

INVESTIGATING THE DETERMINANTS AND OUTCOMES OF MARKET ORIENTATION: EVIDENCE FROM BANGLADESH BANKS

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ABSTRACT

This paper aims at identifying the determinants and outcomes of market orientation in the context of a developing country - Bangladesh. To this end, the validity of the well established Market Orientation (MARKOR) scale was tested using samples drawn from the private banking sector in Bangladesh. The study revealed support for the validity of the MARKOR scale when applied to Bangladesh. Stepwise regression and univariate test were performed for searching the answer for the research questions of this study. The findings of this research have important implications for marketing policies of firms operating in developing countries in general and Bangladesh in particular

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KEYWORDS: Market Orientation, MARKOR, Banks, Developing Country, Bangladesh

INTRODUCTION

Over the last decade, the issue of market orientation has generated considerable interest and synergy in the academic and business circles considering the critical role that market orientation can play in business success (Narver and Slater, 1990; Jaworski and Kohli, 1993; Slater and Narver, 1994a). Webster (1994) noted that, for the sake of survival in the increasingly competitive markets in the future, every business needs to be customer-focused, market driven, global oriented, and flexible to be able to deliver superior value to customers. Hence, Pulendran et al. (2000) found a positive relationship between market orientation and business performance. Customer preferences and expectations are changing rapidly with the increasing exposure to new product offerings and communicating the new offerings to customers. As a consequence, market orientation has emerged as a vital element in current market practices as well as in contemporary marketing literature and in marketing thoughts and theories (Svensson, 2001).

Further, there has been a trend of speedy change in the modern business world due to the fact of worldwide rapid change in customers' needs and wants. In addition, adoption of new technology, change of business legislation, and competitive intensity in the market place make the market for a particular product more volatile. These are in fact different challenges that a particular organization likely to face on a regular basis in its day to day business operations. Now the question is; how a particular organization may face these challenges. Can that be done by being a market oriented organization? In order to search answers for these questions, this paper investigates if market orientation can work as one of the weapons to face these challenges. Further, it has been a common knowledge that market orientation helps maintain a successful business relationship aimed at gaining superior financial performance in a rapidly changing competitive posture in domestic as well as in international markets. Thus considering all these issues, selecting market orientation for this study seems justified.

Market orientation has been investigated with reference to the consumer goods manufacturing sector in Bangladesh (Zebal, 2005), but there has been no research done in the context of the service sector. Paul (2006) noted the paucity of research on this issue in the context of South and Central Asian countries

excepting India. In this sense, the present study can be considered as pioneering research examining market orientation in a service sector, particularly in the context of the banking industry. It would be particularly interesting because in Bangladesh the public banking sector has traditionally played a dominant role in the financial services sector. This trend has, however, undergone changes in recent times following government initiative aimed at strengthening the private sectors to enhance competitiveness between the public and private sectors in almost all arenas of the economy including the banking sector in Bangladesh. The public banking sector in Bangladesh is being subjected to stronger supervision as per the restructuring projects under the guidance of the International Monetary Fund. The restrictions imposed on the government banks regarding loan facilities for individual clients/board-members, loan recovery rates etc. would help to create an even playing field in this sector (Asian Development Outlook, 2006).

The broad objective of the paper is to explore the situation affecting adaptation of market orientation strategy of services firms in a developing country. The specific objectives of the paper are as follows: to identify the specific factors that significantly affect the adoption of market orientation of banking companies in Bangladesh to identify the specific outcomes that result from market orientation activities of banking companies in Bangladesh.

This paper advances as follows. The next section provides a literature review on the various facets of market orientation. An explanation of market orientation and the term MARKOR along with the determinants and outcomes of market orientation are provided in this section. The following section outlines the data and methodology issues of the paper. The results and concluding comments are then discussed.

