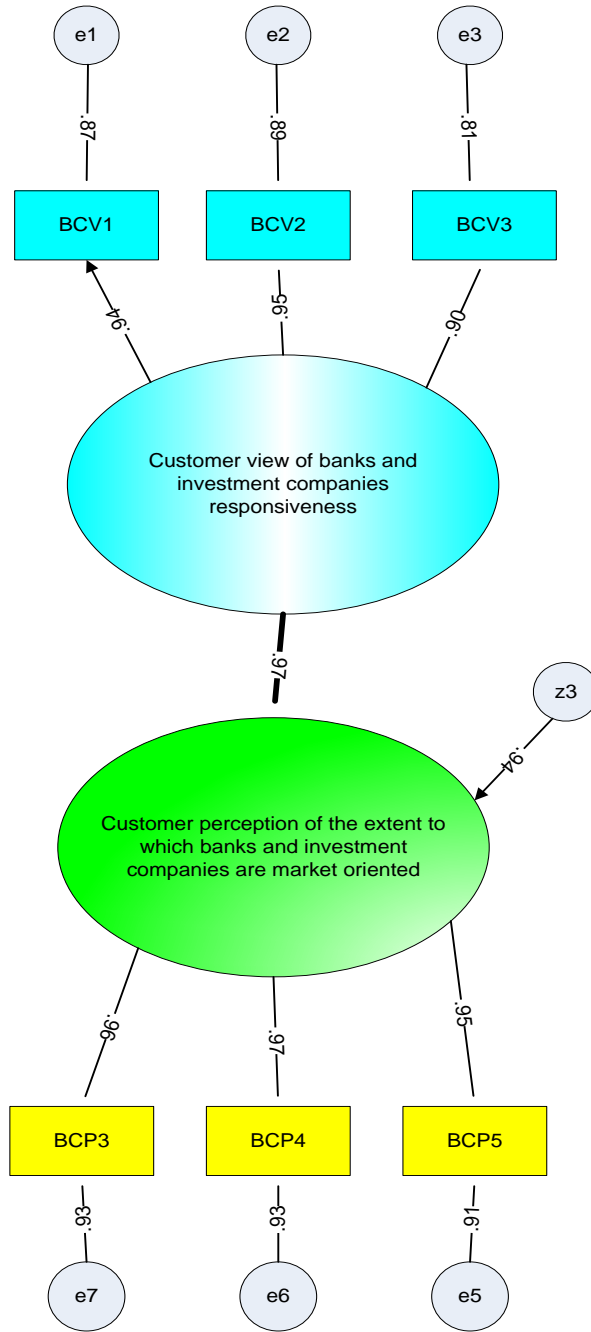


Figure 5: Insurance CFA Original Model

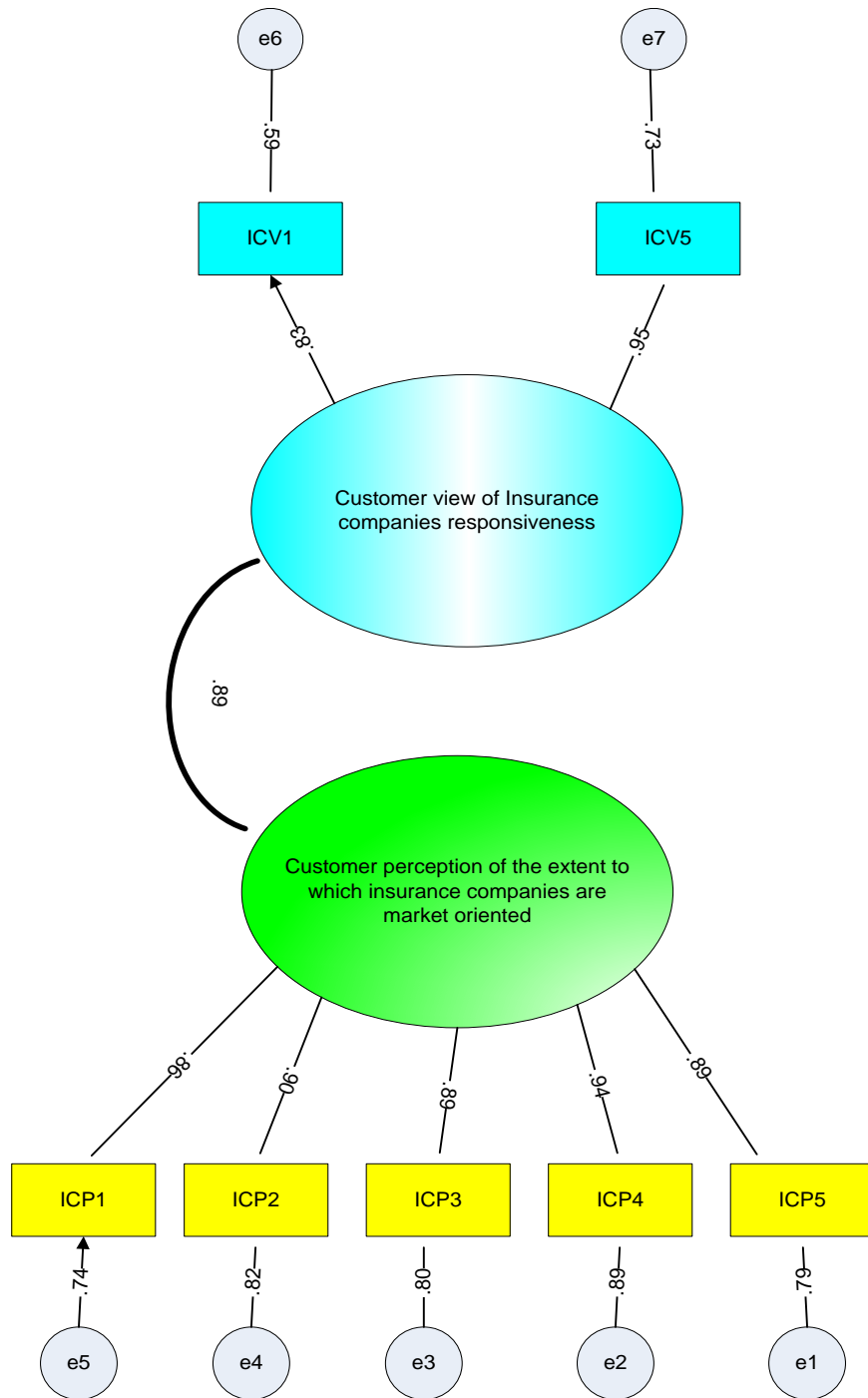


