THE MODERATING ROLE OF ORGANIZATIONAL CAPABILITIES AND INTERNAL MARKETING IN MARKET ORIENTATION AND BUSINESS SUCCESS

Solomon A. Keelson, Takoradi Polytechnic

ABSTRACT

The study was conducted to measure and justify the contribution of Organizational Capabilities and Internal Marketing as moderating factors of market orientation and business success. The article used twenty four listed companies out of a total of thirty seven from Ghana to conduct the study. Seventy two senior officials were surveyed from these companies using a five-Likert Scale questionnaire. Stepwise regression approach was used to investigate the level of contribution made by organizational capabilities and internal marketing to market orientation and business success, in relations to other known existing scales. The findings revealed that, compared to existing scales, organizational capabilities contributed significantly to the components that determine the level of market orientation of listing companies. Similarly, not only did internal marketing related with ten of the eleven antecedents of market orientation; but internal marketing also contributed to all seven economic and non-economic factors determining business success. Thus, the significant contribution of the two new scales to market orientation and business performance justifies their consideration as moderating factors for the study of market orientation.

JEL: M21, M31

KEYWORDS: Business Success, Internal Marketing, Market Orientation, Organizational Capabilities

INTRODUCTION

This paper attempted to investigate the significant contribution made by organizational capabilities and internal marketing to the level of market orientation, and consequently to business success. Market orientation refers to a business behavior that ensures that products and services are developed such that they meet customer needs and expectations (Grönroos, 2006). In this connection, a market- oriented firm shall involve the customer in designing the marketing mix in order to provide customer value. In support of this argument, Chen and Quester (2009) aver that both the implementation of customer-centric thinking in marketing; and customer value creation are critical for achieving a positive business performance (Alhakimi and Baharun, 2009).

Market orientation was first identified as the important determinant of a business' performance by Kohli and Jaworski (1990) and Narver and Slater (1990). Since the work of Kohli and Jaworski (1990) and Narver and Slater (1990), many studies have been done to try to establish the link between market orientation and firm performance. Most of these studies have found a strong positive correlation between market orientation and performance (Zebal, 2003; Shoham et al., 2005; Hafer and Gresham, 2008; Tomaskova, 2009); though a few studies found no positive linear relationship between market orientation and firm's performance (Appiah-Adu, 1998; Savitt, 2001; Osuagwu, 2006; Qu and Ennew, 2009).

Previous studies have suggested direct relationship between market orientation and business performance, using specific scales. For instance, top management emphasis has a profound influence in the success of a company. (Kirca, et al., 2005; Hammond et al., 2006; Tamaskova, 2009; Malik and Naeem, 2009). Other scales that have been used extensively to measure market orientation- business performance linkage includes: management training (Pulendran et al., 2000; Zebal, 2003; Liu et al., 2006; Morgan et al., 2009); management risk aversion (Jaworski and Kohli, 1993; Avlontinis and Gounaris, 1999). Also used extensively are: organizational culture and organizational politics (Deshpande´ et al., 1993; Hurley and Hult, 1998; Sussman et al., 2002; Carrillat et al., 2004; Mao, 2006; Miller et al., 2008). Similarly, researchers have used centralization and formalization as scales to measure market orientation (Matsuno et al., 2002; Zebal, 2003; Kaynak and Kara, 2004; Trueman, 2004; Walter et al., 2007; Tomaskova, 2009). Moreover, previous studies have continually used scales such as state of economy (Palmer and Pels, 2002; Zebal, 2003); technological turbulence (Varela and Del Rio, 2003; Olavarrieta and Friedmann, 2008); competition (Kohli and Jaworski, 1990; Simkin, 2002; Zebal, 2003); and market turbulence (Jaworski and Kohli, 1993; Appiah-Adu, 1997).

Previous studies have also used common components as moderating factors for market orientation and business performance. These factors include: intelligence generation (Deshpande and Webster, 1989; Kohli and Jaworski, 1990; Zebal, 2003; Mavondo et al. 2005); intelligence dissemination (Wood and Bhuian, 1993; Zeithaml et al., 1990; Zebal, 2003); and intelligence responsiveness (Jaworski and Kohli, 1993; Zebal, 2003).

A cursory review of the literature suggest that despite the many studies that have been undertaken to learn about market orientation, certain critical scales, including organization's capabilities and internal marketing have not been given desired attention in the literature. This creates a gap in the market orientation-performance measurement. The supporting reason is that these two scales have been identified to make a significant contribution to eventual success of business. For instance, organizational capabilities is known to improve the relationship between quality and firm performance (Cho and Pucik, 2005; Erdil et al., 2010), financial and non-financial performances (Montes et al., 2005), and enhancement of core employees value and uniqueness, which has significant effect on the firm's performance (Lopez-Cabrales et al., 2006). Similarly, internal marketing is suggested to foster job satisfaction (Ahmed, et al. 2003; Hwang and Chi 2005), work motivation (Bell et al, 2002), and organizational commitment (Mukherjee and Malhotra 2006), resulting in firm success.

The rest of the study deals with the literature review of the two new scales with the view of conceptualizing the supporting theories. This is followed by the data and methodology used for the study; and the results and discussions. The article concludes with the concluding comments, limitations of the study, and policy directions and recommendations for further studies

LITERATURE REVIEW

This study acknowledges the moderating effects of common antecedents and components factors that have been used over the years to study market orientation and firm's performance. However, the article conceptualizes that in addition to the most common and known scales, two important scales are critical for consideration of the the study of market orientation and business performance. These factors are organizational capabilities and internal marketing. These scales are discussed below.

Organizational Capabilities

Organizational capabilities refer to the combined skills and knowledge that a firm possesses, which enable it to coordinate activities and make use of their assets (Day, 1994). Organizational capabilities involve the combination, coordination and deployment of organizational competences, which are directed towards the strategic purpose of the organization (Peppard et al. 2000). Also, organizational capabilities may refer to the ability of a company to design and implement unique business programs and practices that give it competitive advantage (Lado and Wilson, 1994). Again, Helfat and Peteraf (2003, p.1) defines organizational capabilities as "an organisational ability to perform a coordinated task, utilizing organizational resources, for the purpose of achieving a particular end result". In this connection, organizational capabilities may be considered as organizational core competences (Stalk et al. 1992). Resources of organizations only become productive when they are turned into capabilities through effective management and coordinated efforts. Thus, it is the turning of the resources into capabilities that determines the performance of a firm, not just the availability of the resources. It is argued that organisational capabilities are valuable resources which are usually unique to the firm, rare, imitable and non-substitutable (Song et al., 2007). Capabilities give the firm competitive advantage, which fosters improvement of the organization's success, both in the short-term and long-term (Newbert, 2008). Thus, organization's resources and capabilities enhance firm's economic success.

