The Influence of Market Orientation on the Market Performance of Garment Companies in Ethiopia

A thesis submitted in partial fulfillment of the requirement for the degree in MA. Program in Marketing Management

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May, 2018

Addis Ababa

Declaration

I, Selam Afework, hereby declare that the thesis entitled **The Influence of Market Orientation on the Market Performance of Garment Companies in Ethiopia** is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. This study has not been submitted for any degree in this university or any other university. It is conducted for the partial fulfillment of the requirement for the degree in MA program in Marketing Management.

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Approval Sheet

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This is to approve that the thesis entitled, "The Influence of Market Orientation on the Market Performance of Garment Companies in Ethiopia" was carried out by Selam Afework Tesfamichael under the supervision of Getie Andualem (PhD), submitted in partial fulfillment of the requirements for the degree of Master of Arts in Marketing Management complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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Acknowledgement

First and for most, I would like to thank the Almighty God for his guidance and protection though out my life.

I would also like to express my sincere gratitude to my advisor Getie Andualem (PhD) for his suggestion at every stage of my paper. The love of a family is life's greatest blessing. I would like to thank my family for their unconditional love and support through the hardest times. I would also like to thank the respondents of my questionnaire for taking the time to provide a valuable information to this study.

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List of Acronyms

E.C	Ethiopian Calendar
G.C	Gregorian Calendar
B.C	Before Christ
EIC	Ethiopian Investment Commission
CSA	Central Statistics Agency
ERCA	Ethiopian Revenue and Customs Authority
UAE	United Arab Emirates
Yr.	Year
IG	Intelligence Generation
ID	Intelligence Dissemination
RE	Responsiveness
CO	Customer Orientation
C	Constant
MO	Market Orientation
MP	Market Performance
FP	Financial Performance
SBU	Strategic Business Unit
QSP	Quality, Service and Price
TD	Top-Down
ETGAMA	Ethiopian Textile and Garment Manufacturers Association
SNNPR	Southern Nations, Nationalities and Peoples Region
SBU	Small Business Units
(R)	Reverse

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Abstract

The purpose of this study is to investigate the influence of market orientation on the market performance of garment companies in Ethiopia. The study considered two commonly used models of market orientation; Kohli and Jaworski's model and Narver and Slater's model. By detailing and comparing both theories, the researcher has found out that the dimensions of these models functionally overlap. Therefore, the researcher has chosen to build upon Kohli and Jaworski's dimensions of market orientation and investigate the influence on market performance. Market performance will also be determined based on five determinants adapted from Irving; Customer satisfaction, customer value, customer loyalty, attraction of new customers, market growth and market share. This study is conducted based on data collected from fourteen garment companies in Ethiopia and the Ethiopian Textile and Garment Manufacturers Association. Data was collected through survey questionnaire and projective techniques. Out of 70 questionnaires; 60 were usable. The analysis of the data was made with SPSS and EViews. The research result found that there is a positive and significant relationship between Intelligence Generation and Market Performance; Responsiveness and Market Performance. Yet, there is a positive but insignificant relationship between Intelligence dissemination and Market Performance of local garment companies in Ethiopia. The study recommends that garment companies must be market oriented in order to achieve superior market performance.

Key words: Market Performance, Market Orientation, Intelligence Generation, Intelligence Dissemination and Responsiveness.

Chapter One

1. Introduction

1.1 Background of the study

Market orientation was introduced into the academic literature as early as the 1920s, and by the year of 1950s, it was then seen as the marketing operationalization at the organizational level with value and orientation abilities capturing the interest of top management (Hamed, et al., 2012). Market Orientation is a central component of the more general notion of the Marketing Concept, the pillar upon which the modern study of marketing is based (Desphande & U.Farley, 1998).

Market orientation has been approached in literatures from two perspectives: 'market orientation as a philosophy' and 'market orientation as a behavior' (John & Adamantios, 1995), orientation as a philosophy can be embedded in the cognitive sphere and influenced by personal factors, leading to a certain view of reality and forming organizational characteristics such as goals, strategies, structures, systems and activities…from the behavioristic view point, behavior and activities represent the orientation phenomenon itself or its elements (John & Adamantios, 1995). However most literatures including the prominent once that are written by Narver and Slater (1990) and Kholi and Jaworski (1990) fall in to the behaviorist category. This is evident from their measuring instruments which utilize self-reporting techniques and rely upon perceptions and/or opinions concerning organizational activities (John & Adamantios, 1995)

According to Kholi and Jaworski (1990), information management is an essential component and market orientation is defined as 'the organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of intelligence across departments and organization wide responsiveness to it (Kohli & Jawaroski, 1990) The concept of market orientation has received great attention in the recent years from the side of scientists and practicians in many countries (Ekaterina & Utz, 2014)

On the other hand Narver and Slater (1990) define market orientation as the organization culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and thus continuous superior performance for the business (Narver & Slater, 1990). Nowadays, many companies co
nsider market orientation as a pillar of their marketing strategy. As a significant contribution to a firm's long-term success, market orientation has burst as a major antecedent of organizational performance (Hamed, et al., 2012)

A business that increases market orientation will improve its market performance (Narver & Slater, 1990). Market orientation is an organizational culture that involves placing customer satisfaction at the center of the business' operations. It delivers value for customers and results in better performance for organizations (Ozkaya, et al., 2015)

1.2 Background of the industry

There are several thoughts as to how clothing evolved in to modern day garment and textile making. The earliest form of fabric most likely came in the form of animal skins draped across the body for warmth, both as clothing and bedding. Because of their very composition, formed from protein and plant sources, early textiles tend to disintegrate over time, so there's little evidence of their history. In 1988, distinctive sewing needles made from bone were found near Russia. These needles were dated around 18,000 B.C, and were likely used to sew animal skins together to form crude clothing. In addition, clay tablets have been found that show fabric weaving in the Middle East as early as 8,000 B.C (Turner, 2009).

Eventually, the garment industry began to bloom and became a core business area where tremendous amount of competition and interest began to pop out across different markets around the world, especially in the western world and Asia. The basic forms of clothing which were intended just to seek protection and safety for the human body were no longer worn. Fashionable collections of wardrobes were marketed during the 1990's. Fashion became something that describes, articulates and makes metaphors of the human body (Martin & Koda, 1996).

This remarkable development was also witnessed in Africa. The breadth of a piece of woven cloth was typically achieved by aligning a series of parallel bands and stitching them together to create a continuous canvas. The history of textiles across the continent is one of vitality and innovation in which myriad distinct genres have developed and become the spring board for other designs (LaGamma & Giuntini, 2008).

In the same way, the garment industry of Ethiopia had had its own evolutionary process. However, the industrialized form of garment began in 1939 when the first garment factory was established. Based on Ethiopian country data, in the last five years, the textile and garment industry has grown at an average of 51 percent. More than 65 international textile investment projects have been licensed as foreign investors during this period (Ndihu, 2017). However the lack of marketing and marketing strategies is a major concern for the garment industry in Ethiopia. The industry has less competitive edge even in the local market let alone the global. Most of the demand for clothing is covered with products that are imported from countries like China, Thailand and the UAE.

1.3 Statement of the problem

The garment industry of Ethiopia has shown advancement during the past five years. One of the indicators of this growth is the construction of industry parks in Hawassa, Mekelle, Kombolcha and Addis Ababa; which are especially intended for the garment industry.

Table 1 Summary of operational wearing apparel manufacturing companies in Ethiopia

Region of Investment	Total	Pre-Implementation	Implementation	Operation			
	No of Projects	No of Projects	No of Projects	No of Projects	Capital in '000' Birr	Perm Employment.	Temp Employment.
Addis Ababa	58	6	11	41	2,694,408	7,965	2,577
Multiregional	8		1	7	26,225	202	166
Oromia	26	5	5	16	3,022,016	10,156	1,634
SNNPR	2	1	1				
Tigray	4	1		3	273,690	2,699	0
Grand Total	**98**	**13**	**18**	**67**	**6,016,339**	**21,022**	**4,377**

Source: Ethiopian Investment Commission (EIC) 2017.

The government built these parks to motivate and encourage manufacturers who intend to export their products. The Ethiopian government has spearheaded the sector as one of the key priority sectors for the generation of future employment and to realize its aim to enhance foreign currency earnings (Pols, 2015). There are also few programs that are intended to encourage local manufacturers who serve the domestic market. For instance, the government provides a beneficial lease financing program through Development Bank of Ethiopia for garment manufacturers. However, these producers have so far limited their production to a narrow range of product variety.

Most of these garment companies manufacture shirts, polo shirts, pajamas, overhauls, overcoats and bed sheets which could only be marketed to the mass market. On top of this constrained product variety, the quality of these products remains under question. Such issues make the products of local manufacturers less marketable and less favored. Clothing pieces like coats/blazers, blouses, dresses, trousers, sweatpants, skirts and many others are barely produced in Ethiopia. As a result, locally produced product became less favored. According to data from Central Statistics Agency and Ethiopian Revenue and Customs Authority (ERCA), Ethiopia has locally produced an annual average of 1,077,715 dozens of wearing apparel products in the years 2000 till 2008 E.C. Besides, based on data compiled from ERCA, Ethiopia imported a yearly estimated average of 4,897,703 dozens of same products in the same years. In other words, this means that 83% of the clothing supply is sourced from imported garments bought in with hard currency.

Table 2 Volume of Supply of Wearing Apparel Products in Ethiopia (in Dozens)

Project years -Ethiopian Calendar	**SUPPLY**		
	Domestic Production	**Import (Act-Estimate)**	**Total**
2000	678,035	2,133,328	2,811,363
2001	754,212	2,326,171	3,080,383
2002	838,947	2,729,740	3,568,687
2003	933,203	2,547,123	3,480,326
2004	1,038,048	5,733,928	6,771,975
2005	1,154,672	6,252,250	7,406,922
2006	1,284,399	6,817,427	8,101,826
2007	1,428,701	7,433,693	8,862,394
2008	1,589,215	8,105,667	9,694,882

Average	**1,077,714.81**	**4,897,702.92**	**5,975,417.73**

Source: Compiled from Central Statistics Agency and Ethiopian Revenue and Customs Authority

This severely harms the economy in terms of trade balance. In addition, most of the imported products do not correspond to the prevailing customer needs; rather they are just bought in mass based on the importer's preference and liking. In other words, less effort is made to better understand the prevailing customer needs. This shows that garment companies are either ignoring a demand they know about or they are not aware of customer needs.

For instance, maternity clothing, babies clothing, and clothes for people who are obese, too long or too short are not abundantly available in the market. However, these untapped markets only need a design modification in the current manufacturing process of the local garment companies. This is a clear indicator of less emphasis given to market orientation.

There are plenty of drawbacks that account to this problem; such as lack of infrastructure, support, technology, foreign currency, skilled manpower and experience. Thus, this particular study focuses on the marketing approach of the garment companies. To be more specific, the narrowness of product variety is believed to originate from the less effort made in intelligence generation, intelligence dissemination and responsiveness of garment companies

In the same token, these garment companies could achieve superior market performance if they embark upon a market-oriented business strategy. Considering the fact that Ethiopia has a high number of population, the potential customer pool is very large and attractive to operate in. Considering the Volume of Supply of Wearing Apparel Products in Ethiopia, by taking the year 2015 (2007 E.C) as a base year, the local market demand for wearing apparel products is assumed to grow at an average of 10% per year and so does its per capita consumption. However, the international market demand is estimated to retain its yearly growth of 45.6% for the coming projection period. (Shemelis, 2017)

Table 3 Projected quantity of demand for Wearing Apparel products in Ethiopia (in Dozens)

Project years -Ethiopian Calendar	Projected Local Demand (Effective Demand)	Projected Export Demand (Effective Demand)	Projected Total Demand
2010	67,750,000	3,000,000	70,750,000
2011	74,525,000	4,368,000	78,893,000
2012	81,977,500	6,359,808	88,337,308
2013	90,175,250	9,259,880	99,435,130
2014	99,192,775	13,482,386	112,675,161
2015	109,112,053	19,630,354	128,742,406
2016	120,023,258	28,581,795	148,605,053
2017	132,025,584	41,615,094	173,640,677
2018	145,228,142	60,591,577	205,819,719
2019	159,750,956	88,221,336	247,972,292

Source: compiled from a report published by Mikir Sira Consultants

The above table shows that there will be huge amount of demand for apparel products both from the local market and this demand will continue to be dominantly supplied by the imports. However, this fact could be changed if Ethiopian garment companies focus on becoming market oriented.

