



**THE EFFECT OF MARKET ORIENTATION ON  
MARKETING PERFORMANCE: A CASE STUDY ON  
COMMERCIAL BANK OF ETHIOPIA**

**A Thesis Submitted to Department of Marketing Management, for the  
Partial Fulfillment of the Requirement for the Award of Masters of Arts  
Degree in Marketing Management**

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THE EFFECT OF MARKET ORIENTATION ON MARKETING  
PERFORMANCE: A CASE STUDY ON COMMERCIAL BANK OF  
ETHIOPIA**

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## DECLARATION

I Rodas Arega hereby declare that the thesis entitled “The Effect of Market Orientation on Marketing Performance: A Case Study On Commercial Bank Of Ethiopia” is my original work and submitted by me for the award of Degree of Master of Marketing Management from Addis Ababa University School of Commerce at Addis Ababa and it hasn't been presented for the award of any other Degree, Diploma, Fellowship or other similar titles of any other university or institution and that all sources of material used for the study have been appropriately acknowledged.

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## **CERTIFICATION**

This is to certify that Rodas Arega has completed her thesis work entitled *The Effect of Market Orientation on Marketing Performance: A Case Study on Commercial Bank of Ethiopia*. As I have evaluated, her research is original work and appropriate to be submitted as a partial fulfillment requirement for the Award of Degree in Masters of Marketing Management.

**Thesis Advisor:** \_\_\_\_\_

**Signature and Date**

**Temesgen Belayneh (PhD)**

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## **Acronyms/Abbreviations**

MPM- Marketing Performance Measurement

MARKOR- Market Orientation Scale

CBE- Commercial Bank of Ethiopia

## **Abstract**

*The objective of this study is to examine the effect of market orientation on marketing performance in the context of the banking industry. The study adopted an explanatory design- six measures of marketing performance is used to capture the market orientation of CBE. Data were gathered through a survey using a structured questionnaire with a sample of 169 top and middle level managers. Returned instruments were analyzed using regression analysis through the use of statistical package for social sciences (SPSS) version 20. Accordingly, the finding indicates that market orientation has a significant effect on marketing performance. Based on the result direct customer measure followed by consumer intermediate measure, innovativeness measure, competitive market measures, consumer behavior and financial measure are affected by market orientation. Among those listed measures, financial measure was found to be the least affected dimension by market orientation. In addition to this, the hypotheses further strengthen this finding by asserting the effect of market orientation on marketing performance.*

**Key words:** *Market orientation, Marketing performance, MARKOR- scale*

# **CHAPTER ONE**

## **INTRODUCTION**

This chapter begins with background of the thesis and is followed by a discussion of the problem and a definition of the main problem. The research objectives have been defined; the significant statement, limitations and scope are presented.

### **1.1 Background**

Nowadays customers expect a higher product/ services quality than ever before because they have more choices and have better knowledge about the product/service offerings. The challenge for any business to stay competitive is to determine what it customers want, which is the philosophy behind marketing. The marketing concept suggests that the long term purpose of a firm is to satisfy customer needs for the purpose of maximizing corporate profits (Kohli and Jaworski 1990). This requires firms take a proactive attitude business and be responsive to customer needs and market changes. It is believed that firms that are better equipped to respond to market requirements and to anticipate changing condition will enjoy long run competitive advantage and superior profitability (Day 1994).

Market orientation is conceptualized as a supplement to the marketing concept as it expands the focus from customer to market, including customers, competitors and exogenous factors affecting customer needs (Goldman and Grinstein, 2010; Hunt and Morgan, 1995; Kohli and Jaworski, 1990; Narver and Slater, 1990). As the marketing concept and the concept and theory of market orientation aim at explaining why some firms achieve greater performance than their competitors, this is the closest thing the field of marketing management has to its own competitive theory (Van Raaij and Stoelhorst, 2008).

The past two decades the main focus of market orientation research has been studying the potential consequences of market orientation, and the market orientation – business performance relationship has been of particular interest (Cano, Carrillat and Jaramillo, 2004; Goldman and Grinstein, 2010; Kirca et al., 2005). The majority of findings are indeed positive and significant regarding business performance effects of market orientation.

With increasing competitive pressure to be responsive to the needs of customers, the term market orientation has gained importance and popularity among practitioners and researchers, eventually becoming the cornerstone of the marketing.

Despite the above theoretical and empirical facts as to the development and importance of market orientation, until recently, the banking sector in Ethiopia has remained dormant to the shift in business paradigm from product-centric to customer-centric. Various factors contributed for this fact; among others the dominance of public banks till the liberalization and deregulation of the economy in the 1990`s is the major one. This hinders the development of the private sector and its possible impact on the competitiveness arena in the banking industry that would have benefited the customers and the banks there in.

The economic liberalization of the financial sector started in 1991 laid a foundation for the formation and expansion of private banks in Ethiopia (Hansson, 1995). This coupled with rapid technological advancement and improved communication systems, have contributed to the increasing integration and resemblance amongst banks in the financial sector. As a result, banks are now faced with very high and intense competition (Harvey, 2010).

According to National Bank of Ethiopia 2011-2012 annual report (the last report), the major financial institutions operating in Ethiopia are banks, insurance companies and micro-finance institutions. The number of banks operating in the country during the fiscal year reached 19, of which 16 were private, and the remaining 3 state-owned. During the fiscal year, 319 new branches were opened raising the total branch network in the country to 1,289 from 970 last year. The significant branch expansion was undertaken by Commercial Bank of Ethiopia (CBE) which opened 142 new branches.

The number of bank branches in Addis Ababa, reached 430 showing 23.2 percent growth last year, indicating the booming economic activities in the central city. The new entrants have opened about 250 branches over the years. The well-established private banks have also expanded their branch network aggressively to maintain their position.

From the state owned banks CBE is the leading bank in terms of market share, branch network, volume of asset and profitability. It was established in 1942 being pioneer to introduce modern banking in the country having 780 branches stretched across the country as of January 2014. CBE is the leading African bank with assets of Birr 158.11 billion as on June 30th 2013 and it is the first bank in Ethiopia to introduce ATM service for local users and Western Union Money Transfer Services in Ethiopia.

Currently CBE has more than 7 million Account holders. It has strong correspondent relationship with more than 50 renowned foreign banks and a SWIFT bilateral arrangement with 700 others. CBE has a vision to become a world- class commercial bank by the year 2025. The mission statement and values of the Bank are stated below.

**Mission Statement-** We are committed to best realize stakeholders' needs through enhanced financial intermediation globally and supporting national development priorities, by deploying highly motivated, skilled and disciplined employees as well as

state-of-the-art technology. We strongly believe that winning the public confidence is the basis of our success.

## **Values**

### **1. Corporate Citizenship**

- ✓ We value the importance of our role in national development endeavor and step-up for commitment.
- ✓ We abide by the law of Ethiopia and other countries in which we do business.
- ✓ We care about society's welfare and the environment.

### **2. Customer Satisfaction**

- ✓ We strive to excel in our business and satisfy our customers.

### **3. Quality Service**

- ✓ We are committed to offer quality service to our customers' and aspire to be branded with quality in the minds of our customers and the general public.

### **4. Innovation**

- ✓ We encourage new ideas that can improve customers' experience and the Bank's performance.

### **5. Teamwork**

- ✓ We recognize the importance of teamwork for our success.
- ✓ We respect diversity of viewpoints.

### **6. Integrity**

- ✓ We are committed to the highest ideal of honor and integrity.

### **7. Employees**

- ✓ We recognize our employees as valuable organizational resources.

### **8. Public Confidence**

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

In spite of many years' experience in the business and being able to secure the leading position, the market share of the bank has been declining since the advent of the private banks and the allied changes in the competitive playing ground. Hence, in this growing economy and in the presence of intense competition in the sector, it's obvious that the importance of market orientation is very vital in order for firms to create value and stay competitive and thereby bring about an outstanding performance. In a competitive market, the degree of an organization's orientation becomes crucial for an organization to stay competitive in the uncertain and competitive business environment (Goldman & Grinstein, 2010).

This study will contribute to existing knowledge in several ways. This paper is one of the first studies in the area of market orientation on financial firms in Ethiopia, where bank is important and growing sector in Ethiopian economy. This paper will also provide new evidence on effects of market orientation on firm's market performance from a developing country point of view. This is important, as one would expect that the practice of marketing concept in developing country would be different from that of a developed. Since emerging countries generally share a number of similar characteristics, examining the effects market orientation on marketing performance on CBE could present a rich base for future comparative research in other sectors operating in Ethiopia. Finally, this research highlights how marketing concept is practiced in Ethiopia and its effect on their marketing performance.

## **1.2 Statement of the Problem**

There is an overwhelming support to suggest that being market orientated is beneficial for organizations, and that it is the interest of companies seeking to become and remain competitive to increase their level of market orientation. Market orientation has a potentially strong influence on many services, such as retail banking and health care, which are characterized by their dyadic exchange process in which a firm's employees interact with customers directly (Brown and Swartz, 1989; Zeithaml, Parasuraman and Berry 1990).

Unpleasant encounters owing to poor services can lead to instant and strong consumer protests. As a result, delivering appropriate services is often a dominant concern for service providers. The adoption of a market orientation can help a service provider design and offer a service mix that is perceived by core customers as being of superior quality, while making a profit and building competitive advantage. Owing to the nature of the dyadic exchange process, the effect of a market orientation in a service firm may be more evident because many modifications based on customers' own perceptions can be observed by customers directly (Chang, Mehta, Mazur, Polsa and Chen 1999).

As Kohli and Jaworski (1993) state, "Managers should strive to improve the market orientation of their business in their effort to attain higher business performance".