LITERATURE REVIEW

Kohli and Jaworski (1990) proposed a market orientation perspective known to be market intelligence perspective. The issue of market intelligence visualizes market orientation as the implementation of marketing concept from the practitioner's perspective. Kohli and Jaworski (1990) concluded that a market-oriented organization is one in which the three pillars of the marketing concept such as customer focus, coordinated marketing, and profitability are operationally manifested. This market orientation perspective posits that a market orientation entails: (1) one or more departments engaged in activities geared toward developing an understanding of customers' current and future needs and the factors affecting them, (2) sharing of this understanding across departments and (3) various departments engaged in activities designed to meet selected customer needs. They further defined market orientation as the organization-wide generation of market intelligence pertaining to customers' current and future needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it (Kohli and Jaworski, 1990). Considering the positive nature of identifying market orientation within the organization, this perspective has been well accepted by marketing scholars (Jaworski and Kohli, 1993; Raju et al., 1995; Caruana et al., 1998; Pulendran et al., 2000).

In order to measure market orientation, Jaworski and Kohli (1993) initially developed a 31 item scale, which was subsequently reduced to a 20 item scale in a later study, known as MARKOR (Kohli et al. 1993). MARKOR has been proved to be a valid measure of market orientation that assesses the degree to which an organization engages in market intelligence generation activities, disseminates the generated intelligence throughout the organization using formal and informal means, and develops and implements marketing programs on the basis of the collected and disseminated information. The MARKOR was used for this study because the convergent, discriminant and nomological validity was provided for this scale (Kohli et al., 1993). In addition, the authors (Jaworski and Kohli, 1993; and Kohli et al., 1993) reported the results of two single informant samples and reliability alpha coefficient (Cronbach, 1951) which ranged between 0.89 and 0.96 for market orientation and between 0.71 and 0.82 for intelligence

generation, intelligence dissemination, and intelligence responsiveness. Again, the MARKOR is also well accepted in the market orientation literature (Bhuiyan, 1997; Pulendran et al., 2000; Cervera et al., 2001).

There are numerous determinants of market orientation. Of these, following are those most widely discussed in the literature and examined in prior studies both in developed and developing countries.

The development of market orientation starts from the top and not from the bottom. There has been a common phenomenon that lower management executes decisions rather than initiating and participating in decision making. Since, the top managers of a company are the decision makers, if they are in support of market orientation, the rest will be the followers and implementers. For this purpose, significant relationship has been found between top management emphasis and overall market orientation (Payne, 1988; Pulendran et al., 2000).

Training is an important weapon that helps adoption of newness by making the unknown subjects familiar to the attendees. It does not only provide knowledge with the necessary weapons in a particular area but also teaches how to act in different situations. Without a formal training facility, a company relies on experience or hiring trained managers from outside. As a result, this outside dependency becomes a barrier as hiring from outside is time consuming and in most cases it is hard to find appropriate experienced and trained managers. Research shows that there is a positive relationship between the above and market orientation of firms (Pulendran et al., 2000).

Market orientation requires rapid decision making from time to time. If a particular company relies on the decision coming from the centre, it rather delays the flow of work and so hampers market orientation. For this purpose, Harris (2000) found a negative relationship between centralization and overall market orientation.

Market or performance based reward system helps employees to perform beyond their target as this works as motivational incentive. In this system, an organization mainly depends on the customers' feedback for designing pay and promotion for its employees. Jaworski and Kohli (1993) suggested that organizations that reward employees on the basis of factors such as customer satisfaction and building customer relationships tend to be more market-oriented. Conflicts between departments increase tension and do hamper normal operation of an organization. Not only that, it results with frustration among individuals when they believe that they are not being treated fairly and equally by others. This as a result, in fact breaks the organization-wide integration and is responsible for poor market oriented activities. Several researchers have suggested that the implementation of market orientation is greatly influenced by interdepartmental conflict (Wong et al., 1989; Pulendran et al., 2000).

