

# UNDERSTANDING POSITIVE IMPACT OF MARKET ORIENTATION ON PERFORMANCE OF BUSINESS

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## **ABSTRACT**

*In marketing literature, market orientation has emerged as a central concept. Numerous studies show that a focus on the market has a positive effect on a company's ability to succeed. Despite this, there is no evidence to suggest that market orientation is a worthwhile activity for commercial enterprises in India. Small and medium-sized knowledge-intensive businesses in India were studied as a case study in Kohli and Jaworski's market orientation scale. Knowledge-intensive organisations' financial and non-financial performance are positively influenced by market orientation, according to the findings. Technological companies must improve their performance by focusing on the market, doing thorough research, and having a clear focus on both their customers and their competitors.*

**Keywords:** Market orientation, business performance, customers, intelligence,

## **I. INTRODUCTION**

For both developed and developing nations, the existence of small and medium-sized enterprises (SMEs) is advantageous (Small and Medium Enterprises). Small and medium-sized enterprises (SMEs) are essential for expanding the economy, creating new employment, and advancing technology. Both export and import-related economic activity is boosted by this firm. These businesses are nimble enough to react to changing market conditions. In today's economy, it is critical that small and medium-sized businesses (SMEs) survive.

In order for a firm to achieve its marketing goals, it must be able to deliver real value to its consumers. The phrase "market orientation" is often encountered in the business sector. As part of the company's marketing strategy, a focus on the market has been key. Various empirical studies have been undertaken on big, medium, and small firms. SMEs may be found in the clothing, construction, food service, and technology sectors, respectively (SMEs).

Marketing experts believe this is an effective way to communicate to customers how important they are to a firm. Customers' needs and values must be prioritised in marketing, and transactions serve as the foundation for data analysis.

In their strategic marketing talks, organisations must take into account more than just operational processes, such as market orientation, customer value, and marketing performance. Company strategic management tasks include marketing decision-making processes, according to Reed.

Customers and industrial end-users' present and future demands, as well as external elements like competition, technical advancements or environmental changes, are regarded to be "market information producing" by a corporation. Each division should be represented due to the variety of routes to market they may take. The ability to disseminate market data is a result of the organization's three core duties, all of which revolve around speed. Customers' needs are studied using market trends, changes in the market, as well as exchanges between marketing and other departments. Finding out what prospective customers want may be accomplished in one of three methods. You'll need the help of everyone in your firm to effectively handle your company's information. In order to react to market intelligence, marketing strategies and supply planning must take into consideration customers, competitors, and the environment. When deciding on a company's strategy, take into account consumer and market trends.

## II. CONCEPT OF MARKET ORIENTATION

Market orientation is a way of thinking in business that emphasises the importance of meeting the wants and needs of consumers in order to achieve organisational goals. "Customer centricity." The "outside-in" paradigm proposes that organisations centre their internal operations more on market needs rather than internal strengths like growing sales or improving production efficiency. When it comes to recognising the market possibilities and threats given by consumers, rivals, and other environmental variables, companies who concentrate on the marketplace have a significant edge over their competitors. Kohli and Jaworski correctly point out in this context that a market orientation might be regarded an extra and distinct kind of SCA (sustainable competitive advantage).

If a firm wants to successfully implement its marketing strategy, it has to have a strong sense of market orientation that permeates every department and employee. Many of the responsibilities for influencing a company's emphasis on the market fall on its marketing department and its staff members. It is widely considered that the market orientation movement is based on the belief that "marketing is too vital an activity" to be entrusted only to the company's marketing department.

In the past, marketing was defined only in terms of its focus on the end user. Afterwards, it was developed to incorporate concepts such as competitor orientation and inter-functional teamwork. In order for customer orientation to be economically viable, it must have a higher level of implementation and be adopted by the whole organisation with sufficient respect for profitability. These extra constructs were deemed vital for this reason. All departments must work together harmoniously to guarantee that consumers are always happy, and "inter-functional coordination" has been recognised as a vital factor for this success in an organization's capacity to properly apply the marketing strategy.

## III. MARKET ORIENTATION AND BUSINESS PERFORMANCE

A company's culture will fail if it doesn't place a high priority on the market. Every organisation places customer happiness at the top of its priority list. Market orientation (MO) refers to the fact that companies are concerned with what customers want, rather than what they wish to offer them. MO and an

organization's success are largely influenced by the perceived value of a product or service. A product or service's cost is reduced or increased in proportion to the advantage the buyer gets, and therefore workers generate value for consumers by delivering a product or service for less money or providing a product or service for more money.

## IV. METHODOLOGY

### 4.1. Development of instruments and measurement methods

This study makes use of both dependent and independent variables. The MARKOR scale is used as the basis for the independent variables. The three components of the intelligence process are synthesis, dissemination, and response. Twenty-one components were identified, seven for intelligence development, five for dissemination and nine for response. A 5-point Likert scale is used to measure market orientation on each of these subjects. Those polled either agreed or disagreed with the conclusion that a focus on the market worked. The severity of the scale ranges from "strongly disagree" to "strongly agree."

In the model's dependent variable is the company's profitability. If your company is to be successful, the eleven-point checklist will need to be revised. According to main rivals, there are 11 categories on a 7-point scale, with 1 being "far lower" and 7 being "much higher."

In order to conduct its inquiry, this study relies on high-tech businesses in India. The author ran a survey and received responses from more than 60 people. The enterprises are involved in a wide range of industries, including chemical, biotechnology, engineering, and oil exploration.