Further, capabilities refer to the dynamic, non-finite, firm-specific and path dependent processes that are not obtainable in the market place. They are difficult to copy, and are accumulated through long-term, continuous learning (Spanos and Prastacos, 2004). Thus, organizational capabilities are seen as the ability to coordinate and deploy resources in order to achieve the firm's goals (McKelvie and Davidsson, 2009). This implies that while resources are necessary determinant of competitive advantage, combining resources to attain capabilities is the sufficient condition for success. Every business develops its own type and level of capabilities that is rooted in the realities of its competitive market, past commitments and anticipated requirements (Song et al., 2007). Thus, the firm that has the resources and abilities to put its capabilities to best use, and that invests in capabilities usually gain competitive advantage, which translates to business success (Song et al., 2007).

Capabilities may enhance competitive advantage by being unique in business practices and preventing imitation. Organisational capabilities are necessary to create economic value, sustain competitive advantage and achieve superior organizational performance. In this study we operationalize the classification of capabilities including, managerial, technical and output based capabilities in order to use organizational factors to measure the relationships between organizational capabilities and firm success (Lado and Wilson, 1994; Lopez-Cabrales et al., 2006).

Managerial capabilities are the engine through which other equally important capabilities of the firm are developed and attained (Branzei and Vertinsky, 2006). These capabilities may involve reinforcement of the organizational culture, strategic vision, obtaining employee potential, and flexible design (Lado and Wilson, 1994). In this study, we use this classification of managerial capabilities with due consideration to the four dimensions. Technical capabilities on the other hand, involve the manufacturing processes, technology, new product development, production facilities in the firm (Song et al., 2007). Technical capabilities are what the organisation needs to convert inputs into finished products (Song et al., 2007); and consequently carry out new combinations of resources, methods, systems and processes to generate new products and services (Lopez-Cabrales et al., 2006). Output-based capabilities, however, involve creating physical assets that provide value to the customer (Lado and Wilson, 2006). These physical or intangible assets are of three dimensions: quality orientation, customer loyalty, and product diversity (Lopez-Cabrales et al., (2006).

A good company reputation may arise from a firm's dedication to creating and delivering products or services of superior quality that may yield competitive advantage in the market. Repeated findings on quality either measured by customer satisfaction or perceived quality, provide a growing body of evidence that the relationship between quality and firm performance is positive (Cho and Pucik, 2005; Erdil et al., 2010). Firms also promote close relationships with customers that will in turn generate high sales and returns relative to competitors. Organisational capabilities are found to have a link with organisational performance. These capabilities are said to have effect on firm's competitive advantage, market share, profit, costs, sales revenue, and customer satisfaction. This study classifies these performance indicators into financial and non-financial performances (Montes et al., 2005).

Lopez-Cabrales et al., (2006) found out that core employees value and uniqueness has a significant effect on organizational capabilities and hence, the firm's performance. Similarly, Choe et al. (2006) identified that employee skills, organizational structure, which define organisational capabilities is positively related to the firm's performance. Furthermore, Morgan et al. (2009) posits that output-based capabilities with its three dimensions of customer loyalty, quality orientation, and product variety have a positive impact on firm performance. On the basis of the above discussion of capabilities, and how they influence business performance, it is appropriate that this study considers organizational capabilities as one of the scales to determining the market orientation of firms in the stock market.

Internal Marketing

Berry (1981) defined internal marketing as: "viewing employees as internal customers, viewing jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization" (p. 25). In this connection, the primary components of internal marketing are the effects on employees (Ahmed et al., 2003; Ballantyne, 2003; Mudie, 2003); the effects on the organizations (Ahmed et al., 2002; Mudie, 2003; Lings, 2004); external customer satisfaction (Prasad and Steffes, 2002; Ahmed et al, 2003;), and the development of cross functional units within the organization (Ahmed et al., 2003; Ballantyne, 2003). Also, Rafiq and Ahmed (2000) defined internal marketing as a planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and inter-functionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies, in order to deliver customer satisfaction through a process of creating motivated and customer orientated employees.

Internal marketing is treating both employees and customers with equal importance through proactive programs in order to achieve organizational objectives (Woodruffe, 1997). It involves giving employees the right type and level of training to perform their jobs, so as to help reduce job and role ambiguities and ensure effective external customer service (Schultz, 2004). Payne suggests that the key aims of internal marketing are the development of internal and external customer awareness and to remove functional barriers to achieve organizational effectiveness (Payne, 1993). Absence of internal marketing may result in lack of organisational commitment, which can lead to poor performance, and high cost of doing business (Caruana and Calleya, 1998). On the other hand the existence of internal marketing results in effective organisational performance, as employees would put in maximum effort to better satisfy the needs and wants of external customers (Sasser, and Arbeit, 1980; Berry, 1981; George 1990;). In connection with this, Hogg (1996) describes internal marketing as the answer to gaining employee commitment, and a better marketing option compared to the traditional internal communications programs. Again, internal marketing has been viewed as a pre-requisite for effective external marketing (Schultz, 2004). According to (Berry, 1981), internal marketing is to make the work of employees attractive, which could lead to employee satisfaction. Employee satisfaction will in turn lead to customer satisfaction; and consequently foster customer loyalty. Also, internal marketing enables the firm attracts the best personnel, retain and motivate them for effective organization's performance (Schultz, 2004).