Interdepartmental connectedness is the extent of formal and informal direct contact amongst employees across the departments of an organization. Connectedness among the employees of the various departments of a company enhances interactions and facilitates exchange of information which in fact is responsible for high level of market orientation of a company. Ignacio et al. (2002) argued that interdepartmental connectedness develops groups of activities which satisfy the target market.

Competition, market turbulence, and technology of a country can be considered as the main external factors that also determine the level of market orientation. The competitive environment refers to any group or organization that competes for the attention, resources, or loyalty of a target group (Wood and Bhuiyan, 1993). The success of an organization depends on how well it understands its competitors and to what extent it monitors strategies and tactics of its rivals (Simkin and Cheng, 1997). In this connection, Wong and Saunders (1996) suggested that, in order to gain competitive advantage, a company should design offers that satisfy targeted customer needs better than competitors. Thus, it can be said that the greater the perceived competition, the greater the tendency to adopt a market orientation (Wood and Bhuiyan, 1993). Avlonitis and Gounaris (1999) in a study that considered competitive intensity as market factor also found a strong positive relationship between competition and market orientation.

Jaworski and Kohli (1993) defined market turbulence as the rate of change in the composition of customers and their preferences. The salient role of market turbulence in the development of market orientation has been documented in several studies (Felton, 1959; Levitt, 1960; Kotler, 1977). Pulendran et al. (2000) argued that it is imperative that organizations are highly market-oriented in conditions of market turbulence. And, in such conditions, management must undertake market-oriented activity whilst maintaining the flexibility to shift resources and adapt to potentially variable market trends. Thus, they also suggested that a focus must be placed on listening and responding to customer needs as a failure to adapt will render an organization competitively unstable.

Technology is a dynamic force that drives change in an organization at an ever-increasing rate (Chaharbaghi and Willis, 2000). Appropriate manufacturing technologies can provide the organization with considerable operational and competitive benefits (Sohal, 1995). Kohli and Jaworski (1990) observed that organizations often use technological orientation as an alternative means to market orientation in building sustainable competitive advantage. Glazer (1991) suggested that firms in high-technology markets tend to allocate greater resources to technology in order to manage the uncertainty created by technological changes, even though a balance between market orientation and emphasis on technological orientation is possible. Hayes and Wheelwright (1984) purported that the firms in markets characterized by high technological uncertainty compete more on the basis of technology than on the basis of market orientation, compared with the firms characterized by low technological uncertainty.

Market orientation's outcomes that have been identified in the literature include monetary performance, employees' response e.g., employees' organizational commitment and esprit de corps, and customer response e.g., customer satisfaction and customer retention (Kohli and Jaworski, 1990; Jaworski and Kohli, 1993; Matsuno and Mentzer, 2000). A significant number of studies of market orientation have focused on the relationship between the market orientation and business performance. Several authors identified a positive relationship between market orientation and performance and suggested that market orientation is critical for any kind of organizational success (Pelham and Wilson, 1996; Dawes, 2000; Homburg and Pflesser, 2000; Pulendran et al., 2000; Kumar, 2002).

Market orientation provides mental and social benefits to employees and more specifically, it develops a sense of belongingness to a single broad organizational family. Further, market orientation with its activities unite all the employees of the organization and builds relationship bridge between employees and the organization, as well as enhances a feeling of dedication to fulfilling market needs and meeting customers' expectations. Market orientation involves almost all the employees of a company with its various market oriented activities which in turn helps in building solid employee relationship. This is in fact responsible for enhancing team spirit among the employees. Shoham and Rose (2001) identified a positive and significant association between market orientation and esprit de corps.

Customer response includes customer satisfaction and customer retention. Doyle (1995) asserted that the customers who are satisfied with the value being provided are likely to repurchase the product. Kohli and Jaworski (1990) argued that market orientation leads to satisfied customers who spread the good word to other potential customers and who keep coming back to the organization. Literature review reveals that several factors influence the formation of market orientation of a particular organization and once the market orientation is formed it brings success for that organization. Therefore, in view of the literature review above, the following research questions can be raised:

1. What factors influence the formation of market orientation of the banks in Bangladesh?
2. What are the outcomes of market orientation of the banks in Bangladesh?

