

MARKET ORIENTATION: A HOLISTIC APPROCH OF THE IMPLEMENTATION PROCESS

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This paper is a conceptual one and is based on an extensive analyze of the literature in the field about market orientation during the last 20 years. The purpose of the paper is to highlight the way in which researchers' studies focused on different aspects of the concept during years and thus, to establish the stages that the analyzed concept underwent within its evolution. At the same time, we tried to synthesize the most important findings of the empirical researches on this subject since 1990 in order to emphasize what is market orientation. Therefore, the model of analysis is rather descriptive than normative, focusing on the most important findings of the empirical researches of the period we refer to. At the end of the paper, there is a presentation of a series of conclusions regarding the way in which the process of implementation of market orientation has to be approached taking in to account the new type of environment characterized by volatility and complexity.

Key words: market orientation, holistic approach, implementation process

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Introduction

In marketing literature there is a large agreement about the roots of market orientation. Thus, it is considered that this concept has its origins in a managerial philosophy known as the concept of marketing.

The first who used the denomination "concept of marketing" was McKitterick (1959). During the same year, Felton described it as being the latest fashion in business. The definition of the concept of marketing evolved through the contribution of many researchers. Thus, Felton (1959) defined it as corporative declaration integrating the functions of marketing and harmonizing them with the other corporative functions for the purpose of achieving a basic goal – long-term profit. In 1972, McNamara placed the client in a central position defining the concept of marketing as a managerial philosophy client-oriented based. He acknowledged the important role of marketing in disseminating market information to all departments of the organization. In 1997, Kotler brought into attention competition in order to define the concept of marketing and he stated that the key of achieving the organizational goals consisted in being more efficient than the competitors regarding the functions of marketing and channeling them towards determining and satisfying consumers' desires. Since 1950, the concept of marketing has been praised, criticized, talked about and finally, as some specialists emphasize, rehabilitated under a new name: market orientation (Raaij, 2001).

From our research we identified the first use of the denomination of market orientation in 1988, in an article published in Harvard Business Review. But this denomination started to be used on a large scale beginning with 1990, after the publication of two important papers in *The Journal of Marketing*. These present the results of some researches made by two distinctive teams of researchers: Narver and Slater; Kohli and Jarowski. In one of these papers the term *market orientation* is used as implementation of the concept of marketing (Kohli and Jaworski, 1990). Thus, a new perspective over the concept of marketing has imposed which led to a new specialized body of literature around this perspective.

The methodology of research

In order to achieve the propose of our research, within the first stage, we identified and picked up over 60 articles published during 1990-2008, on market orientation topic.

Considering the great number of texts identified and chosen but also the diversity of research issues and perspectives, our approach may seem unrealistic and hard to accomplish. Still, our purpose is not to compare these works but to seize the manner in which they complete each other for the extension of market orientation concept.

In order to facilitate the process of analysis, we used classification. The texts were ranged according to the declared purpose of the research. This criterion was preferred because we considered that a classification according to the purpose of the research will allow us to notice if there is a concentration of the researches and if this exists to determine which are the stages of the concept during its evolution. The classes resulted are: Class A: The definition, the construct and the measurement of market orientation; Class B: The identification of the antecedents and consequences of the market orientation; class C: The implementation of the market orientation; Class D: Other purposes. The analysis of the texts was made for each class using hermeneutic spiral. Thus, the analysis started from a small number of works, relevant for the specialized body of literature and adding step by step other works with other points of view.

The establishment of the conceptual identity of market orientation

Since 1990 several perspectives of defining the market orientation concept were described: (1.) cultural perspective (Narver and Slater, 1990); (2.) behavioral perspective (Kohli and Jarwoski, 1990); (3.) strategic perspective (Rueckert, 1992); (4.) client orientation perspective (Deshpande, 1993; Day, 1994); (5.) strategic actions perspective (Lado, Olivares, and Riviera, 1998); (6.) value chain perspective (Baker, 1999; Simpson, 2001; Grunert, 2002). As the number of perspectives increased within the specialized literature, a great number of definitions occurred for this concept.

Market orientation is a business philosophy whose final purpose is to create the superior value for the client (Narver and Slater, 1990).

We use the term market orientation to illustrate the implementation of the concept of marketing within the organization (Kohli and Jaworsk, 1990).

Market orientation within a business unit is the degree at which the business unit gets and uses information about the clients, develops a strategy leading to the clients' needs and implements the strategy having thus, the capacity of responding to the clients' needs and desires (Rueckert, 1992).

Market orientation represents the implementation of a particular business philosophy – the concept of marketing (Deng and Dart, 1994).

Market orientation is a strategy leading to obtaining the durable competitive advantage (Rivera, 1995).