Furthermore, (Narver& Slater, 1990) asserts, a business that increases its market orientation will improve its market performance. Given that a firm's survival depends on its capacity to create value, and value is defined by customers (Day, 1990), marketing makes a fundamental contribution to long-term business success. Therefore evaluating marketing performance is a key task for management.

There has already been a considerable amount of research done on the subject of market orientation. It is claimed that there is a relationship between market orientation and improvement of business performance of the companies. The positive link between the

level of market orientation and performance has been supported in numerous cases (Narver and Slater, 2000; Selnes, Jaworski and Kohli, 1996; Kohli and Jaworski, 1993; Narver and Slater, 1990).

Despite the fact that many research are done on market orientation and its effect on performance in developed countries and other developing countries, there are few or none in Ethiopia. Therefore, considering the importance of market orientation, as well as lack of information on its effect in Ethiopian context, this research mainly focuses on the effect of market orientation on marketing performance of CBE. The research focuses on how marketing concept is internalized in the CBE and its effect on the marketing performance.

### **1.3 Research question**

The research questions proposed to meet study objectives are:

- 1- To what extent is CBE market-oriented?
- 2- What impact does market orientation have on CBE's marketing performance?

### **1.4 Research hypothesis**

For the fulfillment of objectives of the study a set of hypothesis are formulated as follows:

H1: Market orientation has a significant effect on financial measures of marketing performance

H2: Market orientation has a significant effect on competitive market measures of marketing performance

H3: Market orientation has a significant effect on consumer behavior measures of marketing performance

H4: Market orientation has a significant effect on Consumer intermediate measures of marketing performance

H5: Market orientation has a significant effect on direct customer measures of marketing performance

H6: Market orientation has a significant effect on innovativeness measures of marketing performance

H7: Market orientation has a significant effect on overall Marketing performance measurement

## **1.5 Objective of the study**

The general and specific objectives of the study are presented as follows;

### **1.5.1 General Objective**

The main objective of this study is to have a comprehensive picture of market orientation in Commercial Banks of Ethiopia and its effect on their marketing performance.

### **1.5.2 Specific Objectives**

The specific objectives of the study are to:

- Investigate the practice of market orientation in CBE.
- Identify the degree of how market oriented CBE is.
- Examine the effect of market orientation on CBE's marketing performance.

## **1.6 Significance for the study**

A number of researches have been conducted on the issues of market orientation and its effect on performance and different empirical results across countries as well as among industries were witnessed as to the positive relationship between market orientation and organization performance that managers should take into account while implementing

and practicing marketing concepts. Besides, those research results have had immense importance to managers' knowledge of market orientation and its effect on the over all firms performance which includes financial performance and market performance.

But, in the Ethiopian case, to the best knowledge of the researcher, no empirical analysis has been conducted on the issue. Therefore, banking sector has been chosen for study purpose because it is important sector of Ethiopian economy which is one of the fast growing industries and relatively the sector has better data and documents which are important for the purpose. Therefore, this research will enhance the further understanding of market orientation in Commercial Bank of Ethiopia and how it leads to marketing performance. The study will be immensely significant in diverse ways to businesses, marketing practitioners, stakeholders, existing and newly emerging banks, insurance companies, service and manufacturing enterprises, micro financing institutions and also to trigger the interest of researchers to conduct similar study but in a border observation.

### **1.7 Scope of the Study**

The purpose of this paper is limited to examine the effect of market orientation on marketing performance ; from CBE's managers perspectives. The result of this research, therefore, is limited to only to report how market orientation is being implemented in CBE and its impact on the organization marketing performance.

This research aims to be a good base for CBE to evaluate its market orientation and marketing performance from its own employee's perspectives and to establish the appropriate ways to improve its marketing activities.

Besides, the research is limited, geographically. The findings of the research would be more fruitful if it were conducted on a wider scale. But due to giant nature of CBE, it is practically difficult for the researcher to include all branches. Thus, the sample frame was

restricted to Addis Ababa branches from which the survey was conducted in sixty five branches of CBE.

### **1.8 Limitation of the study**

The quality of the output of this study depends on the genuine data acquired from the selected representative branches of CBE. This implies that, the finding and the analysis of this paper depend up on the selected branches' reliable data. So that, lack of willingness, for various reasons like suspect of miss use of the companies confidential information for non-academic purpose limits the reliability of the research paper to achieve its objectives. In addition, shortage of pervious similar researches in Ethiopian case, and limited resource may affect the qualities of the study output.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1 Introduction**

This chapter consist review of related literature in the area of study which gives theoretical understanding of the concepts regarding to market orientation and marketing performance.

#### **2.2 Market orientation**

Market Orientation is a subject that has gotten a lot of attention in marketing literature. The concept of market orientation is considered a corner stone of the marketing management field and emerged in the literature as the implementation of the marketing concept (Goldman and Grinstein, 2010; Kirca, Jayachandran and Bearden, 2005). The marketing concept is essentially a business philosophy where superior financial performance is considered to be the result of being more effective than competitors in determining and satisfying customer needs.

There has been an increased interest in the market orientation construct in the last decades. Following this development, many attempts have been made by researchers to appreciate its make-up resulting in the operationalization of its definition as a construct (Blankson et al., 2006). Most definitions developed were derived from the conceptualization of both Kohli and Jaworski (1990) or Narver and Slater (1990). In the following sections, the two definitions will be presented and discussed.

## 2.3 Market Orientation Definitions

Kohli and Jaworski (1990) were the first practitioners who started investigating market orientation in their research with three major components:

1. *Information generation* which means the organization-wide generalization of market intelligence. Market intelligence is a wider perspective than the traditional view of the marketing concept of simply identifying customers' needs. As Kohli and Jaworski discovered in their field research, this term includes both existing and potential customer current as well as future needs and preferences and all exogenous factors that may influence, these preferences, such as competitors, government regulations, technology and other environmental factors. Kohli and Jaworski (1990) argue that intelligence generating activities should be carried out in all departments and levels of the organization, and that this should not just be assigned to the marketing department. While the marketing department will perform traditional market research and customer satisfaction inquiries, people in other parts of the organization will have access to other kinds of information about customers and their preferences and experiences, about technological developments and so on.
2. *Information dissemination* which include dissemination of the intelligence across departments; and to how and to what extent the generated market intelligence is communicated to others within the organization in order to create a common understanding and unifying focus within the firm. This dissemination is important in order for the organization to respond effectively to new information about the market, which is the third dimension of the market orientation construct.
3. *Responsiveness* which refers to the concerted actions made by the organization to comply with the conditions in the market: selecting target markets, developing products and services.

They have further classified responsiveness into two sets of activities: response design and response implementation. They defined market orientation in terms of organizational behavior as follows:

*“Market orientation is the organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization wide responsiveness to it.”*

According to the authors, since organizations differ in the extent to which they generate market intelligence, disseminate it internally, and take action based on the intelligence it is appropriate to conceptualize the market orientation of an organization as one of degree, on a continuum, rather than as being either present or absent. This conceptualization facilitates measurement by avoiding certain difficulties inherent in asking informants to indicate whether or not their organization is market oriented (e.g, it may be somewhat market oriented). (Kohli & Jaworski, 1990).

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

Narver and Slater (1990) postulated market orientation as one dimension construct consisting of three behavioral components:

1. *Customer orientation*, which involves understanding target customers and effectively deploying the skills and resources of the firm to satisfy customer by creating superior value;
2. *Competitor orientation*, which has to do with creating superior value through understanding the principal competitors' short-term strength and weaknesses and long-term capabilities and strategies. This includes both acquiring information about customers and competitors, and disseminating it across the organization.
3. *Inter-functional coordination* is the third behavioral component, which involves getting all business functions working together and resource utilization of the organization to provide superior value for its customers. (Narver & Slater, 1990; Slater & Narver, 1994).

Narver and Slater (1990) stress that market orientation and the three behavioral components are the responsibility of all departments and all members at all levels of the organization. They argue that this must be the common focus of the entire firm in order for the firm to succeed in continuously creating superior value for its customers, and thus a sustainable competitive advantage. And the two decision criteria that Narver and Slater (1990) include in the market orientation construct are long term focus and profitability. They argue that both a long-term perspective and the main objective of profitability are necessary to survive with the presence of competition. They define market orientation in term of culture and related it to fundamental characteristics for the organization as;

*“Market orientation is the organization of culture that most effectively creates the necessary behavior for the creation of superior value for buyers and thus continuous superior performance for the business.”*

The Narver and Slater(1990) conceptualization shares some common themes with that of Kohli and Jaworski (1990). Both papers view knowledge about customers' needs and preferences, competitors' actions, and interfunctional coordination, as central to the market orientation construct. In addition both argue that market orientation should be conceptualized on a continuum construct.

However, the two approaches differ in some aspects. Narver and Slater report that all three components, namely customer orientation, competitor orientation, and interfunctional coordination converged on a single dimension. They wondered if the other two proposed components, namely profitability emphasis and long term focus, constituted a separate dimension. Kohli and Jaworski argue that it is not meaningful to include profitability as a dimension for market orientation: they assert that profitability is an outcome of a market orientation. They include long term emphasis in their definition of market intelligence, by noting that it includes both current and future trends in the marketplace.

#### **2.4 Market orientation Scales**

Two of the most extensively used measure of market orientation are the "MARKOR" scale developed by Kohli and Jaworski (1993) and the "MKTOR" scale developed by Narver and Slater (1990). Based on their behavioral definition of the market orientation concept, Jaworski and Kohli (1993) developed the 32-items scale of market orientation MARKOR which was refined and limited to a 20-items scale by Kohli, Jaworski and Kumar (1993). The items are designed to measure the three behavioral dimensions organization wide generation and dissemination of, and responsiveness to market intelligence.