DATA AND METHODOLOGY

The data for this study were collected using a structured questionnaire. The population of this research comprised all private commercial banks in Dhaka, the capital of Bangladesh. There are a total of 37 banks in operation in the city of Dhaka, of which 25 are local private commercial banks and 12 are foreign commercial banks. All 37 banks were included in the sample. A total number of 74 branches were selected randomly, two branches from each bank. To be on the safe side and allow possible non-cooperation from the respondents, it was decided that a sample size of 444 would be justifiable (six respondents from each branch). Since market orientation involves all the departments within the organization (Jaworski & Kohli, 1993), it was considered appropriate to select respondents from all departments of a bank. Senior managers of all branches were approached directly through a letter to nominate participants from their respective branches. Although all 444 prospective respondents nominated (within the 74 branches), agreed to participate in the study, a total of 322 officials could be interviewed with a response rate of 72.52%.

In order to measure the overall market orientation of the banking industry in Bangladesh, the 20-item MARKOR scale developed by Kohli et al. (1993) was used. Top management emphasis, market based reward system, interdepartmental conflict and dynamics, market turbulence and technological turbulence, organizational commitment and esprit de corps were measured by scale items developed by Jaworski and Kohli (1993). Centralization was measured by scale items developed by Aiken and Hage (1966; 1968), competition was measured by adopting scale items from COMPOR developed by Gray et al. (1998), Jaworski and Kohli (1993) and Narver and Slater (1990). In order to measure business performance, eight widely scaled items were derived from the work of a variety of authors including return on investment (Ruekert and Walker, 1987), profit (McCarthy and Perreault, 1993), sales growth (Douglas and Carig, 1983), market share (Collins, 1990), sales volume (Burke, 1984), and revenue, product quality, and financial position (Bhuiyan, 1992). Customer satisfaction and repeat customer was measured by scale adopted from Zebal (2003). A 5 point Likert scale representing strongly agree to strongly disagree was used in this study for all the scale items. Likert scale is chosen as it is comparatively easy to prepare, interpret, and is also simple for respondents to answer (Zikmund, 2000).

Measures validity was performed in two phases. First, all items were examined for the internal validity and items with low inter-item correlations were reviewed and deleted if they added no value to the scale. Second, scale reliability was checked using Cronbach alpha coefficient. Table 1 displays that all the refined scales have acceptable to high level of reliability coefficients that meet the recommended cut-off level of coefficient alpha 0.60 (Churchill and Peter, 1984; Nunnally, 1988). The scales defining market orientation as per MARKOR conformed to the sampling adequacy requirement, as an inspection of the anti-image correlation matrix revealed all scales having adequacy value above the acceptable level of 0.5 (Coakes and Steed, 2001). MARKOR scale seems suitable for factoring since the Bartlett's Test of sphericity came out to be significant and the Kaiser-Meyer-Olkin measure of sampling adequacy is 0.82 which is much higher than 0.6 (Coakes and Steed, 2001).

Further, an investigation was made using confirmatory factor analysis. All variables had positive and significant coefficients with a goodness of fit indices (GFI = 0.92), adjusted goodness-of-fit index (AGFI = 0.91), and competitive-fit index (CFI = 0.92) which is greater than the recommended threshold values suggested by (Hair et al., 1998). In addition, the most widely used measure, CMIN/DF = 2.008, the normed fit index (NFI = 0.941) and the root mean square error of approximation (RMSEA = 0.042) also suggest that the model fit is acceptable. Thus, it can be said that this study found strong evidence supporting the underlying factor representation of the MARKOR scale reported by Kohli et al. (1993). This means that the three elements including intelligence generation, intelligence dissemination, and intelligence responsiveness established the validity of the MARKOR scale. In addition, the internal consistency of the overall scale was also found to be high (Alpha = 0.88).