### 4.2. Data assessment

SPSS was used to analyse the collected data. Research has demonstrated that the market orientation of a knowledge-intensive company in India has a direct impact on its financial success. Once normalcy was confirmed, the data was checked for abnormalities. At issue was the Kolmogorov-Smirnov test (KST). Using Cronbach's Alpha, we assessed the constructions' dependability. It was necessary to apply Pearson's coefficient for correlation analysis. We used regression analysis to examine the relationship between a company's focus on the market and its results. Regression analysis was used to further analyse the data that had been gathered. Research has demonstrated that the market orientation of a knowledge-intensive company in India has a direct impact on its financial success. Once normalcy was confirmed, the data was checked for abnormalities. This was done using the Kolmogorov-Smirnov test. Cronbach's Alpha was used to assess the reusability of the models. Pearson's coefficient was employed for correlation analysis. Regression analysis was used to examine the relationship between a company's market orientation and its performance. Following the use of regression analysis, the research.

## V. RESULTS OF THE STUDY

### 5.1. Reliability analysis and test for normality

The reliability of the grouped items was used to evaluate the validity of the questions used to assess the study's variables. This was accomplished via the use of the Cronbach's Alpha test. The findings are summarised in Table 1, which can be found here.

**Table 1. Reliability results on the basis of Cronbach's Alpha**

No.	Variable	Cronbach's Alpha
1	Intelligence generation	0.725
2	Intelligence dissemination	0.729
3	Responsiveness	0.788
4	Business performance (financial)	0.976
5	Business performance (non-financial)	0.962

At values between 0.713 and 0.976, Cronbach's Alpha scores are statistically significant. These questions have been shown to be reliable and in accordance with established research procedures. Kolmogorov-Smirnov tests were employed to examine the data's distribution. Using this method, we can determine whether or not the data distribution is typical.

### 5.2. Correlation analysis between market orientation indicators and business performance

For financial and non-financial reasons, market orientation's components have a direct impact on the company's success. It is possible to find out whether and to what extent two variables are connected using correlation analysis. Due to the fact that the data was uniformly distributed, the Pearson correlation coefficient was applied. Table 2 displays the findings of the correlation study.

**Table 2. Correlation analysis between market orientation and business performance**

	<b>IG</b>	<b>ID</b>	<b>RE</b>	<b>financial BP</b>	<b>non-financial BP</b>	<b>overall BP</b>	<b>MO</b>
IG	1						
ID	0.569*** (.000)	1					
Re	0.715*** (.000)	0.678*** (.000)	1				
financial BP	0.333** (.009)	0.219 (.096)	0.342** (.007)	1			
non-financial BP	0.431*** (.001)	0.319** (.010)	0.452*** (.000)	0.838*** (.000)	1		
overall BP	0.392*** (.002)	0.269** (.030)	0.410*** (.001)	0.969*** (.000)	0.948*** (.000)	1	
MO	0.870*** (.000)	0.862*** (.000)	0.889*** (.000)	0.329** (.008)	0.450*** (.000)	0.408*** (.001)	1

Notes: \*\* Correlation is significant at the 0.05 level (2-tailed). \*\*\* Correlation is significant at the 0.005 level (2-tailed).

Except for financial business performance and intelligence dissemination, all of the indicators in the table show a strong association.

Success in the financial sector is closely linked to the growth and evolution of human intellect. There is, however, a tenuous link (0.333 and 0.342). The financial success of a corporation is not directly linked to the spread of knowledge (significance is 0.096 that is higher than 0.05).

The success of non-financial enterprises and all facets of market orientation are interconnected. There is a modest correlation between intelligence creation and reaction and non-financial firm performance (0.431). (0.452). When it comes to the non-financial performance of businesses, there is minimal correlation between intelligence distribution and it (0.319).

Although the association between overall firm success and intelligence creation and response is small (but not insignificant) (0.392). (0.410). In most cases, there is only a correlation of 0.269 between corporate performance and the sharing of information.

Non-financial firm performance is linked to market orientation at a far higher rate than finance business success is linked to market orientation.. (0.329).

There may be some association between a company's market orientation and its overall performance (0.408). Market orientation is the greatest relationship between a business's performance and its emphasis on the market.

To evaluate the connection between market orientation and firm success, regression analysis was performed. The findings of the regression analysis are shown in Table 3.

**Table 3. Regression analysis Panel A. Dependent variable: Business performance**

	Unstandardized coefficients		Standardized coefficients	T	Sig.
	B	Std. error	Beta		
(Constant)	1.180	.852		1.379	.174
Market orientation	.831	.247	.408	3.428	.001

**Table 3. Regression analysis Panel B.**

R	R square	Adjusted R square	Std. error of the estimate	F-value	
				F	Sig
.408(a)	.166	.149	1.18903	11.735	.001

Results show that profitability and market orientation are inseparable. 0.408 is the correlation between the two variables. A company's performance is only linked to market orientation by 16.4 percent ( $R^2 = 0.166$ ). At a 0.001 significance level, the F value is 11.795. (less than 0.05). The company's success may be attributed to a workable concept and a laser-like concentration on the target market. Market orientation has a considerable impact on the forecast of business performance, according to the  $T = 3.428$ , which is significant at 0.001. In other words, this is an independent factor.

However, a company's success isn't only reliant on its market focus. Only 16.4% of the company's success can be attributed to this.

## VI. CONCLUSION

More successful companies focus on their consumers than those that do not. They found that a company's performance is heavily dependent on its ability to focus on the target market. According to the findings of this research, market orientation has a roughly equal impact on a company's overall success. It is more important to comprehend the behaviour of rivals in Russia when it comes to market sensing, according to the findings of these experts. By revealing how Russian industrial enterprises adapt to the transitional economy's characteristics and take advantage of possibilities through broad growth plans, this discovery contributes to our understanding of Russian industrial firms.

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