Many empirical studies on internal marketing have focused on outcomes at the employee level. These include job satisfaction (Ahmed, et al. 2003; Hwang and Chi 2005), work motivation (Bell et al, 2002), and organizational commitment (Mukherjee and Malhotra 2006). Few studies have explicitly examined customer-related outcome of internal marketing, such as service quality (Bell et al., 2002). Previous researches on internal marketing have found internal marketing to ensure that employees are "well-attuned to the mission, goals, strategies, and systems of the company" (Gummesson 1987, p. 24). Again, internal marketing promotes the formation of a corporate identity or collective mind (Ahmed et al., 2003). Finally, internal marketing prepares employees through various training programs through which employees are helped to understand and appreciate their roles in the organisation (Berry, 1981). This means that internal marketing is a very important component of market orientation that fosters business success of a firm (Ismail, 2009). This justifies why internal marketing is considered as one of the new scales of market orientation in this study. On the basis of the literature reviewed, this study considered the following critical questions:

How strong is the contribution of organizational capabilities to market orientation, relative to known and commonly used scales?

How does internal marketing relate to the antecedents of market orientation, relative to other market orientation components?

How significant is the contribution of internal marketing to business success of listed companies, relative to other components of market orientation?

DATA AND METHODOLOGY

Out of the 37 listed companies, 24 agreed to participate in the survey, which constituted 64% of the total population. Survey was used to collect data from the 24 companies. This sample size was appropriate because it was above the sample requirement suggested by Krejcie and Morgan (1970) in their sampling statistics table (p. 607).Three respondents were selected from each company to participate in the survey. This means, seventy two (72) respondents were used for the survey. Data was collected from August 2011 to September 2011 on the 72 officials, where 43 completed questionnaires were returned in usable form, constituting a 59.7% response rate. Regarding an acceptable response rate, Babbie (1990) quoted 60% as 'good' and 70% as very good. He further advised that interpretation of the adequacy of the response rate be placed in the context of existing literature for the type of study undertaken. A 59.72% rate achieved in this study is good considering the above statement made by Babbie (1990).

In this study, the stepwise multiple regression method was used to analyzed the data. Stepwise regression is a step-by-step method to determine a regression equation that begins with a single independent variable and adds or deletes independent variables one by one (Lind et al., 2008). The use of stepwise multiple regressions aided in determining the significant of variables (antecedents of market orientation) relative to other variables (components of market orientation) (Draper and Smith, 1981). Additionally, the stepwise regression helped improve the equation of every stage, and at the same time minimized the challenge associated with working with many independent variables. The appropriateness of using stepwise regression analysis in this study is supported by the fact that the study aimed at selecting significant variables. Also, the study used some new scales of independent variables which needed stepwise regression technique to screen them, and compare them with existing scales of previous studies.

RESULTS AND DISCUSSIONS

<u>Relationship between Antecedents of Market Orientation and Components of Market Orientation</u>

The findings of Table 1 to Table 4 suggest that the level of market orientation of listed companies, defined by the four components, were determined by ten antecedents. Organizational capabilities were found to contribute to three of the four components that defined the level of market orientation. This is one of the highest contribution made by a single antecedent factor. Other antecedents contributed to one and in some cases two of the components of market orientation.

The Table 1 below presents the results of all the eleven antecedents used in this study and their contribution to internal marketing component of market orientation. Antecedents with insignificant contributions were removed from the regression equation.

Table 1: Antecedents of Market Orientation: Stepwise Regression, Dependent Variable: Internal Marketing

VARIABLE	B	B	t	Þ
Management risk aversion	-0.28	-0.31	-2.2	0.042
Management training	0.32	0.39	2.91**	0.011
Management leadership style	0.4	0.47	3.47**	0.005
Organizational capabilities	0.63	0.43	3.07**	0.006
Organizational culture	0.68	0.53	4.07***	0.001
Organizational politics	0.53	0.45	3.33**	0.006
Centralization	-0.3	-0.4	-2.80**	0.01
Competitive intensity	0.58	0.44	3.14**	0.006
Technological turbulence	0.37	0.42	2.99**	0.013
The state of the economy	0.37	0.37	2.75**	0.015

This Table shows the contribution of antecedents of market orientation to Internal Marketing. The table reflects the contribution each scale makes to Internal Marketing

Table 1 shows that ten factors contributed to the internal marketing of the firms, including organizational capabilities. Management risk aversion (ß= -0.28, Þ<0.042) and centralization (ß= -0.3, Þ<0.01) had negative relationship with internal marketing. Nevertheless, management training(ß= 0.32, Þ<0.011), management leadership style(ß= 0.40, Þ<0.005), organizational capabilities(ß= 0.63, Þ<0.006), organizational culture(ß= 0.68, Þ<0.001), organizational politics(ß= 0.53, Þ<0.006), competitive intensity(ß= 0.58, Þ<0.006), technological turbulence(ß= 0.37, Þ<0.013), and state of the economy(ß= 0.37, Þ<0.015), made a direct positive contribution to internal marketing

Table 2 below presents the findings of all the eleven antecedents used in this study and their contribution to intelligence generation component of market orientation. Antecedents with insignificant contributions were removed from the regression equation.

Tabla 2. Antecedents of Market Orientation: Stepwise Regression, Dependent Variable: Intelligence Generation

VARIABLE	B	B	t	Þ
Management leadership style	0.43	0.44	3.15**	0.005
Organizational capabilities	0.63	0.41	2.86**	0.011
Organizational culture	0.55	0.41	2.87**	0.011
Organizational politics	0.39	0.35	2.41**	0.022
Centralization	0.35	0.44	3.19**	0.006
Competitive intensity	0.58	0.44	2.70**	0.014
Technological turbulence	0.37	0.42	2.79**	0.009

This Table shows the contribution of antecedents of market orientation to Intelligence Generation. The table reflects the contribution each scale makes to Intelligence Generation

Table 2 identifies seven factors that contributed to the intelligence generation of the listed firms, including organizational capabilities. Management leadership style (ß= 0.43, Þ<0.005), organizational capabilities (ß= 0.63, Þ<0.011), organizational culture (ß= 0.55, Þ<0.011), organizational politics (ß= 0.593, Þ<0.022), centralization (ß= 0.35, Þ<0.006), competitive intensity (ß= 0.58, Þ<0.014), technological turbulence (ß= 0.37, Þ<0.009), made a direct positive contribution to internal marketing

The Table 3 below presents the results of all the eleven antecedents used in this study and their contribution to intelligence dissemination component of market orientation. Antecedents with insignificant contributions were removed from the regression equation.
Table 3 revealed that five antecedent factors contributed to the intelligence dissemination component of the firms, without organizational capabilities. Management risk aversion (ß= 0.31, Þ<0.038), organizational culture (ß= 0.44, Þ<0.032), centralization (ß= 0.24, Þ<0.032), competitive intensity (ß=

0.35, Þ<0.021), and technological turbulence (ß= 0.27, Þ<0.016), made a direct positive contribution to internal marketing.