Table 1: Coefficient Alpha and Descriptive Statistics

Scale Items	Min	Max	Mean	S.D.	No. of Items	Cronbach Alpha
Intelligence Dissemination	8	25	18.31	3.15	5	0.83
Intelligence Responsiveness	21	44	32.02	4.55	9	0.80
Market Orientation	44	98	71.11	9.57	20	0.88
Top Management Emphasis	8	20	15.92	2.46	4	0.62
Management Training	4	20	14.63	2.88	4	0.64
Centralization	4	20	12.94	3.39	4	0.73
Market Based Reward System	7	20	13.97	2.68	4	0.71
Interdepartmental Conflict	5	22	11.80	3.09	5	0.72
Interdepartmental Connectedness	4	20	15.08	2.84	4	0.75
Competition	12	34	24.18	3.94	7	0.65
Market Turbulence	5	20	13.91	2.55	4	0.61
Technology	5	20	14.11	2.99	4	0.67
Organizational Commitment	6	20	15.00	2.82	4	0.67
Esprit de Corps	3	15	11.09	2.08	3	0.60
Business Performance	17	40	32.51	4.81	8	0.87
Customer Satisfaction	7	60	22.08	4.17	6	0.64
Repeat Customer	4	20	15.06	2.36	4	0.64
Note: N = 322						

Note: The table shows the detailed results of the descriptive statistics and cronbach alpha coefficient of the variables used in the study.

RESULTS

While reporting their results, Jaworski and Kohli (1993) did not clearly state the type of regression analysis they used in order to identify the determinants of market orientation. Furthermore, tables of results in their study suggest that they used a stepwise regression process although they stated otherwise, that they used a direct entry method. Keeping this issue in mind, it was decided to use stepwise regression procedure. Overall, the regression results displayed in Table 2 suggest that several factors affect market-oriented activity of the banking industry in Bangladesh.

Table 2: Determinants Of Market Orientation: Stepwise Dependent Variables; Market Orientation (MARKOR), Intelligence Generation (ING), Intelligence Dissemination (IND), Intelligence Responsiveness (INR)

Variables	MARKOR β (t)	ING β (t)	ND β (t)	INR β (t)
Mgt. Training (MGT)	0.16 (3.49**)	0.11 (2.05*)	---	0.18 (3.57***)
Centralization (CEN)	-0.27(-6.64***)	-0.20 (-4.27***)	-0.24 (-5.05***)	-0.22 (-5.1***)
Market Based Reward (MBE)	---	---	0.22 (4.48***)	---
Interdepart. Conflict (ICT)	---	---	---	-0.15 (-2.97**)
Interdepart. Connectedness (ITD)	0.09 (2.05*)	0.15 (2.83**)	---	---
Competition (COM)	0.18 (4.01***)	0.22 (4.28***)	---	0.10 (2.1*)
Market Turbulence (MTB)	---	---	---	-0.13 (-2.76**)
Technology (TEC)	0.22 (4.85***)	0.15 (2.95**)	0.21 (4.29***)	.21 (4.20***)
R^2	0.49	0.33	.32	0.43
* R^2	0.48	0.32	.31	0.42
F	50.47***	26.01***	37.19***	34.16

Note: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$. The table shows the regression estimates of the following equations:

$$MARKOR = \alpha + \beta_1(TME) + \beta_2(MGT) + \beta_3(CEN) + \beta_4(MBE) + \beta_5(ICT) + \beta_6(ITD) + \beta_7(COM) + \beta_8(MTB) + \beta_9(TEC) \quad (1)$$

$$ING = \alpha + \beta_1(TME) + \beta_2(MGT) + \beta_3(CEN) + \beta_4(MBE) + \beta_5(ICT) + \beta_6(ITD) + \beta_7(COM) + \beta_8(MTB) + \beta_9(TEC) \quad (2)$$

$$IND = \alpha + \beta_1(TME) + \beta_2(MGT) + \beta_3(CEN) + \beta_4(MBE) + \beta_5(ICT) + \beta_6(ITD) + \beta_7(COM) + \beta_8(MTB) + \beta_9(TEC) \quad (3)$$

$$INR = \alpha + \beta_1(TME) + \beta_2(MGT) + \beta_3(CEN) + \beta_4(MBE) + \beta_5(ICT) + \beta_6(ITD) + \beta_7(COM) + \beta_8(MTB) + \beta_9(TEC) \quad (4)$$