A market oriented company, focuses more on customer orientation and competitor orientation in designing its strategies. Clearly, the customer-centered company is in a better position to identify new opportunities and set long-run strategies that make sense. By watching customer needs evolve, it can decide what customer groups and what emerging needs are the most important to serve. Then it can concentrate its resources on delivering superior value to target customers (Kotler & Armstrong, 2012).

By considering the lack of market orientation in local garment companies in Ethiopia as a major problem which is hindering garment companies from achieving a superior market performance, this study will access the practice of local garment companies with regards to market orientation and investigate its influence on their market performance. In addition, according to the preliminary survey conducted by the researcher, this topic is an under-researched subject. The researcher has identified these two problems, and intends to assess and investigate the above mentioned problems.

1.4 Research Questions

1.4.1 Main research question

- How does market orientation influence Ethiopian garment companies' performance?

1.4.2 Sub research questions

- What is the impact of intelligence generation on business performance?
- What is the impact of intelligence dissemination on business performance?
- What is the impact of responsiveness on business performance?

1.5 Objectives of the study

1.5.1 General Objectives

The main objective of this study is to examine the influence of market orientation on the performance of garment companies of Ethiopia.

1.5.2 Specific Objectives

- To examine the impact of intelligence generation on business performance.
- To examine the impact of intelligence dissemination on business performance.
- To examine the impact of responsiveness on business performance.

1.6 Definition of Terms

1.6.1 Conceptual Definition

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

Market Performance**:** is a phenomenon related to market performance in terms of sales growth, customer growth and sales volume (Putri, et al., 2016).

1.6.2 Operational Definition

Apparel**:** is (clothing worn for different purposes), dress, wearing apparel especially outwear, garments, attire, raiment (Shemelis, 2017).

Garment**:** is a piece of clothing (Shemelis, 2017).

1.7 Significance of the Study

One of the limitations to the sector as a whole is lack of detailed and considerable research on the Ethiopian garment industry. This study will contribute to the growth of the sector by highlighting the importance of market orientation to increase market performance. There are many stakeholders such as local manufacturers of garments, government, fabric and garment importers, marketers/promoters, wholesalers/retailers and consumers who can possibly refer to this study for their purpose. This study could also serve as a spring board for other researches to be conducted on the garment sector.

The above mentioned stakeholders of the Ethiopian garment industry could benefit from this study in several ways. For instance, local garment manufacturers can understand the gap they have with regards to intelligence generation, intelligence dissemination and responsiveness. Each company must find the way that makes most sense, given its situation, opportunities, objectives and resources (Kotler, et al., 2005). The government can also use this study to support and enhance local manufacturers; and at the same time, to be aware of the current market performance. Fabric & garment importers, wholesalers and retailers can also get an insight of 'prioritizing customers'.

Very little has been written about garment history and almost no effort has been made to furthermore advance the industry locally. Therefore, this study will also be another one of the few researches that had been studied in the field and it will also serve as a reference to studies that could be conducted in the near future.

1.8 Scope of the Study

Any marketing strategy gets a higher probability of becoming successfully implemented if it is based on consumer/customer needs. Companies must initially understand that consumers prefer customer-centric marketing programs and closer relationships with marketers. This relationship must be totally driven by consumer needs. Companies should give emphasis to intelligence generation, intelligence dissemination and responsiveness in order to better understand their customers and gain acceptance in the market. In other words companies must be market oriented in order to be successful in the market they are going to operate in. The study will be based on this concept and it will further examine the influence of market orientation on the market performance of garment companies that are located in Ethiopia and who serve the local market (exclusive of exporting and traditional cloth making garment companies).

Geographically, the study will be confined to garment companies of Ethiopia that are serving the domestic market. Most of these companies have offices in Addis; therefore the main focus will be on the capital city. In a nutshell, the study represents garment companies in Ethiopia since the selected garment companies in the sample frame are located in Tigray, Oromia and Addis Ababa.

From the above mentioned targets, data collection will be through questionnaire and projective technique.

1.9 Organization of the Paper

The research report is organized under five chapters; which are sorted like the following:

Chapter 1 – Introduction

This chapter contains background of the study, statement of the problem, research questions, and objectives of the study, hypothesis, and definition of terms, significance of the study and scope of the study.

Chapter 2 – Review of Related Literature

This chapter entails theoretical and empirical review of related literature. It also illustrates the conceptual framework.

Chapter 3 – Research Methodology

Under this chapter; the type and design of the research, the subjects of the study, the sources of data, the data collection tools/instruments employed, the procedures of data collection and the methods of data analysis used are described.

Chapter 4 – Results and Discussion

This chapter summarizes the results/findings of the study, and interpret/discuss the findings.

Chapter 5 – Summary, Conclusions and Recommendations

This chapter comprises four sections, which include summary of findings, conclusions, limitations of the study and recommendations.

Chapter Two

2. Review of Related Literature

2.1 Introduction

This chapter entails theoretical and empirical review of related literature and the research gap. It also illustrates the conceptual framework.

Market orientation (MO) is the key strategic orientation identified as assisting organizations to improve performance (Narver & Slater, 1990) (Kohli & Jawaroski, 1990) Based upon research, Kohli and Jaworski (1990) as well as Narver and Slater (1990) provide the seminal, theoretical foundations for MO (Paul, 2014). Kohli and Jaworski (1990) defined MO as consisting of three core components, namely company activities relating to market intelligence generation, dissemination and responsiveness across all functions (Kohli & Jawaroski, 1990) (Paul, 2014).

Narver and Slater (1990) defined market orientation as the organizational culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and superior performance for the business (Narver & Slater, 1990). Organizational culture consists of four distinguishable but interrelated components. They include shared basic values, behavioral norms, different types of artifacts, and behaviors (Christian & Christian, 2000). Narver and Slater (1990) took a culturally based behavior perspective of the organization and regarded an organization's activities as containing three components, a customer-orientation, competitor orientation, and inter-functional co-ordination, all based upon generating long-term profit (Narver & Slater, 1990) (Paul, 2014).

On their definition of market orientation, Narver and slater (1990) tried to point out that a market oriented approach instigates a superior business performance. In the discipline of marketing, performance has been commonly explained by two dimensions: namely efficiency and effectiveness (Ruekert, et al., 1985). Here, effectiveness refers to the extent to which customer requirements are met, while efficiency is the measure of how economically the firm's resources are utilized when providing a given level of customer satisfaction. Effectiveness refers to market

performance (MP). According to (Christian & Christian, 2000), Market performance is manifested in terms of customer satisfaction, attraction of new customers, market growth and market share. Efficiency is the outcome of a business's program in relation to the resources employed in their implementation. Efficiency refers to financial performance (FP). (Upendra, et al., 2015). For the purpose of this study, I will focus on market performance since I am studying the influence of market orientation on the market performance of garment companies in Ethiopia.

This study examines the influence of market orientation on the performance of garment companies in Ethiopia. According to Kohli and Jaworski (1990), market orientation has three dimensions: intelligence generation, intelligence dissemination and responsiveness. This theory will be discussed along with Narver and Slater's (1990) three components of market orientation: customer orientation, competitor orientation and inter-functional coordination. Furthermore, the link between market orientation and market performance will be discussed. There will be a theoretical review and empirical review of the above mentioned concepts in the following sections of this chapter.

2.2 Theoretical Review

2.2.1 Kohli and Jaworski's conceptualization on market orientation

(Kohli & Jawaroski, 1990) and (Kohli, et al., 1993) offer a second approach to market orientation (John & Adamantios, 1995). They consider a market-oriented organization as 'one whose actions are consistent with the marketing concept (John & Adamantios, 1995) and formally define market orientation as consisting of three organization wide activities: market intelligence generation, the dissemination of this intelligence across departments in the firm, and responsiveness to intelligence (Kohli & Jawaroski, 1990).

Market intelligence generation includes the consideration of the current and future needs of customers, and exogenous market factors, such as competition, regulation, technology and other environmental forces; the generation of information is considered to be the responsibility of all departments throughout the organization. This intelligence must be effectively disseminated to

the relevant departments and individuals within the organization in order that the appropriate responses can be initiated. Responsiveness to market intelligence is conceptualized to be 2-fold, consisting of response design (developing plans in response to market intelligence) and response implementation (the implementation of these plans), with virtually all departments participating in responding to market trends (John & Adamantios, 1995).

Intelligence Generation

This dimension refers to the identification, collection and assessment of customer needs and preferences and the forces that influence the trends associated with those needs. In addition, intelligence generation also covers information related to competitors and the development of the entire business system (Jenster & Jaworski, 2000). With regards to the case in garment companies in Ethiopia, as per a preliminary study conducted by the researcher; most of the garment companies do not make efforts to assess customer needs and preferences. The owners of the company decide upon what to produce based on a general plan of making products that are easily sellable. This problem contributes to the lack of product variety in locally produced garment products. It also accounts to becoming incompetent in the market place due to product redundancies.

Intelligence Dissemination

Refers to the formal and informal processes associated with the market information exchange within the firm. The degree to which information sharing takes place inter- and intra-departmentally within the business unit is seen as a critical element in market orientation (Kohli, et al., 1993) (Jenster & Jaworski, 2000). Most garment companies in Ethiopia do have an organizational structure usually sub-divided in to human resources, finance, marketing and sales, procurement/supply chain, and production departments. However, due to less practice of team work and individualistic approach of departments; many of them do not share information amongst themselves or they may not do it routinely.

Responsiveness

Responsiveness covers the action taken in response to market intelligence that is generated and disseminated by the organization. It involves the degree to which events in the market place play a role in developing marketing programs and the extent to which these programs are integrated into the decisions within the marketing function as well as other functions in the organization (Kohli, et al., 1993) (Narver & Slater, 1990). Complaints and feedbacks are the ultimate forms of information that can be sourced from customers with a minimal effort. Some big companies do perform surveys to know more about their customers. In the case of garment companies in Ethiopia, sales persons are the ones who have direct contact with customers. Their ultimate goal is to make a sale. Since their salaries are low, they aim to benefit from commissions by aggressively selling. However, customer's complaints and feedbacks are not set as priorities. These sources of information are muted before they even go to a first line manager. In other words, in order to become responsive to changes, feedbacks, complaints, competitor moves….there must be a free flow of information in both directions; bottom-up and top-down.

2.2.2 Narver and Slater's conceptualization on market orientation

(Narver & Slater, 1990) provided the first operational measure of market orientation and analyzed its effect on business profitability (John & Adamantios, 1995). Their definition of market orientation encapsulates both philosophical and behavioral aspects of the concept, the latter being defined as 'the organizational culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers' (Narver & Slater, 1990) (John & Adamantios, 1995). However, their operationalization of market orientation is purely behavioral, reflecting the degree to which a strategic business unit (SBU) engages in practices associated with the three behavioral components of customer orientation, competitor orientation and inter-functional coordination (John & Adamantios, 1995).

Customer orientation and competitor orientation include all the activities involved in acquiring information about the buyers and competitors in the target market and disseminating it throughout the business(es). The third hypothesized behavioral component, interfunctional

coordination, is based on the customer and conlpetitor infornlation and comprises the business's coordinated efforts to create superior value for the buyers' (John & Adamantios, 1995)

Customer orientation is the sufficient understanding of buyers to be able to create superior value for them continuously (Narver & Slater, 1990) and competitor orientation involves understanding the strengths and weaknesses of both the key current and the key potential competitors (Narver & Slater, 1990).

2.2.3 Kohli and Jaworski's Vs Narver and Slater's theory

Intelligence generation Vs Narver and Slater

Intelligence generation reflects the activities involved with obtaining information about customers' needs and preferences and how they may be affected by exogenous factors such as government regulation, technology, competitors, and other environmental forces. The generation of market intelligence is not and probably cannot be the exclusive responsibility of a marketing department. Rather, market intelligence is generated collectively by individuals and departments throughout an organization (Kohli & Jawaroski, 1990). All three behavioral components suggested by (Narver & Slater, 1990) overlap with intelligence generation in several aspects (John & Adamantios, 1995).

Customer orientation involves 'acquiring information' about the firm's target buyers and an understanding of 'the economic and political constraints at all levels in the channel' (Narver & Slater, 1990). This indicates a clear conceptual overlap with intelligence generation (John & Adamantios, 1995).

Competitor orientation is conceptualized as being 'all the activities involved in acquiring information about the competitors in the target market' (Narver & Slater, 1990) and must include an analysis of 'the entire set of technologies capable of satisfying the current and expected needs of the seller's target buyers' (Narver & Slater, 1990). Again the conceptual overlap with intelligence generation is evident (John & Adamantios, 1995)

Inter-functional coordination is defined as 'the coordinated utilization of company resources in creating superior value for target buyers. Any individual in any function in a seller firm can potentially contribute to the creation of value for buyers' (Narver & Slater, 1990).