Considering the variety of definitions, researchers proposed various constructions of market orientation. Approaching market orientation from a cultural point of view, Narver and Slater (1990) identified three components of the concept: client orientation, competition orientation and inter-functional coordination. Client orientation is considered the basic component of the market orientation. The two researchers state that when consumers' needs are identified and understood superior value can be built, communicated and delivered. According to the second component, the organization must identify which are the strengths and weaknesses of the main competitors, the goals they pursue and what strategies they adopted in order to reach them.

Approaching the concept from a behavioral point of view, Kholi and Jawroski (1990) identified, in their turn, three components of the market orientation: gathering information about the consumers' needs, desires and demands and about other components of the environment in which the organization operates; the disseminating of information gathered to all functional departments within the organization; the response of the organization based on the information gathered.

In marketing literature, there have been proposed several scales of measurement for market orientation illustrating these constructions. Two of them were adopted and used by many other researchers:

MKTOR (Narver and Slater, 1990) and MARKOR (Jarowski Kohli and Kumar, 1993). In 1990, Narver and Slater presented MKTOR, a scale of measuring market orientation containing 15 items that reflected the three components of their construction: client orientation, competition orientation and interfunctional orientation. In 1993, Kahli, Jaworski and Kumar introduced a scale of alternative measuring MARKOR containing 20 items reflecting the three components proposed by these authors: gathering information from the market, dissemination of the market information within the organization, the response of the organization to market information. A consistent part of the works that followed during the years represented syntheses, extensions or rejections of the two scales of measurement.

In the first half of the '90s the researchers were concerned with finding answers to the following questions: What is market orientation? What are the constitutive elements of the concept? How can market orientation be measured?

The identification of the antecedents and the consequences of market orientation

The degree of market orientation depends on the presence or absence of some internal factors of the company, factors that have been labeled by specialized literature as antecedents of market orientation. Many researchers identified and tested empirically more categories of factors that can intensify or inhibit the development of market orientation within the organization.

In a comprehensive study Kirca, Jayachandran and Bearden (2005) showed that only interdepartmental connection and top management emphasis were significantly related to market orientation. Hammond, Webster and Harmon (2006), as well, thought that top management emphasis is directly related to market orientation stating that top management emphasis represents antecedents of market orientation playing a critical role in maintaining it within the organization. The importance of top management in attaining and maintaining a certain level of market orientation is confirmed in Day's study (1994), as well.

Top management risk aversion is another factor that may diminish market orientation. Thus, researchers demonstrated empirically that the higher the risk aversion, the lower the market orientation degree (Jaworski and Kohli, 1993; Van der Velden, 2004; Hafer and Gresham, 2008).

The connection between departments, the extension of formal and informal contacts between employees of various departments, intensifies market orientation as they lead to a better transmission of market information within the organization. Kohli and Jaworski (1990) emphasized that the low interest for other departments ideas and the lack of interdepartmental connection diminish the company's capacity for a proper response.

Formalization and centralization are organizational characteristics that inhibit market orientation. Thus, formalization involves the establishing of roles, procedures and authority through rules and reduces dissemination and usage of market information and accordingly, market orientation. Similarly, limited commissioning of the authority in decision-making process has a negative effect on market orientation (Matsuno and Ozsomer, 202).

A market-oriented payment system practice motivates those actions of the employees that increase market orientation. Market-oriented training determines employees' awareness for clients' needs and stimulates market orientation (Rueckert, 1992). Kica, Jayachandran and Bearden (2005) demonstrated that market orientation may be implemented successfully even in the case of centralized structures if there is a good interdepartment connection, there are suitable rewarding payment systems and market-oriented training programmers are developed stimulating, thus, those market orientation characteristic actions.

Kohli and Jaworski (1990) pointed out that market orientation generates a cost. Due to this reason, Day (1994) thinks it is essential that all consequences regarding market orientation, from top to bottom of the organization, be evaluated critically by the manager.

The relation between market orientation and organizational performance was explored within many researching studies, in different contexts and different methodologies. In 2002, Woller identified in a

study, 48 researches which analyzed the relation between market orientation and organizational performance measured as: profitability, sales, market share, innovation process success and pointed out that 44 of these concluded that there is positive relation between market orientation and organizational performance. Recent literature on market orientation suggests the fact that one of the keys for understanding this phenomenon is the positive effect that it has on the innovation process (Atuahene-Gima, 1995, 1996; Xuereb, 1997, Han, 1998, Hurley and Hult, 1998). Slater and Narver (1996) thought that innovation is the central competence for creating superior value that moulds the relation between market orientation and organizational performance. Quin (1986) appreciated that innovative businesses have a strong market orientation component. Going further, Narver and Slater (1996) said that innovation and the successful product is more likely to appear if the business is market oriented. Thus, there was empirically demonstrated that market orientation increases the company's ability to create and implement new ideas, products or processes (Hult and Ketchen, 2001) and the performance of the new products in terms of market share, sales, turnover and profitability (Im and Workman, 2004). According to our analysis, we recorded that during 1995-2005 although there were papers proposing new definitions, constructions and scales of measurement a great deal of researchers focused on finding reliable answers at the following questions: What are the stimulating or inhibiting factors for market orientation? What are the effects of market orientation? How does market orientation affect the organization?