The first figure in each cell is the regression coefficient. The second figure in each cell is the t-statistics. ***, **, and * indicate significance at the 1, 5, and 10 percent levels respectively. Market orientation (MARKOR) and its three components; intelligence generation (ING), intelligence dissemination (IND), and intelligence responsiveness (INR) displayed in the table show the results for the full sample of 322 respondents drawn from the 74 branches of 37 banks.

Top management emphasis was found to be statistically significant and positively related to overall market orientation ($\beta^* = 0.26, p < 0.001$). Similarly other factors including management training ($\beta^* = 0.16, p < 0.01$), interdepartmental connectedness ($\beta^* = 0.09, p < 0.05$), and competition ($\beta^* = 0.18, p < 0.001$), were also found to be statistically significant and positively related to overall market orientation. Technological turbulence was expected to be negatively related to market orientation according to the theory, but it was found to be positively related ($\beta^* = 0.22, p < 0.001$). These results suggest that top management emphasis, management training, interdepartmental connectedness, competition, and technology play a crucial role in the development of market orientation. Further, centralization was found to be statistically significant and negatively related to overall market orientation ($\beta^* = -0.27, p < 0.001$). This suggests that centralization is a barrier to market orientation. The other variables; market based reward system, interdepartmental conflict, and market turbulence were not found to be statistically significant in the study.

The following regression equation was estimated to identify the determinants of MARKOR:

$$MARKOR = \alpha + \beta_1 (TME) + \beta_2 (MGT) + \beta_3 (CEN) + \beta_4 (MBE) + \beta_5 (ICT) + \beta_6 (ITD) + \beta_7 (COM) + \beta_8 (MTB) + \beta_9 (TEC). \quad (1)$$

Ordinary Least Squares estimates were obtained. The detailed results are presented in Table 2. Intelligence generation was found to be statistically significant and positively related to top management emphasis ($\beta^* = 0.15, p < 0.01$), management training ($\beta^* = 0.11, p < 0.05$), interdepartmental connectedness ($\beta^* = 0.15, p < 0.01$), competition ($\beta^* = 0.22, p < 0.001$), and technological turbulence ($\beta^* = 0.15, p < 0.01$). On the other hand, centralization was found to be statistically significant and negatively related to intelligence generation ($\beta^* = -0.020, p < 0.001$). The other variables; market based reward system, interdepartmental conflict, and market turbulence were not found to be statistically significant and related to intelligence generation.

The following regression equation was estimated to identify the determinants of intelligence generation:

$$ING = \alpha + \beta_1 (TME) + \beta_2 (MGT) + \beta_3 (CEN) + \beta_4 (MBE) + \beta_5 (ICT) + \beta_6 (ITD) + \beta_7 (COM) + \beta_8 (MTB) + \beta_9 (TEC). \quad (2)$$

Ordinary Least Squares estimates were obtained. The detailed results are presented in Table 2. Intelligence dissemination was found to be statistically significant and positively related to top management emphasis ($\beta^* = 0.025, p < 0.001$), market based reward system ($\beta^* = 0.22, p < 0.001$), and technological turbulence ($\beta^* = 0.21, p < 0.001$). On the other hand, centralization was found to be statistically significant and negatively related ($\beta^* = -0.24, p < 0.001$). The other variables; management training, interdepartmental conflict, interdepartmental connectedness, competition, and market turbulence were not found to be statistically significant and related to intelligence dissemination.