Consideration of the formal definition raises the following question: what are the limits of the specified construct? That is, what are activities which contribute to the creation of value and do they include generating customer and competitor intelligence? (John & Adamantios, 1995)

(Narver & Slater, 1990) state that inter-functional coordination requires that a seller 'integrate effectively its entire human and other capital resources in its continuous effort to create superior value for buyers'. Given that the generators of information are company resources, it could be argued that an element reflecting the effective utilization of the latter would be the functionally integrated or organization-wide, generation of information. In this case, inter-functional coordination shares a similar conceptual specification to (Kohli & Jawaroski, 1990) collective responsibility for the generation of market intelligence (John & Adamantios, 1995).

Intelligence dissemination Vs Narver and Slater

The intelligence dissemination component of a market orientation pertains to the effective diffusion of the intelligence generated throughout the business. Specifically, 'for an organization to adapt to market needs, market intelligence must be communicated, disseminated and perhaps even sold to relevant departments and individuals in the organization however, market intelligence need not always be disseminated by the marketing department to other departments. Intelligence may flow in the opposite direction, depending on where it is generated' (Kohli & Jawaroski, 1990).

Once more, this implies organization-wide collaboration and includes both formal dissemination procedures (such as periodic newsletters, the circulation of reports, management lunches and forums) and informal procedures (such as 'hall talk') (John & Adamantios, 1995). All three of

Narver and Slater's behavioral components exhibit sonic degree of overlap with the intelligence dissemination element (John & Adamantios, 1995).

Customer orientation

Customer orientation includes not only the activities of obtaining information about the firm's buyers, but also consists of all the activities involved in 'disseminating it throughout the business(es)' (Narver & Slater, 1990). A clear conceptual overlap with intelligence dissemination is thus apparent, although no distinction is made between formal and informal dissemination procedures (John & Adamantios, 1995).

Competitor orientation

A conceptual overlap also exists between intelligence dissemination and competitor orientation as one element of the latter involves acquiring information about competitors and 'disseminating it throughout the business(es)' (Narver & Slater, 1990) (John & Adamantios, 1995).

Inter-functional coordination

Inter-functional coordination emphasizes that human and other capital resources must be effectively integrated in order to create superior value for buyers; given that market intelligence, once gathered, is a company resource (John & Adamantios, 1995), it can be implied that in order for market intelligence to be used it should be disseminated to the relevant departments within the business. Thus, this implies that there is an overlap with Kohli and Jaworski's intelligence dissemination construct.

Responsiveness Vs Narver and Slater

(Kohli & Jawaroski, 1990) define responsiveness as 'action taken in response to intelligence that is generated and disseminated. Such actions take the form of developing plans (response design) and implementing these plans (response implementation) are the collective responsibility of virtually all departments in an organization (Kohli & Jawaroski, 1990).

Customer orientation

Customer orientation is not conceptually linked to responsiveness as (Narver & Slater, 1990) definition does not include actions taken in response to market information. Rather, a customer orientation represents the generation and dissemination of customer intelligence in order to obtain 'sufficient understanding' of the target buyers; thus, this component is oriented towards improving the organization's ability or potential to create superior value for the buyer. (John & Adamantios, 1995).

Competitor orientation

Similar to customer orientation, the definition of competitor orientation has no conceptual link with responsiveness (John & Adamantios, 1995). Once more, (Narver & Slater, 1990) clearly specify that this component is oriented towards improving the firm's ability to create superior customer value, it does not include value-enhancing activities in its definition. However, generation of intelligence in order to obtain information about competitors is for being responsive to the moves competitors make.

Inter-functional coordination

Inter-functional coordination is explicitly defined by Narver and Slater as involving coordinated efforts to create superior customer value (Narver & Slater, 1990) and, thus, has a clear conceptual overlap with Kohli and Jaworski's responsiveness. As already mentioned, a feature of Kohli and Jaworski's responsiveness element is the design/implementation distinction (John & Adamantios, 1995). The plan designs and implementation require individuals and departments to work together and this is once again evident for the overlap with Narver and Slater’s construct

Market orientation and Market performance

Superior firm performance is achieved by developing and sustaining competitive advantage through market orientation (Jyoti & Sharma, 2012). A market oriented firm strives to satisfy its internal as well as external customers (Kholi & Jaworski, 1990). The internal market orientation stands for the employee orientation throughout the company. Thus the understanding how employees define and view market oriented behavior is key to successfully foster market orientation.

A market-oriented organization provides a unifying focus of individual efforts in the delivery of value to the customers while also providing a comparative impetus with competitors' activities (Kohli & Jawaroski, 1990). Therefore, a market-oriented organization is likely to achieve higher customer satisfaction, keep existing customers loyal, attract new customers, and subsequently attain the desired growth and market share (Christian & Christian, 2000).

The market oriented firms communicate the purpose of the organization, identify the role of employees and improve the working environment, which leads to increase in employee satisfaction. Satisfied employees can strongly contribute to an organizational success by having a customer-centric approach in their work. The customer oriented employees behave and respond to customer needs in a manner that is congruent with the firm's market orientation. Hence, market oriented firms create superior value for their employees as well as their customers, which ultimately leads to better business performance (Schneider, 1993).

In the case of garment companies and other industries in Ethiopia, performance is unknowingly only seen from a financial point of view. If a company performs well in terms of annual return on sales and return on investment; it is generally assumed it has achieved a positive performance. Despite, the market aspect of performance such as customer satisfaction, customer value, and customer loyalty, attraction of new customers, market growth and market share are ignored.

2.2.4 The six elements for measuring market performance /adapted from (Irving, 1995)

Customer satisfaction

A customer-oriented organization places customer satisfaction at the core of each of its business decisions (Vij, 2015). Satisfaction is a person's feelings of pleasure or disappointment that result from comparing a product's perceived performance (or outcome) to expectations. If the performance falls short of expectations, the customer is dissatisfied. If it matches expectations, the customer is satisfied. If it exceeds expectations, the customer is highly satisfied or delighted (Kotler & Keller, 2012).

Customer satisfaction is the significant driving force to establish the quality goals, which basically originates from customer's needs. It is the important component of quality movement because organizations can outscore their competitors by effectively addressing customer's needs and demands (Jyoti & Sharma, 2012).

Customer value

The buyer chooses the offerings he or she perceives to deliver the most value, the sum of the tangible and intangible benefits and costs to her. Value, a central marketing concept, is primarily a combination of quality, service, and price (QSP), called the customer value triad. Value perceptions increase with quality and service but decrease with price (Kotler & Keller, 2012).

Customer loyalty

Creating loyal customers is at heart of every business (Kotler & Keller, 2012). Customer loyalty is a deeply held commitment to rebuy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same-brand set purchasing despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1999).

Attracting new customers

The other indicator of market performance is attraction of new customers; which means using your existing customer base to help target similar customer (R.Holden & Wilde, 2007). The 'snow ball' effect further demonstrates this concept. If a customer is excessively satisfied with a given product offering, he/she might recommend this product to their close friends and family or to people who might be in need of the benefit that the product entails. Companies can also attract new customers through other marketing approaches such as market activation, exhibition, advertisement and promotion.

Market growth

Market growth is also another pointer of market performance. Companies want to enter markets that show strong growth prospects. Growth potential may depend on the growth rate of certain age, income and nationality groups that use the product. Growth may also relate to larger

developments in the environment, such as economic conditions and lifestyle changes (Kotler, et al., 1999).

Market share

Winning or losing market share is a tangible expression of the battle between competitors in the market place and it clearly demonstrates whether an enterprise is more successful than its competitors in enticing new customers to buy its products (Samuel, 1992).

In a nutshell, Market performance (MP) is defined as the effectiveness of an organization's marketing activities and is measured by items pertaining to achieving customer satisfaction, providing value to customers, retaining customers, and attaining the desired market share (Christian & Christian, 2000). For the purpose of this research (MP) will be measured in terms of the above six elements adapted from (Irving, 1995).

2.3 Empirical Review

2.3.1 Intelligence Generation and Market Performance

A case of Toyota

Toyota is Japan's leading vehicle manufacturer and one of the largest and most successful carmakers in the world. The company recognized the need to make marketing a priority in the UK if it was to compete with rivals such as Volkswagen, Renault and Peugeot when it bought 100% of Toyota GB in 2000. In switching from a sales ethos to a more marketing-led strategy, one of the goals Toyota set was to outperform rivals in terms of customer loyalty and reduce the need to capture new customers. Toyota's network of centers was initially rebranded to give customers a consistently excellent service. But there was also a powerful argument for a centrally driven programme to maintain more regular customer contact, given the average owner's purchase cycle of about 3.7 years and lengthening intervals between services. As the company had traditionally worked with its dealerships and not the end customer, the databases and customer communication channels were sporadic. Toyota undertook a systematic review of

the entire organization. A customer communications group was set up to review the look, tone and frequency of messages and the creation of a new brand identity. (Hugh & John, 2006)

This resulted in the development of a single customer marketing database to form the backbone of all Toyota communications, supported by a revamped website, customer magazine, customer experience surveys and the Toyota Club for premium customers. During a period in which both the overall car market and Toyota's benchmark competition hit a plateau, the brand's customer loyalty rose to 52% in 2004, making it the market leader in retained business. Sales of Toyota cars in the UK in 2004 reached 121 081, a 23% increase on 2001, while membership of the Toyota Club rose by 45%. (Hugh & John, 2006)

A case of Heinz Tomato Ketchup

Marketers primarily must invest their time on truly understanding what their potential consumers need before planning for and designing any kind of marketing strategy. Here is an example that illustrates this point. The Heinz Tomato Ketchup bottle is one of the most well-known marketing symbols in the UK. Since the product's launch in 1896, Heinz has continually evolved the design and packaging of the sauce, with such innovations as the move from glass to plastic bottles in 1987.

By 2001, the company realized that it was time to make another significant shift. The subsequent design of the top-down (TD) format was based on the simple but compelling insight that consumers turned their bottles upside down to get the last drop. The first design of the top-down bottle was launched in the UK in July 2003, and within weeks was exceeding all expectations. More than seven million of the bottles were sold in the first 12 months: more than three times the base estimate of 2.2 million sales. (Hugh & John, 2006) In other words, Heinz's simple consideration of consumer needs drove the company to a significant accomplishment of success.

H1: There is a positive and significant relationship between intelligence generation and market performance.

2.3.2 Intelligence Dissemination and Market Performance

A case of Comet

Comet is the second largest electrical retailer in the UK and part of KESA Electricals, a pan-European group operating in seven European countries. In 2005, the company decided that the way to differentiate itself from its competitors would be to realign the business around customers, rather than price, and make service the top priority. To do this, it needed to get all its staff to buy into this new vision as part of a total rebranding of the company. The goal was to increase sales and become the country's most trusted electrical specialist (Hugh & John, 2006).

However, there were a number of challenges to overcome. First, the company operated in a price-driven sector where brand loyalty was relatively low. Changing perceptions about the brand would thus require considered and deliberate communication to both staff and customers. In addition, the communication of the new vision to both employees and consumers had to be carefully timed to ensure that both groups felt confident about the new Comet (Hugh & John, 2006).

The company decided, as part of its strategy, to introduce a comprehensive training initiative for staff in order to communicate Comet's vision and changes prior to the launch date (18 August 2005). A communication programme would be implemented that provided opportunities for staff to give feedback on the changes and address any concerns with senior management (Hugh & John, 2006).

Comet identified and introduced four key behaviors that would represent the core values of the new Comet and enable staff to understand and embrace the new business model:

- Deep knowledge;
- Care for every detail;
- Passion for service;

• Individual attitude.

These values were at the core of all training programs that were implemented to support the launch of the vision. The company then launched initiatives designed to change the customer experience radically by improving staff knowledge. Recognizing that staff motivation was key to a successful launch, and the biggest single factor in improving levels of customer trust, Comet invested 4500 man-days of training and briefing to explain the launch and generate excitement about the changes (Hugh & John, 2006).

Listening to staff is key to any successful communications plan, and colleague feedback was seen as an essential part of the execution of Comet's new vision. To ensure consistent open lines of communication, the board of directors planned to spend one day per month in a different store, service center or home delivery platform across the business, inviting local colleagues to have lunch with them and discuss the company (Hugh & John, 2006).