The implementation process

Until 1995, the problem of implementation was approached only by few general studies, which did not provide a systematic model of implementation. Generally, the problem of implementation is seen as interventions recommended to practitioners willing to implement market orientation.

In 1998, Narver, Slater and Tietje, approaching market orientation as organizational learning, proposed two implementation strategies called: programmatic approach and market-back approach. In 1998, Lando, Olivares and Rivera thought that taking into account the promising results of their study, a future research direction would be the development of an intervention plan to grow company's market orientation. They suggest that market orientation measurement scale they developed should be used before (as a diagnosis instrument) and after (as an evaluation instrument) using the interventions. In 2003, Lichtenthal and Iyer approached the market orientation implementation process establishing the place and the role assigned to the marketing department within this process. In 2008, Ulrich and Smallwood described a series of steps that should be taken for the construction of a market orientation organizational culture from outside towards inside. Considering that the process of implementation of market orientation is a process of organizational change, in 2008, we proposed a methodological framework for implementing market orientation that comprises some stages the management should cover in order that the company could become more market-oriented. Without underestimating the importance of the proposed interventions, our analysis points out that the problem of implementation is still insufficiently discussed about in specialized literature. The questions of practitioners about how an organization can become more market oriented are questions for which market orientation theory provides only partial and variable answers.

A new perspective of approaching market orientation

As we emphasized during the past 20 years, researchers presented different perspectives of approaching market orientation. The great number of different perspectives conducted of a great number of definitions for this concept. Some researches consider that this suggest an unclear understanding of this phenomenon. For example, Dreher (1993) thinks that from a concept point of view, there is a certain ambiguity regarding the nature of market orientation phenomenon. Is it a business philosophy or a set of current activities? Is it an organizational culture or a behavioral set? Is it a competitive strategy or a set of managerial practices? Gabel (1995) as well, thinks that the field of the concept is not clearly and correctly confined. From our point of view, this debate regarding the definition of the market

orientation concept comes out of the fact that it was explored within the frame of other fields. We consider, also, that these perspectives are more complementary rather than divergent. ***This emphasizes the interdisciplinary and complex nature of the concept.*** Still, each perspective offers only partial and very different answers to managers' questions regarding the market orientation implementation process. For instance, Jaworski and Kohli (1993), presented the implementation process as a set of interventions within the organization which should increase the degree of market orientation: senior management stronger involvement, a better interdepartmental connection and a decrease of interdepartmental conflicts, reconfiguration of organizational systems (organizational structure, rewarding systems). On the other hand, Rueckert (1992) thought the following interventions: adapting the recruitment and selection systems, adapting the training systems, adapting rewording and compensation systems. In some ways these interventions are completing each other; still these don't provide a systematic model of market orientation implementation. For developing such a model researchers should adopt a holistic perspective: market orientation as a business model. Such a perspective will allow the development of the implementation model having in mind the entire organization. This is very important if we take into account the fact that the implementation process is actually a change process that unsure the transition of the organization from the usual way of doing business to a new logic of doing business (a new business model). In the process of implementation in some cases it could be major changes that will affect an important part of the organization as in some cases it could be some minor changes that will affect only some organizational variables.

Conclusions

Definitely, market orientation has represented one of the most important and exciting fields of research in the last 20 years. Since 1990 an entire specialized literature has evolved around two important works published in the *Journal of Marketing* by Narver and Slater; Kohli and Jaworski

Even if the researchers were concerned with the problem of concrete measures for implementing market orientation since the half of the '90s, the matter has not been enough exploited within specialized literature. We do not refer to the lack of propositions for interventions that should increase market orientation degree, but we refer to the lack of complete models that could provide managers answers to the following questions: Where do we start from? (The diagnosis of the company's present situation) – Where do we go to? (The establishment of the changes that should take place within the organization) – How do we get there? (The strategy of market orientation implementation and concrete actions programs) – Where did we get? (The evaluation of the implementation process).

We noticed that specialized literature provides a series of partial answers to these questions and the answers vary on a great extent. In conclusion, we think that at present, market orientation concept finds itself at the stage of implementation and that in the future, researchers should focus on the development of such models to assist the practicing specialists in market orientation implementation. Also, we consider that such models should be developed taking into account a holistic perspective of the organization: market orientation as a business model

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