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

orientation and inter-functional coordination. Both measurement scales have provided a large number of significant results regarding not only antecedents to but also consequences of market orientation in the literature (Kirca et al., 2005). Several studies comparing the two, however, show that the MARKOR-scale seems to provide greater explanatory power with regard to the relationship between market orientation and performance than the MKTOR-scale (Cano et al., 2004; Deshpandé and Farley, 1998; Matsuno et al., 2005, Farrell Oczkowski, 1997).

## **2.5 Implementing market orientation**

Market orientation is not an operating mode that can be turned on or off but rather a state of being that evolves over time (Narver and Slater, 1990). It will manifest itself through the organizational culture where employees strive to continuously provide outstanding service to internal and external customers. The higher the degree of market orientation, the more skilled employees become to integrate all processes in order to maximize performance for the company as a whole (Laforet, 2008). There are a number of steps that must be taken in order to install a market orientation. What follows is a rough road-map that is grounded in theory.

To install the market orientation process, one should start with thorough analysis of the company and its environment, the markets on which it operates, competition, customer demands and expectation and the satisfaction level of customers and employees to name a few. Kohli and Jaworski (1990) write about the antecedents in this context. Marketing theorist have provided a number of simple tools such as SWOT (analysis of strengths, weaknesses, opportunities and threats), PESTEL (analysis of political, economical, social, technological, environmental, legal issues) to do this analysis.

The next step is to systematically and continuously mediate the obtained knowledge and information to all employees (Kotler et al, 2001). This organizational learning process

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

Many business owners and top managers tend to focus on the Kohli and Jaworski (1990) behavioral/information perspective when introducing a market orientation in their company (Hafer and Gresham, 2008). That is understandable, because businesses are becoming more and more information driven, and their decisions, operations, customer relationships, supplier relationships and internal networking are increasingly information dependent. The decision to take the behavioral/information-related perspective is based on the belief that being able to change information acquisition, dissemination and responses to the information in reaction to customer, competitor and market conditions is expected to be faster, cheaper, and easier, and would produce more immediate consequences than trying to change company culture. Thus, the behavioral/information related (Kohli and Jaworski) perspective would offer a company the greatest immediate return for the least effort and could be the grass roots foundation of company culture or cultural change. That being said, it has become evident that organizational culture is the key to building a market orientation and the vehicle that should drive organizational learning and change (Narver and Slater, 1990; Denison, 1990; Han, Kom and Srivastave, 1998; Bisp, 1999). One could say that a distinctive type of organizational culture is necessary to effectively build a high level of market orientation.

## 2.6 Consequences of market orientation

Main consequences of market orientation derived from literature are great esprit de corps (*team spirit*), greater organizational commitment, greater competitive advantage and better performance. Other (indirect) consequences include clarity of focus, more innovation and increased organizational learning. Kohli and Jaworski (1990) discussed the organizational consequences of market orientation. They stated that greater market orientation should lead directly to one consequence in particular, more *esprit de corps* (later supported by Jaworski & Kohli, 1993; Rose & Shoham, 2005), and to another consequence, *greater organizational commitment*. They suggested that marketing orientation's positive impact on performance might be greater than previously assumed because of its indirect impact on performance through organizational commitment and esprit de corps. The word "through" suggests that organizational commitment and esprit de corps could both be causal antecedent variables and consequences of a market orientation. The management literature has a rich collection of research suggesting that organizational commitment develops from many other aspects of the firm's environment and culture other than market orientation. Kohli's and Jaworski's (1990) supposition was that marketing orientation fosters company spirit and employee commitment, when, in fact, the exact reverse may be the case.

Many scholars that have researched market orientation and its consequences as well as its effects on performance have concluded that it leads to a *competitive advantage*, if well implemented (Narver and Slater, 1990; Slater and Narver, 1993; Kohli and Jaworski, 1990, Martín-Consuegra and Esteban, 2007). Respected economics and business authors also state that market oriented companies perform better and gain competitive advantage that is sustainable (Desphandé, 1999; Webster, 1988; Levitt, 1960). The positive link between the degree of market orientation and organizational performance has been found in many countries and business sector disregarding company size, culture or product/service (Kohli and Jaworski, 1990; Narver and Slater, 1990; Ruekert, 1992;

Jaworski and Kohli, 1993, Slater and Narver, 1994; Desphandé and Farley, 1999, Slater and Narver, 2000, Berthon, Hulbert and Pitt, 1996)

Market oriented business culture facilitates *clarity of focus*. This focus becomes evident through the mission statement, the common vision of management and staff and the overall attitude of the company towards the customer. This creates a high degree of employee satisfaction, better morale, and greater commitment to the job and loyalty to the organization (Ruekert, 1992). Supporting this consequence, Sigauw, Brown and Widing (1994) reported that firms with a high degree of market orientation have a sales force that practices a greater level of customer orientation, decreases role stress and express greater job satisfaction and organizational commitment. It is important for frontline staff such as sales, marketing and service staff, to be market oriented, as they typically target new customers and persuade them to purchase.

Market orientation has also been shown to have positive consequences on customers' attitudes and behaviors. In order for the new customer to become a satisfied one that will repeat his purchase, the whole process from sales to transaction to after-sales must fit the market orientation concept. Anything the customer needs or wants must be adequately dealt with. A high score on customer satisfaction leads to loyal customers that repeatedly buy and might spread goodwill in favor of the company attracting new customers and thus more business (Kohli and Jaworski, 1990). The market sensing and responding competencies implied by high levels of market orientation result in highly market oriented firms knowing what their customers want and what the market offers, and responding with a service or product that meets the needs of target customers better than competing offerings. Consequently, the success of a market-oriented strategy can be measured in terms of the customer satisfaction that it generates. (Webster and Kreppa, 2000; Qu and Ennew, 2003; Kaynak and Kara, 2004), As a consequence of increased customer satisfaction, it is reasonable to assume that repeat purchase and customer

loyalty would be enhanced, and consequently profitability (Maydeu-Olivares and Lado, 2003).

The relationship between market orientation and *performance* is a cornerstone in the market orientation literature. A positive relationship between the level of market orientation and diverse performance measures was found by Narver and Slater (1990), Kohli and Jaworski (1990), Ruekert (1992), Deshpandé and Farley (1999); Rose and Shoham, (2005); Martín-Consuegra and Esteban, 2007; Skerlavaj, Stemberger, Skrinjar and Dimovski (2007).

Additionally, (Amirkhani and Fard, 2009) found that positive and significant relationship between market orientation and business performance of the companies designing and manufacturing clean rooms. Orvis (1996) did research on retail store performance in the United States of America and found out that the more market oriented, the better the performance. Hence, the consequences of market orientation seem not to be sector specific. A high extend of market orientation not only benefits companies that sell to consumers, but also to service companies that exclusively sell business-to-business and even not for profit organizations and the public sector.

## **2.7 Market orientation in banking industry**

As cited by Kolar (2006), only a decade ago banks were held to be reluctant to follow and implement a marketing concept. According to Kotler (1994) banks were slow at adopting marketing concepts and they did not adopt marketing as a business philosophy, but merely as a concept of advertising and sales promotion. Baker (1993) found out that a clear lack of a marketing approach was evident at the level of organization-wide philosophy and on the functional level which encompasses planning and utilization of marketing tools.

Banks, however, have faced numerous changes during past decades. One of the most important trends in general was deregulation of the banking sector which increased different risks and market competitiveness. Other important trends such as rapid information technology development and increasing competition also put pressure on the market efficiency of the banks, while customers become more active and empowered. Banks were forced to be more flexible, more innovative and more market oriented to respond efficiently to these trends.

Bank management theorists acknowledged this need and emphasized development of the marketing function as one of the key areas in which successful banks will distinguish themselves in the future. Greenbaum and Thakor (1994), for instance, suggest that better market responsiveness and customizing offers to customer needs are increasingly important for success in the financial sector. Canals (1993), in analyzing competitive strategies of European banks, also emphasizes the importance of different market-driven strategies that should provide added value through segmentation, innovation, more efficient marketing practice or additional services.

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

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

## **2.8 Marketing performance**

In recent years, increased attention has focused on marketing performance in Africa developing nations (Appiah-Adu, 1998). This emerging body of empirical evidence indicates that there is an increase in the performance of marketing activities among both domestic and foreign organizations. The growing academic and practitioner interest in marketing activities in these economics can be attributed to two factors: namely, the changes and market opportunities which the International Monetary Funds (IMF), Structural Adjustment Programmes (SAP) have created in many developing markets; and the renewed organizational involvement in marketing practice in these countries (Appiah-Adu, 1998).

The purpose of marketing performance measurement (MPM) is ultimately an improvement in the financial outcome in a commercial organization. However, measuring financial outcomes alone does not provide sufficient information of the kind to help direct the decision-making that will achieve the performance improvement (Woodburn, 2004). Organizations need to measure several factors in order to get a real idea of how the organization is performing and where they might intervene. Today's competitive environment requires marketing that is both effective and efficient, if organizations want to achieve their market and financial goals. With market fragmentation offering variety, increasing consumer sophistication, and decreasing ROI (return on investment) levels, measurement in marketing becomes essential. Nowadays, the assessment of marketing practice does not look like a luxury, a fad, or even an option (Antonio d Gama, 2011).

Research points to a variety of marketing metrics. Clark (1999) identifies about 20 measures, Ambler and Riley (2000) tested a total of 38 measures, Davidson (1999) considers ten important measures of marketing effectiveness and Meyer (1998) notes hundreds. However, Clark (1999) suggests we should make better use of existing

measures rather than formulate new ones. Ambler and Kokkinaki (1997) have summarized marketing metrics in six categories: financial, competitive market, consumer behavior, and customer intermediate, direct customer and innovativeness measures.