Colleagues were encouraged to prepare questions for the board, focusing on any concerns or suggestions they had, as well as any questions on the Vision. Comments were taken into consideration by the board when making decisions about the direction of the business. Consumer and colleague feedback to the new service-driven approach was unprecedented, which showed to what extent employees had embraced the new Vision and were consciously employing the four key behaviors. As a result, there was a 20% drop in levels of customer retail complaints and a 100% increase in customer compliment letters (Hugh & John, 2006).

H2: There is a positive and significant relationship between intelligence dissemination and market performance.

2.3.3 Responsiveness and Market Performance

A case of HP

This was the case with business customers of technology giant Hewlett- Packard before Mark Hurd took over as HP's CEO a few years ago. Prior to Hurd assuming command, HP's revenues

and profits had flattened, and its stock price had plummeted. To find out why, Hurd first talked directly with 400 corporate customers. Mostly what he heard were gripes about HP's corporate sales force.

Customers complained that they had to deal with too many salespeople, and HP's confusing management layers made it hard to figure out whom to call. They had trouble tracking down HP sales representatives. And once found, the reps often came across as apathetic, leaving the customer to take the initiative. HP reps were responsible for a broad range of complex products, so they sometimes lacked the needed depth of knowledge on any subset of them. Customers grumbled that they received varying price quotes from different sales reps, and it often took weeks for reps to respond to seemingly simple requests. In all, HP's corporate customers were frustrated, not a happy circumstance for a company that gets more than 70 percent of its revenues from businesses (Kotler & Armstrong, 2012).

But customers weren't the only ones frustrated by HP's unwieldy and unresponsive sales force structure. HP was organized into three main product divisions: the Personal Systems Group (PSG), the Technology Solutions Group (TSG), and the Image and Printing Group (IPG). However, HP's corporate sales force was housed in a fourth division, the Customer Sales Group (CSG). All salespeople reported directly to the CSG and were responsible for selling products from all three product divisions. To make matters worse, the CSG was bloated and underperforming. According to one reporter, "of the 17,000 people working in HP's corporate sales, only around 10,000 sold directly to customers. The rest were support staff or in management." HP division executives were frustrated by the CSG structure. They complained that they had little or no direct control over the salespeople who sold their products. And multiple layers of management slowed sales force decision making and customer responsiveness (Kotler & Armstrong, 2012).

Finally, salespeople themselves were frustrated by the structure. They weren't being given the time and support they needed to serve their customers well. Burdened with administrative tasks and bureaucratic red tape, they were spending less than one-third of their time with customers. And they had to work through multiple layers of bureaucracy to get price quotes and sample

products for customers. “The customer focus was lacking,” says an HP sales vice president. “Trying to navigate inside HP was difficult. It was unacceptable.” (Kotler & Armstrong, 2012)

As Hurd peeled back the layers, it became apparent that HP’s organizational problems went deeper than the sales force. The entire company had become so centralized, with so many layers of management, that it was unresponsive and out of touch with customers. Nothing bothered him more than the discoveries he made about HP’s inefficient structure. Thus began what one observer called “one of Hurd’s biggest management challenges: overhauling HP’s vast corporate sales force.” For starters, Hurd eliminated the CSG division, instead assigning salespeople directly to the three product divisions. He also did away with three layers of management and cut hundreds of unproductive sales workers. This move gave divisional marketing and sales executives direct control over a leaner, more efficient sales process, resulting in speedier sales decisions and quicker market response (Kotler & Armstrong, 2012).

Hurd also took steps to reduce salesperson and customer frustrations. Eliminating the CSG meant that each salesperson was responsible for selling a smaller number of products and was able to develop expertise in a specific product area. Hurd urged sales managers to cut back on salesperson administrative requirements and improve sales support so that salespeople could spend more quality time with customers. As a result, salespeople now spend more than 40 percent of their time with customers, up from just 30 percent before. And HP salespeople are noticing big changes in the sales support they receive (Kotler & Armstrong, 2012).

To ensure that important customers are carefully tended, HP assigned each salesperson three or fewer accounts. The top 2,000 accounts were assigned just one salesperson—“so they’ll always know whom to contact.” Customers are noticing differences in the attention that they get from HP salespeople. Once the new sales force started to take shape, Hurd began to focus on the role of the client in the sales process. The fact that HP refers to its business buyers as “partners” says a lot about its philosophy (Kotler & Armstrong, 2012).

“We heavily rely on [our partners]. We look at them as an extension of the HP sales force,” Hurd said. To strengthen the relationship between HP and its partners, HP has partners participating in

account planning and strategy development, an activity that teams the partners with HP sales reps and its top executive team. Because Hurd wants the sales force to have strong relationships with its partners, he practices what he preaches. He spends up to 60 percent of the year on the road with various channel partners and their customers. Part of his time is funneled through HP's Executive

Connections program, roundtable meetings that take place worldwide. But many of Hurd's interactions with HP partners take place outside that program as well. This demonstration of customer commitment at the highest level has created some fierce customer loyalty toward HP (Kotler & Armstrong, 2012).

In the four years since Hurd took over as CEO, HP's revenues, profits, and stock price have increased by 44 percent, 123 percent, and 50 percent, respectively. Still, with HP's markets as volatile as they've been, Hurd has taken HP into new equipment markets as well as gaining a substantial presence in service solutions. Each time the company enters a new market and faces new competitors, the HP sales force is at the center of the activity. In an effort to capture market share from Dell, Cisco, and Lexmark in the server market, HP opened a new sales operation in New Mexico called the SMB Exchange. It combines a call center, inside sales, and channel sales teams. Observers have noted that whereas HP's sales force was known for being more passive in the past, it is now much more aggressive—like Cisco's (Kotler & Armstrong, 2012).

Hurd knows that because of HP's enormous size, it walks a fine line. In fact, he refers to the company's size as a "strange friend." On the one hand, it allows the company to offer a tremendous

portfolio of products and services with support from a massive sales force. On the other hand, multiple organizational layers can make it more difficult to create solutions for partners and customers. Hurd is doing everything he can to make HP leaner and meaner so that it can operate with the nimbleness and energy of a much smaller company. The changes that have taken place at HP have made most everyone more satisfied. And happier salespeople are more productive, resulting in happier customers. That should mean a bright future for HP (Kotler & Armstrong, 2012).

H3: There is a positive and significant relationship between responsiveness and market performance.

2.4 Research Gap

(Kohli & Jawaroski, 1990) and (Narver & Slater, 1990) tried to prove that market orientation positively influences business performance. However, different variables could contribute to a firm/company's performance at a same time. For instance, there could be an effect due to a change in human resource, budget, technological advancement and support. Meanwhile, the increase in performance could be a summed up influence. In other words, the direct impact of market orientation on market performance cannot be measured. In the case of HP, Hurd's (CEO) effort to generate market intelligence by speaking with 400 customers and his decision to become highly responsive to customers by assigning one sales rep to each key account customer contributed to the positive performance of the company. However, it is not possible to measure or quantify the degree of influence of these variables; intelligence generation, intelligence dissemination and responsiveness on performance measures such as stock value and market share.

2.5 Conceptual Framework of the Study

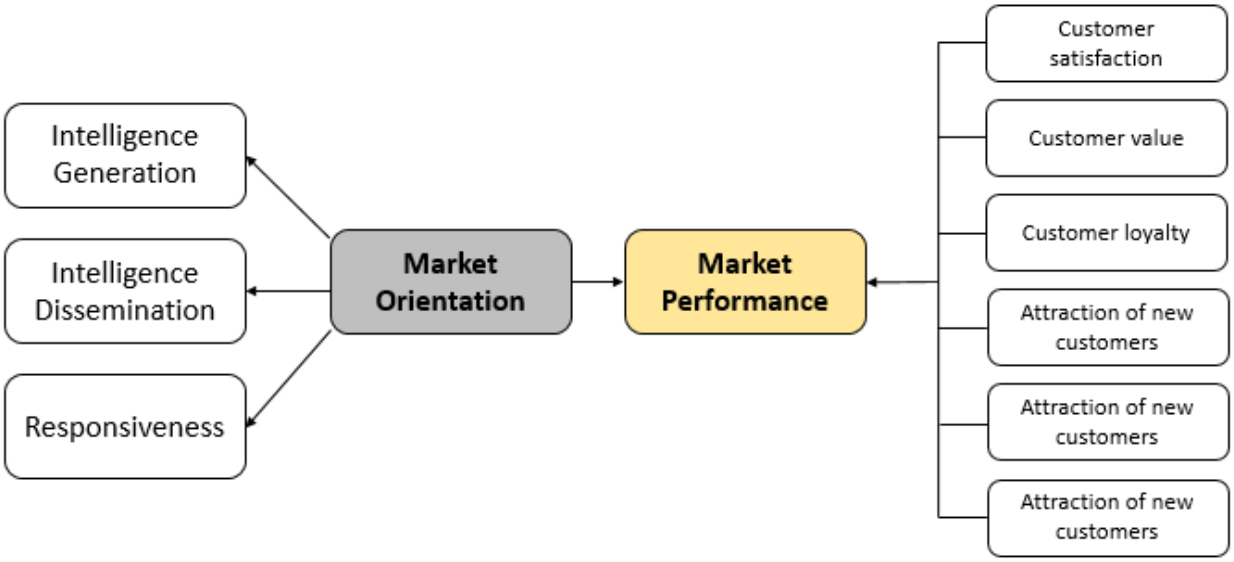


Figure 1 Conceptual framework

Chapter Three

3. Methodology

3.1 Introduction

Under this chapter; the type and design of the research, the subjects of the study, the sources of data, the data collection tools/instruments employed, the procedures of data collection and the methods of data analysis used are described.

The research is partly explanatory and descriptive. Qualitative approach will be undertaken to obtain data and make further analysis. Data will be collected from relevant stakeholders in the Ethiopian garment sector. Further details on the research methodology will be entertained in detail on the following sub-topics below.

3.2 Research Approach

This study will follow a qualitative approach. The qualitative approach will involve subjective assessment of attitudes, opinions and behavior. Questionnaire and projective technique will be employed to calibrate this approach.

3.3 Research Design

The research is going to be partly explanatory and descriptive. Descriptive research includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. (Kothari, 2004) This will be applied to elaborate and briefly describe the market orientation of garment companies in Ethiopia.

On the other hand, explanatory studies mainly investigate a cause and effect relationship. Bibliographical survey of related studies will be conducted and people who have had practical experience with the problem being studied will also be surveyed in order to have an insight of

the relationships between the variables and ideas relating to the research problem. This type of study will be used to investigate the influence of market orientation on the market performance of Ethiopian garment companies.

3.4 Sampling Design

3.4.1 Target Population

The target population will be a collection of the management and employees of garment companies located in Addis Ababa and experts in the garment sector. The researcher believes that abundant data can be collected from these sources. The selected target population significantly influences the garment sector.

3.4.2 Sampling Frame

3.4.2.1 Management and employees of garment companies in Ethiopia

Managers and other employees who can provide relevant information regarding the garment sector and the marketing strategies of the respective company are selected from the below list of garment companies.

Table 4 Garment companies

No.	Company Name	Location	Number of source
1	Almeda textile P.L.C	Tigray region	5
2	Eltex textile and garment factory	Addis Ababa	5
3	Maa garment and textile factory	Tigray region	5
4	Tehute knitting and garment factory	Addis Ababa	5
5	Akaki garment s.c	Addis Ababa	5
6	Ambassador garment and trade P.L.C	Addis Ababa	5
7	Asbem industrial P.L.C	Oromia region	5
8	Oasos Abyssinia P.L.C	Addis Ababa	5
9	Kanoria Africa textile P.L.C	Oromia Region	5
10	Etur textile P.L.C	Oromia region,	5
11	Wow garment	Addis Ababa	5
12	Edget garment P.L.C	Addis Ababa	5
13	Desta garment P.L.C	Addis Ababa	5
14	Evolution garment P.L.C	Addis Ababa	5
	Total		**70**

3.4.2.2 Ethiopian garment and textile associations

ETGAMA

Ethiopian Textile and Garment Manufacturers' Association is a national sectorial association of the Ethiopian Textile and Garment Industry. Re-established in 2003, ETGAMA represents the interest of its members in different forms. Members' capacity building, market linkage formation, information supply and advocating policy-related affairs are the main areas of its engagement. In close cooperation with the Government and development partners, ETGAMA works on capacitating the individual member factories and networking them in view of improved bargaining power in the competitive market of the industry. (Mekuria, 2011)

For the purpose of this study, data will be collected from managers who work in ETGAMA through projective techniques.

3.4.3 Sampling Technique

Based on representation, the sampling will be a non-probability sampling. This sampling method involves purposive or deliberate selection of particular units of the universe for constituting a sample which represents the universe. (Kothari, 2004) The researcher's judgment will be used for selecting samples that are considered as representative of the population.