Table 3: Antecedents of Market Orientation: Stepwise Regression, Dependent Variable: Intelligence Dissemination

VARIABLE	B	B	t	Þ
Management risk aversion	0.31	0.32	2.15*	0.038
Organizational culture	0.44	0.33	2.24*	0.032
Centralization	0.24	0.33	2.24*	0.032
Competitive intensity	0.35	0.35	2.41*	0.021
Technological turbulence	0.27	0.37	2.53**	0.016

This Table shows the contribution of antecedents of market orientation to Intelligence Dissemination. The table reflects the contribution each scale makes to Intelligence Dissemination

The Table 4 below presents the results of all the eleven antecedents used in this study and their contribution to intelligence responsiveness component of market orientation. Antecedents with insignificant contributions were removed from the regression equation.

Table 4: Antecedents of Market Orientation: Stepwise Regression, Dependent Variable: Intelligence Responsiveness

VARIABLE	B	B	t	Þ
Top management emphasis	0.33	0.4	3.13**	0.008
Organizational capabilities	0.67	0.44	3.33**	0.007
Organizational culture	0.62	0.46	3.38**	0.003
Organizational politics	0.48	0.41	2.93**	0.014
Centralization	-0.31	-0.39	-2.75**	0.017
The state of the economy	0.36	0.4	2.80**	0.016

This Table shows the contribution of antecedents of market orientation to Intelligence Responsiveness. The table reflects the contribution each scale makes to Intelligence Responsiveness

Table 4 shows that six factors related in one way or the other with the intelligence responsiveness of the listed firms, including organizational capabilities. Tap management emphasis (ß= 0.33, Þ<0.008), organizational capabilities (ß= 0.67, Þ<0.007), organizational culture (ß= 0.62, Þ<0.003), organizational politics (ß= 0.48, Þ<0.014), and state of the economy (ß= 0.36, Þ<0.016), made a direct positive contribution to intelligence responsiveness. However, centralization (ß= -0.31, Þ<0.017), related negatively to intelligence responsiveness.

The findings of Table 1 to 4 apart from organizational culture which contributed to the level of market orientation by affecting all four components, organizational capabilities and organizational politics were the next highest contributors to market orientation. They individually contributed to three of the four components. The rest of the antecedents respectively, contributed to either one or two components. This suggests that the introduction of organizational capabilities as new scale for measuring market orientation and business performance was very appropriate

<u>Relationship between Components of Market Orientation and Business Success</u>

The relationship between components of market orientation and economic success as represented by Tables 4 to 10 indicate that the economic performance of listed companies in Ghana is influenced by the level of market orientation. The findings revealed that two components of market orientation, including internal marketing and intelligence generation, were the only factors that significantly influenced the economic success of listed companies in Ghana. Nevertheless, while internal marketing was found to contribute to all the three economic success constructs, intelligence generation was found to contribute to two out of the three economic success factors.

Economic Success

Economic success of the firms is represented by Tables 5 to 7. Table 5 below is a presentation of the results of contributions of the four components factors to business profitability. Components that made insignificant or no contribution were eliminated from the regression equation.

Table 5: Consequences of Market Orientation: Stepwise Regression, Dependent Variable- Profitability

VARIABLE	B	Β	t	Þ
Internal marketing	0.49	0.41	2.90**	0.013
Intelligence generation	-0.43	-0.33	-2.20*	0.034

This Table shows the contribution of components of market orientation to Profitability. The table reflects the contribution each component scale makes to Profitability

As indicated by Table 5 internal marketing (ß= 0.41, Þ<0.01) and information gathering (ß= - 0.33, Þ<0.03) were statistically significant related to profitability. While internal marketing was found to be significant and positively related with profitability; intelligence generation showed a significant but negative relationship with profitability. The other two market orientation components, intelligence dissemination and intelligence responsiveness were dropped from the stepwise regression equation, suggesting that they made no or insignificant contribution. The positive significant relationship between internal marketing and profitability suggest that, when other market orientation components are held constant, with an increase of internal marketing the companies achieve better profitability. On the other hand, the negative significant relationship between information gathering and profitability suggests too much concentration on intelligence gathering might result in reduction of profitability of the listed companies Table 6 below presents the results of contributions of the four components factors to the return on investment. Components that made insignificant or no contribution were eliminated from the regression equation.

Table 6: Consequences of Market Orientation: Stepwise Regression, Dependent Variable- Return on Investment

VARIABLE	B	Β	t	Þ
Internal marketing	0.67	0.55	4.24***	*0.000*

This Table shows the contribution of components of market orientation to Return on Investment. The table reflects the contribution each component scale makes to Return on Investment

Table 6 shows that only internal marketing (ß = 0.55, Þ<0.00) was identified to be statistically and positively significant with return on investment. The other three market orientation components, including intelligence generation, intelligence dissemination and intelligence responsiveness were dropped from the stepwise regression equation, due to their low or insignificant contribution. The positive significant relationship between internal marketing and return on investment suggest how increased level of internal marketing contributes meaningfully to the improvement in returns on investment of the listed companies, assuming that other factors are held constant

Table 7 below is a presentation of the results of contributions of the four components factors to business sales growth. Components that made insignificant or no contribution were eliminated from the regression equation. From the Table 7 the results points out that internal marketing (ß= 0.44, Þ<0.01) and information gathering (ß= 0.34, Þ<0.03) were positively and statistically significant related to profitability. While significant relations were found with the two components of market orientation and profitability, the other two market orientation components, including intelligence 3issemination and intelligence responsiveness were dropped from the stepwise regression equation; due to their low or insignificant contribution. The positive significant relationship of internal marketing with profitability suggest that, a listed company is in a better position to grow its sales in an environment where there is high level of internal marketing, when other market orientation components are held constant. Similarly, the statistically significant positive relationship between intelligence generation and sales growth, indicates clearly that intelligence gathering is a pre-cursor for growth in sales of listed companies in Ghana.