The following regression equation was estimated to identify the determinants of intelligence dissemination:

$$IND = \alpha + \beta_1 (TME) + \beta_2 (MGT) + \beta_3 (CEN) + \beta_4 (MBE) + \beta_5 (ICT) + \beta_6 (ITD) + \beta_7 (COM) + \beta_8 (MTB) + \beta_9 (TEC). \quad (3)$$

Ordinary Least Squares estimates were obtained. The detailed results are presented in Table 2. Intelligence responsiveness was found to be statistically significant and positively related to top management emphasis ($\beta^* = 0.027, p < 0.001$), management training ($\beta^* = 0.18, p < 0.001$), competition ($\beta^* = 0.10, p < 0.05$), and technological turbulence ($\beta^* = 0.21, p < 0.001$). On the other hand, centralization ($\beta^* = -0.22, p < 0.001$), interdepartmental conflict ($\beta^* = -0.15, p < 0.001$), and market turbulence ($\beta^* = -0.13, p$

< 0.01) were found to be statistically significant and negatively related. The other two variables; market based reward system and interdepartmental connectedness were not found to statistically significant in the study.

The following regression equation was estimated to identify the determinants of intelligence responsiveness:

$$INR = \alpha + \beta_1 (TME) + \beta_2 (MGT) + \beta_3 (CEN) + \beta_4 (MBE) + \beta_5 (ICT) + \beta_6 (ITD) + \beta_7 (COM) + \beta_8 (MTB) + \beta_9 (TEC). \tag{4}$$

Ordinary Least Squares estimates were obtained. The detailed results are presented in Table 2.”

In order to identify the outcomes of market orientation, univariate test was provided. Table 3 displays a test for homogeneity of variance for each of the dependent measures. All the dependent variables were significant except business performance. This means that, if the univariate F-tests for these variables are also significant, researcher must interpret these findings at a more conservative alpha level (0.05/3 = 0.017). This is called Bonferroni-type adjustment that reduces type I errors (Coakes and Steed, 2001).

Table 3: Test of Homogeneity of Variances

Variables	Levene Statistic	df1	df2	Sig.
Organizational Commitment	1.4888	46	275	.029
Business Performance	1.309	46	275	.100
Customer Satisfaction	1.536	46	275	.020
Repeat Customer	1.607	46	275	.011
Esprit de Corps	1.581	46	275	.014

Note: The table shows the test of homogeneity of variance to identify the significance levels of the variables for the purpose of reducing the type I errors.

The examination of the univariate effect of overall market orientation on each dependent variable indicates that overall market orientation (MARKOR) was significantly affecting business performance [F (46, 275) = 2.735, p < 0.001], organizational commitment [F (46, 275) = 4.440, p < 0.001], Esprit de corps [F (46, 275) = 2.293, p < 0.001], customer satisfaction [F (46, 275) = 2.665, p < 0.001], and repeat customer [F (46, 275) = 2.509, p < 0.001]. The univariate findings indicate that all the dependent variables were significant at smaller alpha levels than the predetermined conservative alpha level of 0.017. The detailed results are displayed in Table 4.

Table 4: Univariate Effect of Market Orientation on Business Performance, Employees’ organizational Commitment, Esprit de Corps, Customer Satisfaction & Repeat Customer

Dependent Variables	BGSS	WGSS	Df	BGMS	WGMS	F
Business Performance	2328.60	5089.87	46, 275	50.62	18.51	2.735***
Organizational Commitment	1085.46	1461.54	46, 275	23.60	5.32	4.440***
Esprit de Corps	385.17	1004.04	46, 275	8.37	3.65	2.293***
Customer Satisfaction	1722.74	3864.00	46, 275	37.45	14.05	2.665***
Repeat Customer	529.57	1262.06	46, 275	11.51	4.59	2.509***

Note: *** p<0.001, ** p<0.01, * p<0.05. The figures in the different cells are between group sum square, within group sum square, degree of freedom, between group mean square, and within group mean square respectively. ***, **, and * indicate significance at the 1, 5 and 10 percent levels respectively. The results displayed in the table show the results for the full sample of 322 respondents drawn from the 74 branches of 37 banks.