3.4.4 Sample Size

The sample size for this study is seventy (70). Considering that this optimal number will represent the population based on the researcher's judgment, the sample will be composed of management and employees of fourteen garment companies located in Addis Ababa and experts from Ethiopian Textile and Garment Manufacturers Association.

3.4.5 Sampling Procedure

Considering the issues of sampling error, systematic bias, the research problem and the nature of the industry that is going to be studied, the researcher has chosen a non-probability; judgment sampling.

3.5 Sources of Data

3.5.1 Primary Source

Management and employees of garment companies located in Addis Ababa and experts in the garment sector are the primary data sources of this study. A close ended questionnaire was designed for management and employees of fourteen garment companies. The questionnaire was sent to seventy respondents (marketing executives and first line managers from these garment companies.

3.5.2 Secondary Source

The study used secondary data from publications of the Ethiopian Investment Commission and Ethiopian Revenue and Customs Authority.

3.6 Data Collection Methodology and instrument

All the necessary data for the study is collected through questionnaire and projective technique.

3.7 Data Analysis Methods

This study primarily emphasizes on investigating the influence of market orientation on the market performance of garment companies in Ethiopia. Multiple regression analysis is applied to

analyze the relationship between one dependent variable and several independent variables. According to the literature reviewed, IG, ID and RE are the three independent variables which makeup market orientation. The linear multiple regression equation is calculated as follows:

$$MP = \beta 0 + \beta 1\ ID + \beta 2\ IG + \beta 3Re + \varepsilon$$

3.8 Validity and Reliability

3.8.1 Validity

Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. (Kothari, 2004) Having said this the study will be validated in two ways; content validity and criterion-related validity.

Content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study. If the instrument contains a representative sample of the universe, the content validity is good. Its determination is primarily judgmental and intuitive. It can also be determined by using a panel of persons who shall judge how well the measuring instrument meets the standards. (Kothari, 2004)

Criterion-related validity relates to our ability to predict some outcome or estimate the existence of some current condition. This form of validity reflects the success of measures used for some empirical estimating purpose. The concerned criterion must possess the following qualities: relevance, freedom from bias, reliability and availability. (Kothari, 2004)

3.8.2 Reliability

A measuring instrument is reliable if it provides consistent results. Reliable measuring instrument does contribute to validity, but a reliable instrument need not be a valid instrument. (Kothari, 2004)

Two aspects of reliability viz., stability and equivalence deserve special mention. The stability aspect is concerned with securing consistent results with repeated measurements of the same person and with the same instrument. Stability is determined by comparing the results of repeated measurements. The equivalence aspect considers how much error may get introduced by different investigators or different samples of the items being studied. A good way to test for the equivalence of measurements by two investigators is to compare their observations of the same events.

Reliability can be improved in the following two ways:

i. By standardizing the conditions under which the measurement takes place we must ensure that external sources of variation such as boredom, fatigue, etc., are minimized to the extent possible. That will improve stability aspect.

ii. By carefully designed directions for measurement with no variation from group to group, by using trained and motivated persons to conduct the research and also by broadening the sample of items used. This will improve equivalence aspect. (Kothari, 2004)

The data collected is tested for reliability using Cronbach's Alpha reliability test. According to (Jacob, et al., 2003) in cross-sectional studies in which the measures are collected on a single occasion, the most commonly used measure of reliability (internal consistency) is coefficient alpha.

3.9 Research Ethics

Research that involves human subjects or participants raises unique and complex ethical, legal, social and political issues. Research ethics is specifically interested in the analysis of ethical issues that are raised when people are involved as participants in research (Walton, n.d.).

This study fully conformed to all principles of research ethics. Respondents had the right to choose whether to participate on the study or not. Participants will not be prone to any physical

or psychological harm triggered by this study. All participants the right to strict privacy, personal information will not be disclosed to any party and it will be kept confidential.

Chapter Four

4. Results and Discussion

4.1 Introduction

This chapter summarizes the results/findings of the study, and interpret/discuss the findings. It covers the presentation, analysis and interpretation of data collected from primary sources. An entire of 80 questionnaire was sent out to fourteen garment companies located in Addis Ababa to collect data about the factors that influence market performance. Out of these 80 questionnaires, 60 usable responses were obtained.

Furthermore, this chapter shows a descriptive analysis on the variables of the study and results of regression analysis that establish the findings of this study. The data collected with questionnaires was analyzed through Statistical Package for Social Sciences (SPSS).

4.2 Reliability Study

Cronbach's Alpha reliability test was conducted in order to ensure internal consistency among the items that are included on each scale. Cronbach's alpha reliability coefficient normally ranges between 0 and 1. However, there is actually no lower limit to the coefficient. The closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale. Based upon the formula _ = rk / [1 + (k -1)r] where k is the number of items considered and r is the mean of the inter-item correlations the size of alpha is determined by both the number of items in the scale and the mean inter-item correlations (Joseph & Rosemary, 2003). According to (George & Mallery, 2003), correlation coeficients > .9 are considered excellent, > .8 – Good, > .7 – Acceptable, > .6 – Questionable, > .5 – Poor, and < .5 – Unacceptable. Hence, as it is presented in Table 5; the Alpha coefficients of the factors that affect market performance is between 0.941 and 0.846. Overall Cronbach's Alpha coefficient for expected scale items is 0.903. Therefore, each variable represents a valid and reliable construct.

Table 5 Reliability test (Cronbach's Alpha)

Dimensions	Alpha Coefficients for dimensions
Intelligence generation	0.872
Intelligence dissemination	0.846
Responsiveness	0.941
Market Performance	0.838
Reliability of total scale	**0.903**

Source: Analysis of survey data 2018, SPSS 20

4.3 Companies' service years in the garment industry

As it is presented in Table 6, 60 of the respondents are from 14 garment companies that have offices in Addis Ababa. Out of these respondents, 22 of them which represent 36.7% of the total population; are from garment companies with service years of less than 5 years in the garment industry. 15 respondents which make up 25% of the total population are from garment companies with 6-10 years of service in the garment industry. 10 respondents which make up 16.7% of the population are from garment companies with 10-20 years of service in the garment industry. Lastly, 13 respondents which make up 21.7% of the total population are from garment companies with more than 20 years of service in the sector.

Table 6 Companies' years of service in the garment industry

Variable	Category	Frequency	Percentage
Years of service	less than 5 years	22	36.7
	between 6 and 10 years	15	25.0
	between 10 and 20 years	10	16.7
	greater than 20 years	13	21.7

Source: Analysis of survey data 2018, SPSS 20

4.4 Respondent's research problem judgement

In order to get an insight of what the respondents think about the purchase of local garments in Ethiopia, the respondents were asked two questions in Table 7. 58 respondents which make up 96.7% of the total population said they believed customers like to purchase foreign/imported items rather than locally produced garment products. 25.8% of these respondents said it was because 'locally manufactured products have less quality', 34.4% of them said it was because 'there is less product variety in locally produced products and customers don't get what they are looking for', 37.9% of these respondents said it is because consumers believe imported products are better than the locally produced products.

Table 7 Respondent's research problem judgement

	Response	**Frequency**	**Percentage**
Do you think local customers prefer to purchase foreign/imported products (from locally manufactured products)?	Yes	58	96.7
	No	2	3.3
	Total	60	100
Why do you think they prefer imported products?	Because locally manufactured products have less quality.	15	25.8
	Because there is less product variety in locally produced products and customers don't get what they are looking for.	20	34.4
	Because consumers believe imported products are better than the locally produced products.	22	37.9
	I don't know	1	1.7
	Total	58	100

Source: Analysis of survey data 2018, SPSS 20

4.5 Descriptive Statistics

Variables	Mean	Max	Min	Standard Deviation
IG	2.67	3.45	1.03	0.733037736
ID	3.01	4.05	2.30	0.528545286
RE	3.14	4.05	2.12	0.646149485
MP	3.89	4.03	3.50	0.212044719

Factors of market orientation that influence market performance of garment companies

According to (Kohli, et al., 1993), the market orientation measure (MARKOR) assesses the degree to which a SBU(1) engages in multi-department intelligence generation activities, (2) disseminates this intelligence vertically and horizontally through both formal and informal channels, and (3) develops and implements marketing programs on the basis of the intelligence generated. Based on the this assumption, the questionnaire was adapted from MARKOR's 5 scale market orientation measures for Intelligence generation (IG), Intelligence dissemination (ID) and Responsiveness (RP). Key attributes of this measure include (1) a focus on customers of the SBU and the forces that drive their needs and preferences, (2) activity-based items, not business philosophy, and (3) a demarcation of a general market orientation factor and associated component factors (Kohli, et al., 1993).

4.5.1 Intelligence Generation

Out of 60 respondents, 35% disagree on the statement which says that they meet with customers at least once a year to find out what products or services they will need in the future and 16% of they feel neutral on this statement. This shows that most garment companies don't meet their customers to know more about their future needs. On another dimension, these respondents were asked if individuals from their manufacturing department interacted with customers to learn how to serve them better and 43.3% of the respondents disagreed. Again this shows that the majority of garment makers do not include their customers' insight in their manufacturing process.

Furthermore, 41.7% of the respondents disagreed on the statement which states that they do a lot of in-house market research and 50% of these respondents agreed that they are slow to detect changes in their customers' product preferences. In other words, this indicates that a majority of these companies do not attempt to know about their customers or they are not customer-centric. Questions IG5 and IG6 probe if there is any form of communication with end users; 41.7% and 38.3% of the respondents disagreed to these questions respectively.

Meanwhile, 50% of the respondents agreed to IG7 which states that they collect industry information by informal means. This means that even though there is less attempt to know about customers and the industry directly, these companies work around to get information through informal means. 40% of the respondents also agreed on the generation of market intelligence by their firm departments independently.

On question IG9, respondents were asked if their firm was slow to detect fundamental shifts in the industry and 46.7% of them disagreed. This indicates that these companies are not slow to detect industry shifts like technology and regulations. Finally, respondents were asked if their company periodically reviews the likely effect of changes in their business environment on customers and 48.3% of them agree on it.

Table 8 Summary of survey findings for market intelligence generation

	Statement to evaluate	**Rating point**						**Remark**
		1	2	3	4	5	mean	
	Intelligence Generation							
IG1	In this business unit, we meet with customers at least once a year to find out what products or services they will need in the future.	10%	35%	16%	33%	5%		Disagree

IG2	Individuals from our manufacturing department interact directly with customers to learn how to serve them better.	5%	43.3%	13.3%	33.3%	5%		Disagree
IG3	In this business unit, we do a lot of in-house market research.	8.3%	41.7%	18.3%	30%	1.7%		Disagree
IG4	We are slow to detect changes in our customers' product preferences.(R)		50%	25%	21.75	3.3%		Disagree
IG5	We poll end users at least once a year to assess the quality of our products and services.	11.7%	41.7%	10%	28.3%	8.3%		Disagree
IG6	We often talk with or survey those who can influence our end users purchases.	5%	38.3%	25%	28.3%	3.3%		Disagree
IG7	We collect industry information by informal means (e.g lunch with industry friends and talks with trade partners)	8.3%	23.3%	10%	50%	8.3%		Agree
IG8	In our business unit, intelligence on our competition is generated independently by several departments.	1.7%	33.3%	21.7%	40%	3.3%		Agree
IG9	We are slow to detect fundamental shifts in our industry (e.g competition, technology and regulations)(R)	13.3%	46.7%	13.3%	25%	1.7%		Disagree
IG10	We periodically review the likely effect of changes in our business environment (e.g regulation) on customers.	3.3%	2.5%	15%	48.3%	8.3%		Agree

Source: Analysis of survey data 2018, SPSS 20

4.5.2 Intelligence Dissemination

This dimension tries to check if departments and employees in the garment companies exchange the generated information amongst them. ID1 states that there is an informal (hall-talk) communication concerning competitor's tactics and strategies; 41.7% of the respondents have disagreed on it. This means that majority of employees in the garment companies do not share information about their competitors informally. However, 60% and 35% of the respondents have agreed to the second and third statements which state that their firm has inter-departmental meetings at least once a quarter to discuss market trends and developments. This implies that there is a formal communication which at least happens every quarter.

Meanwhile, 53.3% of the respondents disagreed on the fourth statement which says that their firm circulates documents that provide information on their competitors. Which means that even if most of the garment companies have formal updates about market trends and competition; employees don't get the information on a written format like newsletters and reports.

Statements ID6, ID7 & ID8 have an indication of inter-departmental exchange of information and 50%, 45% and 38.3% of the respondents have disagreed on the statements. This proves that there is less sharing of information amongst departments within a firm.