- *Financial performance measures* are hardly obsolete (Woodburn, 2004). They can offer a total performance measurement (Tangen, 2003) by reducing numerous inputs and outputs to the same currency. As long as financial profits are the goal of most organizations, then decisions need to be validated in financial terms. Financial evaluations probably have more power to drive change than any other performance measure; even though they are poor indicators of what changes should be made. Woodburn 2004, adds that marketing also has an impact as financial performance through its income generating capacity. Of course, in most situations, financial assessment will involve income as well as expenditure. Ambler (2000) argues that financial metrics are usually the first type to be employed to evaluate marketing performance. The financial measures include turnover, contribution margin and profit.
- *Competitive market measures* define the extent to which an organization acquire market share over competitors, advertising and promotional share of the market. Gray et al.(1998) suggest that market share can be important determinant of profitability in the medium to long term. They state that large market share is both a reward for providing better value and a means of realizing lower costs.
- *Consumer behavior measures* defines extend an organization penetrates consumers, gain consumer loyalty and have a better customer gain.
- *Customer intermediate measure* defines brand recognition, satisfaction and purchase intention.
- *The direct customer measure* defines distribution level, profitability of intermediaries and service quality.
- Finally, *innovativeness* defines the frequency to which an organization launches new products and their revenue achieved thereof.

## **2.9 Market orientation and Marketing Performance**

Market orientation has been associated with higher result in terms of business profitability (Narver & Slater, 1990) as well as success in the market place (Jaworski & Kohli, 1993). Other studies have shown that market oriented organizations are likely to experience improved levels of employee satisfaction, esprit de corps and organizational commitment (Ruekert, 1992; Jaworski & Kohli, 1993). While Narver and Slater (1990) limit their scope of performance to profitability measures, Kohli and Jaworski (1990) suggest both business performance outcomes such as profitability, market share and sales growth, and other desirable consequences such as customer satisfaction, repurchase employee job satisfaction, team spirit and organizational commitment.

Market orientation practice is also found to be positively linked to firm performance, specifically to an increase of firm's Market Performance besides increased firm's financial performance (Chao & Spillan, 2010; Kenneth, Inman, Brown, & Willis, 2005).

Marketing performance is related to organization performance in terms of market share growth, Profit ratio, sales growth, or customer satisfaction (Ho, 2011). A firm's profitability ratios are used to determine how well the firm performs in the market. If an organization is able to perform well in terms of market share or profit ratio, it can be concluded that the organization is doing well in marketing performance. Besides the numeric measures, the increase in customer satisfaction can be related to an increase in marketing performance. If customers are satisfied with the services or products provided, customers' retention rate will increase.

Ghosh et al. (1994) compared the marketing practices among the better performers in Australia, New Zealand, and Singapore and the importance of market orientation to successful marketing performance was evident. In the three countries (Australia, New Zealand and Singapore), better performing companies claimed a much stronger market

orientation than their less successful counterparts, with 89 percent of New Zealand's better performers identifying with this approach, followed by Singapore (88 percent) and Australia (79 percent). Additionally, the Ghosh et al. (1994) study identified that a higher proportion of the better performers in all three countries tended to have a stronger commitment to marketing's role within the organization, by adopting marketing as a guiding philosophy for the whole organization.

Further support for market orientation as a significant determinant of marketing performance was given by Pitt and Jeantrout (1994). Pitt and Jeantrout (1994) described the results of a study of customer expectations management practices of a sample of British firms. Their study related customer expectations management practices to some organizational success criteria and proposed a checklist for organizations to use in evaluating their own expectations management practices. The most significant conclusion to come from the Pitt and Jeantrout (1994) study was that market orientation was the only significant individual factor to come from the study. The authors were able to conclude that there was a significant relationship between market orientation with regard to expectations management practices and relative market share (an accepted economic and strategic indicator of marketing performance). Pitt and Jeantrout (1994) concluded that firms with a higher relative market share would appear to be those which understood the impact of pricing on customer expectations; who regularly contact customers to understand their needs; and who generally have a better understanding, gained through research, of what their customers expect; or put simply those firms who had a higher relative market share had a greater market orientation than their competitors.

The extent to which top management is interested in assessing marketing, or market performance, depends on the extent to which they are market-oriented (Day 1994; Jaworski and Kohli 1993; Kohli and Jaworski 1990; Narver and Slater 1990) because market-driven firms need to gather and disseminate market intelligence within the

organization (Kohli and Jaworski 1990; Morgan, Katsikeas and Appiah-Adu 1998; Slater and Narver 1995).

Several arguments link MPM to improvements in marketing and firm performance. First, the mere fact that some output will be measured has a positive effect on results. It encourages greater attention to the activities to be measured (“what gets measured gets done”). Second, it has been suggested that marketing’s contribution to the achievement of strategic goals is underrepresented in firms that do not measure marketing performance. Third, it has been argued that MPM should lead to learning, which should enable improved marketing decisions and, consequently, improved performance. (António G and Joaquim C, 2013)

## 2.10 Conceptual framework

Based on the above literature review the following conceptual framework is developed. The conceptual framework of Market orientation and Marketing performance measure consist independent variable and dependent variables.

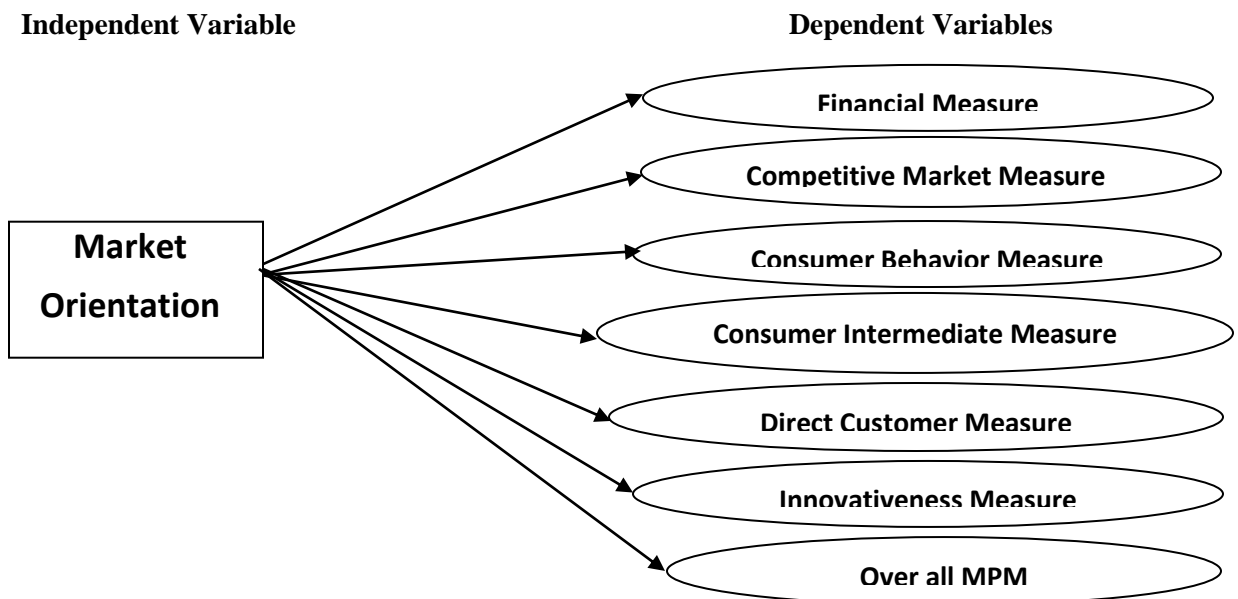


Figure 1. Conceptual framework of the study

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Introduction**

This section of the study focuses on discussion of methodology and the methods to be employed in this research. The section consists of research approach, sampling techniques and sampling procedure and, data collection techniques, data analysis and interpretation. To provide the detail of each sub methodology application, they are discussed separately as follows.

#### **3.2 Research Design and Approach**

The objective of this research is to examine the effect of market orientation on marketing performance of Commercial Banks of Ethiopia. Taking the research objective and nature of the study into consideration, the design of the research used is explanatory and in order to meet the objective of the study, quantitative approach of data collection was undertaken.

#### **3.3 Sampling Techniques and Procedure**

The study is particularly interested to identify the market orientation effect on marketing performance in Commercial Banks of Ethiopia. The study confined those branches of the company which are found in Addis Ababa due to the prominent limitations inherited to survey research such as labor, time, finance and other factors. In addition to the convenience of the researcher, the corporation over all structure depicts that the majority of CBE's branches geographically concentrated here in the city and has a head office here in Addis Ababa, and those personnel who have a direct responsibility for the development of marketing strategies and subsequent implementation, resides in the head office too. More over Addis Ababa is a capital city of the country, where the majority of

business transaction and economic activities are taking place with many marketing dynamics. Hence branches of CBE which are located in Addis Ababa were found to be ideal for the study.

Branch managers, customer service managers and marketing officers who are responsible for strategic development in the bank have been taken as the target population. Addressing branch managers is important as they have insight into strategic issues and organization wide dynamics; hence they are competent assessors of market orientation.

CBE has a total of 126 branches in Addis Ababa and the branches are categorized in four districts i.e, North Addis which has 29 branches, South Addis which has 36 branches, East Addis 38 branches and West Addis 23 branches. Each branch is further categorized into sub groups as per the bank's branch grading system. This grading system categorized branches from grade II to grade IV based on volume of transaction, variety of services provided, site location, amenities and staff strength, cash holding limits and other similar consideration.

For selecting samples from all the 126 branches found in Addis Ababa, the following formula of Toro Yamane (1967) was used.

$$n = \frac{N}{1 + N(e)^2}$$

Where

- n= the sample size
- N= Population size
- e= Acceptable sampling error (5%)

Given that the numbers of branches in Addis Ababa are 126 and there are three managers on average in each branch the target population size was calculated ( $126 \times 3 = 378$ ) approximately 380. The sample size was calculated as follows:

$$n = 380 / (1 + 380(0.5)^2)$$

$$n = 195$$

$$195 / 3 = 65 \text{ branches}$$

From the 65 branches, the number of branches to be selected from each district included in the study was identified using proportional method:

$$\text{North district} = \frac{29}{126} \times 65 = 14$$

$$\text{South district} = \frac{36}{126} \times 65 = 19$$

$$\text{East district} = \frac{38}{126} \times 65 = 20$$

$$\text{West district} = \frac{23}{126} \times 65 = 12$$

After identifying the number of branches in each district to be included in the study, non-probability sampling which is random sampling has been applied to select the branches in each district. The random sampling technique has been administered through using lottery method.