Table 7: Consequences of Market Orientation: Stepwise Regression, Dependent Variable- Sales Growth

VARIABLE	B	Β	t	Ƀ
Internal marketing	0.5	0.44	3.32**	*0.014*
Intelligence generation	0.35	0.34	2.33*	*0.025*

This Table shows the contribution of components of market orientation to Sales Growth. The table reflects the contribution each component scale makes to Sales Growth

The presentation of Tables 5 to 8 suggests that internal market makes a superior contribution to business success than any of the other components. On the basis of the findings it is concluded that in relation to the components used in market orientation studies, one of the critical scale for measuring business success is internal market

Non-Economic Success

Tables 8 to Table 11, which present the correlation between market orientation and non-economic performance, indicate that the non-economic success of listed companies in Ghana is influenced by the level of market orientation. The results suggested that three components of market orientation, including internal marketing, intelligence generation and intelligence responsiveness, significantly influence the employee commitment of listed companies in Ghana. Only one component, including intelligence dissemination was dropped from the stepwise regression equation. Moreover, all four components including internal marketing, intelligence generation, intelligence dissemination and intelligence responsiveness, were identified to significantly influence the espirit de corps of listed companies. Also, three market orientation components, including internal marketing, intelligence generation and intelligence dissemination were identified by the regression equation as statistically determining the customer satisfaction of listed companies; while intelligence responsiveness was dropped by the regression equation. Finally, three market orientation components, including internal marketing, intelligence generation and intelligence responsiveness were found by the regression equation to determine the customer retention of the firms, with intelligence dissemination been dropped by the regression equation. Table 8 below is a presentation of the results of contributions of the four components factors to business employees' commitment. Components that made insignificant or no contribution were eliminated from the regression equation.

Table 8 shows that the employees' organizational commitment of the listed companies in Ghana is a function of internal marketing, intelligence generation, and information responsiveness components of market orientation. The findings of the study suggest that, internal marketing (ß= 0.35, Þ<0.02), intelligence generation (ß= 0.43, Þ<0.01) and intelligence responsiveness (ß= 0.39, Þ<0.02) were found to be statistically and positively related to the employees' organizational commitment, intelligence dissemination was dropped from the stepwise equation because of its low or insignificant contribution. The findings also suggest that, with the one unit increase of internal marketing, employees' organizational commitment was increased by .35 units; with the one unit increase of intelligence generation, employees' organizational commitment was increased by 0.43 units; and with the one unit increase of intelligence responsiveness, employees' organizational commitment was increased by .39 units.

Table 8: Consequences of Market Orientation: Stepwise Regression, Dependent Variable- Employee Commitment

VARIABLE	B	B	t	Þ
Internal marketing	0.29	0.35	2.80**	0.023
Intelligence generation	0.32	0.43	3.08**	0.013
Intelligence responsiveness	0.32	0.39	2.73**	0.017

This Table shows the contribution of components of market orientation to Employees Commitment. The table reflects the contribution each component scale makes to Employees Commitment

Table 9 below presents findings of the contributions of the four components factors to business spirit de corps. Components that made insignificant or no contribution were eliminated from the regression equation.

Table 9: Consequences of Market Orientation: Stepwise Regression, Dependent Variable- Espirit de Corps

VARIABLE	B	B	t	Þ
Internal marketing	0.4	0.45	3.22**	0.007
Intelligence generation	0.36	0.41	2.86**	0.01
Intelligence dissemination	0.28	0.35	2.39*	0.023
Intelligence responsiveness	0.41	0.47	3.35**	0.005

This Table shows the contribution of components of market orientation to Espirit de Corps. The table reflects the contribution each component scale makes to Espirit de Corps

Table 9 suggests that the espirit de corps of the listed companies in Ghana is a function of internal marketing, intelligence generation, intelligence dissemination, and intelligence responsiveness components of market orientation. The findings of the study suggested that, internal marketing (ß= 0.45, Þ<0.01), intelligence (ß= 0.41, Þ<0.01), intelligence dissemination (ß= 0.35, Þ<0.02), and intelligence responsiveness (ß= 0.47, Þ<0.01) were found to be statistically and positively related to the espirit de corps. None of the components was dropped by the stepwise regression equation. Thus, the findings suggest that, with one unit increase of internal marketing, espirit de corps was increased by 0.45 units; with the one unit increase of intelligence, the espirit de corps or teamwork was increased by 0.41 units; with one unit increase of intelligence dissemination the teamwork was increased by 35 units; and with the one unit increase of intelligence responsiveness, the espirit de corps was increased by 0.47 units.

Table 10 below shows the results of contributions of the four components factors to business customer satisfaction. Components that made insignificant or no contribution were eliminated from the regression equation. From the Table 9 it is clear that the three components, including internal marketing, information gathering, and influence the customer satisfaction of the listed companies in Ghana. The results of the study showed that, internal marketing (ß= .36, Þ<0.02), intelligence generation (ß= .33, Þ<0.03), intelligence dissemination (ß= .48, Þ<0.01) were found to be statistically and positively related to the customer satisfaction outcome. Intelligence responsiveness was dropped by the stepwise regression equation. Thus, the findings suggest that, with one unit increase of internal marketing, customer satisfaction was increased by .36 units; with the one unit increase of intelligence, customer satisfaction was increased by 0.33 units; and with one unit increase of intelligence dissemination customer satisfaction was increased by 48 units.

Table 10 Consequences of Market Orientation: Stepwise Regression, Dependent Variable- Customer Satisfaction

VARIABLE	B	B	t	Þ
Internal marketing	0.35	0.36	2.51**	0.016
Intelligence generation	0.3	0.333	2.24*	0.034
Intelligence dissemination	0.46	0.48	3.50**	0.001

This Table shows the contribution of components of market orientation to Customer Satisfaction. The table reflects the contribution each component scale makes to Customer Satisfaction

Table 11 below indicates the findings of contributions of the four components factors to business profitability. Components that made insignificant or no contribution were eliminated from the regression equation.