Table 9 Summary of survey findings for market intelligence dissemination

	Statement to evaluate	**Rating point**					**Remark**
		1	2	3	4	5	
Intelligence Dissemination							
ID1	A lot of informal "hall talk" in this business unit concerns our competitors' tactics and strategies.	5%	41.7%	13.3%	31.7%	8.3%	Disagree
ID2	We have inter-departmental meetings at least once a quarter to discuss market trends and developments.		8.3%	5%	60%	26.7%	Agree

ID3	Marketing personnel in our business unit spend time discussing customers' future needs with other functional departments.	10%	31.7%	16.7%	35%	6.7%	Agree
ID4	Our business unit periodically circulates documents (e.g reports, newsletters) that provide information on our competitors.	18.3%	53.3%	8.3%	20%		Disagree
ID5	When something important happens to a major customer of market, the whole business unit knows about it within a short period.	10%	26.7%	10%	41.7%	11.7%	Agree
ID6	Data on customer satisfaction are disseminated at all levels in this business unit on a regular basis.	13.3%	50%	13.3%	21.7%	1.7%	Disagree
ID7	There is minimal communication between marketing and manufacturing departments concerning market developments.(R)	8.3%	45%	11.7%	30%	5%	Agree
ID8	When one department finds out something important about competitors, it is slow to alert other departments.(R)	1.7%	38.3%	15%	36.7%	8.3	Agree

Source: Analysis of survey data 2018, SPSS 20

4.5.3 Responsiveness

According to (Kohli & Jawaroski, 1990), responsiveness covers the action taken in response to market intelligence that is generated and disseminated by the organization. The first statement of this section is concerning the speed of response to competitor's price changes and 38.3% of the respondents said they are slow to respond to competitor's price game. The second statement checks whether the respondent's company new product development is driven by principles of market segmentation; Hence 60% of the respondents disagreed on the fact that their company

follows the principles of market segmentation. In other words, most of the garment companies do not segment their markets and develop products that are suitable to each market. 48.3% of the respondents also agreed that their company ignores changes in customers' needs.

55% of the respondents agreed that their firm periodically reviews its product development to be aligned with what customers want. This means that their firm internally tries to assess its product portfolio to keep its products aligned with customer demands. However, 53.3% of the respondents agreed to statement RE5; this statement was included to check if garment companies prioritize market research over technological advancement. Yet 53.3% agreement of the respondents evidenced that it is not the case. Many of the garment companies are driven by technological advances instead of market research. The respondents' response to statement RE7 and RE10 also reinforces this finding. RE7 says 'The product lines we sell depends more on internal politics than real market needs' and 63.3% of the respondents have agreed to this statement. RE10 also tries to check if customers' complaints fall on deaf ears and 50% of the respondents agreed to the statement. In other words, majority of the garment companies do not give emphasis to market research which is conducted to understand customer needs and they ignore customer complaints.

On a statement which checks if the respondents' company is responsive to competitor's extensive campaign targeted at their customers; 43.3% of the respondents agreed to the statement. At the same time, on another statement which says 'We are quick to respond to significant changes in our competitors' pricing structures'; 50% of the respondents agreed. This implies that garment companies are responsive to competitors' moves.

Table 10 Summary of survey findings for responsiveness

	Statement to evaluate	**Rating point**					**Remark**
		1	2	3	4	5	
Responsiveness							

RE1	It takes us forever to decide how to respond to our competitors' price changes.(R)	1.7%	38.3%	13.3%	35%	11.7%	Disagree
RE2	Principles of market segmentation drive new product development efforts in this business unit.	3.3%	60%	1.7%	33.3%	1.7%	Disagree
RE3	For one reason or another we tend to ignore changes in our customers' product or service needs.(R)		36.7%	15%	48.3%		Agree
RE4	We periodically review our product development efforts to ensure that they are in line with what customers want.	1.7%	23.3%	18.3%	55%	1.7%	Agree
RE5	Our business plans are driven more by technological advances than by market research.(R)	5%	15%	23.3%	53.3%	3.3%	Agree
RE6	Several departments get together periodically to plan a response to changes taking place in our business environment.		6.7%	20%	50%	23%	Agree
RE7	The product lines we sell depends more on internal politics than real market needs.(R)	1.7%	1.7%	18.3%	63.3%	15%	Agree
RE8	If a major competitor were to launch an intensive campaign targeted at our customers, we would implement a response immediately.	3.3%	30%	20%	43.3%	3.3%	Agree

RE9	The activities of the different departments in this business unit are well coordinated.		5%	11.7%	68.3%	15%	Agree
RE10	Customer complaints fall on deaf ears in this business unit.(R)		11.7%	15%	50%	23.3%	Agree
RE11	Even if we came up with a great marketing plan, we probably would not be able to implement it in a timely fashion.(R)	3.3%	35%	20	31.7%	10%	Disagree
RE12	We are quick to respond to significant changes in our competitors' pricing structures.	1.7%	20%	15%	50%	13.3%	Agree
RE13	When we find out that customers are unhappy with the quality of our product/service we take corrective action immediately.			15%	65%	20%	Agree
RE14	When we find that customers would like us to modify a product or service the departments involved make concerned efforts to do so.		3.3%	20%	63.3%	13.3%	Agree

Source: Analysis of survey data 2018, SPSS 20

4.6 Test results for Classical Linear Regression Model assumptions

This section discusses the results of the diagnostic test of the Classical Linear Regression Model. These tests are model specification test, autocorrelation, multicollinearity, heteroscedasticity and normality tests.

4.6.1 Model Specification

Model specification error occurs when omitting a relevant independent variable, including unnecessary variable or choosing the wrong functional form. When the omitted variable is correlated with the variable which is included, the estimators will be biased and inconsistent and model specification error will tend to occur. If the omitted variable is not correlated with the included variable, the estimators are unbiased and consistent and model specification will not occur (Brooks, 2008). Therefore, Ramsey-RESET test is used to check the model specification.
The hypothesis for the model specification test is formulated as follows:

H0: The model specification is correct.

H1: The model specification is incorrect.

$\alpha = 0.05$

Decision rule: Reject HO if P value is less than significant level 0.05. Otherwise, do not reject H0.

Table 11 Model Specification

Ramsey RESET Test
Equation: UNTITLED
Specification: MP IG ID RE C
Omitted Variables: Squares of fitted values

	Value	df	Probability
t-statistic	0.193271	55	0.8475
F-statistic	0.037354	(1, 55)	0.8475
Likelihood ratio	0.040736	1	0.8400

Source: EViews output

From Table 11, we can realize that the linear model is suitable because the p values are all above 0.05 and the test did not reject the null hypothesis.

4.6.2 Autocorrelation

According to (Brooks, 2008), Autocorrelation occurs when the error term for any observation is related to the error term of other observation. In this study, it is anticipated that distribution errors are uncorrelated with one another. Meanwhile, BreuschGodfrey Serial Correlation LM test is used to do the autocorrelation test. If the p value is more than 5% significant level, it means that there is no autocorrelation problem in the model. The hypothesis for the autocorrelation test is formulated as follows:

H0: There is no autocorrelation problem.

H1: There is autocorrelation problem.

$\alpha = 0.05$

Decision rule: Reject H0 if p value is less than significant level 0.05. Otherwise, do not reject H0.

Table 12 Autocorrelation

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.850741	Prob. F(2,54)	0.4327
Obs*R-squared	1.832786	Prob. Chi-Square(2)	0.4000

Source: EViews output

From table 12, the null hypothesis is not rejected because the p values for both F-statistic and Chi-Square are above 0.05. Therefore, it can be concluded that the model has no autocorrelation problem.

4.6.3 Multicollinearity

Multicollinearity occurs when some or all of the independent variables are highly correlated with one another. It shows the regression model has difficulty in explaining which independent variables are affecting the dependent variable. If multicollinearity is too serious in a model, either additional important variable should be added or unimportant independent variable should be dropped (Brooks, 2008). For this study, High pair-wise correlation coefficients method is used to see the correlation of independent variables between each other. According to (Joseph & Rosemary, 2003), If the correlation coefficient is higher than 0.8; the model has a serious multicollinearity problem.

Table 13 Multicollinearity

	RE	IG	ID
RE	1.000000	0.525442	0.600727
IG	0.525442	1.000000	0.728140
ID	0.600727	0.728140	1.000000

Source: EViews output

As it is shown in Table 15, the pair-wise correlation among all variables is not more than 0.8. Meanwhile it can be concluded that the model does not have a multicollinearity problem in the independent variable that are believed to influence the market performance of garment companies in Ethiopia.

4.6.4 Heteroscedasticity

According to (Brooks, 2008), when the distribute of errors is different, varying depending the value of one or more of the independent variables, the error terms are heteroscedastic. If there is a heteroscedasticity problem, it indicates that the OLS (Ordinary Least Square) estimators are not

preeminent and the error variances are not correct. As a result, the hypothesis testing, standard error and confidence level will be invalid. A white' test has been made, to ensure that there is no heteroscedasticity problem. The hypothesis for the heteroscedasticity test was formulated as follows;

H0: There is no heteroscedasticity problem.

H1: There is heteroscedasticity problem.

$\alpha = 0.05$

Decision Rule: Reject H0 if P value is less than significant level 0.05. Otherwise, do not reject H0.

Table 14 Heteroscedasticity

Heteroscedasticity Test: White

F-statistic	1.522071	Prob. F(9,50)	0.1661
Obs*R-squared	12.90323	Prob. Chi-Square(9)	0.1670
Scaled explained SS	10.52207	Prob. Chi-Square(9)	0.3099

Source: EViews output

As it is presented in Table 14, the white test indicates that there is no heteroscedasticity problem because the all p values for F-statistic, Obs*R-squared and Scaled explained SS are more than 0.05. Hence, the null hypothesis is not rejected.

4.6.5 Normality

For this study, Jarque-Bera test is used to know if error terms are normally distributed. According to (Brooks, 2008), Jarque-Bera statistic would not be significant for disturbance to be normally

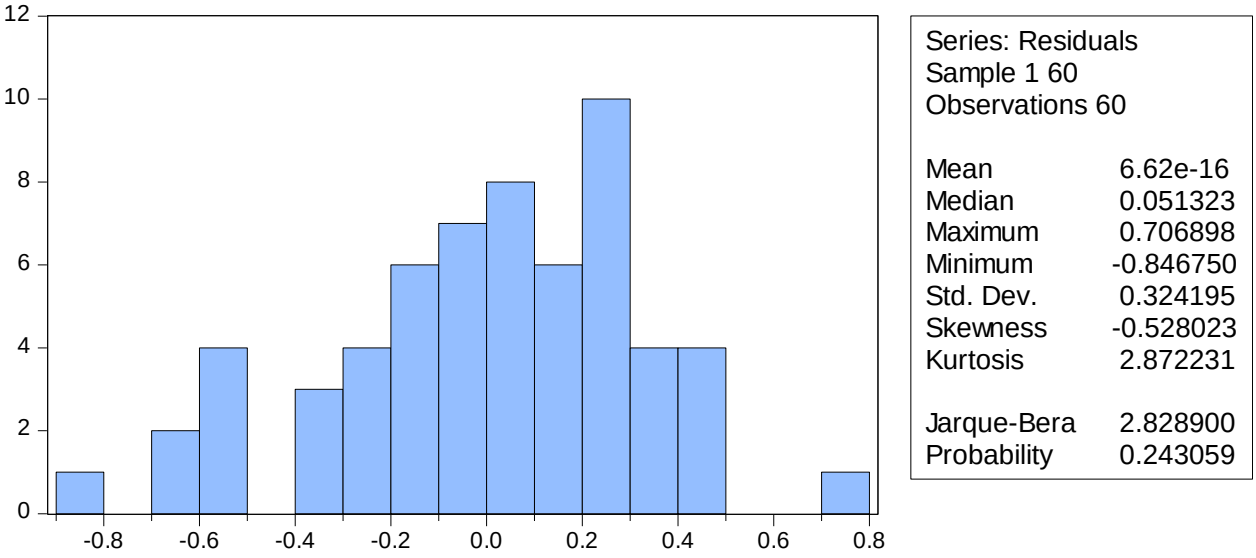
distributed around the mean. The hypothesis for the normality test was formulated as follows:

H0: Error term is normally distributed

H1: Error term is not normally distributed

$\alpha = 0.05$

Decision Rule: Reject H0 if P value of Jarque-Bera is less than significant level 0.05. Otherwise, do not reject H0.