### **3.4 Data Collection Instruments**

At this study, two self-administered questionnaires were used for gathering data: one for measuring market orientation and another for measuring market performance of the sample companies. The measure of market orientation was adopted from Jaworski and Kohli which consists of 20 items, (6 items) for measuring the component of market intelligence, (5 items) for assessing market intelligence dissemination, and (9 items) for measuring market intelligence responsiveness. A 5-point scoring format (1 = strongly disagree; 5 = strongly agree) was employed for all the items. And an instrument

developed by Kokkinaki and Ambler (1999) was employed to identify how CBE's measure their marketing performance. Kokkinaki and Ambler present a framework that tests companies' abilities to measure performance based on the collection, reporting and importance attached to six categories of information. These information categories are: Financial measures, Competitive market measures, Consumer behavior measures, Consumer intermediate measures, Direct customer measures And Innovativeness measures. A five point likert type scales ranging from "very low" to "very high" was also used for all the items.

The questionnaires were composed of three sections. The first section collected data on general Information of the respondents, the second section contained questionnaire items on five point Likert Scale to assess the market orientation practice of CBE while the third section contained questionnaire items on five point Likert Scale to measure the marketing performance of CBE.

### **3.5 Data Collection Procedure**

In order to carry out any research activity; information should be gathered from proper sources. The study has employed both primary and secondary data. Primary data was collected through self-administered questionnaires by soliciting the manager of each branch selected in the sample and included in the study. The questionnaires were given to the concerned Branch Managers. Consequently, the Branch Managers further distributed them to the customer service managers and marketing officers under their domain.

The questionnaire was distributed to all branches within the sample frame, due to the company's grading system and as the allocation of managers in each branch depends on its grade, from the randomly selected branches, there were branches which have two managers' i.e branch manager and customer service manager therefore, even though the

sample size was 195, the total distributed questionnaire was 169 and from the 169 distributed questionnaire 133 usable questionnaire were returned.

The secondary data was collected from National Bank of Ethiopia, website of the CBE, annual reports, other published and unpublished documents.

### **3.6 Validity and Reliability**

#### **Reliability**

Reliability is conducted to assess data quality. A reliability test is used to assess consistency in measurement items (Cerri, 2012). Cronbach's alpha was used to measure the internal consistency of the measurement items.

#### **Validity**

Validity, often called construct validity, refers to the extent to which a measure adequately represents the underlying construct that it is supposed to measure (Anol, 2012). In relation to the study two validity measurements are used. The first one is **Content validity** which is the extent to which a measuring instrument provides adequate coverage of the topic under study (Kothari, 2004). In this study, the researcher used MARKOR and MPM model which is the most appropriate tool that is used to measure Market Orientation and Marketing Performance. The second one is **Statistical conclusion validity** which examines the extent to which conclusions derived using a statistical procedure is valid. The right statistical tools were used in order to test the hypothesis and also to conclude the study.

### **3.7 Data Analysis Tool and Techniques**

The data that is gained from the questionnaires were analyzed and interpreted using statistical package for social science (SPSS) version 20. As result, descriptive and inferential analyses were conducted by employing different methods. In descriptive statistics mean values, frequencies and standard deviations of the respondent's answers were calculated. In inferential Cronbach's Alpha test takes place to assure reliability of the items. Simple regressions and correlation analysis was also used to analyze the impact and the relationship between the dependent and independent variables.

### **3.8 Ethical Consideration**

The study considers ethical issues. When distributing questionnaires to managers of the selected branches letter of recommendation from the head office were shown and permission was asked to fill the questionnaires. Respondents' were not asked to write their name in order to increase the confidentiality of the information they give. And also the questionnaire explains that the purpose of research was for academic purpose.

# CHAPTER FOUR

## DATA PRESENTATION, ANALYSIS AND INTERPRETATION

### 4.1 Introduction

This chapter contains the reliability analysis, respondents' characteristics, overall market orientation analysis, overall marketing performance measures analysis, the effect of market orientation on marketing performance analysis. A total of 169 questionnaires were administered. From the 169 questionnaires distributed, only 133 (78.7%) have been collected and analyzed using the descriptive and inferential statistics.

### 4.2 Reliability Test

**Table 4.1: Cronbach's alpha test for market orientation and market performance**

No	Item	Cronbach's alpha	No of items
1	Intelligence generation	.588	6
2	Intelligence Dissemination	.650	5
3	Responsiveness	.707	9
	<b>Market Orientation</b>	<b>.825</b>	<b>20</b>
1	Financial measures	.731	3
2	Competitive market	.666	4
3	Consumer behavior	.773	3
4	Consumer intermediate	.869	8
5	Direct customer measures	.738	5
6	Innovativeness measures	.852	4
	<b>Marketing performance</b>	<b>.935</b>	<b>27</b>

**Source: survey result (2014)**

Reliability analysis was calculated to test whether the scale used in the study is internally consistent. As cited by (Hailu 2013) according to George and Mallery (2003) Cronbach's Alpha result which is greater than 0.70 is acceptable. From data analysis the Cronbach's

Alpha for market orientation is 0.825 and for marketing performance is 0.935. Thus, Cronbach Alpha result of the two variables is greater than 0.70 so this indicates that there is an internal consistency between the items and the measurements.

### 4.3 Respondents Characteristics

The result of respondents' characteristics is summarized in the table below

**Table 4.2: Respondents Characteristics**

Variables		Frequency	Percent	Cumulative percent
<b>No. of years in the position</b>	Less than 5	49	36.8	36.8
	5-15	56	42.1	78.9
	16-25	24	18.0	97.0
	more than 25	4	3.0	100.0
<b>Age</b>	Less than 25	15	11.3	11.3
	25-35	64	48.1	59.4
	35-45	36	27.1	86.5
	more than 45	18	13.5	100.0
<b>Academic qualifications</b>	Certificate	2	1.5	1.5
	Diploma	6	4.5	6.0
	Degree	122	91.7	97.7
	Master's degree	3	2.3	100.00
	PhD	-	-	100.00

**Source: survey result (2014)**

As shown in Table 4.2: The year of experience respondents' have in the company was categorized in to four. Among the total population, 36.8% (49) of the respondents have less than five years of experience in the organization. 42.1% (56), 18.0% (24) and 3.0 % (4) of respondents stayed in the organization from 5-15 years, 16-25 years, and more than

25 years respectively. Most of the respondents, which are 63.1% (84) have greater than five years of experience in the company.

The academic qualification of the respondents was classified in to five. That is, certificate, diploma, BA degree, Master's degree and PhD. Most of respondents are BA degree holder 91.7% (122) and diploma 4.5% (6), master's degree 2.3% (3), certificate 1.5% (2) and none of the respondents possess PhD.

The respondent's age were also categorized into four. That is, less than 25, from 25 up to 35, from 35 up to 45 and more than 45. Most of the respondents 48.1% (64) fall under the age category of 25-35, 27.1% (36) respondents fall under the age category of 35-45, 13.5% (18) respondents are more than the age of 45 and 11.3% (15) respondents are less than 25 of age.

#### **4.4 Market Orientation Analysis**

In order to assess the market orientation and marketing performance of CBE, descriptive statistics were computed per dimension. Mean score was calculated to show the average responses of respondents for each question that was included under each dimensions and to reach the grand mean of each dimension. Mean scores 4.51-5.00 excellent or very good, 3.51-4.50 good, 2.51-3.50 average or moderate, 1.51-2.50 fair and 1.00-1.50 is poor (Poonlar Btawee:1987) as cited by Hailu (2013)

**Table 4.3: Intelligence Generation**

<b>Items</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Grand mean of the dimension</b>
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	4.08	1.052	3.8068
In this business unit, we do a lot of in-house market research.	3.54	1.041	
We are quick to detect changes in our customers' product/service preferences.	3.77	1.173	
We poll end users at least once a year to assess the quality of our products and services.	3.59	.938	
We are quick to detect fundamental shifts in our industry (e.g., competition, technology, regulation).	4.05	1.205	
We periodically review the likely effect of changes in our business environment (e.g., regulation) on customers.	3.83	.854	

**Source: survey result (2014)**

Intelligence generation refers the organization-wide generalization of market intelligence. According to the table 4.2, the average mean perception on intelligence generation items ranges from 3.54 to 4.08 on a 5-point scale and the highest mean is scored form item one i.e. meeting with customers at least once a year to find out what products or services they will need in the future with a mean score of 4.08 followed by item five which is detecting fundamental shifts in the industry(e.g., competition, technology, regulation) with a mean score of 4.05.The organization perform least on item two which is doing a lot of in-house market research with a mean score of 3.54 this shows that the organization is doing little on in-house market research compare to other intelligence generation items. In general the grand mean score for intelligence generation dimension is 3.81 therefore the researcher concludes that, regarding to intelligence generation CBE managers perceive that the extent to which intelligence is being generated by the organization is good.