Table 11 Consequences of Market Orientation: Stepwise Regression, Dependent Variable- Customer Retention

VARIABLE	B	B	t	Þ
Internal marketing	0.54	0.48	3.59***	0.004
Intelligence generation	0.43	0.39	2.68**	0.014
Intelligence responsiveness	0.37	0.32	2.19*	0.036

This Table shows the contribution of components of market orientation to Customer Retention. The table reflects the contribution each component scale makes to Customer Retention

Table 11 shows that the customer retention of the listed companies in Ghana is influenced by internal marketing, information gathering, and information responsiveness components of market orientation. The findings of the study suggest that, internal marketing (ß= 0.48, Þ<0.01), intelligence generation (ß= 0.39, Þ<0.01) and intelligence responsiveness (ß= 0.32, Þ<0.04) were found to be statistically and positively related to the customer retention. However, intelligence dissemination was dropped from the stepwise equation because of its low or insignificant contribution. The findings also suggest that, with the one unit increase of internal marketing, employees' customer retention was increased by .48 units; with the one unit increase of intelligence generation, customer retention was increased by 0.39 units; and with the one unit increase of intelligence responsiveness, customer retention was increased by 0.32 units.

Table 1, 2, and 4 illustrate that, organizational capabilities contributed to three of the four components of market orientation (i.e. internal marketing, intelligence generation and intelligence responsiveness. This is an indication that, organizational capabilities significantly contribute to market orientation and business success than most of the antecedents of market orientation. On the other hand, Table 1 showed that internal marketing was determined by ten of the eleven antecedents of market orientation used in the study. This suggests a high level of relationship between antecedents and the overall market orientation. Furthermore, Tables 5 to 11 illustrate that internal marketing was the only component of market orientation that contributed to all the economic and non-economic success of listed companies in Ghana. This demonstrates a high correlation between internal marketing and business performance, relative to the other three components. Thus, on the basis of the findings it is concluded that organizational capabilities and internal marketing are critical moderating factors of business success.

It is suggested in the conceptual framework of market orientation that market orientation of listed companies in Ghana is determined by a set of internal (management and organizational) and external factors. Again market orientation was proposed to influence the economic and non-economic performances of listed companies. In this connection, market orientation is suggested to play both backward and forward integrated roles. While certain factors or antecedents determine market orientation of a firm (backward integration), market orientation in turn determines the business performance or consequences of a firm (forward integration).

CONCLUDING COMMENTS, LIMITATIONS AND FUTURE RESEARCH

The study addressed the issue of the significance of the two new scales introduced. The purpose was to measure the significant contribution these two scales make toward market orientation and business performance. In order to arrive at appropriate conclusions, multiple regression equation was used to measure the contribution of both the existing and new scales. This approach helped to compare the contribution of new scales and that of existing scales. The results justified the introduction of the two scales as moderating factors of market orientation and business performance. The organizational capabilities were found to strongly contribute to three of the four components of market orientation. Of the ten antecedents only organizational culture and organizational politics had similar contributions. Thus, the study supported the introduction of organizational capabilities as significant moderating factor of market orientation. Also, internal marketing was found to relate to all ten antecedents that contributed to market orientation. No other scale of market orientation components had that relationship. This suggests that internal marketing is a key component of determining the level of market orientation. Similarly, internal marketing significantly contributed to the economic and non-economic success of business, a record that no other component matched. This suggests that the contribution of internal marketing to market orientation and business success was very significant. Thus, future research should find it necessary to include as antecedents and components of market orientation respectively, organizational.

The study has some limitations. Since the existing scales are used in the analysis, it would have been ideal if literature were reviewed on them, instead of only the two new scales. However, this could not be done because that would have led to a large volume of a document that might be difficult to contain in a publication of this nature. Further, as the study used executives of the companies instead of the customers to measure customer satisfaction it is possible this would affect the true view of customers. Moreover, the use of informant approach could mean neglect of important views at different levels of management. Future studies may consider using other methods other than the informant method. This should ensure that responses come from a wide range of people from different levels of management of the companies. This could go a long way to ensuring that responses reflect not only the views of top management, but those of the whole organization. Thus, future studies could consider finding a way of using customers as respondents to measure customer satisfaction. Furthermore, future research should find it necessary to include as antecedents and components of market orientation respectively, organizational capabilities and internal marketing, to test the significant contribution made to market orientation and business success by the two scales.

It is important to state that the strengths or weaknesses of a study are always in some kind of comparison with others. Despite the limitations, this study has been significant because it has helped established the necessity of organizational capabilities and internal marketing to be considered alongside existing scales used by previous studies in order to improve the contribution of moderating factors to the level of market orientation, and subsequently to the success of business.

REFERENCES

Ahmed, P., Rafiq M., and Saad, N (2003), “Internal Marketing and the Mediating Role of Organizational Competencies,” *European Journal of Marketing*, 37 (9), 1221–41.

Alhakimi, W. and Baharun, R. (2009) A Synthesis Model of Market Orientation Constructs Toward Building Customer Value: A Theoretical Perspective, *African Journal of Marketing Management* Vol. 1(2) pp.043- 049

Appiah-Adu K (1998). Market Orientation and Performance: Empirical Tests in a Transition Economy. *Journal of Strategic Marketing*, *6*, 25-45.

Avlonitis, G. J. and Gounaris, S.P. (1999). “Marketing Orientation and Its Determinants: An Empirical Analysis”, *European Journal of Marketing,* 33 (11/12), pp. 1003–1037.

Babbie, E. (1990). *Survey Research Methods*, Belmount, CA, Wadsworth Publishing

Ballantyne, D. (2003). A relationship-mediated theory of internal marketing. *European Journal of Marketing, 37(9)*, 1242-1260.

Bell, S. J.; Whitwell, G. J. and B. A. Lukas (2002), “Schools of Thought in Organizational Learning,” *Journal of the Academy of Marketing Science*, 30 (1), 70-86.

Berry, L. (1981). The employee as customer. *Journal of Retail Banking, 3*, 25-28.

Branzei, O., Vertinsky, I. (2006). Strategic pathways to product innovation capabilities in SMEs, *Journal of Business Venturing,* 21, 1, 75-105.

Carrillat, F.A., Jaramillo, F. and Locander, W.B. (2004), “Market-driving organizations: a framework”, *Academy of Marketing Science Review*, No. 5, 1-14.