CONCLUDING COMMENTS

The results of this study have pointed to a number of important issues pertaining to the status of market orientation in the banking industry in Bangladesh by identifying the determinants and outcomes of market orientation. The findings suggest that in order for the banking industry in Bangladesh to implement market oriented strategy, attention needs to be paid to top management emphasis on market orientation as well as initiating management training, interdepartmental connectedness, competitive activities, and technological development. There is no denying the fact that in order to nurture market oriented culture in a developing country, top management must pay adequate attention to market orientation issues. This would encourage the middle and lower levels of management to contribute to market orientation at the organizational level. The issue of management training in creating a market oriented organization is well understood in the face of general trends in the developing countries where not much importance is attached to management training. These findings support the conventional wisdom that currently prevails in the western marketing culture characterized by buyers' market orientation.

Although the results of this study are to be interpreted cautiously because of comparatively small sample size that has been drawn from a single sector representing only one of numerous developing countries, these results may suggest some sort of universality in the understanding of antecedents and outcomes of market orientation especially in the developing world. More specifically, perhaps it can be said that market orientation status in a particular market culture may not be significantly influenced by the contrasting market setting (such as sellers' market condition in a developing country such as Bangladesh). The current study can be considered as a unique work in the sense that no similar study has been undertaken in Bangladesh or elsewhere in the developing world. Therefore, there is room for replicating the study across other developing countries to validate the results of this study.

Finally, the univariate findings of the study displayed in table 4 suggest that superior performance can be achieved by undertaking market oriented activity. This supports the concept of Market orientation being a generic contributor in improving business performance (Paul, 2006). The univariate test indicates that overall market orientation of the banking industry has a significant effect on monetary performance of business as well as organizational commitment and esprit de corps/team spirit of employees, customer satisfaction and repeat purchase/customer retention.

Further, the findings of the study can be used as a guideline for banks or other financial institutions in designing their market orientation strategies. As the study confirms superior performance as a function of market oriented activities, bank managers in Bangladesh would be able to project the cost benefit ratio by looking at the cost of resource commitment needed for becoming market oriented.

The scope of this study is limited in that it has focused only on the local private banks; the public banking sector was excluded from the sample. Therefore, future study may also focus on the public banks and make a comparison amongst the two sectors in terms of the impact of market orientation on their business performances. Furthermore, towards improving the validity and reliability of the MARKOR scale, a broad based sample can be drawn from banking companies operating in the other large cities of Bangladesh such as Chittagong and Khulna. This may contribute to generalization of the findings of this study across the whole of Bangladesh. Since technological turbulence was found to be positively related to market orientation, this may be further investigated by initiating an exploratory phase and seeing whether this phase has support for the finding of this study (Zikmund, 2000).

This study considered external variables as determinants of market orientation instead of using them as mediating factors. This consideration was made following Jaworski and Kohli's (1993) suggestions as their study did not find any moderating effect of the external variables. Future research focusing on developing countries including Bangladesh may consider these variables as mediating factors in order to

investigate the nature and strength of any possible relationship between market orientation and performance in a different market setting.

Furthermore, Bulent and Seigyoung (2006) question the merit of adapting MARKOR as a single influencer on business performance and suggest that organizations supplement market orientation with “innovativeness” to achieve a more favorable impact on business performance. In this perspective, authors of this research felt such addition to the concept of MARKOR could be a next step to extend the findings of this research.

However, despite its limitations, this study provides evidence that like any other industrialized country, superior business performance can also be achieved in a developing country such as Bangladesh by initiating market oriented action despite its varying socio-economic and marketing environment. Thus, the findings of this study suggest that business managers in Bangladesh should actively consider implementing market oriented plans and programs to enhance superior performance of their businesses and to survive and grow in an emerging competitive financial market in Bangladesh.

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