**Table 4.4: Intelligence Dissemination**

Items	Mean	Std. Deviation	Grand mean of the dimension
We have interdepartmental meetings at least once a quarter to discuss market trends and developments.	4.26	.893	3.8105
Marketing personnel in our business unit spend time discussing customers' future needs with other functional departments.	3.68	.917	
When something important happens to a major customer of market, the whole business unit knows about it within a short period.	3.61	.944	
Data on customer satisfaction are disseminated at all levels in this business unit on a regular basis.	3.61	.944	
When one department finds out something important about competitors, it is quick to alert other departments.	3.89	1.172	

**Source: survey result (2014)**

The intelligence dissemination include dissemination of the intelligence across departments; to how and to what extent the generated market intelligence is communicated to others within the organization in order to create a common understanding and unifying focus within the firm. As shown in the above table the grand mean for intelligence dissemination dimension is 3.8. The highest mean of intelligence dissemination item is organization interdepartmental meetings at least once a quarter to discuss market trends and developments with a mean score of 4.26. The second highest mean scored is item five which refers when one department finds out something important about competitors, it is quick to alert other departments with a mean score of 3.89. The least mean scores are item three and four which are when something important happens to a major customer of market, the whole business unit knows about it within a short period and data on customer satisfaction are disseminated at all levels in the

business unit on a regular basis with a mean score 3.61. To conclude, the above table shows that grand mean of intelligence dissemination dimension is good.

**Table 4.5: Responsiveness**

Items	Mean	Std. Deviation	Grand mean of the dimension
We are quick to respond to our competitor's price changes.	3.74	1.146	3.8688
We pay attention to changes in our customer's product or service needs.	4.10	1.007	
We periodically review our product development efforts to ensure that they are in line with what customers want.	3.99	.802	
Several departments get together periodically to plan a response to changes taking place in our business environment.	3.93	.846	
If a major competitor were to launch an intensive campaign targeted at our customers, we would implement a response immediately.	3.50	.974	
The activities of the different departments in this business unit are well coordinated.	3.99	.900	
We receive customer complaints	4.04	1.157	
When we came up with a great marketing plan, we are able to implement it in a timely fashion.	3.68	1.183	
When we find that customers would like us to modify a product or service, the departments involved make concerted efforts to do so.	3.76	.809	

**Source: survey result (2014)**

Responsiveness represents the concerted actions made by the organization to comply with the conditions in the market. As clearly seen from the table above, the highest mean for this dimension come from the second item which is organization pay attention to changes in its customer's product or service needs with a mean score of 4.10, the next highest mean is organizations receive customer complaints with a mean score of 4.04 followed by third and the sixth item which are organization periodically review its product development efforts to ensure that they are in line with what customers want and the activities of the different departments in the business unit are well coordinated with a mean score of 3.99. However the least mean comes from item five which is if a major competitor were to launch an intensive campaign targeted at the organizations' customers, a response would immediately be implemented with a mean score of 3.50. As a conclusion, the grand mean score of this construct based on manager's view is 3.9 this shows that CBE's managers perceive that responsiveness of the organization is good.

#### 4.5 Marketing performance measures analysis

**Table 4.6: Marketing performance on financial measure**

Item	Mean	Std. Deviation	Grand mean
Service sales turnover	4.16	.860	4.28
Overall profitability	4.48	.611	
Service sales contribution margin	4.20	.746	

**Source: survey result (2014)**

Table 4.6 indicates that the mean score ranges form 4.16- 4.48. The highest mean is scored from item two which is overall profitability with a mean score of 4.48, service sales contribution margin and service sales turnover are followed with a mean score of 4.48 and 416. The grand mean for financial measure is 4.28, according to Poonlar Btawee a mean score with a range of 3.51-4.50 is good. From this table the researcher concludes that the grand mean of financial measure is good.

**Table 4.7: Marketing performance on competitive market measure**

Item	Mean	Std. Deviation	Grand mean
Market share	4.62	.671	4.33
Consumer mind share	4.42	.720	
Advertising and promotional shares	4.17	.713	
Effectiveness of promotional campaigns	4.12	.759	

**Source: survey result (2014)**

As shown in the above table the highest mean is scored in the first item which is market share with a mean score 4.62 this indicates that managers of CBE perceive the market share of CBE is high compared to their competitors. Consumer mind share, advertising and promotional shares and effectiveness of promotional campaigns scores a mean of 4.42, 4.17 and 4.12 respectively. The above table shows the grand mean score is 4.33 so the researcher concludes that competitive market measure is good.

**Table 4.8: Marketing performance on consumer behavior measures**

Item	Mean	Std. Deviation	Grand mean
Consumer penetration in the market	4.29	.813	4.29
Strategy to attract customers in relation to competitors	4.23	.813	
Overall customer loyalty and customer gained	4.37	.701	

**Source: survey result (2014)**

Table 4.8 presents consumer behavior measures, as shown in the above table the highest mean is scored in item three which is 4.37 this indicates that managers of CBE perceive that there is overall customer loyalty and customer gain. The second and third highest mean are scored in item one and two which are consumer penetration in the market and strategy to attract customers in relation to competitors with a mean score of 4.29 and

4.23. From the above table the researcher concludes that a consumer behavior measures are good.

**Table 4.9: Marketing performance on consumer intermediate measures**

Item	Mean	Std. Deviation	Grand mean
Brand usage over competitors	4.38	.841	4.11
Brand performance over the past four/five years	4.37	.802	
Products and/or services to meet the needs and expectations of customers	4.19	.770	
On time performance and commitment to meet customer expectations	4.00	.769	
Products and/or services competitiveness to satisfy customers	4.02	.862	
Consumers' overall intention to consume your products or services	4.08	.692	
Technical competencies of customer care services	3.77	.695	

**Source: survey result (2014)**

Table 4.9 presents marketing performance on consumer intermediate measures. The mean score for consumer intermediate measures ranges from 3.77- 4.38. The highest mean is scored in the first item which is brand usage over competitors with a mean score of 4.38 followed by brand performance over the past four or five years and product and/or service to meet the needs and expectations of customers with a mean score of 4.37 and 4.19 respectively. On time performance and commitments to meet customer expectations, products and/or service competitiveness to satisfy customers and consumers overall intention to consume the banks products or services scores a mean of 4, 4.02 and 4.08 respectively. The least mean is scored from the last item which is technical competencies of customer care services with a mean score of 3.77. From the above table it is concluded that market performance on consumer intermediate measures is good.

**Table 4.10: Marketing performance on direct customer measures**

<b>Item</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Grand mean</b>
Responsiveness in dealing with customers	4.16	.787	4.04
Employee professionalism in dealing with customers	4.14	.790	
Approach to quality management to ensure complete customer satisfaction	4.06	.786	
Logistics method for your products and/or services	4.06	.935	
Profit shares compared with your trading partners	3.80	.957	

**Source: survey result (2014)**

As seen in the above table, responsiveness in dealing with customers has the highest mean followed by employee professionalism in dealing with customers with a mean score 4.16 and 4.14. Approach to quality management to ensure complete customer satisfaction and logistics method for the banks products and/or services both score a mean of 4.06. The least mean is scored from the last item which is profit shares compared with your trading partners with a mean score of 3.80. The researcher concludes that the grand mean for direct customer measure is 4.04 which is good.

**Table 4.11: Marketing performance on innovativeness measures**

<b>Item</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Grand Mean</b>
New or significantly improved methods of producing services	4.23	.825	
New or significantly improved supporting activities for your marketing processes or operations	4.20	.824	
New or significantly improved services on to your market before competitors	4.05	.834	

New or significantly improved services that were already available from your competitors in your market	4.02	.977	4.12
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**Source: survey result (2014)**

Table 4.11 presents marketing performance on innovativeness measures. As shown in the above table the highest mean is scored in item one which is new or significantly improved methods of producing services followed by new or significantly improved supporting activities for the banks marketing process or operations with a mean score of 4.23 and 4.20 respectively. The least mean is scored in the last item which is new or significantly improved services that were already available from CBE's competitors in the market with a mean score of 4.02. As the grand mean indicated, market performance on Innovativeness measures is good.

**Table 4.12: Overall marketing performance measures**

	Mean	Std. Deviation
Marketing Performance Measures	4.1869	.48478

**Source: survey result (2014)**

Table 4.12 indicates the overall marketing performance measures. As shown in the above table the mean score for overall marketing performance measures is 4.1. Thus, the researcher concludes managers of CBE perceived marketing performance measures of CBE is good.

## **4.6 Correlation Analysis**

A correlation analysis with Pearson's correlation coefficient (r) was conducted on MARKOR-scale and marketing performance measures. Therefore, the correlation analysis illustrates the relationship between financial measures, competitive market measures, consumer behavior measures, consumer intermediate measures, direct

customer measures and innovativeness measures with market orientation. As cited by Haile (2013) to interpret the strengths of relationships between variables, the guidelines suggested by Field (2005) were followed. His classification of the correlation coefficient (r) is as follows: 0.1– 0.29 is weak; 0.3 – 0.49 is moderate; and  $\geq 0.5$  is strong.

**Table 4.13: Correlation matrix between market orientation and marketing performance**

	Financial Measures	Competitive Market measures	Consumer behavior measures	Consumer intermediate measures	Direct customer measures	Innovativeness measures	Marketing Performance Measures
Intelligence generation	.466**	.496**	.410**	.586**	.543**	.526**	.642**
Intelligence Dissemination	.265**	.437**	.406**	.462**	.532**	.426**	.538**
Responsiveness	.289**	.345**	.368**	.438**	.460**	.462**	.505**
Market Orientation	.404**	.499**	.469**	.587**	.606**	.565**	.667**

Source: survey result (2014)

According to table 4.13 Pearson correlation matrix shows direct customer measures, consumer intermediate measures and Innovativeness measures has strong associations with market orientation measures with a value of 0.606, 0.587 and 0.565 respectively. As indicated in the same table financial measures, competitive market measures and consumer behavior measures are positively and moderately correlated with market orientation measures with a value of .404, .499 and .469. Generally market orientation and overall marketing performance measures are strongly correlated with each other with a value of .667.