Figure 6: Insurance CFA Modified Model

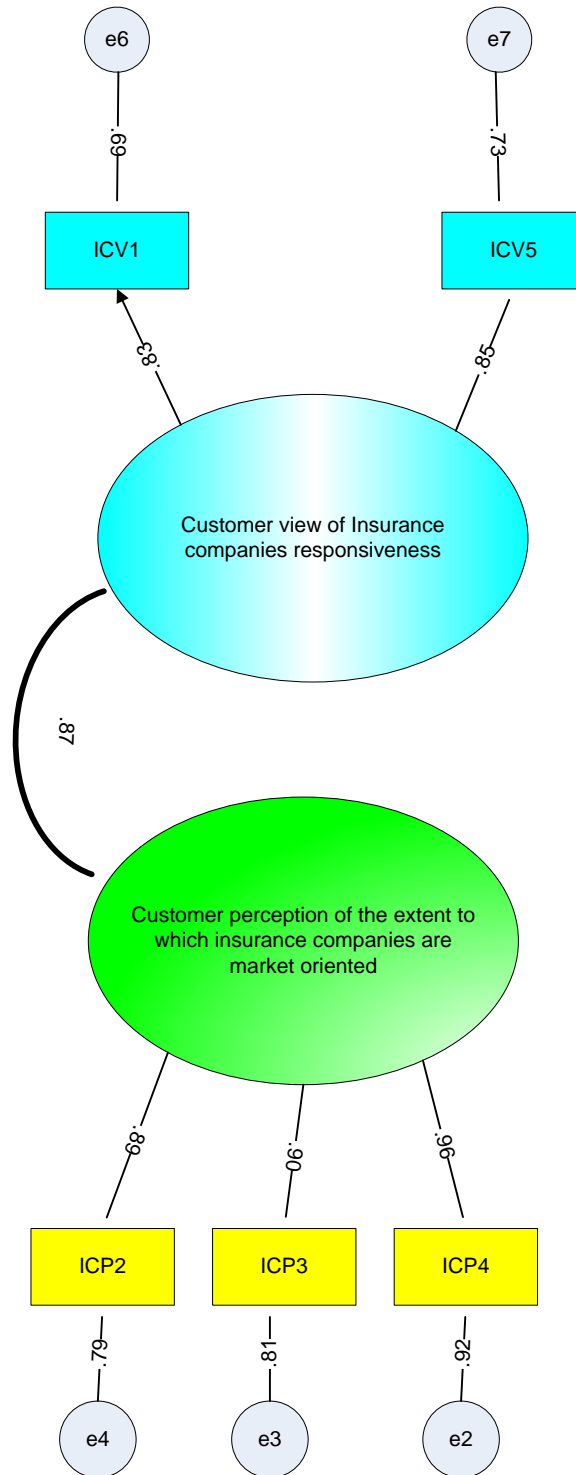


Figure 7: Insurance SEM Final Model