Source: EViews output

Figure 2 Normality

Figure 2 shows that the distribution of the panel observation is symmetric about its mean. The Jarque-Bera statistic has a p value of 0.243059. The null hypothesis has not been rejected because the p value is above 0.05.

4.7 Hypothesis testing using multiple regressions

Multiple regression has been used to test the research hypothesis of independent and dependent variables in this study. The analysis for each independent variable (Intelligence Generation, Intelligence Dissemination and Responsiveness) and the significance along with their influence over market performance will be discussed hereafter. This section entails a discussion which analyzes the statistical findings of the study with regards to empirical review which is reviewed in the second chapter of this study.

Table 15 Multiple regression result

Dependent Variable: MP
Method: Least Squares
Date: 05/14/18 Time: 05:14
Sample: 1 60
Included observations: 60

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IG	0.183067	0.093482	1.958319	0.0000
ID	0.717758	0.111012	6.465571	0.0552
RE	0.122993	0.058746	2.093645	0.0408
C	0.140677	0.183445	0.766861	0.4464

R-squared	0.838233	Mean dependent var	3.166667
Adjusted R-squared	0.829567	S.D. dependent var	0.806051
S.E. of regression	0.332766	Akaike info criterion	0.701586
Sum squared resid	6.201058	Schwarz criterion	0.841209
Log likelihood	-17.04757	Hannan-Quinn criter.	0.756200
F-statistic	96.72582	Durbin-Watson stat	2.054481
Prob(F-statistic)	0.000000		

Source: EViews output

As it is shown in Table 15, the regression model presents the variance in market performance. It indicates that the predictor variables correspond 82.9% of the variability. In other words, more than 82.9% of the variations in the market performance of local garment companies in Ethiopia is explained by Market Orientation (Intelligence generation (IG), Intelligence dissemination (ID)

and Responsiveness (RE)). Nevertheless, the rest 17.1% of the variations in Market Performance are caused by other variables which are not included in the regression model. In the meantime, F-statistic is less than P<0.05 and as a result it shows that the model is significant and the variation depicted by the model is valid.

4.7.1 Intelligence Generation (IG)

As the result shown in Table 15, Intelligence Generation has a coefficient value of 0.183067 with its p value 0.0000. This indicates that by keeping other variables constant, Intelligence Generation (IG) has a positive and significant influence on Market Orientation (MO). This is because the coefficient for the independent variable is positive and its p value is below 0.05. Therefore, H1 which states that there is a positive and significant relationship between IG and MP is accepted.

The result also reinforces the case of Toyota; which is reviewed in the empirical literature section of chapter two. Toyota developed a single customer marketing database and customer experience surveys to generate market intelligence. This move led to customer loyalty and attraction of new customers. According to (Irving, 1995), customer loyalty and attraction of new customers are two of the six elements that constitute MP.

4.7.2 Intelligence Dissemination (ID)

The coefficient for Intelligence Dissemination is 0.717758; which explains the positive influence ID has on Market Performance. However, its p value is 0.0552 which is more than 0.05. In other words, this means that the relationship is insignificant. As a result, H2 which states that there is a positive and significant relationship between ID and MP is rejected.

Meanwhile, this result supports the empirical review on Comet's case. Comet's board of directors planned to spend some time with employees to ensure consistent open lines of

communication. This decision encouraged employees to freely ask questions and share information. As a result customers' and employees' comments were taken in to consideration by the board and it showed a positive result on customer satisfaction which is one of the six elements of MP according to (Irving, 1995).

4.7.3 Responsiveness (RE)

The coefficient for Responsiveness is 0.122993 which depicts a positive relationship with the dependent variable MP. The p value for the coefficient also shows a significant relationship because it is less than 0.05. Therefore, H3 which states that there is a positive and significant relationship between RE and MP is accepted. This result also reinforces the case of HP. Where Hurd (CEO) decided to assign one sales rep to each key account in order to increase responsiveness. His decision led to market growth by tapping in to a new market in New Mexico.

Chapter Five

5. Summary, Conclusions and Recommendations

5.1 Summary of findings

By making a linear regression analysis on the data collected through questionnaire, the researcher has found out that there is;

- A positive and significant relationship between Intelligence Generation (IG) and Market Performance (MP).
- A positive and insignificant relationship between Intelligence Dissemination (ID) and Market Performance (MP).
- A positive and significant relationship between Responsiveness (RE) and Market Performance (MP).

In chapter two of this study, there is ample literature which explains the three dimensions of Market Orientation; IG, ID and RE. According to (Kohli & Jawaroski, 1990), market orientation consists of three organization wide activities: (1) Intelligence generation which is the assessment of current and future needs of customers, competitors, technology, regulations and other environmental forces by the departments throughout the organization. (2) Intelligence dissemination which is the communication and diffusion of the intelligence generated to relevant departments and individuals within the organization in order to initiate the appropriate response. (3) Responsiveness to the market intelligence generated.

The researcher found out that these three variables positively influence market orientation. Therefore, it can be concluded that Market orientation positively influences the market performance of local garment companies in Ethiopia. Market performance is assessed in terms of customer satisfaction, customer value, customer loyalty, attraction of new customers, market growth and market share.

5.2 Conclusion

The conclusion of this study will be presented in this section based on the regression analysis findings that are briefly disclosed in chapter four of this study. The conclusion will entail the inferences of the researcher based on the analysis made on this study and the researcher's insight of the garment industry which is sourced from experts in the sector through projective techniques of getting information.

96.7% of the respondents said that customers prefer to buy imported/foreign clothing rather than locally produced garment products. This is because locally manufactured products have less product variety and quality. Local garment companies make less effort to understand their customer needs; they just produce and sell. Many of the garment companies commonly produce polo-shirts, overhauls and traditional/handmade cotton products. This fact has made the market performance of local garment companies marginal. Meanwhile, there is a huge demand for other kinds of apparels. Work wears, sports wears, and casual clothes are bought from boutiques that buy imported garments. The major problem is the lack of market orientation in local garment companies in Ethiopia. All the items that are imported from abroad can actually be produced in Ethiopia at a low cost.

Intelligence generation has been proved to have a positive and significant relationship with market performance. This implies that if garment companies try to assess the current and future needs of their customers, monitor and identify their competitors' moves, developments, strengths and weaknesses, if they get updated information about government regulations on manufacturing and trade and if they are cautious about the environmental factors that can affect their business; they can achieve a superior market performance.

There is also a positive but insignificant relationship between intelligence dissemination and market performance. This indicates that the intelligence generated needs to be shared with employees of the firm in order to be responsive to the obtained information. However, there are some information that are strategic to the business and cannot be shared to just any individual

within the company. Such type of intelligence must only be shared with the right audience or relevant department.

The regression analysis also proved that there is a positive and significant relationship between responsiveness and market performance. In other words, garment companies can achieve superior market performance by taking action in response to the intelligence generated and disseminated by the company.

Generally, it can be concluded that market orientation positively influences market performance. The marginal market performance of local garment companies in Ethiopia is mainly triggered by less emphasis given to market orientation (Market intelligence generation, Market intelligence dissemination and Responsiveness).

5.3 Limitations of the study

While conducting this study, the researcher was faced with challenges that were hindering to comply with the constraints of time.

- One of the major problem is the unwillingness of respondents to participate in this study by filling the questionnaires. Many of the respondents were skeptic about the study. Quite a lot of time was spent explaining the study was only meant for academic purpose.

- The other limitation was the lack of knowledge about some marketing concepts in the questionnaire. The researcher had to briefly explain these concepts to some of the respondents.

5.4 Recommendations

Local garment companies will achieve a superior market performance if they assess the current and future needs of customers, competitor moves and developments, regulations and environmental factors that affect their business. They should also periodically review the changes in customer preferences. For instance, if a garment company produces neutral color clothing for women and the preference of customers shifts to bright color due to a change in fashion trend; the garment company must notice the change or even forecast the change and align the production accordingly.

Local garment companies must listen to customers and make market research to know what kinds of products they need and to serve them better. They should make in-house market research and also hire external researchers to have an insight of the industry as a whole. There are several officially authenticated researchers who can serve this purpose. Making a market research will enable them to generate ample market intelligence on fashion fads, seasonal clothing preferences, end user influencers or trendsetters in the industry and market they are operating in.

The generated market intelligence should also be shared with relevant departments of the garment companies. Mainly marketing departments should communicate with production and supply chain departments in order to ensure what is being produced is aligned with the market demand. This communication can be practical by having inter-departmental meetings in consistent routines. Issues like market trends, current and future demands, and competitor tactics and strategy can be raised to create awareness amongst relevant departments in the garment companies.

In the meantime, all the effort made to generate and disseminate intelligence within the company must be actionable in terms of being responsive to changes in customers' product preference, competitors' price changes, technological advancements, customers 'complaints and feedback. Particularly, sales persons have direct contact with customers. Therefore, garment companies

must roll out a specifically tailored training program to enlighten sales representatives on approaching customers, engaging customers or building rapport and receiving a feedback or compliant so that the company can easily generate intelligence and respond quickly.

Future research recommendations

The researcher has pointed out the lack of research in the garment industry as a problem in the introductory chapter of this study. R&D is a catalyst for growth; there needs to be exhaustive research on any sector to achieve growth. Meanwhile the researcher recommends further researches should be conducted on the customer behavior of the garment industry and the service quality of garment companies in sales.

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Appendix I

Questionnaire

Dear Respondents,

This questionnaire is designed to collect data on a research paper entitled **"the influence of customer orientation on the performance of garment companies in Ethiopia**" for the partial fulfillment of an MA Degree in Marketing Management.

This questionnaire consists of three sections: **Section I** deals with the general profile of the respondent, **Section II** covers dimensions of market orientation, **Section III** deals with market performance of the garment companies.

The information you provide in this study will be used for the academic purpose and it will be held strictly confidential. I appreciate your voluntary and valuable participation in this study. I thank you in advance for sharing your valuable experience and time by completing the questionnaire.

Thank you for taking the time to assist me in my educational endeavors**.** Please do not write your name on the questionnaire. If you have any enquiry you can reach me via the following address:

Selam Afework
+251-913-06-53-11
selamafewor@gmail.com

Section I: General Information

Direction: Please select the appropriate response category by **encircling** the number against each question

1. Please indicate the service years of your organization.

   1. less than 5 years 2. between 6 and 10 years

   3. between 10 and 20 years 4. greater than 20 years

2. What kind of marketing approach does your firm follow?

   1. Market-oriented approach
   2. Top management/owner of the firm decides what to produce with their own judgement

3. Do you think local customers prefer to purchase foreign/imported products (from locally manufactured products)?

   1. Yes 2. No

4. If your answer to the above question is 'Yes'. Why do you think they prefer imported products?

   1. Because locally manufactured products have less quality.
   2. Because there is less product variety in locally produced products and customers don't get what they are looking for.
   3. Because consumers believe imported products are better than the locally produced products.
   4. Because the local demand cannot by domestic producers, there should be additional supply.
   5. I don't know.

Section II: Market Oriented Dimensions

Direction: Please indicate your degree of agreement/disagreement with the following statements by circling the appropriate number. (1=Strongly disagree (SDA); 2=Disagree (DA); 3=Neutral (N); 4=Agree (A); and 5=Strongly agree (SA).