## 4.7 Regression Analysis

To investigate the relationship between market orientation and marketing performance, multiple linear regression models was applied. According to the SPSS package, the multiple linear regressions is used to model the value of a dependent scale variable based on its linear relationship to one or more predictors. The overall marketing performance is an aggregation of financial performance measure, competitive market measure, consumer behavior measure, customer intermediate measure, direct customer measure and innovativeness measure.

**Table 4.14: Model summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.686(a)	.470	.458	.35700

a Predictors: (Constant), Responsiveness , Intelligence Dissemination, Intelligence Generation

**Source: survey result (2014)**

As indicated in the above table the independent variables predict the dependent variable with R square =47% with adjusted R Square 46% the remaining 53% are other extraneous variables that can affect marketing performance.

**Table 4.15: ANOVA**

### ANOVA(b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.580	3	4.860	38.132	.000(a)
	Residual	16.441	129	.127		
	Total	31.021	132			

a Predictors: (Constant), Responsiveness , Intelligence Dissemination, Intelligence generation

b Dependent Variable: Marketing Performance Measures

**Source: survey result (2014)**

Table 4.15, the ANOVA test, it is noticed that F value of 38 is significant at 0.000 level. Therefore, from the result, it can be concluded that with 38.132 % of the variance (R-Square) in marketing performance is significant and the model appropriately measures the construct.

**Table 4.16: Simple linear regression analysis between market orientation and financial marketing performance measure**

**Coefficients(a)**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	2.364	.381		6.208	.000
	Market Orientation	.498	.099	.404	5.058	.000

a Dependent Variable: Financial Measures

**Source: survey result (2014)**

Table 4.16 presents the result of regression analysis; the result of regression analysis is based on market orientation as an independent variables and financial measures as a dependent variable. According to the regression analysis show in the above table market orientation affect financial measures with a beta weight of 0.404.

**Table 4.17: Simple linear regression analysis between market orientation and competitive market measure**

**Coefficients(a)**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	2.335	.305		7.651	.000
	Market Orientation	.521	.079	.499	6.598	.000

a Dependent Variable: Competitive Market measures

**Source: survey result (2014)**

As shown in in the above table the regression result is based on competitive market measure as dependent variable and market orientation as an independent variable. As shown in table 4.17 market orientation affect competitive market measures with a beta value of 0.499.

**Table 4.18: Simple linear regression analysis between market orientation and consumer behavior measures**

**Coefficients(a)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	1.908	.396		4.813	.000
	Market Orientation	.623	.103	.469	6.079	.000

a Dependent Variable: Consumer behavior measures

**Source: survey result (2014)**

Table 4.18 indicates the effect of market orientation on consumer behavior measures. As shown in the above table market orientation affect consumer behavior measures with a beta value of 0.469.

**Table 4.19: Simple linear regression analysis between market orientation and consumer intermediate measures**

**Coefficients(a)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	1.553	.317		4.907	.000
	Market Orientation	.680	.082	.587	8.307	.000

a Dependent Variable: Consumer intermediate measures

**Source: survey result (2014)**

Table 4.19 presents the effect market orientation on consumer intermediate measures. As indicated in the above table market orientation affects consumer intermediate measures with a beta weight of 0.587.

**Table 4.20: Simple linear regression analysis between market orientation and direct customer measures**

**Coefficients(a)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	1.187	.331		3.591	.000
	Market Orientation	.745	.086	.606	8.712	.000

a Dependent Variable: Direct customer measures

**Source: survey result (2014)**

As shown in the above table the regression result is based on direct customer measure as dependent variable and market orientation as an independent variable. As shown in table 4.20 market orientation affect direct customer measure with a beta value of 0.606.

**Table 4.21: Simple linear regression analysis between market orientation and innovativeness measures**

**Coefficients(a)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	.903	.414		2.182	.031
	Market Orientation	.839	.107	.565	7.846	.000

a Dependent Variable: Innovativeness measures

**Source: survey result (2014)**

As shown in the above table the regression result is based on marketing innovativeness as dependent variable and market orientation as an independent variable. As shown in table 4.21 market orientation affect marketing innovativeness with a beta value of 0.565.

**Table 4.22: Simple linear regression analysis between market orientation and overall marketing performance measures**

**Coefficients(a)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	1.634	.251		6.499	.000
	Market Orientation	.666	.065	.667	10.237	.000

a Dependent Variable: Marketing Performance Measures

**Source: survey result (2014)**

Table 4.22 presents the effect of market orientation on overall marketing performance measure. Market orientation affects overall marketing performance measure with a beta value of 0.667.

To conclude the regression analysis presents the effect of market orientation on market performance. Based on the above tables by examining the beta weight of data analysis result, the finding shows that direct customer measure followed by consumer intermediate measure, innovativeness measure, competitive market measures, consumer behavior measure and financial measure with beta value of 0.606, 0.587, 0.565, 0.499, 0.469 and 0.404 are affected by market orientation respectively. In general direct customer measure is highly affected by market orientation and financial measure is the least affected dimension by market orientation.

## **4.8 Hypothesis testing**

From the above analysis, the following hypothesis are tested as follow

H1: Market orientation has a significant effect on financial measures of marketing performance.

As stated in table 4.16, financial measure is affected by market orientation with beta value of 0.404. The effect is statistically significant because  $P < 0.05$  which is indicated in

table 4.16 with P value of 0.000. so the hypothesis” Market orientation has a significant effect on financial measures of marketing performance” is accepted.

H2: Market orientation has a significant effect on competitive market measures of marketing performance.

In table 4.17 competitive market measures is affected by market orientation with beta value of 0.499. This effect is statically significant because  $P < 0.05$  which is indicated in table 4.17 with P value of 0.000. so the hypothesis” Market orientation has a significant effect on competitive market measures of marketing performance” is accepted.

H3: Market orientation has a significant effect on consumer behavior measures of marketing performance

In table 4.18 consumer behavior measures is affected by market orientation with beta value of 0.469. This effect is statically significant because  $P < 0.05$  which is indicated in table 4.18 with P value of 0.000. so the hypothesis” Market orientation has a significant effect on consumer behavior measures of marketing performance” is accepted.

H4: Market orientation has a significant effect on consumer intermediate measures of marketing performance

In table 4.19 Consumer intermediate measures is affected by market orientation with beta value of 0.587. This effect is statically significant because  $P < 0.05$  which is indicated in table 4.19 with P value of 0.000. so the hypothesis” Market orientation has a significant effect on Consumer intermediate measures of marketing performance” is accepted.

H5: Market orientation has a significant effect on direct customer measures of marketing performance

In table 4.20 direct customer measures is affected by market orientation with beta value of 0.606. This effect is statically significant because  $P < 0.05$  which is indicated in table

4.20 with P value of 0.000. so the hypothesis” Market orientation has a significant effect on direct customer measures of marketing performance” is accepted.

H6: Market orientation has a significant effect on innovativeness measures of marketing performance

As indicated in table 4.21, an innovativeness measure is affected by market orientation with beta value of 0.565. This effect is statically significant because  $P < 0.05$  which is indicated in table 4.21 with P value of 0.031. so the hypothesis” Market orientation has a significant effect on innovativeness measures” is accepted.

H7: Market orientation has a significant effect on overall marketing performance measurement

As designated in table 4.21, overall market performance measurement is affected by overall market orientation with beta value of 0.667. This effect is statically significant because  $P < 0.05$  which is indicated in table 4.22 with P value of 0.000. so the hypothesis” Market orientation has a significant effect on overall Marketing performance measurement” is accepted.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION AND IMPLICATION FOR FUTURE RESEARCH**

#### **5.1 Introduction**

The objective of this thesis was to examine the effect of market orientation on marketing performance of CBE. In order to accomplish this objective the researcher used MARKOR-scale and Marketing performance measures which are financial measures, competitive market, consumer behavior, innovativeness measures, direct customer measures and consumer intermediate.

#### **5.2 Summary of major finding**

Based on the data analysis the major findings are summarized as follows

- From data analysis the Cronbach's Alpha of this study for market orientation is 0.825 and for marketing performance is 0.935 which shows that there is internal consistency among the variables.
- A total of 169 questionnaires were distributed but 133 questioners were filled and returned. The year of experience respondents' have in the company was categorized in to four. Respondents experience which have less than five year, are 36.8 % respondents, 5-15 years 42.1% respondents, 16-25 years 18.0% respondents and more than 25 years are 3.0 % . Most of the respondents, which are 63.1% have greater than five years of experience in the company.
- The academic qualification of the respondents was classified in to five. That is, certificate, diploma, BA degree, Master's degree and PhD. Most of respondents are BA degree holder 91.7% and diploma 4.5%, master's degree 2.3%, certificate 1.5% and none of the respondents possess PhD.

- The respondent's age were also categorized into four. That is, less than 25, from 25 up to 35, from 35 up to 45 and more than 45. Most of the respondents 48.1% fall under the age category of 25-35, 27.1% respondents fall under the age category of 35-45, 13.5% respondents are more than the ages of 45 and 11.3% respondents are less than 25 years of age.
- The computed grand mean scores of intelligence generation, intelligence dissemination and responsiveness is 3.803, 3.8105 and 3.8688. Managers of CBE perceive that the responsiveness of the organization is good when compared to intelligence generation and dissemination.
- The computed grand mean score of marketing performance of financial measure, marketing performance of competitive market measure, marketing performance on consumer behavior measures, marketing performance of direct customer measures, marketing performance of consumer intermediate measures and market performance of innovativeness measures is 4.1, 4.28, 4.33 4.29, 4.11 and 4.04. The overall marketing performance measure is .48478. Managers of CBE perceive that overall market performance measure is good.
- The correlation result shows that direct customer measures, consumer intermediate measures and innovativeness measures are positively and strongly correlated with market orientation and financial measures, competitive market measures and consumer behavior measures are positively and moderately correlated with market orientation measures.
- The result of regression analysis showed that direct customer measure followed by consumer intermediate measure, innovativeness measure, competitive market measures, consumer behavior measure and financial measure with beta value of 0.606, 0.587, 0.565, 0.499, 0.469 and 0.404 are affected by market orientation respectively. As a result consumer intermediate measure has a dominant effect on market orientation and financial measure has least influence on CBE.