Caruana, A. and Calleya, P (1998). The Effect of Internal Marketing on Organizational Commitment among Retail Bank Managers. *International Journal Bank Marketing*, 16 (3): 108-116.

Cho, H., and Pucik, V., (2005), Relationship between innovativeness, quality, growth, profitability, and market value, *Strategic Management Journal*, 26: pp.555-575.

Choe, S., Woods, R., and Erdem, M., (2006). Measuring the Impact of HRM practices on Hospitality Firms’ Performances, *Hospitality Management*, 25: pp.262-277.

Day, G. S. (1994). "The capabilities of market-driven organizations", *Journal of Marketing,* vol. 58, pp. 37-52.

Deshpande´, R., Farley, J.U. and Webster, F.E. (1993), “Corporate culture, customer orientation, and innovativeness in Japanese firms: a quadrad analysis”, *Journal of Marketing*, Vol. 57, pp. 23-7.

Draper, N.R, and Smith, M. (1981) Applied Regression Analysis, New York, Wiley

George, W.R., (1990). Internal Marketing and Organizational Behavior: a Partnership in Developing Customer-Conscious Employees Every Level. *Journal of Business Resources*, 20 (1): 63-70.

Grönroos, C. (2006). On defining marketing: finding a new roadmap for marketing. *Management theory, 6* (4), 395-417.

Gummesson, Evert (1987), "Using Internal Marketing to create a new culture: The case of Ericsson Quality", *Journal of Business and Industrial Marketing,* 2 (3) 23-28.

Hafer, J. and Gresham, G.G., (2008). Organizational Climate Antecedents to the Market Orientation of Cross-Functional New Product Development Teams. *Journal of Behavioral and Applied Management. 9* (2), 184.

Hammond, K L., Webster, R. L., and Harmon, H. A., (2006) Market orientation, top management emphasis, and performance within university schools of business: implications for universities. *Journal of Marketing Theory and Practice*, Winter, Vol. 14, No. 1, 69-85.

Helfat, C.E., Peteraf, M.A., (2003). The dynamic resource-based view: Capability life-cycles, *Strategic Management Journal*, 24; 997-1010.

Hogg, C., (1996). Selling Your Soul. *Human Resources*, Vol 96 (25): 88-90.

Hurley, R.F and Hult, G.T.M. (1998). Innovation, market orientation, organizational learning: An integration and empirical investigation. *Journal of Marketing, 62*, 42-54.

Hwang, I. S., and Chi, D. J. (2005). Relationships among internal marketing, employee job satisfaction and international hotel performance: An empirical study. *International Journal of Management, 22*(2), 258-293.

Ismail, S T. (2009), The effect of Relationship Marketing on Organizational Outcomes "An Apply Study in Jordanian insurance companies" *European Journal of Social Sciences*, Vol. 12, (2), 176-184.

Jaworski, B.J., and Kohli, A.K. (1993). Market Orientation: Antecedents and Consequences. *Journal of Marketing, 57*, 53-70.

Kaynak E. and Kara, A. (2004), "Market orientation and organizational performance: A comparison of industrial versus consumer companies in mainland China using market orientation scale (MARKOR)", *Journal of Small Business Management,* Vol.43, No.2, 105-118.

Kirca, A. H., Jayachandran, S., and Bearden, W. O. (2005). Market orientation: A meta-analytic review and assessment of its antecedents and impact on performance. *Journal of Marketing*, *69*(2), 24-36.

Kohli, A.K, and Jaworski, B.J, (1990). Market orientation: The construct, research propositions and managerial implications. *Journal of Marketing, 54*, 1–18.

Krejcie, R.V. and Morgan, D.W. (1970) Determining Sample Size for Research Activities, *Educational and Psychological Measurement*, 30, 607-610.

Lado, A. and Wilson, M. (1994), Human resource systems and sustained competitive advantage: A competency based perspective, *Academy of Management Review*, 19: pp.699-727.

Lind, D.A., Marchal, W.G. and Wathen, S.A. (2008) *Basic Statistics for Business and Economics*, New York, McGraw-Hill.

Lings, L. (2004). Internal market orientation construct and consequences. *Journal of Business Research, 57*, 405-413.

Liu, Y., Li, Y., and Zhao, Y., (2006). The role of market and entrepreneurial orientation and internal control in the new product development activities of Chinese firms. *Industrial Marketing Management* 35, 336-347.

Lopez-Cabrales, A., Vale, R., and Herrero, I. (2006). The Contribution of Core Employees to Organizational Capabilities and Efficiency, *Human Resource Management*, Vol. 45, No. 1, pp. 81-109.

Malik, M. and Naeem, E. B. (2009) Identification of Drivers and Obstacles of Market Orientation among Diversified Industries of Pakistan, *A Research Journal of South Asian Studies Vol. 24, No.2, pp. 322-33.*

Mao HY (2006). The relationship between organizational level and workplace friendship. Int. *Journal of Human Resource Management*. 17(10): 1819-1833.

Matsuno, K., Mentzer, J. T., and Ozsomer, A., (2002). The effect of entrepreneurial proclivity and market orientation on business performance. *Journal of Marketing* Vol. 66, pp.18-32.

Mavondo, F. T., Chimhanzi, J., and Stewart, J. (2005). Learning orientation and market orientation: Relationship with innovation, human resource practices and performance. *European Journal of Marketing*, *39*, 1235-1266.

McKelvie, A., and Davidsson, P., (2009). From Resource Base to Dynamic Capabilities: An Investigation of New Firms, *British Journal of Management*, Vol. 20, 63-80.

Miller B.K., Rutherford, M .A. and Kolodinsky, R. W. (2008). Perceptions of organizational politics: a meta-analysis of outcomes. *Journal of Business Psychology* 22(3): 209-222.

Montes, F. J. L., Moreno, A.R. and Morales, V. G., (2005), Influence of Support Leadership and Teamwork Cohesion on Organizational Learning, Innovation and Performance: *An Empirical Examination*, Technovation, 25: 1159-1172.

Morgan, N.A., Douglas, W., Vorhies. C, and Mason, H. (2009). Market orientation, Marketing capabilities, and firm performance, *Strategic Management Journal*, 30 (8) 909-920.