S. No	Statements	SDA	DA	N	A	SA
1	**Intelligence generation**					
1.1	In this business unit, we meet with customers at least once a year to find out what products or services they will need in the future.	1	2	3	4	5
1.2	Individuals from our manufacturing department interact directly with customers to learn how to serve them better.	1	2	3	4	5
1.3	In this business unit, we do a lot of in-house market research.	1	2	3	4	5
1.4	We are slow to detect changes in our customers' product preferences.	1	2	3	4	5
1.5	We poll end users at least once a year to assess the quality of our products and services.	1	2	3	4	5
1.6	We often talk with or survey those who can influence our end users purchases.	1	2	3	4	5
1.7	We collect industry information by informal means (e.g lunch with industry friends and talks with trade partners)	1	2	3	4	5
1.8	In our business unit, intelligence on our competition is generated independently by several departments.	1	2	3	4	5
1.9	We are slow to detect fundamental shifts in our industry (e.g competition, technology and regulations)	1	2	3	4	5
1.10	We periodically review the likely effect of changes in our business environment (e.g regulation) on customers.	1	2	3	4	5
2.	**Intelligence dissemination**					
2.1	A lot of informal "hall talk" in this business unit concerns our competitors' tactics and strategies.	1	2	3	4	5

2.2	We have inter-departmental meetings at least once a quarter to discuss market trends and developments.	1	2	3	4	5
2.3	Marketing personnel in our business unit spend time discussing customers' future needs with other functional departments.	1	2	3	4	5
2.4	Our business unit periodically circulates documents (e.g reports, newsletters) that provide information on our competitors.	1	2	3	4	5
2.5	When something important happens to a major customer of market, the whole business unit knows about it within a short period.	1	2	3	4	5
2.6	Data on customer satisfaction are disseminated at all levels in this business unit on a regular basis.	1	2	3	4	5
2.7	There is minimal communication between marketing and manufacturing departments concerning market developments.	1	2	3	4	5
2.8	When one department finds out something important about competitors, it is slow to alert other departments.	1	2	3	4	5
3.	**Responsiveness**					
3.1	It takes us forever to decide how to respond to our competitors' price changes.	1	2	3	4	5
3.2	Principles of market segmentation drive new product development efforts in this business unit.	1	2	3	4	5
3.3	For one reason or another we tend to ignore changes in our customers' product or service needs.	1	2	3	4	5
3.4	We periodically review our product development efforts to ensure that they are in line with what customers want.	1	2	3	4	5
3.5	Our business plans are driven more by technological advances than by market research.	1	2	3	4	5
3.6	Several departments get together periodically to plan a response to changes taking place in our business environment.	1	2	3	4	5

3.7	The product lines we sell depends more on internal politics than real market needs.	1	2	3	4	5
3.8	If a major competitor were to launch an intensive campaign targeted at our customers, we would implement a response immediately.	1	2	3	4	5
3.9	The activities of the different departments in this business unit are well coordinated.	1	2	3	4	5
3.10	Customer complaints fall on deaf ears in this business unit.	1	2	3	4	5
3.11	Even if we came up with a great marketing plan, we probably would not be able to implement it in a timely fashion.	1	2	3	4	5
3.12	We are quick to respond to significant changes in our competitors' pricing structures.	1	2	3	4	5
3.13	When we find out that customers are unhappy with the quality of our product/service we take corrective action immediately.	1	2	3	4	5
3.14	When we find that customers would like us to modify a product or service the departments involved make concerned efforts to do so.	1	2	3	4	5

Part III; Market Performance

Direction: Please indicate your degree of agreement/disagreement with the following statements by circling the appropriate number. (1-Strongly disagree; 2-Disagree; 3-Neutral; 4-Agree; and 5-Strongly agree)

S. No	Statements	**SDA**	**DA**	**N**	**A**	**SA**
	Market Performance					
1	Market oriented approach can help a firm achieve customer satisfaction. And your firm has been able to achieve customer satisfaction through market orientation.	1	2	3	4	5
2	Market oriented approach helped your company to know more about its customers to provide a superior value to its customers.	1	2	3	4	5

3	Your company has been able to keep its customers due to a market oriented approach.	1	2	3	4	5
4	Due to a market oriented approach, your company has been able to attract new customers.	1	2	3	4	5
5	Your company has attained a desired market growth through a market oriented approach.	1	2	3	4	5
6	Your company has been able to secure a desired market share due to a market oriented approach.	1	2	3	4	5

Appendix II

Table 16 Companies in the Ethiopian textile and garment industry

Adam Spinning Factory
Edget Yarn Sewing Thread Sh.Co.
Alemgena Textile P.L.C
Al-Star Industries P.L.C
Ethiopian Sewing Thread Factory S.C
Al-Mehdi Industries P.L.C
Almeda Textile P.L.C
Awassa Textile S.C
Arbaminch Textile S.C
Ayka Addis Textile & Investment Group
Bahirdar Textile S.C
Desta Garment
Crown Weaving Textile P.L.C
Debre Berhan Blanket Factory PlC
DH Geda Blanket Factory PLC
Else Addis Industrial Development P.L.C
Eltex Textile & Garment Factory
Etur Textile PLC
Firke Factory P.L.C
Huaxu Textile Industry PLC
Jiadong Wang Textile PLC
KK Private Limited Company
Kombolcha Textile S.C
Maa Garment and Textile Factory (Kebire Enterprises)
MNS Manufacturing P.L.C
Nas foods Dire Dawa Textile Factory
NUOYA Textile Investment
Saygin Dima Textile S.C
Selendawa Textile S.C
Sudako International Textile P.L.c
Tehute Kintting And Garment Factory
Yirgalem Addis Textile Factory P.L.C
Yuchin Industry P.L.C
Abem Garment
Addis Garment S.C (Augusta)
Akaki Garment S.C
Ambassador Garment & Trade P.L.C
ANF Gulf Factory P.L.C

Asbem Industrial P.L.C
BM Ethiopia Garment & Textile S.C
BIG M Apparel Garment PLC
Concept International Ethiopia
EDE Garment
Edget Garment PLC
EMD Garment
Feleke Garment plc
GG Super Garment PLC
GMM Garment plc
Haya Garment Manufacturing P.L.C
HG Garment P.L.C
Karl International P.L.C
Knit To Finish P.L.C
Lucy Garment Industry P.L.C
Mantel Garment
Nazarthe Garment S.C
Novastar Garment Factory P.L.C
Oasis Abysinia P.L.C
Soney Garment Textile & General Trading P.L.C
Toto Garment P.L.C
Village Industry P.L.C
Vitcon P.L.C
Wossi Garment Design Factory
WOW Garment
YABETS Textile Factory

Source: Ethiopian Chamber of Commerce

Appendix III

I. Correlation (Cronbach's Alpha)

Reliability Statistics

Cronbach's Alpha	N of Items
.903	4

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
RE	9.2144	5.065	.620	.941
MP	8.4478	4.738	.886	.838
ID	8.5778	5.024	.878	.846
IG	8.6033	4.908	.792	.872

II. Descriptive statistics

III. Model specification: Ramsey RESET Test

Ramsey RESET Test
Equation: UNTITLED
Specification: MP IG ID RE C
Omitted Variables: Squares of fitted values

	Value	df	Probability
t-statistic	0.193271	55	0.8475
F-statistic	0.037354	(1, 55)	0.8475
Likelihood ratio	0.040736	1	0.8400

F-test summary:

	Sum of Sq.	df	Mean Squares
Test SSR	0.004209	1	0.004209
Restricted SSR	6.201058	56	0.110733
Unrestricted SSR	6.196850	55	0.112670

LR test summary:

	Value	df
Restricted LogL	-17.04757	56

Unrestricted LogL	-17.02721	55

Unrestricted Test Equation:
Dependent Variable: MP
Method: Least Squares
Date: 05/14/18 Time: 05:15
Sample: 1 60
Included observations: 60

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IG	0.199656	0.127511	1.565789	0.1231
ID	0.786633	0.373543	2.105872	0.0398
RE	0.138540	0.099914	1.386602	0.1712
C	0.012173	0.690160	0.017637	0.9860
FITTED^2	-0.015896	0.082245	-0.193271	0.8475

R-squared	0.838343	Mean dependent var	3.166667
Adjusted R-squared	0.826586	S.D. dependent var	0.806051
S.E. of regression	0.335664	Akaike info criterion	0.734240
Sum squared resid	6.196850	Schwarz criterion	0.908769
Log likelihood	-17.02721	Hannan-Quinn criter.	0.802508
F-statistic	71.30666	Durbin-Watson stat	2.059642
Prob(F-statistic)	0.000000		

IV. Autocorrelation: Breusch-Godfrey Serial Correlation LM Test

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.850741	Prob. F(2,54)	0.4327
Obs*R-squared	1.832786	Prob. Chi-Square(2)	0.4000

Test Equation:
Dependent Variable: RESID
Method: Least Squares
Date: 05/14/18 Time: 05:15
Sample: 1 60
Included observations: 60
Presample missing value lagged residuals set to zero.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IG	0.007597	0.094297	0.080567	0.9361
ID	-0.004403	0.112448	-0.039155	0.9689
RE	0.010514	0.059593	0.176423	0.8606
C	-0.034337	0.186181	-0.184429	0.8544
RESID(-1)	-0.102714	0.136173	-0.754295	0.4539
RESID(-2)	-0.155299	0.137457	-1.129801	0.2636

R-squared	0.030546	Mean dependent var	6.62E-16
Adjusted R-squared	-0.059218	S.D. dependent var	0.324195
S.E. of regression	0.333656	Akaike info criterion	0.737230

Sum squared resid	6.011638	Schwarz criterion	0.946664
Log likelihood	-16.11689	Hannan-Quinn criter.	0.819151
F-statistic	0.340296	Durbin-Watson stat	1.840838
Prob(F-statistic)	0.886225		

V. Heteroscedasticity: White's Test

Heteroskedasticity Test: White

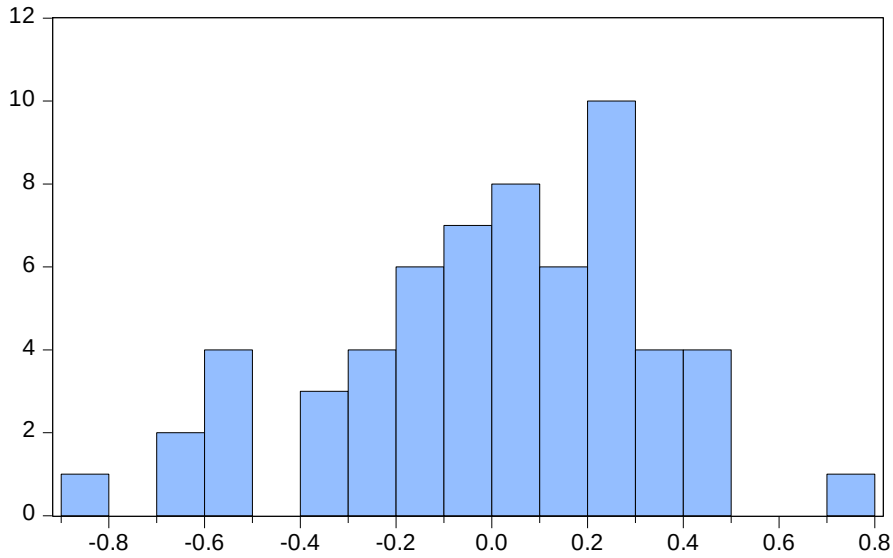
F-statistic	1.522071	Prob. F(9,50)	0.1661
Obs*R-squared	12.90323	Prob. Chi-Square(9)	0.1670
Scaled explained SS	10.52207	Prob. Chi-Square(9)	0.3099

Test Equation:
Dependent Variable: RESID^2
Method: Least Squares
Date: 05/14/18 Time: 05:15
Sample: 1 60
Included observations: 60

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.082165	0.292970	-0.280456	0.7803
IG^2	-0.006706	0.062905	-0.106601	0.9155
IG*ID	-0.022744	0.134474	-0.169137	0.8664
IG*RE	-0.055369	0.062975	-0.879222	0.3835
IG	0.208027	0.181768	1.144467	0.2579
ID^2	0.035127	0.094432	0.371982	0.7115
ID*RE	0.079772	0.064717	1.232629	0.2235
ID	-0.249430	0.272696	-0.914683	0.3647
RE^2	-0.056658	0.031235	-1.813927	0.0757
RE	0.183566	0.119548	1.535505	0.1310

R-squared	0.215054	Mean dependent var	0.103351
Adjusted R-squared	0.073764	S.D. dependent var	0.142608
S.E. of regression	0.137248	Akaike info criterion	-0.983048
Sum squared resid	0.941845	Schwarz criterion	-0.633991
Log likelihood	39.49145	Hannan-Quinn criter.	-0.846513
F-statistic	1.522071	Durbin-Watson stat	1.677032
Prob(F-statistic)	0.166127		

VI. Normality



Series: Residuals
Sample 1 60
Observations 60

Mean	6.62e-16
Median	0.051323
Maximum	0.706898
Minimum	-0.846750
Std. Dev.	0.324195
Skewness	-0.528023
Kurtosis	2.872231
Jarque-Bera	2.828900
Probability	0.243059

VII. Regression results

Dependent Variable: MP
Method: Least Squares
Date: 05/14/18 Time: 05:14
Sample: 1 60
Included observations: 60

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IG	0.183067	0.093482	1.958319	0.0552
ID	0.717758	0.111012	6.465571	0.0000
RE	0.122993	0.058746	2.093645	0.0408
C	0.140677	0.183445	0.766861	0.4464

R-squared	0.838233	Mean dependent var	3.166667
Adjusted R-squared	0.829567	S.D. dependent var	0.806051
S.E. of regression	0.332766	Akaike info criterion	0.701586
Sum squared resid	6.201058	Schwarz criterion	0.841209
Log likelihood	-17.04757	Hannan-Quinn criter.	0.756200
F-statistic	96.72582	Durbin-Watson stat	2.054481
Prob(F-statistic)	0.000000		