- Based on the data analysis the entire hypotheses made were tested. From the regression result, market orientation has an effect on marketing performance measurements. Therefore, the entire hypotheses made were accepted.
- The result shows that the independent variables predict the dependent variable with R square =47% with adjusted R Square 46% the remaining 53% are other extraneous variables that can affect marketing performance.

### **5.3 Conclusion of the study**

With increasing competitive pressure, being market orientated is beneficial for organizations to be responsive to the needs of customers and thereby to become and remain competitive in the market. The major objective of this study was to examine the effect of market orientation on marketing performance of CBE.

On the market orientation analysis, the findings shows that the extent to which market orientation which incorporates intelligence generation, intelligence dissemination and responsiveness being applied by CBE is good, particularly the highest score belongs to responsiveness which will mean that the organization is responsive, and is making concerted actions to comply with the conditions in the market such as selecting target markets, developing products and services.

The finding indicates that market orientation has a significant effect on marketing performance. Based on the result direct customer measure followed by consumer intermediate measure, innovativeness measure, competitive market measures, consumer behavior and financial measure are affected by market orientation. Among those listed measures, financial measure was found to be the least affected dimension by market orientation. In addition to this, the hypotheses further strengthen this finding by asserting the effect of market orientation on marketing performance.

The correlation result shows that direct customer measures, consumer intermediate measures and innovativeness measures are positively and strongly correlated with market orientation whereas financial measures, competitive market measures and consumer behavior measures are positively and moderately correlated with market orientation measures.

## **5.4 Recommendation**

Based on the results of the analysis and conclusion made the following recommendations are forwarded by the researcher.

- Although the study indicates that market orientation of CBE is “good”, the result shows that on intelligence generation dimension, in-house market research has the least score when compared with the other items. The researcher recommends therefore, CBE should diligently work on its in-house market research which can be achieved by investing on its R&D unit and giving further attention to the unit, as it will help the organization enhance its intelligence generation ability which will eventually lead to improve its overall performance.
- On intelligence dissemination dimension, on the other hand when something important happens to a major customer of market, the whole business unit knows about it within a short period and data on customer satisfaction are disseminated at all levels in the business unit on a regular basis are the least scored items. Therefore, it is recommended that CBE should work in those areas in order improve its intelligence dissemination through implementing simple and efficient standard reporting procedures which will enable the organization to disseminate the generated information across departments within a short period and as well using informal mechanisms such as impromptu conversations or phone calls, by which managers often obtain market intelligence.

- Regarding to responsiveness dimension, if a major competitor were to launch an intensive campaign targeted at our customers, a response would immediately be implemented is the least scored item compared to the other hence the researcher recommends that CBE should also put an effort to simultaneously develop competitive strategies like post-entry defensive strategies so as to protect its market position and improve its competitiveness in order to remain competitive in the market.
- According to CBE's managers the overall score for marketing performance of CBE is "good". However, as there is always a room for improvement the researcher suggests that the organization should keep on working on what has been labeled as "good" and strive for better and try to improve on the items in each dimension which scored least when compared with the others.

## **5.5 Implication for future research**

This study examined how market orientation is being internalized in CBE and its effect on marketing performance. However, it is difficult to say CBE is internalizing market orientation and is seeing the effect on its marketing performance based on this study because this study does not include all branches of CBE and is also limited with top and middle levels of managers perspectives. Furthermore, this study is limited to branches which are found in Addis Ababa.

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

examine the relationship between each component of market orientation and marketing performance.

Finally, the data in this study were collected from financial sector specifically from banking industry. Further replications need to examine other service contexts to provide additional support for the generalizability of the findings reported here.

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## Websites

- <http://www.combanketh.com>
- <http://www.nbe.gov.et>

# APPENDIX

# **Addis Ababa University**

## **School of Commerce**

### **Department of Marketing Management**

#### **Purpose of this Questionnaire:**

The purpose of this questionnaire is to gather the information and experiences of middle and top level managers from financial service companies who have successfully realized and implemented market orientation in their organizations. Your company has been selected for this study purposely. The information gathered by way of this questionnaire shall serve as the research basis for examining whether market orientation has an impact on the marketing performance of CBE or not. The main focus of this questionnaire is to gather data that would help to test the hypotheses and answer research questions under study.

#### **Confidentiality:**

Although you are required to mention your company's name and other specific information, please do not be hesitant to provide exact and accurate information. This research is only for academic purpose and will not be passed on to third parties or attributed directly in any public way.

Thank You, for your cooperation and timely response in advance!

#### **Part I: General Information of the Respondents:**

1. Bank branch: \_\_\_\_\_
2. Designation/position: \_\_\_\_\_
3. No. of years in this position:  
A) Less than 5                      B) 5-15                      C) 16-25                      D) more than 25
4. Age:  
A) Less than 25                      B) 25-35                      C) 35-45                      D) more than 45
5. Academic qualifications:  
A) Certificate                      B) Diploma                      C) Degree                      D) Master's degree  
E) PhD

**Part II: Market Orientation Measures:**

For the following questions, please put down the number which best describes the usage of the below present concepts in your organization.

\_\_\_\_\_ 1 \_\_\_\_\_ 2 \_\_\_\_\_ 3 \_\_\_\_\_ 4 \_\_\_\_\_ 5 \_\_\_\_\_  
 Strongly disagree      Disagree      Neutral      Agree      Strongly agree

No.		1	2	3	4	5
<b>Intelligence Generation</b>						
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					
2	In this business unit, we do a lot of in-house market research.					
3	We are slow to detect changes in our customers' product/service preferences.					
4	We poll end users at least once a year to assess the quality of our products and services.					
5	We are slow to detect fundamental shifts in our industry (e.g., competition, technology, regulation).					
6	We periodically review the likely effect of changes in our business environment (e.g., regulation) on customers.					
<b>Intelligence Dissemination</b>						
7	We have interdepartmental meetings at least once a quarter to discuss market trends and developments.					
8	Marketing personnel in our business unit spend time discussing customers' future needs with other functional departments.					
9	When something important happens to a major customer of market, the whole business unit knows about it within a short period.					
10	Data on customer satisfaction are disseminated at all levels in this business unit on a regular basis.					
11	When one department finds out something important about competitors, it is slow to alert other departments.					
<b>Responsiveness</b>						

12	It takes us forever to decide how to respond to our competitor's price changes.					
13	For one reason or another we tend to ignore changes in our customer's product or service needs.					
14	We periodically review our product development efforts to ensure that they are in line with what customers want.					
15	Several departments get together periodically to plan a response to changes taking place in our business environment.					
16	If a major competitor were to launch an intensive campaign targeted at our customers, we would implement a response immediately.					
17	The activities of the different departments in this business unit are well coordinated.					
18	Customer complaints fall on deaf ears in this business unit.					
19	Even if we came up with a great marketing plan, we probably would not be able to implement it in a timely fashion.					
20	When we find that customers would like us to modify a product of service, the departments involved make concerted efforts to do so.					

### **Part III: Marketing Performance Measures:**

How do you rate your company's marketing performance on the following **very low.....very high** measuring scales that best describes your judgment in relation to your competitors in the financial service sector based on the statement given. Please **encircle the appropriate number** for the corresponding questions given below.

No	Items	Very low	Low	Average	High	Very high
<b>01. Financial Measures:</b>						
Based on the past four/five years' performance, how do you rate your company's...?						
A	Service sales turnover	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
B	Overall profitability	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
C	Service sales contribution margin	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

<b>02. Competitive Market measures:</b>						
Compared to others in the industry, how do you rate your company's ....?						
A	Market share	1	2	3	4	5
B	Consumer mind share	1	2	3	4	5
C	Advertising and promotional shares	1	2	3	4	5
D	Effectiveness of promotional campaigns	1	2	3	4	5
<b>03. Consumer behavior measures:</b>						
How do you rate your company's.....?						
A	Consumer penetration in the market	1	2	3	4	5
B	Strategy to attract customers in relation to competitors	1	2	3	4	5
C	Overall customer loyalty and customer gained	1	2	3	4	5
<b>04. Consumer intermediate measures:</b>						
How do you rate your company's ....?						
A	Brand awareness by consumers in relation to competitors	1	2	3	4	5
B	Brand usage over competitors	1	2	3	4	5
C	Brand performance over the past four/five years	1	2	3	4	5
D	Products and/or services to meet the needs and expectations of customers	1	2	3	4	5
E	On time performance and commitment to meet customer expectations	1	2	3	4	5
F	Products and/or services competitiveness to satisfy customers	1	2	3	4	5
G	Consumers' overall intention to consume your products or services	1	3	3	4	5

H	Technical competencies of customer care services	1	2	3	4	5
<b>05. Direct customer measures:</b>						
How do you rate your company's.....?						
A	Responsiveness in dealing with customers	1	2	3	4	5
B	Employee professionalism in dealing with customers	1	2	3	4	5
C	Approach to quality management to ensure complete customer satisfaction	1	2	3	4	5
D	Logistics method for your products and/or services	1	2	3	4	5
E	Profit shares compared with your trading partners	1	2	3	4	5
<b>06. Innovativeness measures:</b>						
Compared to others in the industry, your company introduces.....?						
A	New or significantly improved methods of producing services	1	2	3	4	5
B	New or significantly improved supporting activities for your marketing processes or operations	1	2	3	4	5
C	New or significantly improved services on to your market before competitors	1	2	3	4	5
D	New or significantly improved services that were already available from your competitors in your market	1	2	3	4	5