Mudie, P. (2003). Internal customer: By Design or by Default. *European Journal of Marketing, 37(9)*, 1261-1276.

Mukherjee, A and Malhotra, N (2006), "Does Role Clarity Explain Employee-Perceived Service

Quality?" *International Journal of Service Industry Management*, 17 (5), 444–73.

Narver, J., and Slater, S. (1990). The effect of a market orientation on business profitability. *Journal of Marketing, 54*(4), 20-36.

Newbert, S.L. (2007). Empirical research on the resource based view of the firm: an assessment and suggestions for future research. *Strategic Management Journal* 28(2): 121–146.

Olavarrieta, S. and Friedmann, R., (2008). 'Market Orientation, Knowledge-Related Resources and Firm Performance', *Journal of Business Research*, Vol. 61, No. 6, pp. 623-630.

Osuagwu, L. (2006). Market orientation in Nigerian companies. *Marketing Intelligence and Planning*, *24*(6), 608-631.

Palmer, R., Pels, J. (2003). Marketing practice and marketing orientation: an exploratory international study. *Working Paper Bedford, United Kingdom*: Cranfield School of Management.

Peppard, J., Lambert, R. and Edwards, C. (2000). Whose job is it Anyway?: Organizational Information Competencies for Value Creation. *Information Systems Journal*, 10, pp. 291-322.

Prasad, A., and Steffes, E. (2002). Internal marketing at Continental Airlines: Convincing employees that management knows best. *Marketing Letters, 13(2)*, 75-89.

Pulendran, S., Speed, R., and Widing, R. E., II. (2000). The antecedents and consequences of market orientation in Australia. *Australian Journal of Management,* 25 (2), 119-144.

Qu, R. and Ennew, C.T. (2009) Developing a Market Orientation in a Transitional Economy: The Role of Government Regulation and Ownership Structure. *Journal of Public Policy and Marketing*, Vol. 24, Issue 1.

Rafiq, M. and Ahmed, P.K. (2000). Advances in the Internal Marketing Concept: Definition. Synthesis and Extension. *Journal of Services Marketing*, 14(6): 449-462.

Sasser, W.E. and Arbeit, S.P (1980). Selling Jobs in the Service Sector. Business Horizons, 23(1): 58- 59.

Savitt, R. (2001), "Understanding Marketing Development in the Czech Republic", European Journal of Marketing, Vol. 35 No. 11, pp. 1386-1397.

Schultz, D. E. (2004) Building an internal marketing management calculus Interactive Marketing 6(2) pp.111-129.

Shoham, A., Rose, G. M., and Kropp, F. (2005). Market orientation and performance: a meta-analysis. *Marketing Intelligence & Planning*, *23*(5), 435-454.

Simkin, L. (2002), "Barriers Impeding Effective Implementation of Marketing Plans - A Training Agenda", *Journal of Business and Industrial Marketing, 17*(1), 8-24.

Song, M.C., Benedetto, A. and Nason, R.W., (2007), Capabilities and Financial Performance; The Moderating Effect of Strategic Type, *Journal of the Academy of Marking Science*, Vol. 35, pp. 18-34.

Song, M.C., Benedetto, A. and Nason, R.W., (2007), Capabilities and Financial Performance; The Moderating Effect of Strategic Type, *Journal of the Academy of Marking Science*, Vol. 35, pp. 18-34.

Spanos, Y.E., Prastacos, G., (2004), Understanding organizational capabilities: towards a conceptual framework, *Journal of Knowledge Management*, Vol. 8, No. 3, pp. 31-43.

Stalk, G., Evans, P. and Shulman, L. (1992), Competing on Capabilities: The New Rules of Corporate Strategy, *Harvard Business Review*, Vol. 70, No. 2, pp. 57 - 69.

Sussman, L., Adams, A.J., and Raho, L.E. (2002), Organizational Politics: Tactics, Channel, and Hierarchical Roles. *Journal of Business Ethics*, Vol. 40, pp. 313-329.

Tomaskova, E. (2009) Internal Barriers of Market Orientation Application, *Economics and Management*: Vol. 14, pp. 1 – 6.

Trueman, K. (2004). Market-Orientation and Local Government: Barriers and Constraints. *Political Studies Association*, pp. 1-12.

Varela, J.A. and Del Rio, M. (2003), "Market orientation Behavior: An Empirical Investigation Using MARKOR", *Journal of Marketing Intelligence & Planning,* Vol. 21, No. 1, pp. 6 – 15.

Walter, J., Christopher L. and Franz W. K. (2007). Knowledge transfer between and within alliance partners: Private versus collective benefits of social capital, *Journal of Business Research,* Vol. 60, No.7, pp. 698-710.

Wood, V.R. and Bhuian, S.N., (1993). Market orientation and nonprofit organizations: Performance associations and research propositions. *Journal of Nonprofit and Public Sector Marketing* Vol.1, No. 1, pp. 7-32.

Woodruff, R. B. (1997). "Customer Value: The Next Source for Competitive Advantage." *Journal of the Academy of Marketing Science* Vol. 2, No. 2, pp. 139-153.

Zebal, M. A. (2003) *A Synthesis Model of Market Orientation for Developing Country – A Case of Bangladesh,* PHD Thesis, Victoria University, Melbourne, Australia

Zeithmal, V., Parasuraman A. and Berry, Leonard C. (1990), *Delivering quality service: balancing customer perceptions and expectations,* New York, Macmillan, Inc.

BIOGRAPHY

Solomon A. Keelson is a Lecturer at the Takoradi Polytechnic in Ghana. He is also a facilitator at Accra Instuitute of Technology and University of Cape Coast Distance Learning. He is a professional Marketer, Researcher, Consultant and Educationist. He is an expert in marketing management, strategic management, international business, rural and community development and stakeholder analysis. The author currently holds a Dip in Education, B.A, Economics, Post Diploma, Marketing (CIM) and MBA, Marketing. He is a final yoear PhD candidates of Malaysia Open University (OUM). Solomon A. Keelson, Takoradi Polytechnic, School of Business, Marketing Department, P.O. Box 256, Takoradi – Ghana, Tel:233-208-150023, email: solkiilson@yahoo.com